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

Form 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2015

OR

o **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: 001-33609

SUCAMPO PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

Title of each class	**Name of each exchange on which registered**
Class A common stock, par value $0.01	The NASDAQ Global Market

Delaware *(State or other jurisdiction of incorporation or organization)*	30-0520478 *(I.R.S. Employer Identification No.)*
4520 East-West Highway, 3rd Floor Bethesda, MD *(Address of principal executive offices)*	20814 *(Zip Code)*

(301) 961-3400
(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. þ Yes o 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). þ Yes o 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 o	Accelerated filer þ	Non accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

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

As of August 2, 2015, there were 45,244,412 shares of the registrant's class A common stock outstanding.

Sucampo Pharmaceuticals, Inc.

Form 10-Q Index

PART I — FINANCIAL INFORMATION

Item 1. ***Financial Statements***

SUCAMPO PHARMACEUTICALS, INC.
Condensed Consolidated Balance Sheets (Unaudited)
(In thousands of U.S. dollars, except share and per share data)

	June 30, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 71,343	$ 71,622
Investments, current	37,153	22,393
Product royalties receivable	16,136	18,576
Accounts receivable, net	8,202	5,338
Deferred tax assets, current	259	476
Deferred charge, current	295	295
Restricted cash, current	213	213
Inventory	308	-
Prepaid expenses and other current assets	2,804	3,411
Total current assets	136,713	122,324
Investments, non-current	16,655	13,540
Property and equipment, net	526	763
Intangible assets, net	141	151
Deferred tax assets, non-current	2,065	571
Deferred charge, non-current	1,548	1,695
Restricted cash, non-current	2,356	2,224
Other assets	253	306
Total assets	$ 160,257	$ 141,574
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 3,910	$ 4,143
Accrued expenses	8,660	8,467
Deferred revenue, current	1,728	2,051
Collaboration obligation	5,774	6,000
Income tax payable	2,279	1,291
Notes payable, current	8,411	8,240
Other current liabilities	2,079	3,618
Total current liabilities	32,841	33,810
Notes payable, non-current	13,330	17,578
Deferred revenue, non-current	4,801	5,118
Deferred tax liability, non-current	436	820
Other liabilities	2,125	1,936
Total liabilities	53,533	59,262
Stockholders' equity:		
Preferred stock, $0.01 par value; 5,000,000 shares authorized at June 30, 2015 and December 31, 2014; no shares issued and outstanding at June 30, 2015 and December 31, 2014	-	-
Class A common stock, $0.01 par value; 270,000,000 shares authorized at June 30, 2015 and December 31, 2014; 45,179,884 and 44,602,988 shares issued and outstanding at June 30, 2015 and December 31, 2014, respectively	451	446
Class B common stock, $0.01 par value; 75,000,000 shares authorized at June 30, 2015 and December 31, 2014; no shares issued and outstanding at June 30, 2015 and December 31, 2014	-	-
Additional paid-in capital	92,238	83,646
Accumulated other comprehensive income	14,096	14,265
Treasury stock, at cost; 524,792 shares at June 30, 2015 and December 31, 2014	(2,313)	(2,313)
Retained earnings (accumulated deficit)	2,252	(13,732)
Total stockholders' equity	106,724	82,312
Total liabilities and stockholders' equity	$ 160,257	$ 141,574

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.

SUCAMPO PHARMACEUTICALS, INC.
Condensed Consolidated Statements of Operations and Comprehensive Income (Unaudited)
(In thousands of U.S. dollars, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	**2014**	**2015**	**2014**
Revenues:				
Research and development revenue	$ 2,409	$ 1,700	$ 4,754	$ 3,484
Product royalty revenue	16,136	13,888	31,881	27,389
Product sales revenue	14,511	7,543	25,656	13,855
Co-promotion revenue	-	723	-	1,085
Contract and collaboration revenue	1,828	215	2,073	417
Total revenues	34,884	24,069	64,364	46,230
Costs and expenses:				
Costs of goods sold	7,260	3,796	13,370	7,189
Research and development expenses	7,124	4,252	13,917	9,387
General and administrative expenses	8,328	8,197	14,611	15,454
Selling and marketing expenses	592	4,013	1,232	7,660
Total costs and expenses	23,304	20,258	43,130	39,690
Income from operations	11,580	3,811	21,234	6,540
Non-operating income (expense):				
Interest income	53	23	93	80
Interest expense	(265)	(392)	(541)	(792)
Other income (expense), net	2,063	(53)	1,860	(376)
Total non-operating income (expense)	1,851	(422)	1,412	(1,088)
Income before income taxes	13,431	3,389	22,646	5,452
Income tax provision	(3,855)	(1,779)	(6,662)	(3,086)
Net income	$ 9,576	$ 1,610	$ 15,984	$ 2,366
Net income per share:				
Basic	$ 0.21	$ 0.04	$ 0.36	$ 0.05
Diluted	$ 0.21	$ 0.04	$ 0.35	$ 0.05
Weighted average common shares outstanding:				
Basic	44,627	43,640	44,497	43,521
Diluted	46,199	43,640	46,046	43,609
Comprehensive income:				
Net income	$ 9,576	$ 1,610	$ 15,984	$ 2,366
Other comprehensive income (expense):				
Unrealized loss on pension benefit obligation	(12)	-	(19)	-
Unrealized gain (loss) on investments, net of tax effect	18	(3)	12	5
Foreign currency translation loss	(337)	(126)	(162)	(245)
Comprehensive income	$ 9,245	$ 1,481	$ 15,815	$ 2,126

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.

SUCAMPO PHARMACEUTICALS, INC.
Condensed Consolidated Statement of Changes in Stockholders' Equity (Unaudited)
(In thousands of U.S. dollars, except share data)

	Class A Common Stock		Additional Paid-In	Accumulated Other Comprehensive	Treasury Stock		Retained Earnings (Accumulated	Total Stockholders'
	Shares	Amount	Capital	Income (Loss)	Shares	Amount	Deficit)	Equity
Balance at December 31, 2014	44,602,988	$ 446	$ 83,646	$ 14,265	524,792	$ (2,313)	$ (13,732)	$ 82,312
Employee stock option expense	-	-	3,889	-	-	-	-	3,889
Stock issued under exercise of stock options	573,956	5	3,729	-	-	-	-	3,734
Stock issued under employee stock purchase plan	2,940	-	38	-	-	-	-	38
Windfall tax benefit from stock-based compensation	-	-	936	-	-	-	-	936
Unrealized loss on pension benefit obligation	-	-	-	(19)	-	-	-	(19)
Unrealized loss on investments, net of tax effect	-	-	-	12	-	-	-	12
Foreign currency translation	-	-	-	(162)	-	-	-	(162)
Net income	-	-	-	-	-	-	15,984	15,984
Balance at June 30, 2015	45,179,884	$ 451	$ 92,238	$ 14,096	524,792	$ (2,313)	$ 2,252	$ 106,724

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.

SUCAMPO PHARMACEUTICALS, INC.
Condensed Consolidated Statements of Cash Flows (Unaudited)
(In thousands of U.S. dollars)

	Six Months Ended June 30,	
	2015	**2014**
Cash flows from operating activities:		
Net income	$ 15,984	$ 2,366
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	215	721
Loss on disposal of property and equipment	76	-
Deferred tax provision	(1,662)	(792)
Deferred charge	147	336
Stock-based compensation	3,889	832
Amortization of premiums on investments	76	50
Unrealized currency translations	(214)	320
Shortfall from stock-based compensation	(69)	-
Transfer and assignment of licensing rights	(2,000)	-
Changes in operating assets and liabilities:		
Accounts receivable	(2,755)	652
Unbilled accounts receivable	(111)	(2)
Product royalties receivable	2,440	941
Inventory	(308)	(211)
Prepaid and income taxes receivable and payable, net	988	(1,209)
Accounts payable	(221)	(2,006)
Accrued expenses	255	548
Deferred revenue	(641)	(1)
Collaboration obligation	(226)	-
Accrued interest payable	(16)	(21)
Indirect taxes payable	-	-
Other assets and liabilities, net	(763)	1,571
Net cash provided by operating activities	15,084	4,095
Cash flows from investing activities:		
Purchases of investments	(39,775)	(4,515)
Proceeds from the sales of investments	2,398	1,700
Maturities of investments	19,421	4,500
Purchases of property and equipment	(47)	(49)
Transfer and assignment of licensing rights	2,000	-
Net cash provided by (used in) investing activities	(16,003)	1,636
Cash flows from financing activities:		
Repayment of notes payable	(4,077)	(3,906)
Proceeds from exercise of stock options	3,734	2,025
Proceeds from employee stock purchase plan	38	13
Proceeds from "at-the-market" stock issuance	-	5,327
Windfall benefit from stock-based compensation	1,005	81
Net cash provided by financing activities	700	3,540
Effect of exchange rates on cash and cash equivalents	(60)	159
Net increase (decrease) in cash and cash equivalents	(279)	9,430
Cash and cash equivalents at beginning of period	71,622	44,102
Cash and cash equivalents at end of period	$ 71,343	$ 53,532

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.

1. Business Organization and Basis of Presentation

Description of the Business

Sucampo Pharmaceuticals, Inc. (the Company) is a global biopharmaceutical company focused on the development and commercialization of medicines that meet major unmet medical needs of patients worldwide.

The Company is currently focused on developing compounds known as prostones, which are ion channel activators, to treat gastrointestinal and oncology-based inflammatory disorders.

The Company currently generates revenue primarily from product royalties, development milestone payments, product sales and reimbursements for clinical development activities. The Company expects to continue to incur significant expenses for the next several years as the Company continues its research and development activities, seeks regulatory approvals and additional indications for approved products and other compounds and seeks strategic opportunities for in-licensing non-prostone clinical candidates.

In the United States (U.S.), AMITIZA® (lubiprostone) is marketed for three gastrointestinal indications under the collaboration and license agreement (as amended in October 2014, the North America Takeda Agreement) with Takeda Pharmaceutical Company Limited (Takeda). These indications are chronic idiopathic constipation (CIC) in adults, irritable bowel syndrome with constipation (IBS-C) in adult women and opioid-induced constipation (OIC) in adults suffering from chronic non-cancer related pain. Under the North America Takeda Agreement, the Company is primarily responsible for clinical development activities while Takeda is responsible for commercialization of AMITIZA in the U.S. and Canada. In Canada, the Company has filed a New Drug Submission (NDS) for AMITIZA for the CIC and OIC indications and anticipates a decision in the second half of 2015. In October 2014, the Company and Takeda executed amendments (Takeda Amendment) to the North America Takeda Agreement which, among other things, extended the term of the North America Takeda Agreement beyond December 2020. During the extended term, Takeda and the Company will split the annual net sales revenue of the branded AMITIZA products. In addition, the North America Takeda Agreement was amended to terminate the Company's right to perform commercialization activities with respect to AMITIZA and Takeda's obligation to reimburse the Company for such commercialization activities.

In Japan, AMITIZA is marketed under a license, commercialization and supply agreement (the Japan Mylan Agreement) that was transferred to Mylan, Inc. (Mylan) from Abbott Laboratories, Inc. (Abbott), as of February 27, 2015, as part of Mylan's acquisition of a product portfolio from Abbott. Mylan markets AMITIZA in Japan for chronic constipation (CC) excluding constipation caused by organic diseases. AMITIZA is Japan's only prescription medicine for CC. The Company did not experience any significant changes in the commercialization of AMITIZA in Japan as a result of the transfer of the Japan Mylan Agreement from Abbott to Mylan.

In the People's Republic of China, the Company entered into an exclusive license, development, commercialization and supply agreement (the China Gloria Agreement) with Harbin Gloria Pharmaceuticals Co., Ltd. (Gloria), for AMITIZA in May 2015. Gloria is responsible for all development activities and costs, as well as commercialization and regulatory activities, for AMITIZA in the People's Republic of China. The Company will be the exclusive supplier of AMITIZA to Gloria at an agreed upon supply price and will be eligible for an additional milestone payment upon the occurrence of a regulatory or, alternatively, a commercial milestone event. As a result of this agreement, the Company recognized a payment of $1.0 million from Gloria, which is the first tranche of the $1.5 million upfront payment agreed to as part of the China Gloria Agreement. In June 2015, the China Food and Drug Administration (CFDA) accepted an Investigational New Drug (IND) application for a pivotal study of AMITIZA in patients with CIC. As a result of this acceptance, the Company recognized a payment of $500,000 from Gloria, which is the second tranche of the $1.5 million upfront payment.

In October 2014, the Company entered into an exclusive license, development, commercialization and supply agreement (the Global Takeda License Agreement) for lubiprostone with Takeda, through which Takeda has the exclusive rights to further develop and commercialize AMITIZA in all global markets, except the U.S., Canada, Japan and the People's Republic of China. In addition, Takeda will become the marketing authorization holder and will be responsible for all commercialization and regulatory activities in the areas covered by the Global License Agreement. In the United Kingdom (U.K.), the Company made AMITIZA available for CIC and in Switzerland, Takeda markets AMITIZA for CIC and OIC. The Company filed for the OIC indication in the U.K., but in March 2014 the Company received notification from the Medicines and Healthcare Products Regulatory Agency (MHRA) that the application for the OIC indication was not approved and the Company subsequently resubmitted the application for OIC for re-review to MHRA. The Company currently awaits MHRA's decision on the OIC indication. In January 2015, the Company successfully completed the European mutual recognition procedure for AMITIZA for the treatment of CIC in select European countries, resulting in a recommendation for marketing authorization. As a result of that recommendation, Ireland, Belgium, the Netherlands, Luxembourg, Austria, Germany and Italy have approved AMITIZA for CIC, and the Company anticipates receiving approval by Spain in the second half of 2015.

The Company's clinical development programs include the following:

Lubiprostone Alternate Formulation

The Company is developing an alternate formulation of lubiprostone, both for adult and pediatric patients who are unable to take capsules and for naso-gastric tube fed patients. Takeda is funding 100% of the costs of this alternate formulation work and the Company expects to initiate a phase 3 trial of the alternate formulation of lubiprostone in adults in the second half of 2015.

Lubiprostone for Pediatric Functional Constipation

The phase 3 program required to support an application for marketing approval of lubiprostone for pediatric functional constipation comprises four clinical trials, two of which are currently ongoing and are both testing the soft gelatin capsule formulation of lubiprostone in patients 6 to 17 years of age. The first of the two trials is a pivotal 12-week, randomized, placebo-controlled trial which was initiated in December 2013. The second trial is a follow-on, long-term safety extension study which was initiated in March 2014. The Company is also evaluating the timing of the initiation of the additional two trials in its phase 3 program for pediatric functional constipation, which will be in children aged 6 months to less than 6 years and will require the alternate formulation of lubiprostone as described above.

Cobiprostone for Oral Mucositis (OM)

In the first quarter of 2014, the Company completed its phase 1b trial that evaluated the safety and pharmacokinetics of an orally applied liquid formulation of cobiprostone. In this phase 1b trial, cobiprostone was well-tolerated overall and revealed low systemic exposure. In May 2015, the FDA granted Fast Track Designation for cobiprostone for the prevention of OM. The FDA has also accepted the Company's IND application to initiate a phase 2 clinical trial of cobiprostone for the prevention of OM in patients suffering with head and neck cancer receiving concurrent radiation and chemotherapy. The Company plans to initiate a phase 2a study in the second half of 2015. The Company had also filed for orphan drug designation in the European Union (E.U.) but in April 2015 withdrew the application as the target population was estimated to be too large for orphan drug status.

Cobiprostone for Non-Erosive Reflux Disease (NERD)/Gastroesophageal Reflux Disease (GERD)

In December of 2014, the Company initiated a phase 2a program for cobiprostone in NERD/GERD in patients who have had a non-satisfactory response to proton pump inhibitors. The study, conducted in Japan, is currently ongoing.

Unoprostone Isopropyl

In March 2015, the Company announced that it would return all licenses for unoprostone isopropyl to R-Tech Ueno, Ltd (R-Tech). These licenses had provided the Company with exclusive development and commercialization rights to unoprostone isopropyl globally except for Japan, the People's Republic of China, Taiwan and Korea, and covered certain indications including the lowering of intraocular pressure (IOP) in patients with open-angle glaucoma or ocular hypertension, retinitis pigmentosa and geographic atrophy. Effective May 6, 2015, the Company and R-Tech executed a transfer and termination agreement to effectuate the return of the licenses as well as regulatory, commercial and pharmacovigilance information. As a result of this transfer and termination agreement, the Company received a payment of $2.6 million from R-Tech, consisting of $2.0 million for the transfer and assignment of certain rights and assets, and $0.6 million as a reimbursement of an FDA fee.

Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) and the rules and regulations of the U.S. Securities and Exchange Commission (SEC) for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements and should be read in conjunction with the Company's Consolidated Financial Statements as of and for the year ended December 31, 2014 included in the Company's Annual Report on Form 10-K, which was filed with the SEC on March 9, 2015. The financial information as of June 30, 2015, the three and six months ended June 30, 2015, and the three and six months ended June 30, 2014 is unaudited. The year-end condensed balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP. In the opinion of the Company's management, all adjustments, consisting only of normal recurring adjustments or accruals, considered necessary for a fair statement of the results of these interim periods have been included. The results of the Company's operations for any interim period are not necessarily indicative of the results that may be expected for any other interim period or for a full fiscal year.

The Condensed Consolidated Financial Statements include the accounts of the Company and its wholly owned subsidiaries: Sucampo AG (SAG) based in Zug, Switzerland, through which the Company conducts certain of its worldwide and European operations; Sucampo Pharma, LLC (SPL) based in Osaka, Japan, through which the Company conducts its Asian operations; Sucampo Pharma Americas LLC, (SPA) based in Bethesda, Maryland, through which the Company conducts its North American operations; and Sucampo Pharma Europe, Ltd., (SPE) based in Oxford, United Kingdom. All significant inter-company balances and transactions have been eliminated.

The preparation of financial statements in conformity with GAAP requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, disclosure of contingent assets and liabilities, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. Summary of Significant Accounting Policies

Certain Risks, Concentrations and Uncertainties

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist of cash and cash equivalents, restricted cash, investments and receivables. The Company places its cash, cash equivalents and restricted cash with highly rated financial institutions and invests its excess cash in highly rated investments. As of June 30, 2015 and December 31, 2014, approximately $32.5 million, or 25.4%, and $37.0 million, or 33.6%, respectively, of the Company's cash, cash equivalents, restricted cash and investments were issued or insured by the U.S. government or U.S. government agencies. The Company has not experienced any losses on these accounts related to amounts in excess of insured limits.

Revenues from Takeda, an unrelated party, accounted for 53.6% and 68.1% of the Company's total revenues for the three months ended June 30, 2015 and 2014, respectively, and 57.4% and 69.6% for the six months ended June 30, 2015 and 2014, respectively.

Revenues from Mylan (formerly Abbott), an unrelated party, accounted for 41.6% and 30.0% of the Company's total revenues for the three months ended June 30, 2015 and 2014, respectively, and 39.8% and 28.8% for the six months ended June 30, 2015 and 2014, respectively.

Accounts receivable, unbilled accounts receivable and product royalties receivable from Takeda accounted for 73.7% and 88.5% of the Company's total accounts receivable, unbilled accounts receivable and product royalties receivable at June 30, 2015 and December 31, 2014, respectively.

The Company depends significantly upon collaborations with Takeda and Mylan, and its revenues may be impacted if these relationships are disrupted.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued authoritative guidance which sets forth a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The guidance is effective for annual reporting periods, including interim reporting periods within those periods, beginning after December 15, 2016, and early adoption is not permitted. Companies may use either a full retrospective or a modified retrospective approach to adopt this guidance. The Company is currently evaluating the impact of this guidance.

On July 9, 2015, the FASB voted to defer the effective date of the above mentioned revenue recognition guidance by one year to December 15, 2017 for interim and annual reporting periods beginning after that date and permitted early adoption of the standard, but not before the original effective date of December 15, 2016

3. Net Income per Share

Basic net income per share is computed by dividing net income by the sum of the weighted average class A common shares outstanding. Diluted net income per share is computed by dividing net income by the weighted average common shares and potential dilutive common shares outstanding. Diluted net loss per share, when applicable, is computed by dividing net loss by the weighted average common shares outstanding without the impact of potential dilutive common shares outstanding because they would have an anti-dilutive impact on diluted net loss per share.

The computation of net income per share for the three and six months ended June 30, 2015 and 2014 is shown below:

(In thousands, except per share data)	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Net income	$ 9,576	$ 1,610	$ 15,984	$ 2,366
Basic net income per share:				
Weighted average class A common shares outstanding	44,627	43,640	44,497	43,521
Basic net income per share	$ 0.21	$ 0.04	$ 0.36	$ 0.05
Diluted net income per share:				
Weighted average class A common shares outstanding	44,627	43,640	44,497	43,521
Assumed exercise of stock options under the treasury stock method	1,572	-	1,549	88
	46,199	43,640	46,046	43,609
Diluted net income per share	$ 0.21	$ 0.04	$ 0.35	$ 0.05

The following securities were excluded from the computation of diluted net income per share as their effect would be anti-dilutive for the three and six months ended June 30, 2015 and 2014:

(In thousands)	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Employee stock options	1,083	1,169	733	933

4. Current and Non-Current Investments

At June 30, 2015 and December 31, 2014, current and non-current available-for-sale investments consisted of the following securities:

	June 30, 2015			
(In thousands)	**Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
Current:				
Certificates of deposit	$ 7,000	$ -	$ -	$ 7,000
Commercial paper	8,489	10	-	8,499
Corporate bonds	13,735	-	(9)	13,726
U.S. government agencies	7,428	-	-	7,428
U.S. treasury bills and notes	500	-	-	500
Total	$ 37,152	$ 10	$ (9)	$ 37,153
Non-current:				
Certificates of deposit	$ 5,250	$ -	$ -	$ 5,250
U.S. government agencies	11,405	-	-	11,405
Total	$ 16,655	$ -	$ -	$ 16,655

	December 31, 2014			
(In thousands)	**Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
Current:				
U.S. government securities	$ 4,203	$ 1	$ -	$ 4,204
Certificates of deposit	2,500	-	-	2,500
Corporate bonds	4,575	-	(3)	4,572
U.S. commercial paper	11,109	8	-	11,117
Total	$ 22,387	$ 9	$ (3)	$ 22,393
Non-current:				
U.S. government agencies	$ 8,047	$ -	$ (15)	$ 8,032
Certificates of deposit	5,000	-	-	5,000
Corporate bonds	509	-	(1)	508
Total	$ 13,556	$ -	$ (16)	$ 13,540

The Company performs fair value measurements in accordance with the Financial Accounting Standards Board's guidance for fair value measurements and disclosures, which defines fair value as the exchange price that would be received for selling an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. A fair value hierarchy is established which requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The Company classifies its investments into the following categories based on the three levels of inputs used to measure fair value:

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

The Company's assets measured at fair value on a recurring basis, including cash equivalents, which are subject to the fair value disclosure requirements, are as follows:

June 30, 2015 (In thousands)	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Certificates of deposit	$ -	$ 12,250	$ -	$ 12,250
Commercial paper	-	8,499	-	8,499
Corporate bonds	-	13,727	-	13,727
Money market funds	6,185	-	-	6,185
U.S. government agencies	-	18,832	-	18,832
U.S. treasury bills and notes	-	500	-	500
Total assets measured at fair value (a)	$ 6,185	$ 53,808	$ -	$ 59,993

(a) includes approximately $6.2 million of cash equivalents

December 31, 2014 (In thousands)	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
U.S. government securities	$ -	$ 14,850	$ -	$ 14,850
U.S. government agencies	-	12,686	-	12,686
U.S. commercial paper	-	15,092	-	15,092
Certificates of deposit	-	8,000	-	8,000
Corporate bonds	-	10,181	-	10,181
Money market funds	3,111	-	-	3,111
Total assets measured at fair value (b)	$ 3,111	$ 60,809	$ -	$ 63,920

(b) includes approximately $28.0 million of cash equivalents

If quoted prices in active markets for identical assets and liabilities are not available to determine fair value, then the Company uses quoted prices for similar assets and liabilities or inputs other than the quoted prices that are observable, either directly or indirectly. This pricing methodology applies to the Company's Level 2 investments.

5. Inventory

As of June 30, 2015, inventory consisted of product held under the Global Takeda License Agreement.

6. Accrued Expenses and Other Current Liabilities

Accrued expenses consist of the following as of June 30, 2015 and December 31, 2014:

(In thousands)	June 30, 2015	December 31, 2014
Research and development costs	$ 1,932	$ 2,409
Commercial supplies	2,152	1,128
Employee compensation	2,130	3,459
Selling and marketing costs	11	163
Legal service fees	605	612
Other accrued expenses	1,830	696
Total	$ 8,660	$ 8,467

Other current liabilities consisted of the following at June 30, 2015 and December 31, 2014:

(In thousands)	June 30, 2015	December 31, 2014
Indirect taxes payable	$ 1,552	$ 3,075
Other liabilities	527	543
Total	$ 2,079	$ 3,618

Indirect taxes payable was $1.6 million as of June 30, 2015 and $3.1 million as of December 31, 2014, a decrease of $1.5 million or 49.5%. The decrease in indirect taxes payable was due to the annual payment of an indirect tax.

7. Commitments and Contingencies

Operating Leases

The Company leases office space in the United States, Switzerland and Japan under operating leases with terms through 2027.

On May 5, 2015, the Company and Four Irvington Centre Associates, LLC entered into a Lease Agreement for the Company's new corporate headquarters located at 805 King Farm Boulevard in Rockville, Maryland (the Lease). The property subject to the Lease is a 24,244 square foot facility and the Company will be occupying the space for approximately $739,000 in annual rent, subject to annual increases over the term of the Lease, and excluding the Company's pro rata share of certain real property taxes, operating expenses, common area maintenance expenses and allowances for tenant improvements.

The Lease has an initial term of 11 years and 7 months, commencing on December 1, 2015 (the Commencement Date). The Company has the option to extend the Lease for one period of five years, and may terminate the Lease beginning on the seventh anniversary of the Commencement Date, with the payment of certain termination costs. The Lease contains customary provisions allowing the landlord to terminate the Lease if the Company fails to remedy a breach of any of its obligations within specified time periods, or upon bankruptcy or insolvency of the Company. The Company has the ability to elect to expand the leased premises to include additional space at the new location by written election no later than January 1, 2020.

Total future minimum, non-cancelable lease payments under operating leases, including the new Lease, are as follows:

(In thousands)	June 30, 2015
2015	$ 661
2016	1,187
2017	531
2018	786
2019	798
Total minimum lease payments	$ 3,963

Rent expense for all operating leases was approximately $322,000 and $345,000 for the three months ended June 30, 2015 and 2014, respectively, and $655,000 and $696,000 for the six months ended June 30, 2015 and 2014, respectively.

Research and Development Costs

The Company routinely enters into agreements with third-party contract research organizations to oversee clinical research and development studies on an outsourced basis, and to assist in other research and development activities. The Company generally is not contractually obligated to pay the third party if the services or reports are not provided. Total future estimated costs under these agreements as of June 30, 2015 were approximately $7.1 million.

Numab AG Commitment

In September 2011, the Company entered into a Loan Guarantee and Development Agreement (Numab Agreement) with Numab AG (Numab). In the event that Numab defaults under its loan with Zurcher Kantonalbank, the Company's maximum contingent liability under the Numab Agreement is $2.4 million. As of June 30, 2015, the potential amount of payments in the event of Numab's default was $2.1 million. At June 30, 2015 the Company had a recorded liability of $1.0 million in collateral callable to meet a potential loan default by Numab.

8. Related Party Transactions

R-Tech Ueno, Ltd.

The Company recorded the following expenses for the three and six months ended June 30, 2015 and 2014 under all of its agreements with R-Tech, including various exclusive supply agreements with R-Tech related to the supply of lubiprostone and cobiprostone:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	**2015**	**2014**	**2015**	**2014**
Clinical supplies	$ 6	$ 65	$ 37	$ 166
Other research and development services	84	21	89	31
Commercial supplies	7,036	4,080	13,178	7,626
	$ 7,126	$ 4,166	$ 13,304	$ 7,823

The following table summarizes the amounts included in deferred revenue resulting from the deferral of upfront payments relating to the exclusive supply agreements with R-Tech as of June 30, 2015 and December 31, 2014:

(In thousands)	**June 30, 2015**	**December 31, 2014**
Deferred revenue, current	$ 473	$ 453
Deferred revenue, non-current	3,907	4,141
	$ 4,380	$ 4,594

The Company recognized approximately $335,000 and $104,000 of revenue relating to its agreements with R-Tech for the three months ended June 30, 2015 and 2014, respectively, and $473,000 and $268,000 for the six months ended June 30, 2015 and 2014, respectively. Such revenue was recorded as contract and collaboration revenue in the accompanying Condensed Consolidated Statements of Operations and Comprehensive Income.

The Company recognized a $2.0 million payment from R-Tech for the transfer and assignment of certain rights and assets for the three and six months ended June 30, 2015. Such payment was recorded in other income (expense), net in the accompanying Condensed Consolidated Statements of Operations and Comprehensive Income.

The Company's founders, Drs. Ryuji Ueno and Sachiko Kuno, individually or through S&R Technology Holdings, LLC, are no longer controlling stockholders of R-Tech as they completed an underwritten public offering in April 2015 to reduce their ownership in R-Tech to below 50.0%.

Numab AG

Numab is a related party of the Company as a result of the Company hiring as an executive officer an individual who holds an ownership interest in Numab. Under the terms of the Numab Agreement, the Company provided Numab with collateral and serves as guarantor for Numab on a loan from a third party, Zurcher Kantonalbank (see Note 7 above).

9. Notes Payable

In connection with the Company's acquisition of SAG in December 2010, the Company issued a subordinated unsecured promissory note to each of the Ueno Trust and the Kuno Trust (the Notes). The interest rate on the Notes beginning June 1, 2015 is 4.42%. Due to changes in LIBOR rates, the Company has estimated the fair value of the notes payable as shown in the table below.

Notes payable at their fair value and carrying value consist of the following as of June 30, 2015 and December 31, 2014:

	Fair Value		Carrying Value	
(In thousands)	**June 30, 2015**	**December 31, 2014**	**June 30, 2015**	**December 31, 2014**
Promissory notes, Sellers of SAG	$ 22,241	$ 26,317	$ 21,741	$ 25,818
Notes payable, current			$ 8,411	$ 8,240
Notes payable, non-current			13,330	17,578
			$ 21,741	$ 25,818

The Company's debt is subject to the fair value disclosure requirements as discussed in Note 4 above, and is classified as a Level 2 security.

10. Collaboration Obligation

Under the Global Takeda License Agreement, the Company received an upfront payment from Takeda of $14.0 million in 2014, of which the Company is obligated to reimburse Takeda or fund the first $6.0 million in development expenses. The obligation as of June 30, 2015 totaled $5.8 million.

11. Collaboration and License Agreements

North America Takeda Agreement

The following table summarizes the cash streams and related revenue recognized or deferred under the North America Takeda Agreement for the six months ended June 30, 2015:

(In thousands)	**Amount Deferred at December 31, 2014**	**Cash Received for the Six Months Ended June 30, 2015**	**Revenue Recognized for the Six Months Ended June 30, 2015**	**Change in Accounts Receivable for the Six Months Ended June 30, 2015***	**Amount Deferred at June 30, 2015**
Collaboration revenue:					
Up-front payment associated with the Company's obligation to participate in joint committees	$ 882	$ -	$ 73	$ -	$ 809
Research and development revenue:					
Reimbursement of research and development expenses	$ -	$ 4,055	$ 4,732	$ 1,616	$ -
Product royalty revenue	$ -	$ 34,321	$ 31,881	$ (2,440)	$ -

* Includes billed and unbilled accounts receivable.

Global Takeda License Agreement

Product sales to Takeda under the Global Takeda License Agreement for the six months ended June 30, 2015 were approximately $8,000.

Japan Mylan Agreement

The following table summarizes the cash streams and related revenue recognized or deferred under the Japan Mylan Agreement for the six months ended June 30, 2015:

(In thousands)	Amount Deferred at December 31, 2014	Cash Received for the Six Months Ended June 30, 2015	Revenue Recognized for the Six Months Ended June 30, 2015	Change in Accounts Receivable for the Six Months Ended June 30, 2015	Foreign Currency Effects for the Six Months Ended June 30, 2015	Amount Deferred at June 30, 2015
Collaboration revenue:						
Up-front payment associated with the Company's obligation to participate in joint committees	$ 453	$ -	$ 17	$ -	$ (13)	$ 423
Product sales revenue	$ -	$ 22,930	$ 25,663	$ 2,283	$ 450	$ -

China Gloria Agreement

During the three months ended June 30, 2015, the Company recognized as Collaboration Revenue upfront payments of $1.5 million under the China Gloria Agreement.

12. Stock Option Plans

A summary of the employee stock option activity for the six months ended June 30, 2015 under the Company's Amended and Restated 2001 Stock Incentive Plan, or the 2001 Stock Incentive Plan, is presented below:

	Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Options outstanding, December 31, 2014	113,900	$ 10.00		
Options exercised	(76,500)	10.00		
Options outstanding, June 30, 2015	37,400	10.00	0.84	$ 240,482
Options exercisable, June 30, 2015	37,400	10.00	0.84	$ 240,482

A summary of the non-employee stock option activity for the six months ended June 30, 2015 under the Company's 2001 Stock Incentive Plan is presented below:

	Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Options outstanding, December 31, 2014	255,000	$ 5.85		
Options exercised	(127,500)	5.85		
Options expired	(127,500)	5.85		
Options outstanding, June 30, 2015	-	-	-	$ -
Options exercisable, June 30, 2015	-	-	-	$ -

A summary of the employee stock option activity for the six months ended June 30, 2015 under the Company's Amended and Restated 2006 Stock Incentive Plan is presented below:

	Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Options outstanding, December 31, 2014	4,021,491	$ 6.93		
Options granted	1,174,100	14.88		
Options exercised	(369,956)	6.01		
Options forfeited	(67,038)	6.47		
Options expired	(3,924)	4.09		
Options outstanding, June 30, 2015	4,754,673	8.97	8.34	$ 35,502,531
Options exercisable, June 30, 2015	1,606,732	6.36	6.00	$ 16,184,760

The weighted average grant date fair value of options granted during the six months ended June 30, 2015 and the year ended December 31, 2014 was $14.88 and $7.68, respectively. As of June 30, 2015, approximately $11.8 million of total unrecognized compensation costs, net of estimated forfeitures related to non-vested awards, are expected to be recognized over a weighted average period of 3.12 years.

Employee Stock Purchase Plan

Under the Company's 2006 Employee Stock Purchase Plan, the Company received $26,607 and $7,839 upon the participants' purchase of 1,990 and 1,196 shares of class A common stock during the three months ended June 30, 2015 and 2014, respectively, and $38,090 and $13,226 upon the participants' purchase of 2,940 and 1,989 shares of class A common stock during the six months ended June 30, 2015 and 2014, respectively.

13. Pension Expense

Pension expenses relate to defined benefit pension plans for employees at SAG, the Company's subsidiary in Switzerland (the Swiss Plan). The Swiss Plan is a government-mandated retirement fund that provides employees with a minimum investment return. The net periodic pension cost for the Swiss Plan included the following components for the six months ended June 30, 2015 and 2014:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	**2015**	**2014**	**2015**	**2014**
Service cost	47	48	94	96
Interest cost	7	11	14	22
Expected return on assets	(10)	(8)	(20)	(16)
Amortization of unrecognized net loss	18	4	36	8
Net periodic pension cost	62	55	124	110

14. Income Taxes

For the three months ended June 30, 2015 and 2014, the Company recorded tax provisions of $3.9 million and $1.8 million, respectively. For the six months ended June 30, 2015 and 2014, the Company recorded tax provisions of $6.7 million and $3.1 million, respectively. The tax provision for the three and six months ended June 30, 2015 primarily pertained to the mix of pre-tax profits generated by the Company's U.S., Japanese and Swiss subsidiaries and pre-tax profits generated by the Company's U.S. and Swiss subsidiaries for the three and six months ended June 30, 2014.

The Company will continue to evaluate its valuation allowance position in each jurisdiction on a regular basis and may be in a position to reverse the valuation allowance on the deferred tax assets of its Swiss subsidiary in 2015. The potential tax benefit of such reversal would be approximately $150,000 if recognized in 2015.

Uncertain Tax Positions

The Company had an outstanding income tax liability of approximately $1.1 million, including interest, for uncertain tax positions as of June 30, 2015. The amount represented the aggregate tax effect of differences between tax return positions and the amounts otherwise recognized in the Company's Condensed Consolidated Financial Statements. As of June 30, 2015, $263,000 is reflected as other current liabilities and $823,000 is reflected as other liabilities in the accompanying Condensed Consolidated Balance Sheets. The liability for uncertain tax positions as of June 30, 2015 mainly pertained to the Company's interpretation of nexus in certain states related to revenue sourcing for state income tax purposes. During the three and six months ended June 30, 2015, the liability for income taxes has increased approximately $199,000 and increased approximately $244,000, respectively. These changes in the liability are primarily related to the filing positions taken in various jurisdictions related to income tax nexus.

15. Segment Reporting

In the first quarter of 2015, the Company made a number of strategic and operational changes to its business, including re-evaluating and accelerating its pipeline to focus on clinical programs that it believes hold the most promise for patients, the highest likelihood for regulatory approval, and the strongest potential for commercial return. As a result of such changes, the Company combined its reportable geographic segments of Asia, the Americas and Europe into one operating segment: the development and commercialization of pharmaceutical products. This change reflects the manner in which information is now being presented internally and used by the Company's chief operating decision maker, the Company's Chief Executive Officer, to allocate resources and assess performance.

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

This Quarterly Report on Form 10-Q contains forward-looking statements regarding Sucampo Pharmaceuticals, Inc., or the Company, we, us" or our, and our business, financial condition, results of operations and prospects within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include those that express plans, anticipation, intent, contingency, goals, targets or future development and/or otherwise are not statements of historical fact. These forward-looking statements are based on our current expectations and projections about future events and they are subject to risks and uncertainties known and unknown that could cause actual results and developments to differ materially from those expressed or implied in such statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those discussed in the section titled "Risk Factors" included elsewhere in this Quarterly Report Form 10-Q and in our other filings with the Securities and Exchange Commission, or the SEC, including our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, which we filed with the SEC on March 9, 2015. You should also read the following discussion and analysis of our financial condition and results of operations in conjunction with our Consolidated Financial Statements as of and for the year ended December 31, 2014 included in our Annual Report on Form 10-K.

Overview

We are a global biopharmaceutical company focused on the development and commercialization of medicines that meet major unmet medical needs of patients worldwide.

We are currently focused on developing compounds known as prostones, which are ion channel activators, to treat gastrointestinal and oncology-based inflammatory disorders.

We currently generate revenue mainly from product royalties, development, upfront and milestone payments, product sales and reimbursements for clinical development activities. We expect to continue to incur significant expenses for the next several years as we continue our research and development activities, seek additional regulatory approvals and additional indications for our approved products and other compounds and seek strategic opportunities for in-licensing non-prostone clinical candidates.

Our operations are conducted through subsidiaries based in the U.S., Japan and Switzerland. We operate as one segment, which focuses on the development and commercialization of pharmaceutical products.

R-Tech Ueno, Ltd. (R-Tech), a pharmaceutical research, development and manufacturing company in Japan, is responsible for the manufacture and supply of all of our drug products for commercial use and clinical development.

Product Pipeline

The table below summarizes the development status of our prostone-based product candidates of lubiprostone and cobiprostone. The commercialization rights to lubiprostone have been licensed to Takeda on a global basis other than Japan and the People's Republic of China, to Mylan for Japan, and to Harbin Gloria for the People's Republic of China. For cobiprostone, we hold all of the commercialization rights globally. Commercialization of each product candidate may be implemented after successful completion of clinical studies and approval from appropriate governmental agencies.

Product/Product Candidate	Target Indication	Development Phase	Next Milestone
Lubiprostone (AMITIZA ®)	Chronic idiopathic constipation (CIC) (adults of all ages)	Marketed in the U.S.	——
		Marketed in Switzerland	——
		Marketed in the U.K. Received mutual recognition procedure (MRP) recommendation for marketing authorization in select E.U. countries and national approvals in Ireland, Germany, Austria, Belgium, Netherlands, Luxembourg and Italy, where product is not yet launched. Filed with Health Canada. IND accepted in China.	Obtain national marketing authorization from Spain. Develop pricing and reimbursement assements, and in parallel create launch plans. Obtain decision from Health Canada. Initiate Chinese CIC study.
	Irritable bowel syndrome with constipation (adult women) (IBS-C)	Marketed in the U.S.	Initiate phase 4 study on higher dosage and with additional male subjects
	Opioid-induced constipation (OIC) in patients with chronic non-cancer pain	Marketed in the U.S. and Switzerland. In the U.K., the application is under additional review with the MHRA. Filed with Health Canada.	Obtain decision from the U.K. MHRA. Obtain decision from Health Canada.
	Chronic constipation	Marketed in Japan	——
	Alternate formulation	In non-clinical development	Initiate phase 3 trial
	Pediatric functional constipation (6 years - 17 years)	Pivotal and open label Phase 3 trials ongoing	Complete pivotal and open label phase 3 trials
	Pediatric functional constipation (6 months - 6 years)	Alternate formulation in development	Initiate phase 3 program
Cobiprostone	Oral mucositis	Phase 1b completed	Enroll phase 2a trial
	Non-erosive reflux disease (NERD)/Gastroesophageal Reflux Disease (GERD)	Phase 2a initiated	Complete phase 2a trial

AMITIZA (lubiprostone)

United States and Canada

AMITIZA is marketed in the United States for three gastrointestinal indications under a collaboration and license agreement, or the North America Takeda Agreement, originally entered into in 2004 and as amended, with Takeda Pharmaceutical Company Limited, or Takeda. These indications are chronic idiopathic constipation, or CIC, in adults, irritable bowel syndrome with constipation, or IBS-C, in adult women and opioid-induced constipation, or OIC, in adults suffering from chronic non-cancer related pain. Under the North America Takeda Agreement, we are primarily responsible for clinical development activities, while Takeda is responsible for commercialization of AMITIZA in the United States and Canada. In October 2014, we signed an amendment to the North America Takeda Agreement which, among other things, extended the term of the North American Takeda Agreement beyond December 2020. During the extended term, we will split the annual net sales revenue with Takeda on the branded AMITIZA products. In addition, the Takeda Amendment terminates our right to perform commercialization activities with respect to AMITIZA and Takeda's obligation to reimburse us for such commercialization activities.

In October 2014, we filed a New Drug Submission (NDS) with Health Canada for AMITIZA for the CIC and the OIC indications. If approved, AMITIZA would be marketed by Takeda under the North America Takeda Agreement. We anticipate a decision in the second half of 2015.

Japan

In Japan, AMITIZA is the only prescription medicine for chronic constipation and is marketed under a license, commercialization and supply agreement (Japan Mylan Agreement) originally entered into with Abbott Laboratories, Inc. (Abbott). Abbott marketed AMITIZA in Japan for chronic constipation (CC) excluding constipation caused by organic diseases. On February 27, 2015, Mylan purchased Abbott's non-U.S. developed markets specialty and branded generics business, as a result of which Mylan acquired the rights to commercialize AMITIZA in Japan. We did not experience any significant changes in the commercialization of AMITIZA in Japan as a result of the transfer of the Japan Mylan Agreement from Abbott to Mylan.

People's Republic of China

In May 2015, we entered into an exclusive license, development, commercialization and supply agreement (China Gloria Agreement) with Harbin Gloria Pharmaceuticals Co., Ltd. (Gloria) for AMITIZA in the People's Republic of China. Under the China Gloria Agreement, Gloria is responsible for all development activities and costs, as well as commercialization and regulatory activities, for AMITIZA in the People's Republic of China. We will be the exclusive supplier of AMITIZA to Gloria at an agreed upon supply price and will be eligible for an additional milestone payment upon the occurrence of a regulatory or, alternatively, a commercial milestone event. As a result of this agreement, we recognized an upfront payment of $1.0 million from Gloria. In June 2015, the China Food and Drug Administration (CFDA) accepted an Investigational New Drug (IND) application for a pivotal trial of AMITIZA in patients with CIC. As a result of this acceptance, we recognized a milestone payment of $500,000 from Gloria.

Other Global Markets

In October 2014, we entered into an exclusive license, development, commercialization and supply agreement (Global Takeda License Agreement) for lubiprostone with Takeda. Under the Global Takeda License Agreement, Takeda develops and markets AMITIZA globally except in the U.S., Canada, Japan and the People's Republic of China. We supply Takeda with the clinical and commercial product at a negotiated price.

In January 2015, we successfully completed the European mutual recognition procedure for AMITIZA for the treatment of CIC in Austria, Belgium, Germany, Italy, Ireland, Luxembourg, Netherlands and Spain, resulting in a recommendation for marketing authorization. As a result of that recommendation, Ireland, Belgium, the Netherlands, Luxembourg, Austria, Germany and Italy have approved AMITIZA for CIC and we anticipate receiving approval by Spain in the second half of 2015. Takeda became the marketing authorization holder in Switzerland on April 1, 2015, and is expected to become the marketing authorization holder in the U.K., Belgium, Ireland, Netherlands, Luxembourg, Germany, Italy, Spain and Austria in the first half of 2016.

In March 2014, U.K. Medicines and Healthcare Products Regulatory Agency (MHRA) notified us that the application for approval of the OIC indication for AMITIZA in the U.K. was not approved. Thereafter, we met with the MHRA and have since requested review of the application for OIC to address the concerns of the MHRA. We currently await MHRA's decision on the OIC indication.

Our Other Clinical Development Programs

Lubiprostone

Alternate Formulation

We are developing an alternate formulation of lubiprostone for both adult and pediatric patients who are unable to tolerate capsules, and for naso-gastric tube fed patients. Takeda has agreed to fund 100% of the cost of this alternate formulation work and we expect to initiate a phase 3 trial of the alternate formulation of lubiprostone in the second half of 2015.

Pediatric Functional Constipation

The phase 3 program required to support an application for marketing approval of lubiprostone for pediatric functional constipation comprises four clinical trials, two of which are currently ongoing and are both testing the soft gelatin capsule formulation of lubiprostone in patients 6 to 17 years of age. The first of the two trials is a pivotal 12-week, randomized, placebo-controlled trial which was initiated in December 2013. The second trial is a follow-on, long-term safety extension study which was initiated in March 2014. We are also evaluating the timing of the initiation of the additional two trials in our phase 3 program for pediatric functional constipation, which will be in children aged 6 months to less than 6 years and will require the alternate formulation of lubiprostone as described above.

Cobiprostone

In the first quarter of 2014, we completed our phase 1b trial that evaluated the safety and pharmacokinetics of an orally applied formulation of cobiprostone. In this phase 1b trial, cobiprostone was well-tolerated overall and revealed low systemic exposure.

Oral Mucositis (OM)

In May 2015, the FDA granted Fast Track Designation for cobiprostone for the prevention of OM. The FDA also accepted our IND application to initiate a phase 2 clinical trial of cobiprostone for the prevention of OM in patients suffering with head and neck cancer while receiving concurrent radiation and chemotherapy. We plan to initiate a phase 2a study in the second half of 2015. We had also filed for orphan drug designation in the E.U., but in April 2015 we withdrew the application as we estimated the target population to be too large for orphan drug status.

Non-Erosive Reflux Disease (NERD)/Gastroesophageal Reflux Disease (GERD)

In December of 2014, we initiated a phase 2a program for cobiprostone in NERD/GERD patients who have had a non-satisfactory response to proton pump inhibitors. The study, conducted in Japan, is currently ongoing.

Unoprostone Isopropyl

In March 2015, we announced that we would return all licenses for unoprostone isopropyl to R-Tech. These licenses had provided us with exclusive development and commercialization rights to unoprostone isopropyl globally except for Japan, the People's Republic of China, Taiwan and Korea, and covered certain indications including the lowering of intraocular pressure in patients with open-angle glaucoma or ocular hypertension, retinitis pigmentosa and geographic atrophy. Effective May 6, 2015, we and R-Tech executed a transfer and termination agreement to effectuate the return of the licenses as well as regulatory, commercial and pharmacovigilance information. As a result of this transfer and termination agreement, we received a payment of $2.6 million from R-Tech, consisting of $2.0 million for the transfer and assignment of certain rights and assets, and $0.6 million as a reimbursement of an FDA fee.

Results of Operations

Comparison of Three Months Ended June 30, 2015 and 2014

Revenues

The following table summarizes our revenues for the three months ended June 30, 2015 and 2014:

	Three Months Ended June 30,	
(In thousands)	**2015**	**2014**
Research and development revenue	$ 2,409	$ 1,700
Product royalty revenue	16,136	13,888
Product sales revenue	14,511	7,543
Co-promotion revenue	-	723
Contract and collaboration revenue	1,828	215
Total	$ 34,884	$ 24,069

Total revenues were $34.9 million for the three months ended June 30, 2015 compared to $24.1 million for the three months ended June 30, 2014, an increase of $10.8 million or 44.9%.

Research and development revenue

Research and development revenue was $2.4 million for the three months ended June 30, 2015 compared to $1.7 million for the three months ended June 30, 2014, an increase of $709,000 or 41.7%. The increase was primarily due to an increase in expenses reimbursed by Takeda in relation to the ongoing AMITIZA pediatric clinical trials.

Product royalty revenue

Product royalty revenue represents royalty revenue earned on net sales of AMITIZA in the United States, as reported to us by Takeda. Product royalty revenue was $16.1 million for the three months ended June 30, 2015 compared to $13.9 million for the three months ended June 30, 2014, an increase of $2.2 million or 16.2%. The increase was primarily due to higher net sales of AMITIZA as reported by Takeda for royalty calculation purposes.

Product sales revenue

Product sales revenue primarily consists of net sales of AMITIZA in Japan under the Japan Mylan Agreement, as well as sales in Switzerland and the U.K. by Takeda under the Global Takeda License Agreement. Total product sales revenue was $14.5 million for the three months ended June 30, 2015 compared to $7.5 million for the three months ended June 30, 2014, an increase of $7.0 million or 92.4%. The increase was primarily due to the increased volume of AMITIZA sales in Japan.

Co-promotion revenue

Co-promotion revenue was $723,000 for the three months ended June 30, 2014. Beginning in 2015, we no longer engage in co-promotion activities and, as a result, we no longer receive any co-promotion reimbursements from Takeda.

Contract and collaboration revenue

Contract and collaboration revenue was $1.8 million for the three months ended June 30, 2015 compared to $215,000 for the three months ended June 30, 2014, an increase of $1.6 million. The increase in contract and collaboration revenue was primarily attributable to the $1.5 million in upfront and milestone payments that were recognized under the China Gloria Agreement described above.

Costs of Goods Sold

Costs of goods sold for the three months ended June 30, 2015 were $7.3 million compared to $3.8 million for the three months ended June 30, 2014, an increase of $3.5 million or 91.3%. The increase was primarily related to increased AMITIZA sales in Japan.

Research and Development Expenses

The following table summarizes our research and development expenses for the three months ended June 30, 2015 and 2014:

	Three Months Ended June 30,	
(In thousands)	**2015**	**2014**
Direct costs:		
Lubiprostone	$ 3,601	$ 2,309
Cobiprostone	1,640	101
Ion channel activators	-	16
Unoprostone isopropyl	64	160
Other	253	804
	5,558	3,390
Indirect costs	1,566	862
Total	$ 7,124	$ 4,252

Total research and development expenses for the three months ended June 30, 2015 were $7.1 million compared to $4.3 million for the three months ended June 30, 2014, an increase of $2.9 million or 67.5%. The increase was primarily due to costs associated with the initiation of phase 2 clinical trials for cobiprostone and an increase in expenses related to the ongoing AMITIZA pediatric clinical trials.

General and Administrative Expenses

The following table summarizes our general and administrative expenses for the three months ended June 30, 2015 and 2014:

	Three Months Ended June 30,	
(In thousands)	**2015**	**2014**
Salaries, benefits and related costs	$ 2,710	$ 2,141
Legal, consulting and other professional expenses	1,892	3,484
Stock option expense	2,114	524
Pharmacovigilance	377	468
Other expenses	1,235	1,580
Total	$ 8,328	$ 8,197

General and administrative expenses were $8.3 million for the three months ended June 30, 2015, compared to $8.2 million for the three months ended June 30, 2014, an increase of $131,000 or 1.6%. The increase was primarily due to a $1.6 million increase in stock-based compensation and a $569,000 increase in salaries, benefits and related costs, offset in part by a $1.6 million decrease in legal fees due to settlement of our patent infringement lawsuit against Par Pharmaceutical, et al.

Selling and Marketing Expenses

The following table summarizes our selling and marketing expenses for the three months ended June 30, 2015 and 2014:

	Three Months Ended June 30,	
(In thousands)	**2015**	**2014**
Salaries, benefits and related costs	$ 215	$ 674
Consulting and other professional expenses	-	1,652
Samples expense	1	98
Contract fees	2	447
Data purchases	53	234
Promotional materials & programs	62	195
Other expenses	259	713
Total	$ 592	$ 4,013

Selling and marketing expenses were $592,000 for the three months ended June 30, 2015, compared to $4.0 million for the three months ended June 30, 2014, a decrease of $3.4 million or 85.2%. The decrease was the result of eliminating our contract sales force in the fourth quarter of 2014.

Non-Operating Income and Expense

The following table summarizes our non-operating income and expense for the three months ended June 30, 2015 and 2014:

	Three Months Ended June 30,	
(In thousands)	**2015**	**2014**
Interest income	$ 53	$ 23
Interest expense	(265)	(392)
Other income (expense), net	2,063	(53)
Total	$ 1,851	$ (422)

Interest expense was $265,000 for the three months ended June 30, 2015, compared to $392,000 for the three months ended June 30, 2014, a decrease of $127,000 or 32.4%, primarily due to lower principal balances on our outstanding notes payable.

Other income (expense), net was $2.1 million for the three months ended June 30, 2015, compared to ($53,000) for the three months ended June 30, 2014. The change was primarily due to the $2.0 million payment received from R-Tech in May 2015 for the transfer and assignment of certain rights and assets related to the return of all licenses for unoprostone isopropyl.

Income Taxes

We recorded income tax provisions of $3.9 million and $1.8 million for the three months ended June 30, 2015 and 2014, respectively. The tax provision for the three months ended June 30, 2015 primarily pertains to the pre-tax income and losses generated by our U.S., Japanese and Swiss subsidiaries. The tax provision for the three months ended June 30, 2014 primarily pertained to the pre-tax income generated by our U.S. and Swiss subsidiaries.

The effective tax rate (ETR) for the second quarter of 2015 was 28.7%, compared to 52.5% in the same period of 2014. The ETR for the quarter was based on a projection of the full year rate. The reduction in the ETR was due to the timing of the allowable deduction of intangible impairment expense from 2014 during 2015, the effect of a change in the treatment of non-U.S. income due to our founding stockholders' ownership percentage dropping below 50% in April 2015, and increased profitability of our Swiss subsidiary in 2015.

Comparison of Six Months Ended June 30, 2015 and 2014

Revenues

The following table summarizes our revenues for the six months ended June 30, 2015 and 2014:

	Six Months Ended June 30,	
(In thousands)	**2015**	**2014**
Research and development revenue	$ 4,754	$ 3,484
Product royalty revenue	31,881	27,389
Product sales revenue	25,656	13,855
Co-promotion revenue	-	1,085
Contract and collaboration revenue	2,073	417
Total	$ 64,364	$ 46,230

Total revenues were $64.4 million for the six months ended June 30, 2015 compared to $46.2 million for the six months ended June 30, 2014, an increase of $18.1 million or 39.2%.

Research and development revenue

Research and development revenue was $4.8 million for the six months ended June 30, 2015 compared to $3.5 million for the six months ended June 30, 2014, an increase of $1.3 million or 36.5%. The increase was primarily due to an increase in expenses reimbursed by Takeda in relation to the ongoing AMITIZA pediatric trials.

Product royalty revenue

Product royalty revenue was $31.9 million for the six months ended June 30, 2015 compared to $27.4 million for the six months ended June 30, 2014, an increase of $4.5 million or 16.4%. The increase was primarily due to higher net sales of AMITIZA as reported by Takeda for royalty calculation purposes.

Product sales revenue

Product sales revenue was $25.7 million for the six months ended June 30, 2015 compared to $13.9 million for the six months ended June 30, 2014, an increase of $11.8 million or 85.2%. The increase was primarily due to the increased volume of AMITIZA sales in Japan.

Co-promotion revenue

Co-promotion revenue was $1.1 million for the six months ended June 30, 2014. As described above, beginning in 2015, we no longer receive co-promotion reimbursements from Takeda.

Contract and collaboration revenue

Contract and collaboration revenue was $2.1 million for the six months ended June 30, 2015 compared to $417,000 for the six months ended June 30, 2014, an increase of $1.7 million. The increase in contract and collaboration revenue was primarily attributable to the $1.5 million in upfront payments recognized under the China Gloria Agreement.

Costs of Goods Sold

Costs of goods sold for the six months ended June 30, 2015 were $13.4 million compared to $7.2 million for the six months ended June 30, 2014, an increase of $6.2 million or 86.0%. The increase was primarily due to the increased volume of AMITIZA sales in Japan.

Research and Development Expenses

The following table summarizes our research and development expenses for the six months ended June 30, 2015 and 2014:

	Six Months Ended June 30,	
(In thousands)	**2015**	**2014**
Direct costs:		
Lubiprostone	$ 7,114	$ 4,743
Cobiprostone	3,172	678
Ion channel activators	5	139
Unoprostone isopropyl	131	435
Other	612	1,679
	11,034	7,674
Indirect costs	2,883	1,713
Total	$ 13,917	$ 9,387

Total research and development expenses for the six months ended June 30, 2015 were $13.9 million compared to $9.4 million for the six months ended June 30, 2014, an increase of $4.5 million or 48.3%. The increase was primarily due to costs associated with the initiation of phase 2 clinical trials for cobiprostone and an increase in expenses related to the ongoing AMITIZA pediatric trials.

General and Administrative Expenses

The following table summarizes our general and administrative expenses for the six months ended June 30, 2015 and 2014:

	Six Months Ended June 30,	
(In thousands)	**2015**	**2014**
Salaries, benefits and related costs	$ 5,207	$ 4,033
Legal, consulting and other professional expenses	3,558	6,876
Stock option expense	2,837	697
Pharmacovigilance	564	789
Other expenses	2,445	3,059
Total	$ 14,611	$ 15,454

General and administrative expenses were $14.6 million for the six months ended June 30, 2015 compared to $15.5 million for the six months ended June 30, 2014, a decrease of $843,000 or 5.5%. The decrease was primarily due to a $3.3 million decrease in legal fees due to settlement of our patent infringement lawsuit against Par Pharmaceutical, et al., offset in part by a $2.1 million increase in stock option expense and a $1.2 million increase in salaries, benefits and related costs.

Selling and Marketing Expenses

The following table summarizes our selling and marketing expenses for the six months ended June 30, 2015 and 2014:

	Six Months Ended June 30,	
(In thousands)	**2015**	**2014**
Salaries, benefits and related costs	$ 498	$ 1,375
Consulting and other professional expenses	73	3,245
Samples expense	4	140
Contract fees	106	798
Data purchases	113	449
Promotional materials & programs	72	482
Other expenses	366	1,171
Total	$ 1,232	$ 7,660

Selling and marketing expenses were $1.2 million for the six months ended June 30, 2015 compared to $7.7 million for the six months ended June 30, 2014, a decrease of $6.4 million or 83.9%. The decrease was the result of eliminating our contract sales force in the fourth quarter of 2014.

Non-Operating Income and Expense

The following table summarizes our non-operating income and expense for the six months ended June 30, 2015 and 2014:

	Six Months Ended June 30,	
(In thousands)	**2015**	**2014**
Interest income	$ 93	$ 80
Interest expense	(541)	(792)
Other income (expense), net	1,860	(376)
Total	$ 1,412	$ (1,088)

Interest expense was $541,000 for the six months ended June 30, 2015 compared to $792,000 for the six months ended June 30, 2014, a decrease of $251,000 or 31.7%, primarily due to lower principal balances on our outstanding notes payable.

Other income (expense), net was $1.9 million for the six months ended June 30, 2015 compared to ($376,000) for the six months ended June 30, 2014. The change was primarily due to the $2.0 million payment received from R-Tech in May 2015 as described above.

Income Taxes

We recorded income tax provisions of $6.7 million and $3.1million for the six months ended June 30, 2015 and 2014, respectively. The tax provision for the six months ended June 30, 2015 primarily pertains to the pre-tax income and losses generated by our U.S., Japanese and Swiss subsidiaries. The tax provision for the six months ended June 30, 2014 primarily pertained to the pre-tax income generated by our U.S. and Swiss subsidiaries.

The effective tax rate (ETR) for the six months ended June 30, 2015 was 29.4%, compared to 56.6% in the same period of 2014. The ETR for the year to date was based on a projection of the full year rate. The reduction in the ETR was due to the timing of the allowable deduction of intangible impairment expense from 2014 during 2015, the effect of a change in the treatment of non-U.S. income due to our founding shareholders ownership percentage dropping below 50%, and increased profitability of our Swiss subsidiary in 2015.

Reportable Operating Segments

In the first quarter of 2015, we made a number of strategic and operational changes to our business, including re-evaluating and accelerating our pipeline to focus on clinical programs that we believe hold the most promise for patients, the highest likelihood for regulatory approval, and the strongest potential for commercial return. As a result of these changes, we combined our reportable geographic segments of Asia, the Americas and Europe into one operating segment: the development and commercialization of pharmaceutical products. This change reflects the manner in which information is now being presented internally and used by our chief operating decision maker, our Chief Executive Officer, to allocate resources and assess performance.

Liquidity and Capital Resources

Sources of Liquidity

We have financed our operations principally with cash generated from revenues, cash and cash equivalents on hand, and to a lesser extent, cash generated from the issuance and sale of our securities and through the exercise of employee stock options. Revenues generated from operations principally consist of a combination of upfront payments, milestone and royalty payments, product sales, and research and development expense reimbursements received from Takeda, Mylan and other parties.

Our cash, cash equivalents, restricted cash and investments consisted of the following as of June 30, 2015 and December 31, 2014:

(In thousands)	June 30, 2015	December 31, 2014
Cash and cash equivalents	$ 71,343	$ 71,622
Investments, current	37,153	22,393
Investments, non-current	16,655	13,540
Restricted cash	2,569	2,437
Total	$ 127,720	$ 109,992

Our cash equivalents are deposits in operating accounts and highly liquid investments with an original maturity at time of purchase of 90 days or less.

As of June 30, 2015 and December 31, 2014, our restricted cash consisted primarily of the collateral pledged in connection with our guarantee of a third party's loan and a security deposit for an operating lease.

As of June 30, 2015, our current investments consisted of U.S. government securities, certificates of deposit, corporate bonds and commercial paper that mature in one year or less.

Cash Flows

The following table summarizes our cash flows for the six months ended June 30, 2015 and 2014:

	Six Months Ended June 30,	
(In thousands)	2015	2014
Cash provided by (used in):		
Operating activities	$ 15,084	$ 4,095
Investing activities	(16,003)	1,636
Financing activities	700	3,540
Effect of exchange rates	(60)	159
Net increase (decrease) in cash and cash equivalents	$ (279)	$ 9,430

Six Months Ended June 30, 2015

Net cash provided by operating activities of $15.1 million for the six months ended June 30, 2015 was primarily due to a net income of $16.0 million plus non-cash stock-based compensation expense of $3.9 million, offset in part by a $2.0 million gain from the transfer and assignment of licensing rights to R-Tech and an increase in deferred tax provision of $1.7 million.

Net cash used in investing activities of $16.0 million for the six months ended June 30, 2015 was primarily due to investment purchases of $39.8 million, offset in part by sales and maturities of investments totaling $21.8 million and proceeds of $2.0 million from the transfer and assignment of licensing rights to R-Tech.

Net cash provided by financing activities of $700,000 for the six months ended June 30, 2015 was primarily due to proceeds from exercised stock options totaling $3.7 million, plus a windfall benefit from stock-based compensation of $1.0 million, offset in part by repayment of notes payable totaling $4.1 million.

The effect of exchange rates on the cash balances of currencies held in foreign denominations for six months ended June 30, 2015 was a decrease of $60,000.

Six Months Ended June 30, 2014

Net cash provided by operating activities of $4.1 million for the six months ended June 30, 2014 was primarily due to a net income of $2.4 million plus non-cash expenses totaling $1.5 million, decreases in receivables of $1.6 million, and offsetting increases in payables of $1.5 million.

Net cash provided by investing activities of $1.6 million for the six months ended June 30, 2014 was primarily due to proceeds from the sales of investments.

Net cash provided by financing activities of $3.5 million for the six months ended June 30, 2014 represents proceeds from the issuance of Class A common stock through the "at-the-market" program totaling $5.3 million, together with proceeds from the exercise of options totaling $2.0 million, offset in part by repayment of notes payable totaling $3.9 million.

The effect of exchange rates on the cash balances of currencies held in foreign denominations for six months ended June 30, 2014 was an increase of $159,000.

Off-Balance Sheet Arrangements

As of June 30, 2015, we did not have any off-balance sheet arrangements, as such term is defined in Item 303(a)(4) of Regulation S-K under the Securities Act of 1933, as amended.

Funding Requirements

We may need substantial amounts of capital to continue growing our business. We may require this capital, among other things, to fund:

- our share of the on-going development program of AMITIZA in the United States;
- development efforts in Europe and Asia for lubiprostone;
- development, marketing and manufacturing activities at SAG;
- activities to resolve our on-going legal matters described in "Legal Proceedings" below;
- the costs involved in obtaining and maintaining proprietary protection for our products, technology and know-how, including litigation costs and the results of such litigation;
- research and development activities for other prostone compounds, including cobiprostone;
- other business development activities, including partnerships, alliances and investments in or acquisitions of other businesses, products and technologies; and
- the payment of principal and interest under our loan note obligations.

The timing of these funding requirements is difficult to predict due to many factors, including the outcomes of our preclinical and clinical research and development programs and when those outcomes are determined, the timing of obtaining regulatory approvals and the presence and status of competing products. Our capital needs may exceed the capital available from our future operations, collaborative and licensing arrangements and existing liquid assets. Our future capital requirements and liquidity will depend on many factors, including, but not limited to:

- the cost and time involved to pursue our research and development programs;
- our ability to establish collaborative arrangements and to enter into licensing agreements and contractual arrangements with others; and
- any future change in our business strategy.

To the extent that our capital resources may be insufficient to meet our future capital requirements, we may need to finance our future cash needs through at-the-market offerings, public or private equity offerings, debt financings or corporate collaboration and licensing arrangements. At June 30, 2015, based upon our current business plan, we believe we have sufficient liquidity for at least the next 12 months.

Additional equity or debt financing, grants or corporate collaboration and licensing arrangements may not be available on acceptable terms, if at all. If adequate funds are not available, we may be required to delay, reduce the scope of or eliminate our research and development programs, reduce our planned commercialization efforts or obtain funds through arrangements with collaborators or others that may require us to relinquish rights to certain product candidates that we might otherwise seek to develop or commercialize independently. In addition, any future equity funding would dilute the ownership of our stockholders.

Effects of Foreign Currency

We currently incur a portion of our operating expenses in Switzerland, Japan and the United Kingdom. The reporting currency for our Condensed Consolidated Financial Statements is United States dollars. As such, the results of our operations could be adversely affected by changes in exchange rates either due to transaction losses, which are recognized in the statement of operations, or translation losses, which are recognized in comprehensive income. We currently do not hedge foreign exchange rate exposure via derivative instruments.

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

Our market risks during the three months ended June 30, 2015 have not materially changed from those discussed in Part II, Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2014, which was filed with the SEC on March 9, 2015.

Foreign Currency Exchange Rate Risk

We are subject to foreign exchange rate risk for revenues and expenses denominated in foreign currencies. Foreign exchange rate risk arises from the fluctuation of foreign exchange rates and the degree of volatility of these rates relative to the United States dollar. We do not currently hedge our foreign currency transactions.

Interest Rate Risk

Our exposure to market risks associated with changes in interest rates relates primarily to the increase or decrease in the amount of interest income earned on our investment portfolio. We ensure the safety and preservation of invested funds by attempting to limit default risk, market risk and reinvestment risk. We attempt to mitigate default risk by investing in investment grade securities. A hypothetical one percentage point change in interest rates would not have materially affected the fair value of our interest-sensitive financial instruments as of June 30, 2015.

We do not use derivative financial instruments for trading or speculative purposes. However, we regularly invest excess cash in overnight repurchase agreements that are subject to changes in short-term interest rates. We believe that the market risk arising from holding these financial instruments is minimal.

Credit Risk

Our exposure to credit risk consists of cash and cash equivalents, restricted cash, investments and receivables. We place our cash, cash equivalents and restricted cash with what we believe to be highly rated financial institutions and invest the excess cash in highly rated investments. As of June 30, 2015 and December 31, 2014, 25.4% and 33.6%, respectively, of our cash, cash equivalents, restricted cash and investments were issued or insured by the federal government or government agencies. We have not experienced any losses on these accounts related to amounts in excess of insured limits.

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

a) Evaluation of Disclosure Controls and Procedures

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, performed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act), as of June 30, 2015. In designing and evaluating such controls, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the benefits of possible controls and procedures relative to their costs. Based upon the evaluation we carried out, our Chief Executive Officer and Chief Financial Officer have concluded that, as of June 30, 2015, our disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified under the applicable rules and forms of the SEC, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

b) Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended June 30, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II — OTHER INFORMATION

Item 1. ***Legal Proceedings.***

As previously reported, on November 12, 2014, we, R-Tech, Takeda, and certain affiliates of Takeda filed a patent infringement lawsuit in the U.S. District Court for the District of New Jersey against Dr. Reddy's Laboratories, Ltd. and Dr. Reddy's Laboratories, Inc. (collectively, Dr. Reddy's) related to the abbreviated new drug application previously filed by Dr. Reddy's relating to generic versions of AMITIZA soft gelatin capsule products. On April 30, 2015, the court held an initial scheduling conference to set the timetable for discovery in the case and on May 18, 2015 entered the scheduling order requested by the parties. On June 11, 2015, Dr. Reddy's submitted its non-infringement and invalidity contentions to the court.

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

Our business is subject to certain risks and events that, if they occur, could adversely affect our financial condition and results of operations and the trading price of our common stock. For a discussion of these risks, please refer to the "Risk Factors" section of our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, filed by us with the SEC on March 9, 2015. Our risk factors as of the date of this quarterly report on Form 10-Q have not changed materially from those described in that Form 10-K.

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

(a) None.
(b) Not applicable.
(c) None.

Item 3. ***Defaults Upon Senior Securities.***

(a) None.
(b) None.

Item 4. ***Mine Safety Disclosures.***

Not applicable.

Item 5. ***Other Information.***

(a) None
(b) None.

Item 6. ***Exhibits***

Exhibit Number	Description	Reference
3.1	Certificate of Incorporation	Exhibit 3.1 to the Company's Current Report on Form 8-K (filed December 29, 2008)
3.2	Certificate of Amendment to Certificate of Incorporation	Exhibit 3.2 to the Company's Current Report on Form 8-K (filed December 29, 2008)
3.3	Amended and Restated Bylaws	Exhibit 3.1 to the Company's Current Report on Form 8-K (filed August 2, 2013)
4.1	Specimen Stock Certificate evidencing the shares of class A common stock	Exhibit 4.1 to Registration Statement No. 333-135133, Amendment No. 5 (filed February 1, 2007)
10.1*	Office Lease Agreement, dated May 5, 2015, by and between the Company and Four Irvington Centre Associates, LLC.	Included herewith
10.2*	License, Development, Commercialization and Supply Agreement for Lubiprostone for People's Republic of China, dated May 5, 2015, by and between Sucampo AG and Harbin Gloria Pharmaceuticals Co., Ltd.	Included herewith
10.3*	Transfer and Termination Agreement, dated as of May 6, 2015, by and between Sucampo AG and R-Tech Ueno Ltd.	Included herewith
31.1	Certification of Principal Executive Officer pursuant to Rules 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended	Included herewith
31.2	Certification of Principal Financial Officer pursuant to Rules 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended	Included herewith
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. This Certification accompanies this report and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed for purposes of §18 of the Securities Exchange Act of 1934, as amended.	Included herewith
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. This Certification accompanies this report and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed for purposes of §18 of the Securities Exchange Act of 1934, as amended.	Included herewith
101.[INS]	XBRL Instance Document	Included herewith
101.[SCH]	XBRL Taxonomy Extension Schema Document	Included herewith
101.[CAL]	XBRL Taxonomy Extension Calculation Linkbase Document	Included herewith
101.[LAB]	XBRL Taxonomy Extension Label Linkbase Document	Included herewith
101.[PRE]	XBRL Taxonomy Extension Presentation Linkbase Document	Included herewith

* Confidential treatment has been requested for certain portions of this exhibit. The confidential portions of this exhibit have been omitted and filed separately with the Securities and Exchange Commission.

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.

Sucampo Pharmaceuticals, Inc.

August 5, 2015

By: /s/ PETER GREENLEAF
Peter Greenleaf
Chief Executive Officer
(Principal Executive Officer)

August 5, 2015

By: /s/ ANDREW P. SMITH
Andrew P. Smith
Chief Financial Officer
(Principal Financial Officer)

Sucampo Pharmaceuticals, Inc.
Exhibit Index

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OFFICE LEASE AGREEMENT

By and Between

FOUR IRVINGTON CENTRE ASSOCIATES, LLC
("Landlord")

and

SUCAMPO PHARMACEUTICALS, INC.
("Tenant")

*** * * * * ***

Four Irvington Centre 805 King Farm Boulevard Rockville, Maryland

HOLLAND & KNIGHT LLP
800 17th Street, N.W. Suite 1100
Washington, D.C. 20006
(202) 955-3000
(202) 955-5564 (Fax)

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OFFICE LEASE AGREEMENT

THIS OFFICE LEASE AGREEMENT (this "Lease") is made as of the ____ day of _____, 2015 (the "Effective Date"), by and between **FOUR IRVINGTON CENTRE ASSOCIATES, LLC**, a Maryland limited liability company ("Landlord"), and **SUCAMPO PHARMACEUTICALS, INC.**, a Delaware corporation ("Tenant"), who agree as follows:

1. BASIC LEASE TERMS.

The following terms shall have the following meanings in this Lease:

a.	**Premises:**	Approximately 24,244 rentable square feet of office space consisting of a portion of the fifth (5th) floor of the Building (described in Section 1.b., below), as shown as the shaded space on the floor plan attached hereto as Exhibit A
b.	**Building:**	Four Irvington Centre, located at 805 King Farm Boulevard, Rockville, Maryland (the "Building"). As of the date of this Lease, the Building contains approximately 224,258 rentable square feet of space.
c.	**Possession Date:**	The Effective Date of this Lease December 1, 2015
	Commencement Date:	December 1, 2015
d.	**Term:**	Eleven (11) years and seven (7) months from the Commencement Date, unless extended or earlier terminated in accordance with the terms of this Lease
e.	**Initial Annual Base Rent*:**	$30.50 per rentable square foot $739,442.04 per annum $61,620.17 per month

[*subject to escalation as provided for in this Lease]

f.	**Base Year:**	Calendar Year 2016
g.	**Tenant's Pro Rata Share (Operating Expenses):**	10.81%*
	Tenant's Pro Rata Share (Real Estate Taxes):	10.81%*

[*subject to adjustments provided for in this Lease]

h.	**Address for Notices:**	
	To Landlord:	Four Irvington Centre Associates, LLC c/o American Real Estate Partners Management LLC, as Agent 2350 Corporate Park Drive Suite 110 Herndon, Virginia 20171 Attention: Asset Manager
	With a copy to:	Holland & Knight LLP 800 17th Street, N.W. Suite 1100 Washington, D.C. 20006 Attention: David S. Kahn, Esquire
	To Tenant:	At the Premises Attention: Thomas J Knapp, EVP, CLO & Corporate Secretary
i.	**Extension Option:**	One (1) five (5) year option
j.	**Security Deposit:**	$61,620.17

2. PREMISES.

a. Premises. In consideration of Tenant's agreement to pay Annual Base Rent (hereinafter defined) and Additional Rent (hereinafter defined) and subject to the covenants and conditions hereinafter set forth, Landlord hereby leases to Tenant, and Tenant hereby hires and leases from Landlord, upon the

terms and conditions set forth herein, those certain premises described in Section 1.a. hereof and located in the Building (the "Premises"). The Premises are located in the Building. The lease of the Premises to Tenant includes the non-exclusive right, together with other tenants of the Building and members of the public, to use the common public areas of the Building and the land on which the Building is situated (the "Land"), but includes no other rights not specifically set forth. The parties hereto acknowledge that the Building constitutes one of four (4) office buildings owned by Landlord or Landlord's affiliates in the office project known as "Irvington Centre," the other buildings having street addresses of 700 King Farm Boulevard, 702 King Farm Boulevard and 800 King Farm Boulevard, Rockville, Maryland (collectively, along with the Building, the "Buildings"). For all purposes hereunder, the Buildings, the land on which the Buildings are located and all common areas, roadways and public areas therein or thereon are collectively referred to herein as the "Project."

b. Improvements. Landlord shall deliver the Premises to Tenant in its "as-is" condition without any obligation on Landlord's part to (A) undertake any improvements or alterations therein; (B) except for the Improvement Allowance (as defined in the Work Agreement [hereinafter defined]) to be provided by Landlord pursuant to the Work Agreement, pay for, any improvements or alterations therein; or (C) make any representations or warranties regarding the condition of the Premises; provided, however, that as of the Possession Date (hereinafter defined), the Building shall comply with the Base Building Shell Definition attached as Exhibit F hereto. Tenant shall, at Tenant's sole cost and expense, subject to the application of the Improvement Allowance, construct in the Premises the Tenant Improvements (as defined in the Work Agreement) described in the Work Agreement attached hereto as Exhibit B (the "Work Agreement"), in accordance with the terms and conditions of the Work Agreement. The cost of all design, architectural and engineering work, demolition costs, construction costs, construction supervision, contractors' overhead and profit, licenses and permits, and all other costs and expenses incurred in connection with the Tenant Improvements shall be at Tenant's sole cost and expense, subject to the application of the Improvement Allowance. Landlord shall disburse the Improvement Allowance as provided in the Work Agreement. All costs incurred with respect to the Tenant Improvements in excess of the Improvement Allowance shall be paid by Tenant as provided in the Work Agreement. Any delay by Tenant in the completion of the Tenant Improvements shall not delay, or otherwise affect, the Possession Date or the Commencement Date.

c. Occupancy Upon Possession Date. Provided Tenant has delivered to Landlord evidence reasonably satisfactory to Landlord that all insurance required to be carried by Tenant and its contractors hereunder is effective, Tenant shall have access to the Premises immediately upon the occurrence of the Possession Date; provided, however, Tenant shall not be entitled to make any alterations or improvements to the Premises until the Tenant's Plans (as such term is defined in the Work Agreement) have been finally approved by Landlord in accordance with the terms of the Work Agreement. Except for purposes of designing and constructing the Tenant Improvements in accordance with the terms of the Work Agreement and moving Tenant's furniture, fixtures and equipment into the Premises, Tenant shall not be permitted to occupy the Premises for purposes of conducting its business therein or for any other purpose, unless and until Tenant delivers to Landlord a certificate of occupancy and any other approvals required for Tenant's occupancy of the Premises from any governmental authorities having jurisdiction over the Premises, all of which shall be obtained by Tenant at Tenant's sole cost and expense. If Landlord notifies Tenant that the Premises are otherwise available for Tenant to take possession thereof, but Tenant is not permitted to take possession of the Premises because Tenant has failed to deliver to Landlord evidence reasonably satisfactory to Landlord that all insurance required hereunder to be carried by Tenant and its contractor is effective, then (i) Landlord shall be deemed to have tendered possession of the Premises to Tenant, (ii) neither the Possession Date nor the Commencement Date shall be delayed as a result thereof, and (iii) Tenant shall be entitled to access the Premises when such evidence of insurance has been delivered to Landlord.

d. Tenant Access to Building Risers. In connection with Tenant's leasing of the Premises, Landlord hereby grants to Tenant, at no additional charge (but subject to such reasonable rules and regulations as may be promulgated by Landlord in writing from time to time, but in any event prior to the installation by Tenant of the Telecom Equipment Cabling [hereinafter defined]), non-exclusive access to the Building risers to install such cabling and wiring (the "Telecom Equipment Cabling") therein as may be necessary for (i) Tenant's use of the Premises for general office purposes and (ii) the connection of Tenant's Rooftop Equipment (hereinafter defined) to the Premises, provided that Landlord has previously approved plans and specifications prepared by Tenant indicating the locations of such Telecom Equipment Cabling in the Building, and provided further that such Telecom Equipment Cabling (A) does not affect the structure or safety of the Building; (B) does not adversely affect the electrical, mechanical or any other system of the Building or the functioning thereof; and (C) does not interfere in any adverse manner with the operation of the Building or the provision of services or utilities to Tenant or any other tenant of the Building; provided, however, that in no event shall Tenant have the right use any portion of such Building risers which exceeds Tenant's Pro Rata Share (Operating Expenses) thereof. Tenant shall install and maintain the Telecom Equipment Cabling in compliance with all applicable present and future laws, rules and regulations of any local or Federal authority having jurisdiction with respect thereto, including, without limitation, the laws, rules and regulations of the FCC, the City of Rockville, Maryland, the State of Maryland and any other governmental and quasi-governmental authorities having appropriate jurisdiction over the Building or Tenant's use of the Telecom Equipment Cabling. Tenant shall obtain all permits, licenses, variances, authorizations and approvals that may be required in order to install, maintain and remove such Telecom Equipment Cabling. Tenant shall, at its sole cost and expense, be responsible for the insurance and maintenance of the Telecom Equipment Cabling and its compliance with all applicable laws, rules and regulations. Except in the event of the negligence or willful misconduct of Landlord, and subject to the terms of Section 12.d, below, Tenant shall indemnify and save Landlord harmless from and against any and all loss, costs, liabilities, damages, judgments, and expenses (including reasonable attorney's fees) resulting from the

installation, operation and maintenance of the Telecom Equipment Cabling. At the expiration or earlier termination of the Term, Tenant shall, at Tenant's sole cost and expense, remove the Telecom Equipment Cabling from the Building and repair any damage caused by such removal, reasonable wear and tear excepted.

3. TERM AND COMMENCEMENT OF TERM. This Lease shall be in full force and effect from the Possession Date. Between the Possession Date and the day immediately preceding the Commencement Date, all of the terms and provisions of this Lease, except for those pertaining to the payment of Annual Base Rent, shall be in full force and effect, and shall apply to Tenant's use and occupancy of the Premises. The term of this Lease (the "Term") shall commence on the Commencement Date and shall expire on June 30, 2027 (the "Lease Expiration Date"), unless otherwise extended or earlier terminated in accordance with the terms hereof. As used herein, the term "Lease Year" means (i) with respect to the first Lease Year, the twelve (12)-month period commencing on the Commencement Date, and (ii) each successive period of twelve (12) calendar months thereafter during the Term.

4. RENT. Beginning on the Commencement Date, but subject to the terms of Section 4.a(iv), below, Tenant covenants and agrees to pay as Rent (hereinafter defined) for the Premises the following amounts set forth in this Section 4 and as otherwise provided in this Lease. "Additional Rent" shall mean such costs, expenses, charges and other payments to be made by (or on behalf of) Tenant to Landlord (or to a third party if required under this Lease), whether or not the same be designated as such. "Rent" or "rent" shall mean all Annual Base Rent (hereinafter defined) and Additional Rent due hereunder.

a. Annual Base Rent.

(i) During each Lease Year, but subject to the terms of Section 4.a(iv), below, Tenant shall pay annual base rent in the amounts set forth immediately below (the "Annual Base Rent"), which amounts shall be payable in equal monthly installments (the "Monthly Base Rent") as set forth immediately below:

Lease Year	Annual Base Rent per RSF	Annual Base Rent	Monthly Base Rent
1	$30.50	$739,442.04	$61,620.17
2	$31.26	$757,867.44	$63,155.62
3	$32.04	$776,777.76	$64,731.48
4	$32.85	$796,415.40	$66,367.95
5	$33.67	$816,295.44	$68,024.62
6	$34.51	$836,660.40	$69,721.70
7	$35.37	$857,510.28	$71,459.19
8	$36.25	$878,844.96	$73,237.08
9	$37.16	$900,907.08	$75,075.59
10	$38.09	$923,454.00	$76,954.50
11	$39.04	$946,485.72	$78,873.81
12	$40.02	$970,244.88*	$80,853.74
[*on an annualized basis]			

(ii) In addition to the payment of Annual Base Rent, Tenant shall be responsible for the payment of Tenant's Pass-Through Costs (hereinafter defined) pursuant to Section 4.b. hereof.

(iii) All installments of Monthly Base Rent shall be payable in advance, with the first monthly installment due and payable upon execution of this Lease. Monthly Base Rent for any partial month during the Term shall be prorated based upon the number of days in such partial month.

(iv) Provided that no Event of Default (hereinafter defined) by Tenant then exists, Landlord hereby agrees to abate the Annual Base Rent otherwise due from Tenant for the period commencing on the Commencement Date and ending on June 30, 2017.

b. Tenant's Pass-Through Costs.

(i) As used in this Lease:

(1) **"Operating Expenses"** shall mean any and all expenses, costs and disbursements (but not specific costs billed to and paid by specific tenants) of every kind and nature incurred by Landlord in connection with the ownership, management, operation, maintenance, servicing and repair of the Building and appurtenances thereto, including, without limitation, the common areas thereof, and the Land, including, but not limited to, employees' wages, salaries, welfare and pension benefits and other fringe benefits; payroll taxes; painting of common areas of the Building; exterminating service; detection and security services; concierge services; sewer rents and charges; premiums for fire and casualty, liability, rent, workmen's compensation, sprinkler, water damage and other insurance;

repairs and maintenance; building supplies; uniforms and dry cleaning; snow and ice prevention and removal; the cost of obtaining and providing electricity, water and other public utilities to all areas of the Building; trash removal; janitorial and cleaning supplies; and janitorial and cleaning services; window cleaning; service contracts for the maintenance of elevators, boilers, HVAC and other mechanical, plumbing and electrical equipment; fees for all licenses and permits required for the ownership and operation of the Building; business license fees and taxes; the rental value of the management office serving the Building, provided, however, that Operating Expenses shall only include the Building's proportionate share of such rental value, which share shall be calculated by multiplying the rental value by a fraction, the numerator of which is the rentable square footage of the Building and the denominator of which is the rentable square footage of all of the buildings being served by such management office; all costs of operating, maintaining and replacing equipment in the health and fitness facility (if any) located in the Building; dues and/or assessments payable with respect to any owner's association having jurisdiction over the Building; sales, use and personal property taxes payable in connection with tangible personal property and services purchased for the management, operation, maintenance, repair, cleaning, safety and administration of the Building; reasonable legal fees; reasonable accounting fees relating to the determination of Operating Expenses and the tenants' share thereof and the preparation of statements required by tenant's leases; management fees, whether or not paid to any person having an interest in or under common ownership with Landlord (provided, however, that such management fees shall not exceed […***…]; purchase and installation of indoor plants in the common areas; and landscaping maintenance and the purchase and replacement of landscaping services, plants and shrubbery. If Landlord makes an expenditure for a capital improvement to the Building (or any portion thereof) by installing energy conservation or labor-saving devices to reduce Operating Expenses (but only to the extent that the cost-savings from any such Permitted Capital Expenditure [hereinafter defined] is equal to or greater than the annual amortized amount of any such Permitted Capital Expenditure), or to comply with any law, ordinance or regulation pertaining to the Building which is first effective after the Effective Date (each, a "Permitted Capital Expenditure"), and if, under generally accepted accounting principles, such expenditure is not a current expense, then the cost thereof shall be amortized over a period equal to the useful life of such improvement, determined in accordance with generally accepted accounting principles, and the amortized costs allocated to each calendar year during the Term, together with an imputed interest amount calculated on the unamortized portion thereof using an interest rate of […***…], shall be treated as an Operating Expense. Operating Expenses shall also include all costs incurred by Landlord pursuant to the terms of any covenants, declarations or similar agreements recorded against the Land on which the Building is located. In the event that any costs with respect to the operation and management of more than one building are allocated among the Building and any other building owned by Landlord, the costs so allocated to the Building shall be included in the calculation of Operating Expenses.

Notwithstanding anything to the contrary contained in this Section 4.b(i)(1), Operating Expenses shall not include (i) costs of capital improvements or capital expenditures, except for Permitted Capital Expenditures; (ii) interest, principal, late charges, prepayment penalties or premiums on any debt owed by Landlord (including any mortgage debt) and depreciation, except as otherwise expressly set forth herein; (iii) legal fees, space planners' fees, real estate brokers' leasing commissions and advertising expenses incurred in connection with the leasing of space in the Building; (iv) the cost of any repair, restoration, replacement or other item, to the extent Landlord is actually reimbursed therefor by insurance, warranties, condemnation proceeds or otherwise; (v) any bad debt loss or rent loss; (vi) the cost of all items and services with respect to which Landlord receives reimbursement (excluding reimbursement by way of Pass-Through Costs paid by Tenant or other tenants); (vii) attorneys' fees, costs and expenses incurred by Landlord in connection with disputes with tenants or prospective tenants of the Building or disputes among Landlord's investors or other investors and the negotiation of leases and other lease-related documents; (viii) costs incurred in connection with the sale, financing, refinancing, mortgaging or sale of the Building, including brokerage commissions, attorneys' and accountants' fees, closing costs, title insurance premiums, transfer taxes and interest charges; (ix) costs incurred in connection with work or services or other benefits that are not offered to Tenant but that are provided to another tenant or occupant of the Building without additional cost; (x) the cost of painting, decorating or renovating a specific tenant's space, or the installation of tenant improvements (including demising walls and public corridors) made for other tenants of the Building or incurred in renovating or otherwise improving, decorating, painting or redecorating vacant space for prospective tenants, existing tenants or other occupants of the Building (specifically excluding base building improvements and systems and the common areas of the Building), unless such items are similarly provided to, or benefit generally, other tenants in the Building, (xi) costs or expenses of utilities directly metered to tenants of the Building and payable separately by such tenants, (xii) penalties and interest incurred as the result of Landlord's failure to pay any Operating Expenses and/or Real Estate Taxes when due, (xiii) the profit increment paid by Landlord for services to a corporation or entity controlling, controlled by or under common control with Landlord, to the extent the total amount paid by Landlord for such services are not comparable to amounts paid for similar services provided to office buildings located in the I-270 Corridor submarket of comparable age, size, quality and location to the Building (a "Comparable Building") providing services similar to, and to the same level as, those provided for the Building; provided, however, for purposes of this exclusion item, "control" shall be deemed to be ownership of more than fifty percent (50%) of the stock or other voting interest of the controlled corporation or other business entity, (xiv) any penalties, fines, damages, late charges or interest incurred as a result of Landlord's violation of any federal, state or local law or regulation, unless the violation results from the act or omission of Tenant, its agents, contractors, employees, subtenants, assignees or invitees, (xv) general overhead, general administrative expenses, accounting, record-keeping and clerical support of Landlord to the extent associated with maintaining the legal entity which constitutes Landlord, (xvi) costs incurred by Landlord for the original construction of the Building, (xvii) reserves (whether for maintenance, repairs, replacements or otherwise); provided, however, the maintenance of such reserves shall not prohibit Landlord from passing

through to Tenant (as an Operating Expense) items includable in Operating Expenses pursuant to Section 4 of this Lease once such items have been purchased from such reserve or once the expenses covered by such reserve have been incurred; (xviii) costs of sculpture, paintings or other objects of art not typically found in Comparable Buildings; (xix) political, charitable or civic donations; (xx) salaries and fringe benefits of employees above the grade of senior property manager and/or senior building manager (it being expressly understood that Building accountants and Building engineers shall be deemed to be beneath the grade of senior property manager and senior Building manager), except if any such employees above the grade of senior property manager and/or senior building manager is providing services relating the operation, servicing, maintenance and/or repair of the Building; provided, however, that in the case of compensation paid for any such employee above the grade of senior property manager and/or senior building manager that is not assigned exclusively to the Building, Operating Expenses shall include only the portion of their salaries, wages and other personnel costs that Landlord allocates on a reasonable basis to the Building; (xxi) rental payments made under any ground lease, except with respect to any portion thereof relating to the pass-through of any operating costs or real estate taxes incurred by the ground lessor; (xxii) any costs relating exclusively to any retail area of the Building; and (xxiii) costs incurred in connection with the provision of utilities to, and the repair and maintenance of, the Parking Facility (hereinafter defined) to the extent such costs are the obligation of the operator of the Parking Facility or another tenant of the Building.

Notwithstanding anything to the contrary set forth in this Lease, Landlord shall not include in Operating Expenses during any calendar year of the Term that portion of Controllable Expenses (hereinafter defined) during such calendar year which exceeds the Controllable Expenses Cap (hereinafter defined) for such calendar year. As used herein, the term "Controllable Expenses Cap" for (i) calendar year 2016 shall be the aggregate amount of Controllable Expenses incurred in calendar year 2015, and (ii) for each calendar year thereafter shall be an amount equal to […***…] of the actual amount of Controllable Expenses incurred in the immediately preceding calendar year. As used herein, the term “Controllable Expenses” shall mean the all categories of Operating Expenses, except: (1) utility costs; (2) the cost of Landlord’s insurance and insurance deductibles; and (3) the cost of snow and ice removal and prevention. Notwithstanding the foregoing, the terms of this paragraph shall not preclude Landlord from passing through Controllable Expenses in calendar years following the calendar year in which such Controllable Expenses were incurred if such Controllable Expenses, when added to Controllable Expenses incurred in a subsequent calendar year, do not exceed the Controllable Expenses Cap for any such subsequent calendar year.

(2) **"Real Estate Taxes"** shall mean all taxes, assessments and charges levied upon or with respect to the Land (or any portion thereof), the Building, and any improvements adjacent thereto (computed as payable in installments as permitted by law regardless of whether so paid), including, without limitation, vault rents, if any, any tax, fee or excise on rents, on the square footage of the Premises, on the act of entering into this Lease, on the occupancy of Tenant, on account of the rent hereunder or the business of renting space now or hereafter levied or assessed against Landlord by the United States of America or the state, county, city or town in which the Building is located, or any political subdivision, public corporation, district or other political or public entity; and shall also include any other tax to the extent that such tax is imposed in lieu of or in addition to such Real Estate Taxes. Reasonable legal fees, costs and disbursements incurred by Landlord in connection with any proceedings for appeal or reduction of any Real Estate Taxes shall also be considered Real Estate Taxes for the year in question. In the event that Real Estate Taxes for the Land and the Building are not separately assessed, Landlord shall allocate to the Land and the Building the portion of the total Real Estate Tax assessment that fairly represents the relative values of all properties that have been assessed together. Real Estate Taxes shall not include (i) gift taxes, franchise taxes, estate taxes, inheritance taxes or any other tax based upon the net income of Landlord, or any transfer taxes or recordation taxes payable in connection with the sale and transfer of Landlord’s interest in the Building and (ii) interest and penalties incurred by Landlord as a result of Landlord's failure to timely make payments of Real Estate Taxes when due; provided, however, interest, penalties and/or attorneys’ fees incurred by Landlord in connection with Landlord's good faith appeal or contest of Real Estate Taxes shall be included in Real Estate Taxes.

(3) **"Tenant's Pro Rata Share (Operating Expenses),"** as of the date hereof, shall be as provided in Section 1.g., representing the ratio that the rentable area of the Premises bears to the total rentable area of office space in the Building. If either the rentable area of the Premises or the total rentable area of the Building, shall be increased or decreased, as reasonably determined by Landlord, Tenant's Pro Rata Share (Operating Expenses) shall be adjusted accordingly.

(4) **"Tenant's Pro Rata Share (Real Estate Taxes),"** as of the date hereof, shall be as provided in Section 1.g., representing the ratio that the rentable area of the Premises bears to the total rentable area of the Building. If either the rentable area of the Premises or the total rentable area of the Building, shall be increased or decreased, as reasonably determined by Landlord, Tenant's Pro Rata Share (Real Estate Taxes) shall be adjusted accordingly.

(5) **"Base Year"** means calendar year 2016.

(ii) If, in any calendar year during the Term, the total amount of Operating Expenses for the Building exceed the amount of Operating Expenses in the Base Year, then Tenant shall pay to Landlord, as Additional Rent, an amount which is the product of (1) the amount of such increase in Operating Expenses, multiplied by (2) Tenant's Pro Rata Share (Operating Expenses). Tenant's Pro Rata Share (Operating Expenses) of increases in Operating Expenses for any partial calendar year during the Term shall be determined by multiplying the amount of Tenant's Pro Rata Share (Operating Expenses) of increases in Operating Expenses for the full calendar year by a fraction, the numerator of which is the

*Confidential Treatment Requested

number of days during such calendar year falling within the Term and the denominator of which is three hundred sixty-five (365). If in any calendar year during the Term, the amount of Real Estate Taxes exceeds the amount of Real Estate Taxes for the Base Year, then Tenant shall pay, as Additional Rent, an amount which is the product of (x) the amount of such increase in Real Estate Taxes, multiplied by
(y) Tenant's Pro Rata Share (Real Estate Taxes). Tenant's Pro Rata Share (Real Estate Taxes) of increases in Real Estate Taxes for any partial calendar year during the Term shall be determined by multiplying the amount of Tenant's Pro Rata Share (Real Estate Taxes) of increases in Real Estate Taxes for the full calendar year by a fraction, the numerator of which is the number of days during such calendar year falling within the Term and the denominator of which is three hundred sixty-five (365).

(iii) If at any time during the Base Year, or during any subsequent calendar year ("Subsequent Year"), less than ninety-five percent (95%) of the total rentable square feet of office space in the Building is occupied by tenants, the amount of Operating Expenses for the Base Year, or for any such Subsequent Year, as the case may be, shall be deemed to be the amount of Operating Expenses as reasonably estimated by Landlord that would have been incurred if the percentage of occupancy of the Building during the Base Year or any such Subsequent Year was ninety-five percent (95%). If at any time during any calendar year, any part of the Building is leased to a tenant (hereinafter referred to as a "Special Tenant") who, in accordance with the terms of its lease, provides its own utilities, cleaning or janitorial services or other services or is not otherwise required to pay a share of Operating Expenses in accordance with the methodology set forth in this Section 4.b., and Landlord does not incur the cost of such services, Operating Expenses for such calendar year shall be increased by the additional costs for cleaning and janitorial services and such other applicable expenses as reasonably estimated by Landlord that would have been incurred by Landlord if Landlord had furnished and paid for cleaning and janitorial services and such other services for the space occupied by the Special Tenant, or if Landlord had included such costs in "operating expenses" as defined in the Special Tenant's lease.

(iv) During the month of December, 2016 (or as soon thereafter as is reasonably practicable), and thereafter during the month of December of each Lease Year (or as soon thereafter as is reasonably practicable), Landlord shall use reasonable efforts to furnish to Tenant a statement of Landlord's estimate of Tenant's Pass-Through Costs for the next calendar year (“Landlord’s Estimate”). "Tenant's Pass-Through Costs" shall be an amount equal to the sum of (1) Tenant's Pro Rata Share (Operating Expenses) multiplied by the difference between Operating Expenses incurred during any calendar year during the Term, and Operating Expenses incurred in the Base Year; plus (2) Tenant's Pro Rata Share (Real Estate Taxes) multiplied by the difference between Real Estate Taxes for any calendar year during the Term and Real Estate Taxes incurred during the Base Year. Such statement shall show the amount of Tenant's Pass-Through Costs, if any, payable by Tenant for such calendar year pursuant to this Section 4.b. on the basis of Landlord's Estimate. Commencing on July 1, 2017, and continuing on each monthly rent payment date thereafter until further adjustment pursuant to this Section 4.b.(iv), Tenant shall pay to Landlord one-twelfth (1/12) of the amount of Landlord’s Estimate. Within one hundred twenty (120) days after the expiration of each calendar year during the Term (or as soon thereafter as is reasonably practicable), Landlord shall furnish to Tenant a statement (the "Expense Statement") showing the actual Operating Expenses and Real Estate Taxes for such calendar year. The Expense Statement shall be conclusive and binding on Tenant, unless objected to in writing by Tenant within […***…] following Tenant's receipt thereof. In case of an underpayment, Tenant shall, within […***…] after the receipt of such statement, pay to Landlord an amount equal to such underpayment. In case of an overpayment, Landlord shall credit the next monthly rental payment by Tenant with an amount equal to such overpayment. Additionally, if this Lease shall have expired, Landlord shall apply such excess against any sums due […***…] from Tenant to Landlord and shall refund any remainder to Tenant within […***…] after the expiration of the Term, or as soon thereafter as possible. Notwithstanding the foregoing, if Landlord’s Estimate for a calendar year exceeds […***…] of Landlord’s Estimate for the immediately preceding calendar year, Tenant’s monthly payment to Landlord of such estimated Tenant’s Pass-Though Costs for such calendar year shall be capped at […***…] of Landlord’s Estimate for the immediately preceding calendar year; provided, however, that Tenant shall pay to Landlord, on or before December 31st of such calendar year (or on or before the expiration of the Term with respect to the final calendar year of the Term), the balance of Landlord’s Estimate for such calendar year.

(v) Tenant shall be entitled to the following audit right with respect to an Expense Statement delivered by Landlord. Such audit right shall be exercisable by Tenant providing Landlord with written notice of Tenant's exercise of such audit right within […***…] days of Tenant's receipt of such Expense Statement, time being of the essence. Tenant's notice shall contain a statement of Tenant's reasonable objections to such Expense Statement. If, within […***…] days after Landlord's receipt of Tenant's written notice, Landlord and Tenant are unable to resolve Tenant's objections, then, not later than […***…] after the expiration of such […***…] day period, Tenant shall deliver to Landlord written notice (the "Audit Notice") that it wishes to employ on an hourly rate or lump-sum (and not a contingency fee) basis an independent certified public accounting firm approved by Landlord (which approval shall not be unreasonably withheld, conditioned or delayed) to inspect and audit Landlord's books and records at the Building relating to the objections raised in Tenant's notice. Tenant shall deliver to Landlord a confidentiality and nondisclosure agreement reasonably satisfactory to Landlord executed by Tenant and such accounting firm, and provide Landlord not less than […***…] notice of the date on which the accounting firm desires to examine Landlord's books and records at the Building during regular business hours; provided, however, that such date shall be between […***…] days after Tenant delivers to Landlord the Audit Notice. Such audit shall be limited to a determination of whether Landlord calculated the Expense Statement in accordance with the terms and conditions of this Lease. All costs and expenses of any such audit shall be paid by Tenant, except as otherwise expressly set forth herein. Tenant shall be entitled to exercise its

right to audit pursuant to this Section 4.b(v) in strict accordance with the foregoing procedures and each such audit shall relate only to the calendar year covered by the Expense Statement, provided, however, that (A) if Tenant elects to audit the Expense Statement relating to the Operating Expenses incurred during calendar year 2017 or 2018, then Tenant shall also be entitled, pursuant to the terms of this Section 4.b(v), to simultaneously audit Operating Expenses incurred in the Base Year and (B) if during any audit conducted by Tenant pursuant to this Section 4.b(v) an error is found in the applicable Expense Statement, and it is reasonable to expect that the same error will appear in Expense Statements for prior calendar years, then, Tenant shall have the right, in accordance with the terms of this Section 4.b(v), to cause Tenant's auditor to review Landlord's books and records with respect to the Expense Statements relating to the immediately preceding two (2) calendar years solely to determine if such error occurred with respect to such calendar years. As a condition precedent to exercising its audit rights, Tenant shall pay to Landlord all monies which Landlord claims are owing by Tenant, as shown on the Expense Statement. Tenant shall provide Landlord with a copy of all audits conducted pursuant to the terms of this Section 4.b(v) within […***…] after Tenant receives any such audit from Tenant's accountant. If Landlord and Tenant are not able to resolve any such dispute with respect to the Expense Statement under audit within […***…] after Landlord's receipt of a copy of the audit, the dispute shall be submitted to binding expedited arbitration under the Commercial Arbitration Rules (the "AAA Rules") of the American Arbitration Association (the "AAA"), and in particular, the Expedited Procedures provisions (Rules 53 through 57 in the January 1, 1993, edition) of such AAA Rules. If such expedited arbitration is used, then (i) the arbitrator shall be a licensed certified public accountant with at least ten (10) years' experience in accounting for the operations of Comparable Buildings, (ii) Landlord or Tenant shall have no right to object if the arbitrator so appointed was on the list submitted by the AAA and was not objected to in accordance with Rule 54, (iii) the first hearing shall be held within seven (7) business days after the appointment of the arbitrator, and (iv) the standards applied by the arbitrator to resolve such dispute shall be the same standards which would be applied by a court of competent jurisdiction. The losing party in such arbitration (as determined by the arbitrator) shall pay the arbitration costs charged by the AAA and/or the arbitrator. If, upon a final resolution of any dispute between Landlord and Tenant regarding an Expense Statement (1) Tenant is entitled to a refund of the amount paid by Tenant for Tenant's Pass-Through Costs for the calendar year under audit because such Expense Statement overstated the amounts to which Landlord was entitled hereunder, Landlord shall credit the next monthly rental payment(s) by Tenant with an amount equal to such refund or (2) Tenant is found to have underpaid Tenant's Pass-Through Costs, Tenant shall pay to Landlord an amount equal to such underpayment within […***…]. Notwithstanding anything contained in this Section 4.b(v) to the contrary, if, upon such final resolution of any dispute between Landlord and Tenant regarding an Expense Statement it is determined that a demonstrated error was made in the audited Expense Statement and as a result of such error the amount of Operating Expenses were overstated by more than four percent (4%), Landlord shall, within […***…] after receipt of an invoice therefor, reimburse Tenant for Tenant's reasonable out-of-pocket costs and expenses incurred in connection with the audit of such Expense Statement, but in no event more than Five Thousand Dollars ($5,000.00).

(vi) All monies received from Tenant as Tenant's Pass-Through Costs shall be received by Landlord to pay Operating Expenses and Real Estate Taxes of the Building and the Land. Notwithstanding the foregoing, Landlord shall have the right to commingle Tenant's Pass-Through Costs with other funds collected by Landlord.

(vii) Tenant's obligation to pay Tenant's Pass-Through Costs pursuant to the provisions of this Section 4.c. shall survive the expiration or other termination of this Lease with respect to any period during the Term hereof and with respect to any holdover period of occupancy following the expiration of the Term.

(viii) Notwithstanding anything contained in this Section 4.b. to the contrary, Landlord reserves the right, at any time in the future, to aggregate some or all of the Operating Expenses and/or Real Estate Taxes with the expenses and/or taxes, respectively, incurred in connection with the operation of all the Buildings in the Project, in which event Tenant's Pro Rata Share (Operating Expenses) and/or Tenant's Pro Rate Share (Real Estate Taxes), as applicable, shall be adjusted accordingly by Landlord.

c. Payment of Rent. All Rent shall be paid in lawful money of the United States of America without deduction, diminution, set-off, counterclaim or prior notice or demand, at the office of Landlord as provided in Section 1.i. hereof or at such other place as Landlord may hereafter designate in writing, on the first day of every calendar month during the Term. All such payments shall be made by good checks payable to Landlord or such other person, firm or corporation as Landlord may hereafter designate in writing. No payment by Tenant or receipt and acceptance by Landlord of a lesser amount than the Monthly Base Rent or Additional Rent shall be deemed to be other than partial payment of the full amount then due and payable; nor shall any endorsement or statement on any check or any letter accompanying any check, payment of Rent or other payment, be deemed an accord and satisfaction; and Landlord may accept, but is not obligated to accept, such partial payment without prejudice to the Landlord's right to recover the balance due and payable or to pursue any other remedy provided in this Lease or by law. If Landlord shall at any time or times accept Rent after it becomes due and payable, such acceptance shall not excuse a subsequent delay or constitute a waiver of Landlord's rights hereunder. Any Rent owed by Tenant to Landlord, including, without limitation, Annual Base Rent, Additional Rent, Tenant's Pass- Through Costs and Late Charges, which is not paid within five (5) business days after the date such payment is due shall bear interest from the due date at a rate equal to the prime rate on corporate loans quoted in the *Wall Street Journal* (the "Prime Rate") plus two percent (2%); provided that Landlord shall waive such interest with respect to Tenant's first failure to timely pay any such Rent in any consecutive period of twelve (12) months if Tenant pays the amount of Rent due within five (5) business days after Landlord sends written notice of such failure to Tenant. In addition, if any amount of Rent required to be

paid by Tenant to Landlord under the terms of this Lease is not paid within five (5) business days after the date such payment is due, then in addition to paying the amount of Rent then due, Tenant shall pay to Landlord a late charge (the "Late Charge") equal to five percent (5%) of the amount of Rent then required to be paid; provided that Landlord shall waive the first Late Charge in any consecutive period of twelve (12) months if Tenant pays the amount of Rent due within five (5) business days after Landlord sends written notice of such failure to Tenant. Payment of such Late Charge will not excuse the untimely payment of Rent. In the event Tenant makes any payment of Rent by check and said check is returned by the bank unpaid, Tenant shall pay to Landlord the sum of One Hundred Dollars ($100.00) to cover the costs and expenses of processing the returned check, in addition to the Rent payment and any other charges provided for herein. Any interest, Late Charge and other amounts charged hereunder shall constitute Additional Rent.

5. SECURITY DEPOSIT.

a. Landlord acknowledges receipt from Tenant of a security deposit in the amount set forth in Section 1.j. hereof (the "Security Deposit") to be held by Landlord during the Term as collateral security (and not prepaid rent), for the payment of Annual Base Rent and Additional Rent and for the faithful performance by Tenant of all other covenants, conditions and agreements of this Lease. Landlord shall not be obligated to hold the Security Deposit in a separate account. The Security Deposit shall not earn interest. If any sum payable by Tenant to Landlord shall be overdue and unpaid, or if Landlord makes any payments on behalf of Tenant, or if Tenant fails to perform any of the terms of this Lease, then Landlord, at its option and without prejudice to any other remedy which Landlord may have, may apply all or part of the Security Deposit to compensate Landlord for the payment of Annual Base Rent or Additional Rent, or any loss or damage sustained by Landlord. Tenant shall restore the Security Deposit to the original sum deposited within ten (10) business days after Landlord’s demand therefor. Provided that Tenant shall have made all payments and performed all covenants and agreements of this Lease, Landlord shall return the Security Deposit to Tenant (except to the extent of any portion of the Security Deposit which has been applied by Landlord and not restored by Tenant) within forty-five (45) days after the expiration of this Lease or the vacation of the Premises by Tenant, whichever is later.

b. In the event of the sale or transfer of Landlord's interest in the Building, Landlord shall have the right to transfer the Security Deposit to the purchaser or assignee, in which event Tenant shall look only to the new landlord for the return of the Security Deposit, and Landlord shall thereupon be released from all liability to Tenant for the return of the Security Deposit. Tenant hereby agrees not to look to the mortgagee, as mortgagee, mortgagee in possession, or successor in title to the property, for accountability for any security deposit required by the Landlord hereunder, unless said sums have actually been received by said mortgagee as security for Tenant's performance of this Lease. In the event of any permitted assignment of Tenant's interest in this Lease, the Security Deposit may, at Landlord's sole option, be held by Landlord as a deposit made by the assignee, and Landlord shall have no further liability to Tenant with respect to the return of the Security Deposit.

6. USE.

a. Tenant covenants with Landlord not to use the Premises for any purpose other than general office use for the conduct of Tenant's business. Tenant shall not use the Premises or allow the Premises to be used for any other purpose without the prior written consent of the Landlord. Tenant, at Tenant's expense, shall comply with all laws, codes, rules, orders, ordinances, directions, regulation, and requirements of federal, state, county, and municipal authorities, now in force or which may hereafter be in force, which shall impose any duty upon Landlord or Tenant with respect to the condition, maintenance, use, occupation, operation or alteration of the Premises, or the conduct of Tenant's business therein, including, without limitation, the Americans With Disabilities Act, as amended (the “ADA”), and all applicable zoning, recycling and environmental laws and regulations. Tenant hereby agrees to indemnify and hold harmless Landlord and its agents, officers, directors and employees from and against any cost, damage, claim, liability and expense (including reasonable attorneys' fees) resulting from claims or suits brought by third parties against Landlord, its agents, officers, directors and employees alleging or relating to the failure of the Premises to comply with the terms of the Americans With Disabilities Act, as amended, or any other law or regulation applicable to the Premises and/or its occupancy by Tenant. Tenant shall not use or permit the Premises or any part thereof to be used in any manner that constitutes waste, nuisance or unreasonable disturbances to other tenants of the Building or for any disorderly, unlawful or hazardous purpose and will not store or maintain therein any hazardous, toxic or highly combustible items other than usual and customary office supplies intended for Tenant's use and in such event, only in such amounts as permitted by applicable law. Tenant covenants not to change Tenant's use of the Premises without the prior written approval of Landlord.

b. Tenant shall not put the Premises to any use, the effect of which use is reasonably likely to cause cancellation of any insurance covering the Premises or the Building, or an increase in the premium rates for such insurance. In the event that Tenant performs or commits any act, the effect of which is to raise the premium rates for such insurance, and Tenant fails to discontinue such act and/or cure any activity which caused such increased premium within five (5) business days after receipt of written notice from Landlord, Tenant shall pay Landlord the amount of the additional premium, as Additional Rent payable by Tenant within thirty (30) days after written demand therefor by Landlord. The Premises shall not be used for any illegal purpose or in violation of any regulation of any governmental body or the regulations or directives of Landlord's insurance carriers, or in any manner which interferes with the quiet enjoyment of any other tenant of the Building. Tenant will not install or operate in the Premises any electrical or other equipment, other than such equipment as is commonly used in state-of-the-art offices (specifically excluding mainframe computers), without first obtaining the prior written consent of Landlord,

who may condition such consent upon the payment by Tenant of Additional Rent in compensation for excess consumption of water, electricity and/or other utilities, excess wiring and other similar requirements, and any changes, replacements or additions to any base building system, as may be occasioned by the operation of said equipment or machinery. All voice, data, video, audio, and other low- voltage control transport system cabling and/or cable bundles installed in the Building shall be installed and maintained in accordance with applicable law and shall be labeled with the Tenant's name and origination and destination points. The routing plan shall be available to Landlord and its agents at the Building upon request.

c. Tenant agrees to maintain the Premises, the Tenant Improvements and Alterations (hereinafter defined) therein, in good order, repair and condition during the Term at Tenant's sole cost and expense, and Tenant will, at the expiration or other termination of the Term, surrender and deliver the same and all keys, locks and other fixtures connected therewith (excepting only Tenant's personal property) in good order, repair and condition, as the same shall be at the Commencement Date, except as repaired, rebuilt, restored, altered or added to pursuant to this Lease, and except for ordinary wear and tear. Except as otherwise expressly set forth in this Lease, Landlord shall have no obligation to Tenant to make any repairs in or to the Premises or the Tenant Improvements or any Alterations. Any and all damage or injury to the Premises, the Building or the Land caused by Tenant, or by any employee, agent, contractor, assignee, subtenant, invitee or customer of Tenant shall be promptly reported to Landlord. All such damage or injury shall be repaired at Tenant's sole cost, with Tenant repairing same with respect to the Premises and Landlord repairing same with respect to the Land and other portions of the Building. Tenant shall reimburse Landlord for all reasonable costs incurred by Landlord in connection with any such repair undertaking by Landlord as Additional Rent within thirty (30) days after Tenant receives Landlord's invoice of such costs.

d. Tenant shall not place a load upon the floor of the Premises exceeding the designated floor load capacity of the Building (*e.g.* 100 pounds per square foot: 80 pounds per square foot, live load, and 20 pounds per square foot, dead load) without Landlord's prior written consent. Business machines, mechanical equipment and materials belonging to Tenant which cause vibration, noise, cold, heat or fumes that may be transmitted to the Building or to any other leased space therein to such a degree as to be objectionable to Landlord or to any other tenant in the Building shall be placed, maintained, isolated, stored and/or vented by Tenant at its sole expense so as to absorb and prevent such vibration, noise, cold, heat or fumes.

7. ASSIGNMENT AND SUBLETTING.

a. Tenant shall not, without the prior written consent of Landlord (which consent shall be granted or withheld by Landlord in accordance with the terms of this Section 7) in each instance:
(i) assign or otherwise transfer this Lease or any of Tenant's rights hereunder, (ii) sublet the Premises or any part thereof, or permit the use of the Premises or any part thereof by any persons other than Tenant or its employees, agent and invitees, or (iii) permit the assignment or other transfer of this Lease or any of Tenant's rights hereunder by operation of law. Landlord's consent to a proposed assignment or sublease shall not be unreasonably withheld, conditioned or delayed, provided Landlord determines that the proposed assignee or subtenant (A) is of a type and quality consistent with the first-class nature of the Building, (B) has the financial capacity and creditworthiness to undertake and perform the obligations of this Lease or the sublease, (C) is not a party by whom any suit or action could be defended on the ground of sovereign immunity or diplomatic immunity and (D) will not impose any additional material burden upon Landlord in the operation of the Building (to an extent greater than the burden to which Landlord would have been had Tenant continued to use such part of the Premises). In addition, the following conditions must be satisfied at the time Tenant requests Landlord's consent to an assignment or sublease:

(1) no Event of Default exists and no event has occurred which, with notice and/or the passage of time, would constitute an Event of Default if not cured within the time, including any applicable grace period, specified herein;

(2) Landlord receives at least thirty (30) days prior written notice of Tenant's intention to assign this Lease or sublet any portion of the Premises;

(3) the proposed use of the Premises will not violate any written agreement affecting the Premises or the Building;

(4) Tenant submits to Landlord at least thirty (30) days prior to the proposed date of subletting or assignment whatever information Landlord reasonably requests in order to permit Landlord to make a judgment on the proposed subletting or assignment, including, without limitation, the name, business experience, financial history, net worth and business references of the proposed assignee or subtenant (and each of its principals), an in-depth description of the transaction, and the consideration delivered to Tenant for the assignment or sublease;

(5) the proposed assignee or subtenant is not a tenant of the Building or a prospective tenant who, within the six (6) months prior to Tenant's request, has sent a written proposal to Landlord or its brokers or agents, or has received from Landlord or Landlord's brokers or agents a written proposal, about the possibility of leasing space in the Building; and

(6) Tenant has paid to Landlord an administrative fee in the amount of Five Hundred Dollars ($500.00) which shall be retained by Landlord whether or not such consent is granted.

b. All proposed subleases and assignments shall be on Landlord's approved form of sublease or assignment, whichever is applicable. The consent by Landlord to any assignment, transfer or subletting to any person or entity shall not be construed as a waiver or release of Tenant from any provision of this Lease, unless expressly agreed to in writing by Landlord (it being understood that Tenant shall remain primarily liable as a principal and not as a guarantor or surety), nor shall the collection or acceptance of rent from any such assignee, transferee, subtenant or occupant constitute a waiver or release of Tenant from any such provision. No consent by Landlord to any such assignment, transfer or subletting in any one instance shall constitute a waiver of the necessity for such consent in a subsequent instance.

c. In the event that Tenant assigns this Lease or sublets all or any portion of the Premises, Tenant shall pay to Landlord, as Additional Rent, the difference between (i) all sums paid to Tenant or its agent by or on behalf of such assignee or subtenant under the assignment or sublease after deducting Tenant's reasonable, actual expenses of obtaining such assignment or subleasing, including, but not limited to, brokerage commissions, tenant improvement or other allowances or concessions granted and actually paid out by Tenant, advertising and marketing costs incurred, and legal fees (with all such expenses amortized on a straight-line basis over the term of the proposed sublease or over the term of the assignment), and (ii) the Annual Base Rent and Additional Rent paid by Tenant under this Lease and attributable to the portion of the Premises assigned or sublet.

d. For purposes of this Section 7, a transfer, conveyance, grant or pledge, directly or indirectly, in one or more transactions, of an interest in Tenant (whether stock, partnership interest or other form of ownership or control, or the issuance of new interests) by which an aggregate of fifty percent (50%) or more of the beneficial interest in Tenant shall be vested in a party or parties who are not holders of such interest(s) as of the date hereof) shall be deemed an assignment of this Lease; provided, however, that the terms of this Section 7.d shall not apply to any corporation, all of the outstanding voting stock of which is listed on a national securities exchange as defined in the Securities Exchange Act of 1934. The merger or consolidation of Tenant into or with any other entity, the sale of all or substantially all of Tenant's assets, or the dissolution of Tenant shall each be deemed to be an assignment within the meaning of this Section.

e. Any assignment or subletting not in conformance with the terms of this Lease shall be void *ab initio* and shall, subject to the provisions of Section 16, constitute an Event of Default under the Lease.

f. Upon receipt of the notice referred to in Section 7.a.(2), above, Landlord may, at its option, in lieu of approving or rejecting the proposed assignment or subletting, exercise all or any of the following rights by written notice to Tenant of Landlord's intent to do so within fifteen (15) business days of Landlord's receipt of Tenant's notice:

(i) with respect to a proposed assignment of this Lease, the right to terminate this Lease on the effective date of proposed assignment as though it were the Lease Expiration Date;

(ii) with respect to a proposed sublease of the entire Premises, the right to terminate this Lease on the effective date of the sublease as though it were the Lease Expiration Date;

(iii) with respect to a proposed sublease of less than the entire Premises, the right to terminate this Lease as to the portion of the Premises affected by such sublease on the effective date of the sublease, as though it were the Lease Expiration Date, in which case Tenant shall execute and deliver to Landlord an appropriate modification of this Lease, in form satisfactory to Landlord in all respects within ten (10) days of Landlord's notice of partial termination, which modification of this Lease shall provide that the number of rentable square feet of the Premises shall be decreased by, and the Monthly Base Rent and Additional Rent payable by Tenant hereunder shall be adjusted in proportion to, the number of rentable square feet of the Premises affected by such termination, as determined by Landlord, and Landlord and Tenant shall each pay fifty percent (50%) of any costs and expenses incurred in demising the portion of the Premises so terminated; or

(iv) with respect to a proposed sublease for less than the balance of the Term, the right to sublet the portion of the Premises from Tenant upon the same terms and conditions (including Annual Base Rent and Additional Rent) set forth in this Lease for the term of the proposed sublease.

g. If Landlord exercises any of its options under Section 7.f., above, Landlord may then lease (or sublease) the Premises or any portion thereof to Tenant's proposed assignee or subtenant, as the case may be, without any liability whatsoever to Tenant.

h. In addition to the administrative fee described in Section 7.a.(7), above, Tenant shall reimburse Landlord for its reasonable attorneys' fees and other reasonable third party expenses incurred in reviewing any requested sublease or assignment, whether or not Landlord's consent is granted; provided, however, that such expenses and fees shall not exceed […***…] in the aggregate. Tenant shall not collaterally assign, mortgage, pledge, hypothecate or otherwise encumber this Lease or any of Tenant's rights hereunder without the prior written consent of Landlord, which consent Landlord may withhold in its sole discretion.

i. Notwithstanding any consent by Landlord to an assignment or subletting, Tenant shall remain primarily liable for the performance of all covenants and obligations contained in this Lease. Each approved assignee or subtenant shall also automatically become liable for the obligations of Tenant

hereunder. Landlord shall be permitted to enforce the provisions of this Lease directly against Tenant and/or against any assignee or sublessee without proceeding in any way against any other person. In the event that an Event of Default occurs hereunder, Tenant hereby assigns to Landlord the rent due from any subtenant and hereby authorizes each such subtenant to pay said rent directly to Landlord. Nothing in this Section 7, however, shall result in any obligation of Landlord to any subtenant of Tenant. Collection or acceptance of Annual Base Rent or Additional Rent from any such assignee, subtenant or occupant shall not constitute a waiver or release of Tenant from the terms of any covenant or obligation contained in this Lease, nor shall such collection or acceptance in any way be construed to relieve Tenant from obtaining the prior written consent of Landlord to such assignment or subletting or any subsequent assignment or subletting.

j. Notwithstanding anything to the contrary contained in this Section 7, Tenant shall have the right, without Landlord's consent, but with at least thirty (30) days' prior written notice (the "Affiliate Transfer Notice"), to assign this Lease or sublease all or a portion of the Premises to a Qualified Tenant Affiliate (hereinafter defined), provided, that (x) the proposed assignee will use the Premises solely for general office use, and (y) no Event of Default exists hereunder. A "Qualified Tenant Affiliate" shall mean a corporation or other business entity which (i) shall control, be controlled by or be under common control with Tenant or which results from a merger with Tenant or which acquires all or substantially all of the business and assets of Tenant, (ii) is of a type and quality consistent with the first-class nature of the Building, (iii) has the financial capacity and creditworthiness to undertake and perform the obligations of this Lease (or has the financial capacity and creditworthiness to undertake and perform the obligations of the sublease, as applicable), (iv) is not a party by whom any suit or action could be defended on the ground of sovereign immunity; and (v) in the case of a merger or acquisition, has a net worth and general creditworthiness immediately after such merger or acquisition at least equal to the net worth and general creditworthiness of Tenant as of the date of this Lease. For purposes of the immediately preceding sentence, "control" shall be deemed to be ownership of more than fifty percent (50%) of the legal and equitable interest of the controlled corporation or other business entity. In the event of any assignment to a Qualified Tenant Affiliate, Tenant shall remain fully liable to perform the obligations of the Tenant under this Lease, such obligations to be joint and several with the obligations of the Qualified Tenant Affiliate as tenant under this Lease.

8. IMPROVEMENTS AND FIXTURES.

a. Tenant shall neither make nor allow any alterations, decorations, replacements, changes, additions or improvements (collectively referred to as "Alterations") to the Premises or any part thereof that will or may adversely affect the mechanical, electrical, plumbing, HVAC or other systems or will or may affect the exterior or structure of the Building, without the prior written consent of Landlord, which may be withheld by Landlord in its sole discretion. Tenant shall not make or allow any other kind of Alterations to the Premises or any part thereof without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. All of such Alterations, structural or otherwise, must conform to (i) the Construction Rules and Regulations (hereinafter defined); and (ii) such other written rules and regulations as are established from time to time by Landlord. All Alterations must be performed in a good and workmanlike manner, must comply with all applicable building codes, laws and regulations (including, without limitation, the Americans With Disabilities Act, as amended), and shall otherwise be constructed in strict accordance with the terms and conditions of this Section 8. Prior to undertaking any Alterations in the Premises, Tenant shall furnish to Landlord duplicate original policies or certificates thereof of worker's compensation insurance (covering all persons to be employed by Tenant, and Tenant's contractors and subcontractors in connection with such Alteration), builder's all-risk insurance, and comprehensive public liability insurance (including property damage coverage) in such form, with such companies, for such periods and in such amounts as Landlord may reasonably require, naming Landlord and its agents, and any mortgagee as additional insureds. Notwithstanding anything to the contrary contained in this Section 8, Tenant shall have the right to make Permitted Alterations (hereinafter defined) in the Premises, without Landlord's consent (but with ten (10) days prior written notice ("Permitted Alterations Notice"), which notice shall contain a description of the Permitted Alterations proposed to be undertaken by Tenant and state that such alterations are Permitted Alterations). A "Permitted Alteration" shall mean any Alteration in the Premises which is consistent with a Comparable Building and that will not (1) affect the structure or safety of the Building; (2) adversely affect the electrical, plumbing, mechanical or other systems of the Building or the functioning thereof; (3) be or become visible from the exterior of the Premises; (4) adversely interfere with the operation of the Building or the provision of services or utilities to other tenants in the Building; (5) cost more than […***…] in the aggregate over a period of twelve (12) months; or (6) require a permit or other government approval to undertake. In the event that within ten (10) days after receiving the Permitted Alterations Notice, Landlord determines, in its reasonable discretion, that the proposed alterations are not Permitted Alterations, and so notifies Tenant, Tenant shall apply for Landlord's consent for such alterations in accordance with the provisions of this Section 8.

b. It is understood and agreed by Landlord and Tenant that any Alterations undertaken in the Premises shall be constructed at Tenant's sole expense. The costs of Alterations shall include, without limitation, the cost of any architectural work, engineering studies, materials, supplies, plans, permits and insurance. If requested by Landlord, Tenant shall provide to Landlord satisfactory evidence of Tenant's ability to pay for such Alterations. No consent by Landlord to any Alterations shall be deemed to be an agreement or consent by Landlord to subject Landlord's interest in the Premises, the Building or the Land to any mechanic's or materialman's liens which may be filed in respect to such Alterations made by or on behalf of Tenant. If Landlord gives its consent as specified in Section 8.a. above, Landlord may impose as a condition to such consent such requirements as Landlord deems necessary or desirable, in its reasonable discretion exercised in good faith, including, without limitation, the right to approve the plans

and specifications for any work, supervision of the work by Landlord or its agents or by Landlord's architect or contractor and the payment to Landlord or its agents, architect or contractor of a construction supervision fee in connection therewith (which supervision fee shall not exceed an amount equal to one percent (1%) of the cost of the applicable Alterations), and the right to impose requirements as to the manner in which or the time or times at which work may be performed. Notwithstanding the foregoing, Tenant shall have the right to undertake Alterations during normal business hours, provided, however, that all noisy or disruptive work (such as jack-hammering and core drilling) shall be undertaken after normal business hours or at other hours designated by Landlord. Landlord shall also have the right to approve the contractor or contractors who shall perform any Alterations, repairs in, to or about the Premises, which approval shall not be unreasonably withheld, and to post notices of non-responsibility and similar notices, as appropriate. In addition, immediately after completion of any Alterations, Tenant shall provide Landlord with as-built plans of the Premises depicting such Alterations.

c. Tenant shall keep the Premises free from any liens arising out of any work performed on, or materials furnished to, the Premises, or arising from any other obligation incurred by Tenant. If any mechanic's or materialmen's lien is filed against the Premises, the Building and/or the Land for work claimed to have been done for or materials claimed to have been furnished to Tenant, such lien shall be discharged by Tenant within ten (10) days thereafter, at Tenant's sole cost and expense, by the payment thereof or by filing any bond required by law. If Tenant shall fail to timely discharge any such mechanic's or materialman's lien, Landlord may, at its option, discharge the same and treat the cost thereof as Additional Rent payable with the installment of rent next becoming due; it being expressly covenanted and agreed that such discharge by Landlord shall not be deemed to waive or release the default of Tenant in not discharging the same. Tenant shall indemnify and hold harmless Landlord, the Premises and the Building from and against any and all expenses, liens, claims, actions or damages to person or property in connection with any such lien or the performance of such work or the furnishing of such materials. Tenant shall be obligated to, and Landlord reserves the right to, post and maintain on the Premises at any time such notices as shall in the reasonable judgment of Landlord be necessary to protect Landlord against liability for all such liens or actions.

d. Any Alterations of any kind to the Premises or any part thereof, except Tenant's furniture and moveable trade fixtures, shall at once become part of the realty and belong to Landlord and shall be surrendered with the Premises, as a part thereof, at the end of the Term hereof; provided, however, that if Landlord will require Tenant to remove any Alterations or Tenant Improvements at the end of the Term, Landlord shall, by written notice to Tenant given at the time of Landlord's consent to such Alterations (or, with respect to the Tenant Improvements, at the time of Landlord's approval of the Tenant's Plans), inform Tenant of such requirement to remove any such Alterations or component of the Tenant Improvements, as applicable, as of the end of the Term, and to repair any damage to the Premises caused by such removal, all at Tenant's sole expense; provided, however, that Tenant shall have no obligation to remove at the end of the Term cabling and wiring (other than Telecom Equipment Cabling which Tenant shall remove at the end of the Term) installed in connection with Tenant’s initial occupancy of the Premises. Any article of personal property, including business and trade fixtures, not attached to or built into the Premises, which were installed or placed in the Premises by Tenant at its sole expense, shall be and remain the property of Tenant and may be removed by Tenant at any time during the Term as long as Tenant is not in default hereunder and provided that Tenant repairs any damage to the Premises or the Building caused by such removal.

9. UTILITIES AND SERVICES.

a. Landlord shall furnish the following utilities and services to the Premises: electric current equal to 5 watts per rentable square foot of the Premises, inclusive of base Building lighting and HVAC (for lighting and operation of normal desk-type office machines); cold water; lavatory supplies; heat and air-conditioning during the appropriate seasons of the year as reasonably required; elevator service; and janitorial and trash removal service, which janitorial service shall be provided on weekdays, excluding Holidays (hereinafter defined), in accordance with the specifications set forth on Exhibit C attached hereto (which specifications [but not the frequency of such service] are subject to change by Landlord in Landlord's sole discretion, however, any change to such specifications shall not result in any reduction in service). Heating and air conditioning shall be provided to the Premises only during the following days and hours (“Normal Business Hours”): (i) Monday through Friday 8:00 a.m. to 7:00 p.m., and (ii) Saturday 9:00 a.m. to 1:00 p.m., excluding Holidays. As used herein, the term "Holidays" shall mean all Federal holidays. At times other than the Normal Business Hours and Holidays, central air conditioning and heating shall be provided to Tenant upon at least twenty-four (24) hours prior notice from Tenant, and upon payment by Tenant of the hourly charge established by Landlord from time to time for each hour (or a portion thereof) of usage before or after Normal Business Hours. The current hourly charge for each hour (or any portion thereof) of non-Normal Business Hours usage of central air conditioning and heating is Sixty-Five Dollars ($65.00) per hour (or any portion thereof) per floor (or any portion thereof) of the Building and any increase in such charge shall be limited Landlord's actual costs incurred (without mark- up) in providing such after-hours HVAC service (including depreciation on Building HVAC equipment). Subject to applicable law, casualty, condemnation and other events beyond Landlord's control, Landlord shall use reasonable efforts to ensure that at least one (1) passenger elevator is operating in the Building twenty-four (24) hours per day, seven (7) days per week. All Building standard light bulbs and tubes in the Premises shall be replaced by Landlord and the cost thereof shall be included in Operating Expenses. In the event that Landlord must temporarily suspend or curtail services because of accident and repair, Landlord shall have no liability to Tenant for such suspension or curtailment or due to any restrictions on use arising therefrom or relating thereto, and Landlord shall proceed diligently to restore such service. No interruption or malfunction of any such services shall constitute an actual or constructive eviction or disturbance of Tenant's use and possession of the Premises, the Building or the parking garage or

parking areas in or around the Building or constitute a breach by Landlord of any of its obligations hereunder or render Landlord liable for damages or entitle Tenant to be relieved from any of Tenant's obligations hereunder (including the obligation to pay rent) or grant Tenant any right of setoff or claim against Landlord or constitute a constructive or other eviction of Tenant. Except in the event of an emergency, Landlord shall provide Tenant with at least two (2) days prior notice of any interruption of any service Landlord is required to provide pursuant to the terms of this Section 9.a. Notwithstanding the foregoing, in the event that due solely to Landlord's negligence or willful misconduct, Landlord is not able to provide HVAC, electricity or water to the Premises for a period of more than five (5) consecutive business days and such failure shall render the Premises unusable for general office purposes and Tenant shall actually cease to conduct business in the entire Premises, then, provided no Event of Default hereunder exists and as Tenant's sole and exclusive remedy, the Annual Base Rent shall, commencing on the sixth (6th) business day after such failure (but in no event earlier than five (5) business days after receipt from Tenant of written notice that such failure has occurred and Tenant has ceased the use of the Premises), abate until the earlier of the date that (A) Tenant again uses any portion of the Premises, or (B) the Premises is again usable. In the event of any such interruption, Landlord shall use reasonable diligence to restore such services.

b. Tenant will not, without the prior written consent of Landlord, use any electrical apparatus or device in the Premises which uses current in excess of .60 kilowatt hours per square foot of usable area in the Premises per month, as determined by Landlord; and Tenant will not connect to electric current any apparatus or device for the purpose of using electric current or water, except through existing electrical outlets in the Premises or water pipes. If Tenant shall require water or electricity in excess of that which would otherwise be furnished or supplied for the intended use of the Premises, Tenant shall first secure the written consent of Landlord for the use thereof, which consent Landlord may refuse in its absolute discretion. Landlord may condition its consent upon the requirement that a water meter or electric current meter be installed in the Premises, so as to measure the amount of water and electric current consumed for any such excess use. The cost of such meters and installation, maintenance and repair thereof, the cost of any such excess utility use as shown by said meter, the cost of any new or additional utility installations, including, without limitation, wiring and plumbing, resulting from such excess utility use, and the cost of any additional expenses incurred in keeping count of such excess utility use shall be paid by Tenant within thirty (30) days after Tenant’s receipt of a bill therefor from Landlord or, if Tenant is billed separately therefor, promptly upon receipt of a bill for same. Whenever heat generating machines or equipment are used in the Premises which affect the temperature otherwise maintained by the air conditioning system, Landlord reserves the right, should Tenant fail to cure the condition leading to such heat generation within five (5) business days after receipt of notice from Landlord, to install supplementary air conditioning units in the Premises and the cost thereof, including the cost of installation, operation and maintenance thereof, shall be paid by Tenant to Landlord upon demand by Landlord.

c. Tenant shall have the right to install and operate in the Premises personal computers and other electrically-operated office equipment normally used in state-of-the-art business offices. Tenant shall not install equipment of any kind or nature whatsoever nor engage in any practice or use which will or may necessitate any changes, replacements or additions to, or in the use of, the water system, heating system, plumbing system, air conditioning system, electrical system, floor load capacities, or other mechanical or structural system of the Premises or the Building without first obtaining the prior written consent of Landlord, which consent may be conditioned upon, but not limited to, Tenant first securing at its expense additional capacity for any said service in the Building; provided, however, Tenant shall be responsible for paying for any excess utility consumption arising from any such change, replacement, use or addition, such payments to be based on Landlord's reasonable estimate or, at Landlord's option, a submeter or similar device to measure such usage (said device to be installed at Tenant's expense). Additionally, in the event that Landlord reasonably determines that Tenant's electrical consumption exceeds standard office use, Tenant shall pay the amount of such excess electrical consumption, as reasonably determined by Landlord, within thirty (30) days after receipt of an invoice therefor. Machines, equipment and materials belonging to Tenant which cause vibration, noise, cold, heat, fumes or odors that may be transmitted outside of the Premises to such a degree as to be objectionable to Landlord in Landlord's reasonable opinion or to any other tenant in the Building shall be treated by Tenant at its sole expense so as to eliminate such objectionable condition, and shall not be allowed to operate until such time as the objectionable condition is remedied to Landlord's satisfaction.

d. Tenant shall comply, at its sole cost and expense, with all orders, requirements and conditions now or hereafter imposed by any ordinances, laws, orders and/or regulations (hereinafter collectively called "regulations") of any governmental body having jurisdiction over the Premises or the Building, whether required of Landlord or otherwise, regarding the collection, sorting, separation and recycling of waste products, garbage, refuse and trash (hereinafter collectively called "waste products") including, but not limited to, the separation of such waste products into receptacles reasonably approved by Landlord and the removal of such receptacles in accordance with any collection schedules prescribed by such regulations. Landlord reserves the right (i) to refuse to accept from Tenant any waste products that are not prepared for collection in accordance with any such regulations, (ii) to require Tenant to arrange for waste product collection at Tenant's sole cost and expense, utilizing a contractor reasonably satisfactory to Landlord, and (iii) to require Tenant to pay all costs, expenses, fines, penalties, or damages that may be imposed on Landlord or Tenant by reason of Tenant's failure to comply with any such regulations. Notwithstanding the foregoing, if Tenant is unable to comply with Landlord's standard procedures regarding the internal collection, sorting, separation and recycling of waste products, Landlord shall use reasonable efforts to arrange for alternative procedures for Tenant, and Tenant shall pay Landlord all additional costs incurred by Landlord with respect thereto.

e. Throughout the Term, subject to applicable laws, casualty, condemnation and any other event outside of Landlord's control, Tenant shall be provided with access to the Building twenty-four (24) hours a day, 365 days a year. The Building's main entrance doors and elevators shall be equipped with a card reader security system or other similar security access system. Prior to the Commencement Date, Landlord shall provide Tenant with sixty-five (65) access cards, at no cost to Tenant. Tenant shall be responsible for the cost of any additional or replacement access cards requested by Tenant, which cost shall be equal to Landlord's actual cost of obtaining such access cards for Tenant. Except in the event of Landlord's negligence or willful misconduct, but subject to the terms of Section 12.d, below, Landlord shall not be responsible for the quality, action or inaction of the Building's or Premises' access system or for any damage or injury to Tenant, its employees, agents, invitees or their respective property resulting from any failure, action or inaction of the Building's and/or Premises' access systems. Subject to Landlord's review and approval of the plans and specifications for such system, Tenant shall be entitled to install, at Tenant's sole cost and expense, a security and card reader access system for the Premises, which Tenant shall coordinate with the Building's main security access system; provided Tenant's card reader access system for the Premises does not adversely affect the main Building access system or any other Building system, and provided further that Tenant shall provide Landlord with a reasonable number of access cards by which Landlord may gain access to the Premises using Tenant's card reader access system.

f. Landlord, at Landlord's sole cost, shall initially install one (1) Building-standard suite entry sign bearing Tenant's name in the Building-standard location adjacent to the main entrance to the Premises. In addition, Tenant may install an additional suite-entry sign containing Tenant's name and/or corporate logo, which sign, and all attributes thereof, shall be subject to Landlord's reasonable approval. In addition, Landlord, at Landlord's sole cost, shall initially provide Tenant with up to five (5) directory strips in the directory board located in the main lobby of the Building.

g. Subject to availability and provided that Landlord or an affiliate of Landlord is the owner of the Building and the building located at 800 King Farm Boulevard, Rockville, Maryland ("Building 3"), Tenant shall have the non-exclusive right to reserve the use of the conference room facilities located in Building 3 (collectively, the "Conference Room Facilities"). Tenant's use of the Conference Room Facilities shall be subject to the reasonable rules and regulations governing the use of same, as promulgated from time to time in writing by Landlord and/or Landlord's affiliates. Reservations of the Conference Room Facilities will be filled by Landlord and/or Landlord's affiliates on a first come, first served basis, provided, however, that Tenant expressly acknowledges and agrees that no standing reservations (i.e., recurring reservations on the same day of a set interval) shall be permitted. Tenant shall pay Landlord a daily use charge for Tenant's use of the Conference Room Facilities, which charge shall be subject to change from time to time. The costs of operating and maintaining the Conference Room Facilities shall be included in Operating Expenses in accordance with the terms of Section 4, above.

h. Landlord and Tenant hereby acknowledge and agree that during the Term (i) Landlord shall permit Tenant's employees to use, without any fee, the fitness facility currently located in the Building (the "Fitness Facility"), subject to such reasonable rules and regulations as Landlord may promulgate from time to time with respect to the use of the Fitness Facility, (ii) any use of the Fitness Facility by Tenant employees shall be at their sole risk and Landlord reserves the right to require that such employees who want to use the Fitness Facility sign waivers of liability acceptable to Landlord, (iii) Landlord shall not be responsible for any injury, loss or damage suffered by Tenant, or its employees, resulting from their use of the Fitness Facility, (iv) the existence, size, location and other attributes (including equipment and personnel) of the Fitness Facility shall be determined by Landlord in its sole discretion, (v) Landlord shall only permit employees of tenants and other occupants of the Building to use the Fitness Facility and (vi) all costs of operating and maintaining the Fitness Facility, including any and all costs associated with staffing the Fitness Facility, shall be included in Operating Expenses.

i. Landlord shall maintain in good condition and repair the common areas of the Building, the roof, foundation, structural walls and other structural components of the Building and the base Building systems serving the Premises, except to the extent the need for such maintenance arises due to any negligent act or omission of Tenant, its agents, contractors, employees, invitees, subtenants or assignees. If any of the common areas of the Building are in violation of applicable law (including, but not limited to the ADA), including all fire and life / safety equipment located in such common areas that is part of the base Building fire / life safety system, then Landlord shall promptly cure such violation at Landlord's sole cost and expense, but such costs and expenses shall be included in Operating Expenses to the extent permitted by the terms of this Lease. Notwithstanding the foregoing, if the requirement that is violated results from Tenant's particular use or occupancy of the Premises or any alteration made by Tenant in the Premises or Tenant or any agent, contractor, employee, invitee, assignee or subtenant of Tenant, otherwise caused such violation, then Tenant shall pay for or reimburse Landlord for the cost to cure such violation.

j. In the event that the existing Metro shuttle operated by the owner's association of the Project ceases to operate, Landlord shall provide during the Term a shuttle to and from the Building to the Shady Grove Metro Station, which shuttle shall operate on weekdays, exclusive of Holidays, between the hours of 7:00 a.m. and 6:00 p.m. The costs incurred by Landlord with respect to such shuttle shall be included in Operating Expenses to the extent permitted by the terms of this Lease.

10. RIGHTS OF LANDLORD.

a. Landlord reserves the following rights:

(i) to change the name or street address of the Building with thirty (30) days prior notice to Tenant, provided, however, that if Landlord changes the address of the Building and such change is not made by, directed by or requested by, the postal service or any governmental or quasi- governmental authority, then Landlord shall reimburse Tenant for the actual cost of the letterhead and other stationery on hand which bears the old address of the Building, but in no event shall such reimbursement exceed an amount equal to Five Thousand Dollars ($5,000.00);

(ii) to approve the design, location, number, size and color of all signs or lettering on the Premises or visible from the exterior of the Premises;

(iii) to have pass keys and/or access cards to the Premises and key codes or cards for the telephone access system installed by Tenant;

(iv) to grant to anyone the exclusive right to conduct any particular business or undertaking in the Building;

(v) to enter the Premises at any reasonable time upon at least twenty-four (24) hours prior notice for inspection upon reasonable prior notice to Tenant (which notice may be oral), or at any time, without prior notice, in the event of any emergency; to supply any service to be provided by Landlord hereunder; to submit the Premises to prospective purchasers or, during the final twelve (12) months of the Term or at any time during which an Event of Default by Tenant exists hereunder, to prospective tenants; to post notices of non-responsibility; and to make repairs, alterations, additions or improvements to the Premises or the Building; and

(vi) to approve the design, location, number, size and color of all signs located on the exterior of the Building.

b. Without limiting the generality of the provisions of Section 10.a., above, at any time during the Term of this Lease, Landlord shall have the right to remove, alter, improve, renovate or rebuild the common areas of the Building (including, but not limited to, the lobby, hallways and corridors thereof), and to install, repair, replace, alter, improve or rebuild in the Premises, other tenants' premises and/or the common areas of the Building (including the lobby, hallways and corridors thereof), any mechanical, electrical, water, sprinkler, plumbing, heating, air conditioning and ventilating systems, at any time during the Term of this Lease. In connection with making any such installations, repairs, replacements, alterations, additions and improvements under the terms of this Section 10, Landlord shall have the right to access through the Premises as well as the right to take into and upon and through the Premises or any other part of the Building, all materials that may be required to make any such repairs, replacements, alterations, additions or improvements, as well as the right in the course of such work to close entrances, doors, corridors, elevators or other facilities located in the Building or temporarily to cease the operations of any services or facilities therein or to take portion(s) of the Premises reasonably necessary in connection with such work, without being deemed or held guilty of an eviction of Tenant; provided, however that Landlord agrees to use all reasonable efforts not to interfere with or interrupt Tenant's business operation in, or Tenant’s access to, the Premises. Landlord shall have the right to install, use and maintain pipes and conduits in and through the Premises, including, without limitation, telephone and computer installations, provided that they do not materially adversely affect Tenant's access to or use of the Premises or the layout and improvements of the Premises.

c. Except in the event of Landlord’s negligence or willful misconduct, but subject to Section 12.d, below, Landlord shall not be liable to Tenant for any expense, injury, loss or damage resulting from Landlord's exercise of any rights under this Section 10, all claims against Landlord for any and all such liability being hereby expressly released by Tenant. Landlord shall not be liable to Tenant for damages by reason of interference with the business of Tenant or inconvenience or annoyance to Tenant or the customers of Tenant. The Rent reserved herein shall not abate while the Landlord's rights under this Section 10 are exercised, and Tenant shall not be entitled to any set-off or counterclaims for damages of any kind against Landlord by reason thereof, all such claims being hereby expressly released by Tenant.

d. Landlord shall have the right to use any and all means which Landlord may deem proper to open all of the doors in, upon and about the Premises, excluding Tenant's vaults and safes, in any emergency in order to obtain entry to the Premises. Any entry to the Premises obtained by Landlord by any of said means shall not be construed or deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an eviction of Tenant from the Premises or any portion thereof.

11. LIABILITY.

a. Landlord and its agents, officers, directors and employees assume no liability or responsibility whatsoever with respect to the conduct or operation of the business to be conducted in the Premises and shall have no liability for any claim of loss of business or interruption of operations (or any claim related thereto). Except in the event of Landlord’s negligence or willful misconduct, but subject to Section 12.d, below, Landlord and its agents, officers, directors and employees shall not be liable for any accident to or injury to any person or persons or property in or about the Premises which are caused by the conduct and operation of said business or by virtue of equipment or property of Tenant in said Premises. Tenant agrees to hold Landlord and its agents, officers, directors and employees harmless against all such claims, except to the extent resulting from Landlord's negligence or willful misconduct. Except as otherwise expressly set forth in Section 9.a, above, with respect to the interruption of services to the Premises, Landlord and its agents, officer, directors and employees shall not be liable to Tenant, its

employees, agents, business invitees, licensees, customers, clients, family members or guests for any damage, compensation or claim resulting from managing the Premises or the Building, repairing any portion of the Premises or the Building, the interruption in the use of the Premises, accident or damage resulting from the use or operation (by Landlord and its agents, officers, directors and employees, Tenant, or any other person or persons whatsoever) or failure of elevators, or heating, cooling, electrical or plumbing equipment or apparatus, or the termination of this Lease by reason of the destruction of the Premises, or from any fire, robbery, theft, mysterious disappearance and/or any other casualty, or from any leakage in any part of portion of the Premises or the Building, or from water, rain or snow that may leak into or flow from any part of the Premises or the Building, or from any other cause whatsoever, unless occasioned by the willful misconduct or acts of negligence of Landlord. In no event shall Landlord be liable for punitive or consequential damages, nor shall Landlord be liable with respect to utilities furnished to the Premises, or the lack of any utilities. Any goods, property or personal effects, stored or placed by Tenant in or about the Premises or in the Building, shall be at the sole risk of Tenant, and Landlord and its agents, officers, directors and employees shall not in any manner be held responsible therefor, except if such injury or damage results from Landlord's negligence or willful misconduct. The agents and employees of Landlord are prohibited from receiving any packages or other articles delivered to the Building for Tenant, and if any such agent or employee receives any such package or articles, such agent or employee shall be the agent of Tenant for such purposes and not of Landlord.

b. Except in the event of Landlord’s negligence or willful misconduct, but subject to Section 12.d, below, Tenant hereby agrees to indemnify and hold Landlord and its agents, officers, directors and employees harmless from and against any cost, damage, claim, liability or expense (including attorneys' fees) incurred by or claimed against Landlord and its agents, officers, directors and employees, directly or indirectly, as a result of (i) Tenant's use and occupancy of the Premises or in any other manner which relates to the business of Tenant, including, but not limited to, any cost, damage, claim, liability or expense arising from any violation of any zoning, health, environmental or other law, ordinance, order, rule or regulation of any governmental body or agency; (ii) the negligence or willful misconduct of Tenant, its officers, directors, employees and agents; (iii) any default, breach or violation of this Lease by Tenant; or (iv) injury or death to individuals or damage to property sustained in or about the Premises.

c. Except in the event of Tenant’s negligence or willful misconduct, but subject to Section 12.d, below, Landlord hereby agrees to indemnify and hold Tenant and its agents, officers, directors and employees harmless from and against any cost, damage, claim, liability or expense (including attorneys' fees) incurred by or claimed against Tenant and its agents, officers, directors and employees, directly or indirectly, as a result of the negligence or willful misconduct of Landlord or Landlord's agents, contractors or employees in connection with Landlord's operation or management of the Building.

d. Notwithstanding any other provision of this Lease to the contrary, Landlord and Tenant agree that in the event that the Building, the Premises or the contents thereof are damaged or destroyed by fire or other casualty, each party hereto waives its rights, if any, against the other party with respect to such damage or destruction to the extent such damage or destruction is covered under the property insurance policy(ies) of the party waiving such rights (or would have been covered had the party waiving such rights carried the property insurance required hereunder to be carried by such party). All policies of fire and/or extended coverage or other insurance covering the Premises or the contents thereof obtained by Landlord or Tenant shall contain a clause or endorsement providing in substance that (i) such insurance shall not be prejudiced if the insureds thereunder have waived in whole or in part the right of recovery from any person or persons prior to the date and time of loss or damage, if any, and (ii) the insurer waives any rights of subrogation against Landlord (in the case of Tenant's insurance policy) or Tenant (in the case of Landlord's insurance policy), as the case may be.

12. INSURANCE.

a. Tenant shall maintain at all times during the Term hereof and at its sole cost and expense, broad-form commercial general liability insurance for bodily injury and property damage naming Landlord as an additional insured, in such amounts as are adequate to protect Landlord and Landlord's managing agents against liability for injury to or death of any person in connection with the use, operation or condition of the Premises. Such insurance at all times shall be in an amount of not fewer than Five Million Dollars ($5,000,000) combined single limit aggregate for bodily injury or death or One Million Dollars ($1,000,000) for damage to property. Such insurance shall include, without limitation, personal injury and contractual liability coverage for the performance by Tenant of the indemnity agreements set forth in this Lease. In no event shall the limits of such policy be considered as limiting the liability of Tenant under this Lease.

b. Tenant shall at all times during the Term hereof maintain in effect policies of insurance covering the Tenant Improvements and any Alterations, additions or improvements in or to the Premises, plate glass, trade fixtures, merchandise and all other personal property from time to time in or on the Premises, in an amount not less than one hundred percent (100%) of their actual replacement cost, providing protection against all risks covered by standard form of "Fire and Extended Coverage Insurance," together with insurance against vandalism and malicious mischief. Tenant shall also maintain at its sole cost and expense workman's compensation insurance in the maximum amount required by law.

c. All insurance required to be carried by Tenant shall be issued by responsible insurance companies, qualified to do business in the State of Maryland and reasonably acceptable to Landlord. Each policy shall name Landlord, Landlord's mortgagee and the property management company retained by Landlord at the Building, as additional insureds. Tenant shall not cancel any insurance required to be carried by Tenant hereunder, or amend same such that the insurance does not comply with the terms of

this Lease, without providing Landlord not fewer than thirty (30) days prior written notice of such cancellation. Certificates of insurance (ACORD 28 only) evidencing the existence and amounts of said insurance shall be delivered to Landlord no later than the Possession Date, and renewals thereof shall be delivered to Landlord at least ten (10) days prior to the expiration of any such policy. If Tenant fails to adhere to the requirements of this Section 12, Landlord may order such insurance and charge the cost thereof to Tenant, which amount shall be deemed Additional Rent hereunder and shall be payable by Tenant upon Tenant's receipt of an invoice therefor. Tenant's failure to provide and keep in force the aforementioned insurance shall be regarded as a material default hereunder, entitling Landlord to exercise any or all of the remedies provided in this Lease. Any policy may be carried under so-called "blanket coverage" form of insurance policies. Tenant shall obtain and furnish evidence to Landlord of the waiver by Tenant's insurance carriers of any right of subrogation against Landlord and Landlord's management company at the Building.

d. Each party hereby waives any and every right or cause of action for any and all loss of, or damage to, any of its property (whether or not such loss or damage is caused by the fault or negligence of the other party or anyone for whom said other party may be responsible), which loss or damage is covered by valid and collectible fire, extended coverage, "All Risk" or similar policies, maintained by such party or required to be maintained by such party under this Lease, but only to the extent that such loss or damage is recovered under said insurance policies (if such policy or policies have been obtained) or would have been covered if such party had obtained the required insurance coverage hereunder. Written notice of the terms of said mutual waivers shall be given to each insurance carrier and said insurance policies shall be properly endorsed, if necessary, to prevent the invalidation of said insurance coverages by reason of said waivers.

13. FIRE OR CASUALTY.

a. If the Premises or any part thereof shall be damaged by fire or any other cause, Tenant shall give prompt notice thereof to Landlord. Within sixty (60) days after the date of any casualty to the Premises, Landlord shall provide Tenant with written notice of the length of time needed to restore the Premises pursuant to the terms of this Section 13 (the "Casualty Notice"). If the Casualty Notice states that restoration of the Premises is feasible within a period of nine (9) months from the date of the damage, and provided such damage was not caused by Tenant, its agents, servants or invitees, Landlord shall restore the Premises to the condition existing as of the Possession Date, provided that adequate insurance proceeds are made available to Landlord. Tenant agrees to make all proceeds of Tenant's insurance policies available to Landlord in accordance with Tenant's insurance obligations set forth in Section 12, above. In addition, Tenant shall repair and restore, at Tenant's sole expense, all Alterations, furniture, fixtures and other property of Tenant located in the Premises prior to such casualty. If the Premises are unusable, in whole or in part, during such restoration, the Monthly Base Rent and Additional Rent hereunder shall be abated to the extent and for the period that the Premises are unusable; provided, however, that if such damage or destruction shall result from the act or omission of Tenant, its employees, agents or invitees, Tenant shall not be entitled to any abatement of Monthly Base Rent or Additional Rent.

b. If the Casualty Notice states that restoration of the Premises is not feasible within the aforesaid nine (9) month period Landlord and Tenant shall each have the right to terminate this Lease by giving written notice thereof to the other party within sixty (60) days after the delivery of the Casualty Notice, in which event this Lease and the tenancy hereunder shall terminate as of the date of such damage or destruction and the Monthly Base Rent and Additional Rent will be apportioned as of the date of such termination. If neither party exercises its right of termination, the Premises shall be restored as provided above.

c. In case the Building is so severely damaged by fire or other casualty (although the Premises may not be affected) that Landlord shall decide in its sole discretion not to rebuild or reconstruct such Building, then this Lease and the tenancy hereunder shall terminate on the date specified by Landlord in a written notice given no later than sixty (60) days after the date of such casualty.

d. If the Premises shall be rendered untenantable to the extent of eighty percent (80%) or more by fire or other casualty during the last twelve (12) months of the Term, Landlord or Tenant may terminate this Lease upon notice to the other party given within ninety (90) days after such fire or other casualty specifying an effective date, not less than twenty (20) days nor more than forty (40) days after the giving of such notice, on which the Term shall expire as fully and completely as if such date were the date originally fixed for the expiration of the Term. If either Landlord or Tenant terminates this Lease pursuant to this Section 13.d, Base Rent and Tenant's Expense Increase Share shall be apportioned as of the date of such termination.

e. If Landlord commences to restore the Premises in accordance with the terms of this Section 13 and Landlord fails to substantially complete the restoration work which Landlord is obligated to perform hereunder within one hundred twenty (120) days after the estimated completion date set forth in the Casualty Notice, and such failure does not result from a force majeure event, or a delay caused by Tenant or any agent, contractor or employee of Tenant, then Tenant shall have the right, during the thirty
(30) day period immediately following the expiration of such one hundred twenty (120) day period, to terminate this Lease by delivering a termination notice to Landlord, specifying an effective date, not less than forty (40) nor more than sixty (60) days after the giving of such termination notice, on which the Term shall expire as fully and completely as if such date were the date originally fixed for the expiration of the Term, unless Landlord completes such restoration work prior to the effective date of termination, in which event this Lease shall continue in full force and effect.

14. EMINENT DOMAIN.

If the Premises or any part thereof shall be taken by any governmental or quasi-governmental authority pursuant to the power of eminent domain, Tenant shall make no claim for compensation in such proceedings and shall have no right to participate in any condemnation proceedings under any statutes, laws or ordinances of the State of Maryland. All sums awarded or agreed upon between Landlord and the condemning authority for the taking of the interest of Landlord or Tenant, whether as damages or as compensation, will be the property of Landlord. In the event of such taking, Rent shall be paid to the date of vesting of title in the condemning authority.

15. SUBORDINATION AND ESTOPPEL CERTIFICATES.

a. This Lease shall be subject and subordinate at all times to all ground or underlying leases which now exist or may hereafter be executed affecting the Building or any part thereof or the Land, and to the lien of any mortgages or deeds of trust in any amount or amounts whatsoever now or hereafter placed on or against the Building or any part thereof or the Land, or on or against Landlord's interest or estate therein or on or against any ground or underlying lease without the necessity of having further instruments on the part of Tenant to effect such subordination. Upon request of Landlord, Tenant will execute any further written instrument necessary to subordinate its rights hereunder to any such underlying leases or liens. If, at any time, or from time to time during the Term, any mortgagee shall request that this Lease have priority over the lien of such mortgage, and if Landlord consents thereto, this Lease shall have priority over the lien of such mortgage and all renewals, modifications, replacements, consolidations and extensions thereof and all advances made thereunder and interest thereon, and Tenant shall, within ten business (10) days after receipt of a request therefor from Landlord, execute, acknowledge and deliver any and all documents and instruments confirming the priority of this Lease. In any event, however, if this Lease shall have priority over the lien of a first mortgage, this Lease shall not become subject or subordinate to the lien of any subordinate mortgage, and Tenant shall not execute any subordination documents or instruments for any subordinate mortgagee, without the written consent of the first mortgagee. Landlord represents and warrants to Tenant that as of the date of this Lease no mortgage, deed of trust or ground lease encumbers the Building or the Land.

b. In the event of: (i) a transfer of Landlord's interest in the Building, (ii) the termination of any ground or underlying lease of the Building, or the Land, or both, or (iii) the purchase or other acquisition of the Building, or Landlord's interest therein in a foreclosure sale or by deed in lieu of foreclosure under any mortgage or deed of trust, or pursuant to a power of sale contained in any mortgage or deed of trust, then in any of such events Tenant shall, at the request of Landlord or Landlord's successor in interest, attorn to and recognize the transferee or purchaser of Landlord's interest or the interest of the lessor under the terminated ground or underlying lease, as the case may be, as "Landlord" under this Lease for the balance then remaining of the Term, and thereafter this Lease shall continue as a direct lease between such person or entity, as "Landlord," and Tenant, as "Tenant," except that such lessor, transferee or purchaser shall not be liable for any act or omission of Landlord before such lease termination or before such person's succession to title, nor be subject to any offset, defense or counterclaim accruing before such lease termination or before such person's succession to title, nor be bound by any payment of Monthly Base Rent or Additional Rent before such lease termination or before such person's succession to title for more than one month in advance.

c. Tenant agrees, at any time, and from time to time, upon not fewer than fifteen (15) days prior notice by Landlord, to execute, acknowledge and deliver to Landlord, a statement in writing certifying that
(i) this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications); (ii) the Term of the Lease has commenced and the full rental is now accruing hereunder; (iii) Tenant has accepted possession of the Premises and is presently occupying the same; (iv) all improvements required by the terms of the Lease to be made by Landlord have been completed and all tenant improvement allowances have been paid in full; (v) there are no offsets, counterclaims, abatements or defenses against or with respect to the payment of any rent or other charges due under the Lease; (vi) no Rent under the Lease has been paid more than thirty (30) days in advance of its due date; (vii) to the best of the knowledge of the Tenant, Landlord is not in default in the performance of any covenant, agreement, provision or condition contained in the Lease or, if so, specifying each such default of which Tenant may have knowledge; (viii) the address for notices to be sent to Tenant; (ix) the only security deposit tendered by Tenant is as set forth in the Lease, and such security deposit has been paid to Landlord; and (x) any other information requested by Landlord or any mortgagee or ground lessor of the Building and/or the Land it being intended that any such statement delivered pursuant hereto may be relied upon by any prospective purchaser or lessee of the Building or any part thereof, any mortgagee or prospective mortgagee thereof, any prospective assignee of any mortgage thereof, any ground lessor or prospective ground lessor of the Land and/or the Building, or any prospective assignee of any such ground lease. Tenant also agrees to execute and deliver from time to time such estoppel certificates as an institutional lender may require with respect to this Lease.

16. DEFAULT AND REMEDIES.

a. If Tenant shall (i) fail to pay any installment of Monthly Base Rent or fail to make any payment of Additional Rent or any other payment as required by the terms and provisions hereof and such failure shall continue for a period of five (5) business days after written notice (provided, however, that once Landlord has provided Tenant two (2) such notices during any calendar year, Landlord shall not be required to give further notice or any notice at all with respect to subsequent defaults in such payments in such calendar year, and the failure or refusal by Tenant to timely make any payment thereafter due

hereunder during such calendar year shall immediately constitute an Event of Default hereunder entitling Landlord to pursue its remedies without notice or demand); or (ii) convey, assign, mortgage or sublet this Lease, the Premises or any part thereof, or Tenant's interest therein, or attempt any of the foregoing, without the prior written consent of Landlord; or (iii) abandon the Premises for a period of thirty (30) consecutive calendar days (other than as the result of casualty damage to the Premises); or (v) commit or suffer to exist an Event of Bankruptcy (hereinafter defined), or (vi) fail to maintain the insurance coverage required by Section 12, above, or (vii) violate or fail to perform any of the other terms, conditions, covenants, or agreements herein made by Tenant and fails to cure such default within thirty (30) calendar days after notice, provided, however, that if the nature of Tenant's failure is such that more than thirty (30) days are reasonably required for its cure, then no Event of Default (hereinafter defined) shall exist if Tenant begins such cure within the thirty (30) day period described above and thereafter diligently prosecutes such cure to completion within an additional sixty (60) days; then there shall be deemed to have been committed an "Event of Default". Upon an Event of Default, at Landlord's option, this Lease shall terminate, without prejudice however, to the right of Landlord to recover from Tenant all rent and any other sums accrued up to the later of: (1) the date of termination of this Lease or (2) the date Landlord recovers possession of the Premises, and without release of Tenant from any indemnification obligations to Landlord under this Lease, which indemnification obligations arose or accrued prior to the later of: (a) the date of termination of this Lease or (b) the date Landlord recovers possession of the Premises. The foregoing is not intended to, and shall not, limit Landlord in the exercise of any other remedy for such immediate Event of Default.

b. In the event of any Event of Default by Tenant as defined in Section 16.a., Landlord may at any time thereafter, without notice and demand and without limiting Landlord in the exercise of any other right or remedy which Landlord may have by reason of such default or breach do any of the following:

(i) Landlord may terminate this Lease, by giving written notice of such termination to Tenant, whereupon this Lease shall automatically cease and terminate and Tenant shall be immediately obligated to quit the Premises. Any other notice to quit or notice of Landlord's intention to re-enter the Premises is hereby expressly waived. If Landlord elects to terminate this Lease, everything contained in this Lease on the part of Landlord to be done and performed shall cease without prejudice, subject, however, to the right of Landlord to recover from Tenant all rent and any other sums accrued up to the time of termination or recovery of possession by Landlord, whichever is later.

(ii) With or without the termination of this Lease, Landlord may proceed to recover possession of the Premises under and by virtue of the provisions of the laws of the jurisdiction in which the Building is located, or by such other proceedings, including re-entry and possession, as may be applicable. If this Lease is terminated or Landlord recovers possession of the Premises before the expiration of the Term by reason of Tenant's default as hereinabove provided, or if Tenant shall abandon or vacate the Premises before the Lease Expiration Date without having paid the full rental for the remainder of such Term, Landlord shall take reasonable steps to relet the Premises for such rent and upon such terms as are not unreasonable under the circumstances and, in the event of any such reletting, Landlord may relet the whole or any portion of the Premises for any period, to any tenant, and for any use and purpose on such terms and at such rentals as Landlord in its exclusive judgment may determine. If the full rental reserved under this Lease (and any of the costs, expenses or damages indicated below) shall not be realized by Landlord, Tenant shall be liable for all damages sustained by Landlord, including, without limitation, deficiency in rent during any period of vacancy or otherwise; the costs of removing and storing the property of Tenant or of any other occupant; all reasonable expenses incurred by Landlord in enforcing Landlord's remedies, including, without limitation, reasonable attorneys' fees and Late Charges as provided herein, and advertising, brokerage fees and expenses of placing the Premises in first class rentable condition. Notwithstanding the foregoing, Tenant shall only be responsible for those costs incurred by Landlord to relet the Premises that are allocable to the Term (i.e., based on a fraction the numerator of which is the number of months remaining in the Term and the denominator of which is the number of months in the term of any replacement lease). In addition, in the event such costs of reletting relate to portions of the Building beyond the Premises, such costs shall be prorated (based on a fraction the numerator of which is the number of rentable square feet of the Premises and the denominator of which is the number of rentable square feet in the entire relet premises). Landlord, in putting the Premises in good order or preparing the same for rerental may, at Landlord's option, make such alterations, repairs, or replacements in the Premises as Landlord, in its sole judgment, considers advisable and necessary for the purpose of reletting the Premises, and the making of such alterations, repairs, or replacements shall not operate or be construed to release Tenant from liability hereunder as aforesaid.

(iii) Any damage or loss of rent sustained by Landlord may be recovered by Landlord, at Landlord's option, at the time of termination of this Lease, the time of the reletting, or in separate actions, from time to time, as said damage shall have been made more easily ascertainable by successive relettings, or at Landlord's option in a single proceeding deferred until the expiration of the Term (in which event Tenant hereby agrees that the cause of action shall not be deemed to have accrued until the date of expiration of said Term) or in a single proceeding prior to either the time of reletting or the expiration of the Term. If the Landlord elects to repossess the Premises without terminating this Lease, then Tenant shall be liable for and shall pay to Landlord all Rent and other indebtedness accrued to the date of such repossession, plus Rent required to be paid by Tenant to Landlord during the remainder of this Lease until the date of expiration of the Term, diminished by any net sums thereafter received by Landlord through reletting the Premises during such period (after deducting expenses incurred by Landlord as provided in Section 16.b.(ii), above). In no event shall Tenant be entitled to any excess of any Rent obtained by reletting over and above the Rent herein reserved. Actions to collect amounts due

from Tenant as provided in this Section 16.a.(iii) may be brought from time to time, on one or more occasions, without the necessity of Landlord's waiting until expiration of this Lease term.

c. Notwithstanding the foregoing, if Landlord terminates this Lease pursuant to Section 16.b.(i), above, Landlord shall be entitled to recover from Tenant, and Tenant shall pay to Landlord on demand, as and for liquidated and agreed final damages for Tenant's default, an amount equal to the difference between (i) all Monthly Base Rent, Additional Rent and other sums which would be payable under this Lease from the date of such demand (or, if it is earlier, the date to which Tenant shall have satisfied in full its obligations under Section 16.b.(ii), above) for what would be the then unexpired Term in the absence of such termination, and (ii) the fair market rental value of the Premises over the same period (net of all expenses and all vacancy periods reasonably projected by Landlord to be incurred in connection with the reletting of the Premises), with such differential discounted at the rate of five percent (5%) per annum. Nothing herein shall be construed to affect or prejudice Landlord's right to prove, and claim in full, unpaid Rent or any other amounts accrued prior to termination of this Lease.

d. Notwithstanding anything herein to the contrary, upon the occurrence of an Event of Default hereunder, Landlord, with or without terminating the Lease, may immediately reenter and take possession of the Premises and evict Tenant therefrom, without legal process of any kind, using such force as may be necessary, without being liable for or guilty of trespass, forcible entry or any other similar tort. Landlord's right to exercise such "self-help" remedy shall be in addition to, and not in limitation of, Landlord's other rights and remedies hereunder for a breach by Tenant of its obligations under the Lease.

e. Tenant hereby expressly waives any and all rights of redemption granted by or under any present of future laws in the event Tenant is evicted or dispossessed for any cause, or in the event Landlord obtains possession of the Premises, by reason of the violation by Tenant of any of the covenants and conditions of this Lease or otherwise. In addition, Tenant hereby expressly waives any and all rights to bring any action whatsoever against any tenant taking possession after Tenant has been dispossessed or evicted hereunder, or to make any such tenant or party to any action brought by Tenant against Landlord.

f. Landlord and Tenant shall and each does hereby waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this Lease or its termination, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises or any claim of injury or damage and any emergency statutory or any other statutory remedy. In the event Landlord commences any summary proceeding for nonpayment of Rent or Additional Rent, or commences any other action or proceeding against Tenant in connection with this Lease, Tenant will interpose no counterclaim of whatever nature or description in any such proceeding.

g. Nothing contained herein shall prevent the enforcement of any claim Landlord may have against Tenant for anticipatory breach of the unexpired Term. In the event of a breach by Tenant of any of the covenants or provisions hereof, Landlord shall have the right of injunction and the right to invoke any remedy allowed at law or in equity as if reentry, summary proceedings and other remedies were not provided for herein.

17. BANKRUPTCY.

a. For purposes of this Lease, the following shall be deemed "Events of Bankruptcy": (i) if a receiver or custodian is appointed for any or all of Tenant's property or assets, or if there is instituted a foreclosure action on any of Tenant's property; or (ii) if Tenant files a voluntary petition under 11 U.S.C. Article 101, *et seq*., as amended (the "Bankruptcy Code"), or under the insolvency laws of any jurisdiction (the "Insolvency Laws"); or (iii) if there is filed an involuntary petition against Tenant as the subject debtor under the Bankruptcy Code or Insolvency Laws, which is not dismissed within thirty (30) days of filing; or
(iv) if Tenant makes or consents to an assignment of its assets, in whole or in part, for the benefit of creditors, or a common law composition of creditors; or (v) if Tenant generally is not paying its debts as its debts become due.

b. Upon the occurrence of an Event of Bankruptcy, Landlord, at its option and sole discretion, may terminate this Lease by written notice to Tenant (subject, however, to applicable provisions of the Bankruptcy Code or Insolvency Laws during the pendency of any action thereunder). If this Lease is terminated under this Section 17, Tenant shall immediately surrender and vacate the Premises, waives all statutory or other notice to quit, and agrees that Landlord shall have all rights and remedies against Tenant provided in Section 16 in case of an Event of Default by Tenant.

c. If Tenant becomes the subject debtor in a case pending under the Bankruptcy Code (the "Bankruptcy Case"), Landlord's right to terminate this Lease under this Section 17 shall be subject to the applicable rights (if any) of the debtor-in-possession or the debtor's trustee in bankruptcy (collectively, the "Trustee") to assume or assign this Lease as then provided for in the Bankruptcy Code, however, the Trustee must give to Landlord, and Landlord must receive, proper written notice of the Trustee's assumption or rejection of this Lease, within sixty (60) days (or such other applicable period as is provided pursuant to the Bankruptcy Code, it being agreed that sixty (60) days is a reasonable period of time for election of an assumption or rejection of this Lease) after the commencement of the Bankruptcy Case; it being agreed that failure of the Trustee to give notice of such assumption hereof within said period shall conclusively and irrevocably constitute the Trustee's rejection of this Lease and waiver of any right of the Trustee to assume or assign this Lease. The Trustee shall not have the right to assume or

assign this Lease unless said Trustee (i) promptly and fully cures all defaults under this Lease, (ii) promptly and fully compensates Landlord and any third party (including other tenants) for all monetary damages incurred as a result of such default, and (iii) provides to Landlord "adequate assurance of future performance." Landlord and Tenant (which term may include the debtor or any permitted assignee of debtor) hereby agree in advance that "adequate assurance of performance" as used in this paragraph, shall mean that all of the following minimum criteria must be met: (1) the source of Monthly Base Rent, Additional Rent, and other consideration due under this Lease, and the financial condition and operating performance of Tenant, and its guarantor, if any, shall be similar to the financial condition and operating performance of Tenant as of the Possession Date; (2) Trustee or Tenant must pay to Landlord all Monthly Base Rent and Additional Rent payable by Tenant hereunder in advance, (3) Trustee or Tenant must agree (by writing delivered to Landlord) that the use of the Premises shall be used only for the permitted use as stated in this Lease, and that any assumption or assignment of this Lease is subject to all of the provisions thereof and will not violate or affect the rights or agreements of any other tenants or occupants in the Building or of Landlord (including any mortgage or other financing agreement for the Building, (4) Trustee or Tenant must pay to Landlord at the time the next Monthly Base Rent is due under this Lease, in addition to such installment of Monthly Base Rent, an amount equal to the installments of Monthly Base Rent and Additional Rent due under this Lease for the next six (6) months of this Lease, said amount to be held by Landlord in escrow until either Trustee or Tenant defaults in its payment of Monthly Base Rent and Additional Rent or other obligations under this Lease (whereupon Landlord shall have the right to draw on such escrowed funds) or until the expiration of this Lease (whereupon the funds shall be returned to Trustee or Tenant except to the extent the funds have been drawn and not replaced); and (5) Trustee or Tenant must agree to pay to Landlord at any time Landlord is authorized to and does draw on the escrow account the amount necessary to restore such escrow account to the original level required by clause (4), above. The criteria stated above are not intended to be exhaustive or all-inclusive and Landlord may determine that the circumstances of Tenant or of this Lease require other or further assurances of future performance. In the event Tenant is unable to: (a) cure its defaults, (b) reimburse Landlord for its monetary damages, (c) pay the Monthly Base Rent and Additional Rent due under this Lease on time, or (d) meet that criteria and obligations imposed by (1) through (5), above, then Tenant hereby agrees in advance that it has not met its burden to provide adequate assurance of future performance, and this Lease may be terminated by Landlord in accordance with Section 17.b., above.

18. PAYMENT OF TENANT'S OBLIGATIONS BY LANDLORD AND UNPAID RENT.

All covenants and agreements to be performed by Tenant under any of the terms of this Lease shall be performed by Tenant at Tenant's sole cost and expense. If Tenant shall fail to pay any sum of money, other than Rent, required to be paid by it hereunder or shall fail to perform any other act on its part to be performed hereunder, and such failure shall continue beyond any applicable grace period set forth in this Lease, Landlord may, without waiving or releasing Tenant from any of its obligations hereunder, make any such payment or perform any such other required act on Tenant's part. All sums so paid by Landlord, and all necessary incidental costs, together with interest thereon […***…] then in effect, from the date of such payment by Landlord, shall be payable by Tenant to Landlord as Additional Rent hereunder, within thirty (30) days after Tenant’s receipt of an invoice, and Tenant covenants and agrees to pay any such sums. Landlord shall have (in addition to any other right or remedy of Landlord hereunder or at law) the same rights and remedies in the event of the nonpayment thereof by Tenant as in the case of default by Tenant in the payment of Additional Rent.

19. VOLUNTARY SURRENDER.

The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work a merger, and shall, at the sole option of Landlord, terminate all or any existing subleases or subtenancies, or may, at the sole option of Landlord, operate as an assignment to Landlord of any or all such subleases or subtenancies; provided however, that if Landlord elects to treat such termination as an assignment of any such sublease, Landlord shall have no obligation or liability to the subtenant thereunder for any claim, damage or injury which accrued prior to the date of surrender or mutual cancellation hereunder.

20. ABANDONMENT OF PERSONAL PROPERTY.

Upon the expiration of the Term or earlier termination of this Lease, Tenant shall forthwith remove Tenant's goods and effects and those of any other persons claiming through or under Tenant, or subtenancies assigned to it, and quit and deliver the Premises to the Landlord peaceably and quietly. Goods and effects not removed by Tenant after termination of this Lease (or within forty-eight (48) hours after a termination by reason of Tenant's default) shall be considered abandoned. Landlord shall give Tenant notice of right to reclaim abandoned property pursuant to applicable local law and may thereafter dispose of the same as Landlord deems expedient, including public or private sale and/or storage in a public warehouse or elsewhere at the sole cost, and for the account, of Tenant, and Tenant shall promptly upon demand reimburse Landlord for any reasonable expenses incurred by Landlord in connection therewith, including reasonable attorneys' fees.

21. HOLD-OVER.

If Tenant shall not immediately surrender the Premises at the expiration of the Term then Tenant shall, by virtue of the provisions of this Section 21, become a tenant by the month. In such event Tenant shall be required to pay one hundred fifty percent (150%) of the amount of the Monthly Base Rent then in effect and as subsequently escalated in accordance with the provisions hereof, together with all

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Additional Rent in effect during the last month of the Term commencing said monthly tenancy with the first day next after the end of the Term; and said Tenant, as a month-to-month tenant, shall be subject to all of the conditions and covenants of this Lease as though the same had originally been a monthly tenancy, except as otherwise provided above with respect to the payment of Rent. Each party hereto shall give to the other at least thirty (30) days written notice to quit the Premises, except in the event of non-payment of Rent provided for herein when due, or of the breach of any other covenant by the said Tenant, in which event, Tenant shall not be entitled to any notice to quit, the usual thirty (30) days' notice to quit being expressly waived; provided, however, that in the event that Tenant shall hold over after expiration of the Term, and if Landlord shall desire to regain possession of said Premises promptly at the expiration of the Term, then at any time prior to the acceptance of the Rent by Landlord from Tenant, as a monthly tenant hereunder, Landlord, at its election or option, may reenter and take possession of the Premises forthwith, without process, or by any legal action or process in the State of Maryland.

22. OPTION TO EXTEND TERM.

a. Tenant shall have and is hereby granted the option to extend the Term hereof for one (1) period of five (5) years (the "Extension Period") commencing on the date immediately following the Lease Expiration Date, provided (i) Tenant delivers written notice (the "Extension Notice") to Landlord, no earlier than twelve (12), and no later than nine (9), months prior to the Lease Expiration Date, time being of the essence, of Tenant's irrevocable election to exercise such extension option; (ii) no Event of Default has occurred during the Term and no event exists at the time of the exercise of such option or arises subsequent thereto, which event by notice and/or the passage of time would constitute an Event of Default if not cured within the applicable cure period; and (iii) Tenant has not assigned its interest in the Lease or sublet more than fifty percent (50%) of the Premises.

b. All terms and conditions of the Lease, including without limitation all provisions governing the payment of Additional Rent and annual increases in Annual Base Rent, shall remain in full force and effect during the Extension Period, except that (i) Annual Base Rent (on a per rentable square foot basis) payable during the Extension Period shall equal the Fair Market Rental Rate (hereinafter defined) at the time of the commencement of the Extension Period and (ii) the Base Year in effect during the Extension Period shall be calendar year 2027 (the "New Base Year"). As used in this Lease, the term "Fair Market Rental Rate" shall mean the fair market rental rate that would be agreed upon between a landlord and a tenant entering into a lease for comparable space as to location, configuration, size and use, in a comparable Class A building as to quality, size, age and location which is located in the I-270 Corridor submarket with a comparable build-out and a comparable term assuming the following: (A) the landlord and tenant are informed and well-advised and each is acting in what it considers its own best interests; (B) the tenant will continue to pay Pass-Through Costs as described above over the New Base Year; and (C) the Fair Market Rental Rate shall take into consideration all then-applicable market tenant concessions then being offered in connection with the renewal of comparable office space in the I-270 Corridor submarket.

c. Landlord and Tenant shall negotiate in good faith to determine the Annual Base Rent for the Extension Period, for a period of thirty (30) days after the date on which Landlord receives the Extension Notice. In the event Landlord and Tenant are unable to agree upon the Annual Base Rent for the Extension Period within said thirty (30)-day period, the Fair Market Rental Rate for the Premises shall be determined by a board of three (3) licensed real estate brokers, one of whom shall be named by the Landlord, one of whom shall be named by Tenant, and the two so appointed shall select a third (the "Third Broker"). Each real estate broker so selected shall be licensed in the State of Maryland as a real estate broker specializing in the field of office leasing in the I-270 Corridor submarket having no fewer than ten (10) years' experience in such field, and recognized as ethical and reputable within the field. Landlord and Tenant agree to make their appointments promptly within ten (10) days after the expiration of the thirty (30)-day period, or sooner if mutually agreed upon. The two (2) brokers selected by Landlord and Tenant shall select the Third Broker within ten (10) days after they both have been appointed, and all three (3) brokers shall, within fifteen (15) days after the Third Broker is selected, submit his or her determination of the Fair Market Rental Rate. The Third Broker shall determine which determination of Fair Market Rental Rate made by Landlord's broker or Tenant's broker is closest to the determination of Fair Market Rental Rate made by the Third Broker (the "Closest Determination"). The Fair Market Rental Rate hereunder shall be the mean of the Closest Determination and the determination of Fair Market Rental Value made by the Third Broker. Landlord and Tenant shall each pay the fee of the broker selected by it, and they shall equally share the payment of the fee of the Third Broker.

d. Should the Term of the Lease be extended hereunder, Tenant shall execute an amendment modifying the Lease, which amendment shall accurately set forth the Annual Base Rent for each year of the Extension Period and the other economic terms and provisions in effect during the Extension Period.

23. PARKING.

a. From and after the Commencement Date, Tenant shall be entitled to use, without charge during the Term (and any renewals thereof), […***…] in the aggregate (collectively, the "Parking Spaces"), which Parking Spaces shall be located on the surface lot adjacent to the Building (the "Surface Lot") and/or the parking structure adjacent to the Building (the "Parking Structure"). […***…] The Reserved Parking Spaces shall be

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locations mutually agreeable to Landlord and Tenant. Landlord shall have no obligation to "police" the Reserved Parking Spaces to ensure that such spaces are being used by Tenant only.

b. Tenant agrees that it and its employees shall observe reasonable safety precautions in the use of the Surface Lot and/or the Parking Structure, and shall at all times abide by all reasonable rules and regulations promulgated by Landlord or the parking operator governing the use of the Surface Lot and/or the Parking Structure. Tenant understands and agrees that Landlord does not assume any responsibility for any damage or loss to any automobiles parked on the Surface Lot and/or the Parking Structure, or to any personal property located therein or thereon, or for any injury sustained by any person in or about the Surface Lot and/or the Parking Structure.

c. Landlord shall install within the Parking Structure at least one (1) electric charging station for use by tenants of the Building, including Tenant. Such charging station shall be used for the charging of electric vehicles only and such use shall be subject to reasonable rules and regulations promulgated by Landlord from time to time relating to such use.

24. NOTICES.

Any and all notices or demands required or permitted herein shall be in writing and served (a) personally, (b) by certified mail, return receipt requested, or (c) by guaranteed overnight courier, at the addresses provided in Section 1.h. above. If served personally, service shall be conclusively deemed made at the time of such delivery. If served by certified mail, service shall be conclusively deemed made forty-eight (48) hours after the deposit thereof in the United States mail, postage prepaid, pursuant to this Section 24. If served by overnight courier, service shall be conclusively deemed made one (1) business day after deposit with such courier. Either party may specify a different address according to the terms of this Section 24.

25. BROKERS.

Landlord and Tenant recognize American Real Estate Partners Management LLC and Cushman and Wakefield of Maryland, Inc., collectively, as Landlord's broker, and G&E Real Estate, Inc., d/b/a Newmark Grubb Knight Frank, as Tenant's broker (collectively, the "Brokers") as the sole brokers with respect to this Lease and Landlord agrees to be responsible for the payment of any leasing commissions owed to the aforesaid Brokers in accordance with the terms of separate commission agreements entered into between Landlord and each of said Brokers. Landlord and Tenant each represents and warrants to the other that, except for the Brokers, no other broker has been employed in carrying on any negotiations relating to this Lease and shall each indemnify and hold harmless the other from any claim for brokerage or other commission arising from or out of any breach of the foregoing representation and warranty.

26. ENVIRONMENTAL CONCERNS.

a. Tenant, its agents, employees, contractors or invitees shall not (i) cause or permit any Hazardous Materials (hereinafter defined) to be brought upon, stored, used or disposed on, in or about the Premises and/or the Building, or (ii) knowingly permit the release, discharge, spill or emission of any Hazardous Material in or from the Premises.

b. Tenant hereby agrees that it is and shall be fully responsible for all costs, expenses, damages or liabilities (including, but not limited to those incurred by Landlord and/or its mortgagee) which may occur from the use, storage, disposal, release, spill, discharge or emissions of Hazardous Materials by Tenant whether or not the same may be permitted by this Lease. Tenant shall defend, indemnify and hold harmless Landlord, its mortgagee and its agents from and against any claims, demands, administrative orders, judicial orders, penalties, fines, liabilities, settlements, damages, costs or expenses (including, without limitation, reasonable attorney and consultant fees, court costs and litigation expenses) of whatever kind or nature, known or unknown, contingent or otherwise, resulting from the use, storage, disposal, release, discharge, spill or emission of any Hazardous Material, or the violation of any Environmental Laws (hereinafter defined), by Tenant, its agents, employees, contractors or invitees. The provisions of this Section 26 shall be in addition to any other obligations and liabilities Tenant may have to Landlord at law or in equity and shall survive the transactions contemplated herein or any termination of this Lease.

c. As used in this Lease, the term "Hazardous Materials" shall include, without limitation:

(i) those substances included within the definitions of "hazardous substances", "hazardous materials," toxic substances," or "solid waste" in the Comprehensive Environmental Response Compensation and Liability Act of 1980 (42 U.S.C. §9601 *et seq*.) ("CERCLA"), as amended by Superfund Amendments and Reauthorization Act of 1986 ("SARA"), the Resource Conservation and Recovery Act of 1976 ("RCRA"), and the Hazardous Materials Transportation Act, and in the regulations promulgated pursuant to said laws, all as amended;

(ii) those substances listed in the United States Department of Transportation Table (49 CFR 172.101 and amendments thereto) or by the Environmental Protection Agency (of any successor agency) as hazardous substances (40 CFR Part 302 and amendments thereto); and

(iii) any material, waste or substance which is (A) petroleum, (B) asbestos, (C) polychlorinated biphenyl, (D) designated as a "hazardous substance" pursuant to Section 311 of the

Clean Water Act, 33 U.S.C. §1251 *et seq*. (33 U.S.C. §1321) or listed pursuant to Section of the Clean Water Act (33 U.S.C. §1317); (E) flammables or explosives; or (F) radioactive materials.

d. All federal, state or local laws, statutes, regulations, rules, ordinances, codes, standards, orders, licenses and permits of any governmental authority or issued or promulgated thereunder shall be referred to as the "Environmental Laws".

e. Landlord represents and warrants to Tenant that, to the best of Landlord's knowledge (without independent investigation or inquiry), as of the Effective Date, the Building is free from Hazardous Materials in violation of any Environmental Laws. In the event it is determined that there exists in the Building Hazardous Materials in violation of any Environmental Laws, then, provided that such Hazardous Materials were not brought upon the Building by Tenant, or Tenant's agents, contractors, employees, assignees, subtenants or invitees, Landlord shall promptly cure such violation, or cause such violation to be cured.

27. INTENTIONALLY OMITTED.

28. RULES AND REGULATIONS.

Tenant shall at all times comply with the rules and regulations set forth in Exhibit D attached hereto and with any reasonable written additions thereto and modifications thereof adopted from time to time by Landlord; Tenant shall be given five (5) days written notice of any such written additions and modifications. Each such rule or regulation shall be deemed to be a covenant of this Lease to be performed and observed by Tenant.

29. QUIET ENJOYMENT.

Landlord covenants that, if no Event of Default by Tenant then exists, Tenant shall at all times during the Term peaceably and quietly have, hold and enjoy the Premises without disturbance from Landlord, subject to the terms of this Lease and to the rights of the parties presently or hereinafter secured by any deed of trust or mortgage against the Building.

30. USA PATRIOT ACT AND ANTI-TERRORISM LAWS.

Each party hereto represents and warrants to the other that (i) such party is not a party with whom the other is prohibited from doing business pursuant to the regulations of the Office of Foreign Assets Control ("OFAC") of the U.S. Department of the Treasury, including those parties named on OFAC's Specially Designated Nationals and Blocked Persons List and (ii) such party is currently in compliance with, and shall at all times during the Term remain in compliance with, the regulations of OFAC and any other governmental requirement relating thereto.

31. RIGHT OF FIRST OFFER.

a. Subject to (i) the right of […***…] to renew the term of its lease at the Building in accordance with the express terms of such lease, (ii) the right of […***…] to renew the term of its lease at the Building in accordance with the express terms of such lease, (iii) the […***…] to lease the ROFO Space (hereinafter defined) in accordance with the express terms of such its lease at the Building, (iv) any renewal rights granted by Landlord after the Effective Date to any tenant of all or any portion of the ROFO Space, and (v) the right of any tenant of the ROFO Space (or any portion thereof) to negotiate an extension of the term of its lease of such space or a new lease demising such space, Tenant shall be granted during the Term the following right with respect to the ROFO Space. As used herein, the term "ROFO Space" shall collectively mean (A) the entire rentable area of the fourth (4th) floor of the Building and (B) that certain portion of the rentable area of the fifth (5th) floor of the Building that is not part of the Premises. Notwithstanding any provision of the Lease to the contrary, Tenant shall have no rights with respect to the ROFO Space or any other rights of first offer or refusal, or first right to negotiate, or any other expansion rights whatsoever, except as expressly provided in this Section 31.

b. In the event that any ROFO Space becomes or is reasonably anticipated by Landlord to become vacant and available to lease by Tenant during the Term (following the expiration or earlier termination of an initial letting of any ROFO Space that is vacant as of the Commencement Date, including any renewal or extension periods for such letting), then, except as provided below, Landlord shall notify Tenant in writing (the "Availability Notice") of the availability of the ROFO Space in question, and set forth in such Availability Notice (i) a description of the available ROFO Space (the "Available Space"), (ii) the base rent payable with respect to the Available Space, which base rent shall be comparable to the base rental rates then being offered to tenants entering into a lease for comparable space as to location, configuration, size and use, in a comparable Class A building as to quality, size, age and location which is located in the I-270 Corridor submarket with a comparable build-out and a comparable term (and which base rent shall take into consideration all then-applicable market tenant concessions then being offered in connection with the leasing of comparable office space in the I-270 Corridor submarket); and (iii) the date on which Landlord anticipates that the Available Space will be available for lease by Tenant (the "Availability Date"). Provided that (1) no default by Tenant then exists under the Lease; (2) Tenant has not assigned the Lease or sublet twenty-five percent (25%) or more of the Premises; (3) not less than thirty (30) months remain in the Term as of the Availability Date; and (4) Tenant notifies Landlord, in writing, within ten (10) business days after Tenant receives the Availability

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Notice, time being of the essence, of Tenant's irrevocable election to lease all (but not less than all) of the Available Space described in the Availability Notice on the terms and conditions set forth in the Availability Notice (the "Tenant Election Notice"), Tenant shall have the right to lease all, but not less than all, of the Available Space described in the Availability Notice on the terms and conditions set forth in the Availability Notice.

c. In the event that Tenant timely delivers a Tenant Election Notice to Landlord, but Tenant asserts in the Tenant Election Notice that the base rent payable for the Available Space (as set forth in the Availability Notice) is not comparable to the base rental rates then being offered to tenants entering into a lease for comparable space as to location, configuration, size and use, in a comparable Class A building as to quality, size, age and location which is located in the I-270 Corridor submarket with a comparable build-out and a comparable term, then, Landlord and Tenant shall negotiate in good faith to determine the Annual Base Rent for the Available Space for a period of fifteen (15) days after the date on which Landlord receives the Tenant Election Notice (the "ROFO Negotiation Period"). In the event Landlord and Tenant are unable to agree upon the Annual Base Rent for the Available Space during the ROFO Negotiation Period, then, the Annual Base Rent for the ROFO Available Space shall be determined by a board of three (3) licensed real estate brokers, one of which shall be named by the Landlord, one of which shall be named by Tenant, and the two so appointed shall select a third (the “Third ROFO Broker”). Each real estate broker so selected shall meet the broker qualifications set forth in Section 22.c, above. Landlord and Tenant agree to make their appointments within ten (10) days after the expiration of the ROFO Negotiation Period, or sooner if mutually agreed upon. The two (2) brokers selected by Landlord and Tenant shall select the Third ROFO Broker within ten (10) days after they both have been appointed, and all three (3) brokers shall, within fifteen (15) days after the Third ROFO Broker is selected, submit his or her determination of the Annual Base Rent for the Available Space. The Third ROFO Broker shall determine which determination of such Annual Base Rent made by Landlord’s broker or Tenant’s broker is closest to the determination of such Annual Base Rent made by the Third ROFO Broker (the “Closest ROFO Determination”). The Annual Base Rent for the Available Space shall be the mean of the Closest ROFO Determination and the determination of such Annual Base Rent made by the Third Broker. Landlord and Tenant shall each pay the fee of the broker selected by it, and they shall equally share the payment of the fee of the Third ROFO Broker.

d. In the event that Tenant timely delivers a Tenant Election Notice to Landlord, Landlord shall prepare an amendment modifying the Lease to incorporate the Available Space (the "ROFO Amendment"), which amendment shall set forth, among other things: (i) the amount of Annual Base Rent for the Available Space; and (ii) the adjustments to Tenant's obligation to pay Additional Rent caused by the addition of the Available Space. The term of the demise of the Available Space shall commence on the date on which Landlord delivers such Available Space to Tenant, at which time all of Tenant's obligations with respect to the Available Space shall commence; provided, however, that Tenant’s obligation to pay Annual Base Rent for the Available Space shall commence one hundred twenty (120) days after such delivery by Landlord. In the event that Tenant fails to timely deliver a Tenant Election Notice, then Landlord may lease the Available Space to any person or entity of its choice on whatever terms and conditions Landlord elects in its sole discretion. Notwithstanding anything to the contrary contained herein, in the event that Tenant elects to lease pursuant to the terms of this Section 31 that certain portion of the ROFO Space consisting of approximately 3,258 rentable square feet on the fifth (5th) floor of the Building (the “Currently Vacant ROFO Space”, as more particularly shown as the shaded space on the attached Exhibit A-1), then the ROFO Amendment shall reflect (A) an Annual Base Rent for the Currently Vacant ROFO Space equal (on a per rentable square foot basis) to the Annual Base Rent (on a per rentable square foot basis) then payable by Tenant for the Premises initially leased by Tenant under this Lease, (B) a tenant improvement allowance equal to Fifteen Dollars ($15.00) per rentable square foot of the Currently Vacant ROFO Space and (C) an abatement of Annual Base Rent payable with respect to the Currently Vacant ROFO Space equal to the number of months obtained by multiplying (x) nineteen (19), by (y) the fraction having a numerator equal to the number of full calendar months remaining in the initial term as of the Availability Date and having a denominator equal to one hundred thirty-nine (139).

e. In the event Landlord and Tenant execute the ROFO Amendment, and Landlord is unable to deliver possession of the Available Space to Tenant on the Availability Date for any reason whatsoever, including without limitation the failure of an existing tenant to vacate such space, Landlord shall not be liable or responsible for any claims, damages or liabilities in connection therewith or by reason thereof. In such event, Landlord shall use reasonable efforts to make the Available Space available to Tenant as soon as reasonably practicable after the Availability Date.

f. Tenant's rights under this Section 31 are personal to Sucampo Pharmaceuticals, Inc. and cannot be exercised by any assignee, subtenant or any other person or entity (other than a Qualified Tenant Affiliate that succeeds to the interest of Sucampo Pharmaceuticals, Inc. in accordance with the terms of this Lease).

32. EXPANSION OPTION -- CURRENTLY VACANT ROFO SPACE.

a. Subject to, and in accordance with the terms of this Section 32, Tenant shall have the right to lease the Currently Vacant ROFO Space from Landlord. Provided that Tenant has not previously leased the Currently Vacant ROFO Space pursuant to the terms of Section 31, above, and provided further that Tenant has not previously failed to timely deliver a Tenant Election Notice in response to an Availability Notice pertaining to the Currently Vacant ROFO Space pursuant to the terms of Section 31, above, Tenant shall have the option (the "Expansion Option") to expand the Premises to include the Currently Vacant ROFO Space, provided that (i) Tenant delivers written notice to Landlord of its exercise

of the Expansion Option (the “Expansion Option Exercise Notice") no later than […***…] (ii) Tenant is not in monetary default of the Lease and no material non-monetary Event of Default exists as of the date of Tenant's delivery of the Expansion Option Exercise Notice, and (iii) Tenant has not assigned the Lease and is then in possession of and occupying at least seventy-five percent (75%) of the Premises as of the date of Tenant's delivery of the Expansion Option Exercise Notice and as of the Takeover Date (hereinafter defined). If Tenant timely delivers to Landlord an Expansion Option Exercise Notice, Landlord shall provide Tenant with written notice (the “Expansion Option Availability Date Notice”) identifying the anticipated availability date of the Currently Vacant ROFO Space (the "Anticipated Expansion Option Availability Date"); provided, however, that the Anticipated Expansion Option Availability Date shall occur during the period commencing on […***…] as determined by Landlord. Landlord shall deliver the Expansion Option Availability Date Notice to Tenant no later than one hundred eighty (180) days following the date on which Landlord receives the Expansion Option Exercise Notice from Tenant. In the event that after the delivery of an Expansion Option Availability Date Notice, the Currently Vacant ROFO becomes or is reasonably anticipated by Landlord to become vacant and freely available for Landlord to lease to Tenant prior to the date set forth in the Expansion Option Availability Date Notice as the Anticipated Expansion Option Availability Date, Landlord shall have the right to give Tenant notice of a new anticipated delivery date for the Currently Vacant ROFO Space (an "Amended Expansion Option Availability Date Notice") at least ninety (90) days prior to such new anticipated delivery date (which new date shall become the Anticipated Expansion Option Availability Date with respect to the Currently Vacant ROFO Space). Notwithstanding the foregoing, in no event shall any new anticipated delivery date be earlier than twelve (12) months prior to the original Anticipated Expansion Option Availability Date. In the event Tenant shall have previously delivered an Expansion Option Exercise Notice, upon Landlord's delivery of an Amended Expansion Option Availability Date Notice, the previously delivered Expansion Option Availability Date Notice shall become null and void and of no further force or effect. Upon delivery of an Amended Expansion Option Availability Date Notice, Tenant shall only be entitled to exercise its Expansion Option with respect to the Currently Vacant ROFO Space by delivering to Landlord a new Expansion Option Exercise Notice on or before the later of (1) the date that is thirty (30) days after Tenant's receipt of Landlord's Amended Expansion Option Availability Date Notice or (2) the date that is twelve (12) months prior to the new Anticipated Expansion Option Delivery Date. In the event that Tenant fails to (A) timely deliver the Expansion Option Exercise Notice or (B) otherwise comply with any condition set forth in this Section 32.a, Tenant's Expansion Option shall immediately terminate. In the event Tenant's Expansion Option is terminated, Landlord shall have the right to lease the Currently Vacant ROFO Space at any time to any other person or entity upon any terms and conditions which Landlord desires, in its sole discretion.

b. Landlord and Tenant agree that the Annual Base Rent payable for the Currently Vacant ROFO Space shall be the base rental rates then being offered to tenants entering into a lease for comparable space as to location, configuration, size and use, in a comparable Class A building as to quality, size, age and location which is located in the I-270 Corridor submarket with a comparable build- out and a comparable term taking into consideration all then-applicable market tenant concessions then being offered in connection with the leasing of comparable office space in the I-270 Corridor submarket (the “Expansion Option Market Rate”).

c. If Tenant timely exercises the Expansion Option and otherwise has the right to lease the Currently Vacant ROFO Space pursuant to the terms of this Section 32, Landlord and Tenant shall execute a lease amendment (the “Expansion Option Amendment”) which shall set forth the terms pursuant to which Tenant shall lease the Currently Vacant ROFO Space.

d. If Tenant leases the Currently Vacant ROFO Space, within the time and in the manner provided in this Section 32, then as of the Takeover Date, the following shall apply:

(i) the Currently Vacant ROFO Space shall be added to, and become a part of, the Premises, and Tenant's lease thereof shall be governed by all of the provisions of this Lease (including that the Term with respect to the Currently Vacant ROFO Space shall be coterminous with the Term for the remainder of the Premises), which shall continue in full force and effect and be applicable to the Currently Vacant ROFO Space;

(ii) the rentable square footage of the Premises shall be increased by the rentable square forage of the Currently Vacant ROFO Space;

(iii) Tenant shall commence paying Rent based upon the newly increased rentable square footage of the Premises, provided, however, that Tenant’s obligation to pay Annual Base Rent for the Currently Vacant ROFO Space shall commence one hundred twenty (120) days after such delivery by Landlord;

(iv) the Annual Base Rent per rentable square foot of the Currently Vacant ROFO Space shall be equal to the amount set forth in the Expansion Option Amendment;

(v) the Currently Vacant ROFO Space shall be delivered to Tenant broom clean and free of personal property and any prior tenancies but otherwise in its "as-is" condition, and Landlord shall have no other obligation to make any alterations, decorations, additions or improvements in or to the Currently Vacant ROFO Space; and

(vi) the "Takeover Date" shall be the date Landlord delivers the Currently Vacant ROFO Space to Tenant, provided, however, that the Takeover Date shall not occur prior to the

Anticipated Expansion Option Availability Date, except to the extent provided otherwise in the Expansion Option Amendment or consented to by Tenant.

e. The Expansion Option shall be personal to Sucampo Pharmaceuticals, Inc. and can not be exercised by any assignee, subtenant or any other person or entity whatsoever (other than a Qualified Tenant Affiliate that succeeds to the interest of Sucampo Pharmaceuticals, Inc. in accordance with the terms of this Lease).

f. Landlord and Tenant hereby expressly acknowledge and agree that to the extent Landlord determines to construct the Currently Vacant Premises as a "spec" suite, then, Landlord shall inform Tenant thereof and Tenant shall have the right to make suggestions to Landlord concerning the materials and finishes used by Landlord in connection with such construction.

33. TENANT'S TERMINATION OPTION.

a. Tenant shall have a one (1)-time right to terminate this Lease, subject to the terms and conditions set forth in this Section 33. Tenant may exercise such option to terminate this Lease by delivering to Landlord, […***…], an irrevocable written notice of termination (the "Termination Notice"), time being of the essence. In the event that Tenant timely delivers the Termination Notice to Landlord, and provided no monetary default of this Lease exists and no material non-monetary Event of Default exists by Tenant, either at the time it delivers the Termination Notice to Landlord or at any time between such date and the Termination Date (hereinafter defined), this Lease shall terminate as of the Termination Date, subject to the terms and conditions set forth in this Section 33. As used herein, the term "Termination Date" shall mean […***…].

b. In order for the Termination Notice to be effective, the Termination Notice shall include a check payable to Landlord (the "Termination Payment") in an amount equal to the sum of (i) the then- unamortized costs (as of the Termination Date) incurred by Landlord in connection with this Lease, which costs shall include all leasing commissions paid by Landlord, the amount of the Improvement Allowance, the amount of Annual Base Rent abated pursuant to the terms of Section 4.a(iv), above, and Landlord's reasonable legal fees (collectively, the "Leasing Costs"), plus (ii) two (2) installments of Monthly Base Rent payable by Tenant as of the Termination Date. The amortization of the Leasing Costs shall be effected as though the total of such costs was the principal amount of a promissory note, bearing interest at the rate […***…], where the principal (and all interest thereon) shall be repaid in equal monthly installments of principal and interest, commencing on the Commencement Date, in such amount as to cause the principal balance to be reduced to zero as of the Lease Expiration Date. The Termination Payment shall be in addition to, and not in lieu of, the payments of Annual Base Rent and all other charges accruing under this Lease. Time shall be of the essence with respect to delivery of the Termination Notice and the Termination Payment. Notwithstanding the foregoing, in the event that Tenant fails to deliver the Termination Payment (time being of the essence), then, at Landlord's sole option, the Termination Notice may be deemed by Landlord to be void and of no further force and effect and Landlord, if the Termination Notice is deemed invalid, shall return the Termination Payment to Tenant. A summary of the Leasing Costs and the calculation of the Termination Payment is attached hereto as Exhibit G.

c. If this Lease is terminated pursuant to and in accordance with the provisions of this Section 33, then, as of the Termination Date, neither Landlord nor Tenant shall have any rights or obligations under this Lease and Landlord shall be free to lease the Premises to any persons or entities for a term beginning after the Termination Date; provided that Tenant shall vacate the Premises in accordance with the terms and conditions of this Lease on or before the Termination Date; and provided further, however, that Tenant shall remain obligated for any liabilities or obligations under the Lease (including without limitation the obligation to pay Annual Base Rent and all other amounts payable under this Lease) accruing prior to the Termination Date, which obligation shall survive indefinitely the termination of this Lease.

d. Should Tenant fail to surrender the Premises to Landlord on or before the Termination Date in accordance with the terms and provisions of this Lease, time being of the essence, then, at Landlord's sole option: (i) Landlord shall be entitled to immediately exercise all of the rights and remedies available to Landlord under this Lease upon an Event of Default by Tenant hereunder (and such other rights and remedies as may be available to Landlord at law or in equity); (ii) Tenant shall be liable to Landlord as a hold-over tenant under this Lease and shall be subject to the terms and conditions of Section 21, above; and (iii) if Tenant fails to surrender the Premises to Landlord within ten (10) days after notice by Landlord, the Termination Notice may be deemed void and of no further force or effect and this Lease shall continue in full force and effect, in which event Landlord shall return the Termination Payment to Tenant and all rights of Tenant under this Section 33 shall immediately lapse and be of no further force or effect. Tenant shall indemnify and hold harmless Landlord from and against any and all costs, expenses, liabilities and damages (including attorneys' fees) resulting from such holding over, including but not limited to any costs, expenses, liabilities or damages resulting from (1) Landlord's failure to deliver the Premises to a prospective tenant; and (2) Landlord's removal from the Premises of any of Tenant's equipment, furniture or personal property in order to deliver possession of the Premises to a prospective tenant.

e. Tenant's rights under this Section 33 are personal to Sucampo Pharmaceuticals, Inc. and cannot be exercised by any assignee, subtenant or any other person or entity whatsoever (other than a Qualified Tenant Affiliate that succeeds to the interest of Sucampo Pharmaceuticals, Inc. in accordance with the terms of this Lease).

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34. EXTERIOR BUILDING SIGN. In the event that tenant leases at least 24,244 rentable square feet of office space in the building, and tenant has not sublet fifty percent (50%) or more of the premises initially leased by tenant pursuant to this lease, Tenant, at Tenant's sole cost and expense (it being expressly understood, however, that Tenant may use a portion of the Improvement Allowance against costs and expenses incurred by Tenant in connection with the installation of the Exterior Building Sign [hereinafter defined]), shall have the non-exclusive right to install one (1) exterior, back-lit building sign at the Building (the "Exterior Building Sign") containing Tenant's name and/or Tenant's corporate logo. The location of the Exterior Building Sign is more particularly set forth on the attached Exhibit E, provided, however, that such location shall be subject to the Applicable Signage Laws (hereinafter defined). Tenant shall install the Exterior Building Sign provided that (i) Landlord has approved the Exterior Building Sign, the method of installation of the Exterior Building Sign and the contractor that will install the Exterior Building Sign, which approvals shall not be unreasonably withheld, conditioned or delayed, (ii) the Exterior Building Sign is permitted under, and conforms to, any covenants, conditions or restrictions affecting the Project and any applicable laws, rules and regulations, including the requirements of the City of Rockville, Montgomery County, the State of Maryland and the King Farm Comprehensive Sign Plan (collectively, the "Applicable Signage Laws"), and (iii) Tenant has obtained all permits, licenses and approvals that may be required in order to install the Exterior Building Sign, including without limitation the approval of any owners association with jurisdiction over the Project. The exact size, style, design, dimensions and other components of the Exterior Building Sign shall be subject to Landlord's approval, which approval shall not be unreasonably withheld, conditioned or delayed and the requirements of the Applicable Signage Laws. Landlord reserves the right to approve in its reasonable discretion the manner in which the Exterior Building Sign is affixed to the Building. In order to obtain Landlord's approval, Tenant must submit to Landlord for Landlord's approval samples of materials to be used for the Exterior Building Sign (showing, among other things, the thickness thereof), samples of any colors to be used for the Exterior Building Sign, complete shop drawings of the Exterior Building Sign and plans and specifications for the actual construction and attachment of the Exterior Building Sign. The Exterior Building Sign shall be installed by a contractor reasonably approved by Landlord and maintained by a contractor reasonably acceptable to Landlord. On or before the end of the Term, or in the event that Tenant assigns this Lease, or in the event Tenant is no longer leasing at least 24,244 rentable square feet of space in the Building, or in the event Tenant subleases fifty percent (50%) or more of the Premises initially leased by Tenant pursuant to this Lease, Tenant shall, at Tenant's sole cost and expense, have a contractor reasonably approved by Landlord remove the Exterior Building Sign and restore the portions of the Building affected thereby to the condition which existed immediately prior to the installation of the Exterior Building Sign. If Tenant fails to timely remove the Exterior Building Signage or fails to restore the Building in accordance with the terms of the immediately preceding sentence, Landlord shall have the right, but not the obligation, to undertake such removal and/or restoration and Tenant shall reimburse Landlord for all reasonable costs incurred by Landlord in connection therewith, within thirty (30) days after Tenant’s receipt of an invoice therefor. Tenant shall obtain property insurance coverage for the Exterior Building Sign and such Exterior Building Sign shall be included in Tenant's comprehensive liability insurance required pursuant to the Lease. Tenant's rights under this Section 34 are personal to Sucampo Pharmaceuticals, Inc. and no assignee or sublessee of Tenant shall have any exterior signage rights hereunder (other than a Qualified Tenant Affiliate that succeeds to the interest of Sucampo Pharmaceuticals, Inc. in accordance with the terms of this Lease). Tenant hereby agrees to indemnify and hold Landlord and its agents, officers, directors and employees harmless from and against any cost, damage, claim, liability or expense (including reasonable attorneys' fees) incurred by or claimed against Landlord and its agents, officers, directors and employees, directly or indirectly, as a result of or in any way arising from the installation, maintenance, repair, operation, removal or existence of the Exterior Building Sign. Notwithstanding anything to the contrary contained in this Section 34, if this Lease is assigned to a Qualified Tenant Affiliate in accordance with the terms of this Lease, then, subject to the terms of this Section 34, such Qualified Tenant Affiliate shall have the right to install one (1) exterior sign on the Building in accordance with the terms of this Section 34, provided, however, that the Exterior Building Sign installed by Tenant has been previously removed from the Building in accordance with the terms of this Section 34.

35. ROOFTOP EQUIPMENT.

a. Tenant shall have the non-exclusive right, at Tenant’s sole cost and expense, to use a portion of the roof of the Building (the "Roof") no larger than one hundred (100) square feet and selected by Landlord in the exercise of Landlord’s reasonable discretion, for the installation of satellite dish(es), antenna(e) and the cabling and wiring associated therewith (collectively, the "Rooftop Equipment"), provided that (i) the Rooftop Equipment sought to be installed by Tenant is permitted under, and conforms to the requirements of, the laws, rules and regulations of the State of Maryland, any other governmental or quasi-governmental authorities having jurisdiction over the Building and any restrictive covenants or other documents governing the use of the Building; (ii) Tenant obtains and maintains all permits, licenses, variances, authorizations and approvals that may be required in order to install such Rooftop Equipment; (iii) Tenant shall obtain insurance coverages required by Landlord relating to the installation and operation of such Rooftop Equipment; (iv) Tenant shall install any screen or other covering for the Rooftop Equipment that Landlord may reasonably require in order to camouflage or conceal the Rooftop Equipment; (v) Landlord shall have approved in its reasonable discretion the number, dimensions and specifications for the Rooftop Equipment and the proposed method of attaching the Rooftop Equipment to the Roof; and (vi) Landlord's engineer determines that the portion of the Roof on which Tenant desires to install the Rooftop Equipment is capable of bearing the weight of the Rooftop Equipment.

b. Prior to or contemporaneous with requesting Landlord's approval of the installation of the Rooftop Equipment, Tenant shall provide to Landlord: (i) plans and specifications for the Rooftop

Equipment; (ii) copies of all required governmental and quasi-governmental permits, licenses, special zoning variances, and authorizations for the installation and operation of the Rooftop Equipment, all of which Tenant shall obtain at its own cost and expense; and (iii) a policy or certificate of insurance evidencing such insurance coverage as may be required by Landlord for the installation, operation and maintenance of the Rooftop Equipment and sufficient to cover, *inter alia*, the indemnities from Tenant to Landlord provided in the Lease relating to the installation, maintenance, operation and removal of the Rooftop Equipment. Landlord may withhold its approval of the installation of the Rooftop Equipment if the installation, operation or removal of the Rooftop Equipment may (A) damage the structural integrity of the Building or void any warranty or guaranty applicable to the Roof or the Building; or (B) cause the violation of any zoning ordinance or other governmental or quasi-governmental law, rule or regulation applicable to the Building. Landlord may require as a precondition to its approval of the installation of the Rooftop Equipment that Tenant (or, at Landlord's option, Landlord), at Tenant's sole cost and expense, install additional structural support (in a manner determined by Landlord's engineer in its sole discretion) to the portion of the Roof on which Tenant desires to install the Rooftop Equipment. Tenant shall not be entitled to rely on any such approval as being a representation by Landlord that such installation and operation is permitted by or in accordance with any zoning ordinance or other governmental or quasi-governmental law, rule or regulation applicable to the Building.

c. Landlord shall be provided with access to the Roof, including the portion of the Roof on which the Rooftop Equipment is located, in order to inspect the Rooftop Equipment and Roof to determine, *inter alia*, if the Rooftop Equipment is causing damage to the Roof or any other part of the Building and/or to repair the Roof or remove or relocate the Rooftop Equipment. Landlord, at its reasoanble option and discretion, may require Tenant, at any time prior to the expiration of the Lease, to terminate the operation of the Rooftop Equipment if it is causing physical damage to the structural integrity of the Building or voids any warranty or guaranty applicable to the Roof or the Building, or is interfering with any satellite dish, antennae or other telecommunications device being operated on the Roof or elsewhere in the Building by any tenant in the Building or other licensee authorized by Landlord (and was installed prior to the applicable Rooftop Equipment), or causing the violation of any condition or provision of the Lease or any governmental or quasi-governmental law, rule or regulation (now or hereafter in effect) applicable to the Building.

d. Throughout the Term, Tenant shall (i) ensure that the Rooftop Equipment complies with all applicable laws; (ii) cause engineers reasonably acceptable to Landlord to inspect the Rooftop Equipment at least twice yearly to verify that such equipment is functioning properly; and (iii) maintain the Rooftop Equipment in good order and repair. Should Tenant fail to properly maintain or repair the Rooftop Equipment, Landlord may, but shall not be obligated to, undertake such maintenance or repairs, and all such reasonable costs shall constitute Additional Rent hereunder.

e. Tenant acknowledges that the rights contained in this Section 35 are non-exclusive, and that Landlord may grant such rights to any other tenant in the Building or any other licensee of Landlord's choice (whether or not such licensee is a tenant of the Building). Tenant expressly acknowledges that it may not (i) license or otherwise permit third parties to install on the Roof of the Building or anywhere else in the Premises, any communications equipment, HVAC equipment or any other equipment; (ii) permit any third party to use any portion of the Roof for any purpose whatsoever; or (iii) utilize the Rooftop Equipment as a direct means of generating revenue. The breach of this provision shall constitute an Event of Default under this Lease.

f. At the expiration or earlier termination of the Lease, Tenant, at Tenant's sole cost, shall remove the Rooftop Equipment from the Building, and Tenant shall restore the area where the Rooftop Equipment was located to its condition existing prior to such installation in a manner and with materials determined by Landlord. In the event Tenant fails to promptly do so, Tenant hereby authorizes Landlord to remove the Rooftop Equipment and restore the area of the Roof and the other portions of the Building affected thereby, and all reasonable costs and expenses incurred by Landlord in connection therewith shall be immediately reimbursed by Tenant to Landlord upon Tenant’s receipt of an invoice therefor. Tenant's obligation to perform and observe this covenant shall survive the expiration or earlier termination of the Term.

g. Tenant covenants and agrees that the installation, maintenance, repair, operation and removal of the Rooftop Equipment shall be at its sole cost and risk. Tenant covenants and agrees absolutely and unconditionally to indemnify, defend and hold Landlord harmless from and against all claims, actions, damages, liability, judgments, settlements, costs and expenses (including reasonable attorneys' fees and expenses) suffered or sustained by Landlord resulting from the installation, operation, maintenance, removal or existence of the Rooftop Equipment, including without limitation any loss or injury resulting from transmissions from the Rooftop Equipment.

h. The rights contained in this Section 35 are personal to Sucampo Pharmaceuticals, Inc. and may not be exercised by any assignee, subtenant or licensee of Tenant or any other person or entity whatsoever (other than an assignee that succeeds to the interest of Sucampo Pharmaceuticals, Inc. in accordance with the terms of this Lease).

i. Tenant shall be entitled to connect the Rooftop Equipment to the Building's electric power source; provided, however, that: (i) the method of connecting any component of the Rooftop Equipment to the Building's electric power source and the specific location in the Building at which such connection shall be effected, shall be subject to Landlord's prior reasonable approval; and (ii) such connection shall be undertaken by licensed contractor(s) approved by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed. The cost of connecting the Rooftop Equipment to the Building's electric

power source and the cost of all electricity consumed by the Rooftop Equipment shall be borne solely by Tenant. In addition, Tenant shall pay Landlord for all water utilized by the Rooftop Equipment as Additional Rent. Tenant hereby agrees to indemnify and hold Landlord and its agents, officers, directors and employees harmless from and against any cost, damage, claim, liability or expense (including reasonable attorneys' fees) incurred by or claimed against Landlord and its agents, officers, directors and employees, directly or indirectly, as a result of the connection of any component of the Rooftop Equipment to, or the removal of any component of the Rooftop Equipment from, the Building's electric power source.

36. MISCELLANEOUS PROVISIONS.

a. Time is of the essence with respect to all of Landlord's and Tenant's obligations under this Lease.

b. The waiver by Landlord or Tenant of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition of any prior or subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any prior breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular rental so accepted, regardless of Landlord's knowledge of such prior breach at the time of acceptance of such Rent.

c. In the event of any action or proceeding brought by either party against the other under this Lease, the prevailing party shall be entitled to recover from the other party the fees of its attorneys in such action or proceeding in such amount as the court may judge to be reasonable for such attorneys' fees.

d. Except as expressly otherwise provided in this Lease, all of the provisions of this Lease shall bind and inure to the benefit of the parties hereto and to their heirs, successors, representatives, executors, administrators, transferees and assigns. The term "Landlord," as used herein, shall mean only the owner of the Building and the Land or of a lease of the Building and the Land, at the time in question, so that in the event of any transfer or transfers of title to the Building and the Land, or of Landlord's interest in a lease of the Building and the Land, the transferor shall be and hereby is relieved and freed of all obligations of Landlord under this Lease accruing before such transfer, and it shall be deemed, without further agreement, that such transferee has assumed and agreed to perform and observe all obligations of Landlord herein during the period it is the holder of Landlord's interest under this Lease.

e. At Landlord's request, Tenant will execute a memorandum of this Lease in recordable form setting forth such provisions hereof as Landlord deems desirable. Further, at Landlord's request, Tenant shall acknowledge before a notary public its execution of this Lease, so that this Lease shall be in form for recording. The cost of recording this Lease or memorandum thereof shall be borne by Landlord.

f. Notwithstanding any provision to the contrary herein, Tenant shall look solely to the estate and property of Landlord in and to the Land and the Building in the event of any claim against Landlord arising out of or in connection with this Lease, the relationship of Landlord and Tenant, or Tenant's use of the Premises, and Tenant agrees that the liability of Landlord arising out of or in connection with this Lease, the relationship of Landlord and Tenant, or Tenant's use of the Premises, shall be limited to such estate and property of Landlord in and to the Land and the Building. No properties or assets of Landlord other than the estate and property of Landlord in and to the Building and no property owned by any partner of Landlord shall be subject to levy, execution or other enforcement procedures for the satisfaction of any judgment (or other judicial process) or for the satisfaction of any other remedy of Tenant arising out of or in connection with this Lease, the relationship of Landlord and Tenant or Tenant's use of the Premises.

g. Landlord and Landlord's agents have made no representations or promises with respect to the Building, the Land or the Premises except as herein expressly set forth.

h. Landlord and Tenant shall be excused from performing an obligation or undertaking provided for in this Lease so long as such performance is prevented or delayed, retarded or hindered by an Act of God, force majeure, fire, earthquake, flood, explosion, action of the elements, war, invasion, insurrection, riot, mob violence, sabotage, inability to procure or a general shortage of labor, equipment, facilities, materials or supplies in the open market, failure of transportation, strike, lockout, action of labor unions, a taking by eminent domain, requisition, laws, orders of government, or of civil, military or naval authorities, inability to obtain, or delays in obtaining, permits or other governmental approvals, or any other cause whether similar or dissimilar to the foregoing, not within the reasonable control of Landlord or Tenant, as applicable, including delays in obtaining permits or governmental approvals or delays for adjustments of insurance (collectively, "Force Majeure"); provided, however, that no such event or cause shall relieve Tenant of its obligations hereunder to make full and timely payments of Rent as provided herein.

i. Tenant hereby elects domicile at the Premises for the purpose of service of all notices, writs of summons or other legal documents or process in any suit, action or proceeding which Landlord or any mortgagee may undertake under this Lease.

j. Landlord shall not be liable to Tenant for any damage caused by other tenants or persons in the Building or caused by operations of others in the construction of any private, public or quasi-public work.

k. If in this Lease it is provided that Landlord's consent or approval as to any matter will not be unreasonably withheld or delayed, and it is established by a court or body having final jurisdiction thereover that Landlord has been unreasonable, the sole effect of such finding shall be that Landlord shall be deemed to have given its consent or approval, but Landlord shall not be liable to Tenant in any respect for money damages or expenses incurred by Tenant by reason of Landlord having withheld its consent. Nothing contained in this paragraph shall be deemed to limit Landlord's right to give or withhold consent unless such limitation is expressly contained in the paragraph to which such consent pertains.

l. Intentionally Omitted.

m. This Lease and the Exhibits hereto constitute the entire agreement between the parties, and supersedes any prior agreements or understandings between them. This Lease is not effective until executed and delivered by Landlord and Tenant and approved by any current mortgagee of the Building and/or the Land. The provisions of this Lease may not be modified in any way except by written agreement signed by both parties.

n. This Lease shall be subject to and construed in accordance with the laws of the State of Maryland.

o. Tenant (and any guarantor of this Lease), within fifteen (15) days after Landlord delivers to Tenant (or such guarantor) written request therefor ("Financial Statement Request"), will provide Landlord with a copy of its most recent financial statements, consisting of a Balance Sheet, Earnings Statement, Statement of Changes in Financial Position, Statement of Changes in Owner's Equity, and related footnotes, prepared in accordance with generally accepted accounting principles. Such financial statements must be either certified by a certified public accountant or sworn to as to their accuracy by Tenant's (or the guarantor's, if applicable) chief financial officer. The financial statements provided must be as of a date not more than twelve (12) months prior to the date of the Financial Statement Request. Landlord shall retain such statements in confidence, but may provide copies to lenders and potential lenders as required. Notwithstanding the foregoing, Landlord shall not deliver more than one (1) Financial Statement Request in any twelve (12) month period, unless Landlord delivers such Financial Statement Request (i) at the request of Landlord's lender or potential lender or a potential buyer of the Building, or (ii) in response to a Tenant default of this Lease.

p. Landlord represents and warrants to Tenant that, to the best of Landlord's knowledge (without independent investigation or inquiry), as of the Effective Date, the Building and the Premises are free of mold and mildew.

[signatures appear on the following page]

IN WITNESS WHEREOF, duly authorized representatives of Landlord and Tenant have executed this Office Lease Agreement under seal on the day and year first above written.

LANDLORD:

FOUR IRVINGTON CENTRE ASSOCIATES, LLC,
a Maryland limited liability company

By: ACP/Utah Four Irvington, LLC, a Delaware limited liability company, its Sole Member and Manager

By: ACP Four Irvington Investors LLC, a Delaware limited liability company, its Manager

By: ACP Four Irvington Manager LLC, a Delaware limited liability company, its Manager

By: _____
Name:
Title:

TENANT:

SUCAMPO PHARMACEUTICALS, INC., a
Delaware corporation

By: _____
Name:
Title:

LIST OF EXHIBITS

EXHIBIT A:	Floor Plan of Premises
EXHIBIT A-1:	Floor Plan of Currently Vacant ROFO Space
EXHIBIT B:	Work Agreement
EXHIBIT C:	Janitorial Specifications
EXHIBIT D:	Rules and Regulations
EXHIBIT E:	Location of Exterior Building Sign
EXHIBIT F:	Base Building Shell Definition
EXHIBIT G:	Summary of Leasing Costs / Calculation of Termination Payment

EXHIBIT A

FLOOR PLAN OF PREMISES

EXHIBIT A-1

FLOOR PLAN OF CURRENTLY VACANT ROFO SPACE

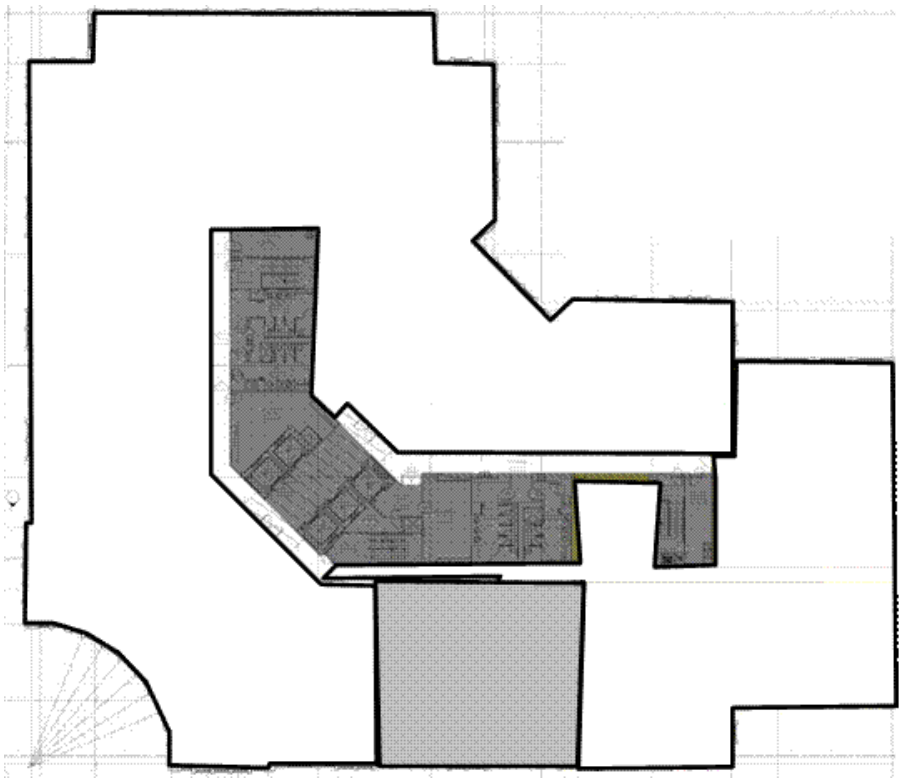

EXHIBIT B WORK AGREEMENT

This Work Agreement (the "Work Agreement") is attached to and made a part of that certain Office Lease Agreement (the "Lease") dated_, 2015 by and between **FOUR IRVINGTON CENTRE ASSOCIATES, LLC**, as landlord ("Landlord"), and **SUCAMPO PHARMACEUTICALS, INC.**, as tenant ("Tenant"), for the premises (the "Premises") described therein in the building having a street address of 805 King Farm Boulevard, Rockville, Maryland (the "Building"). It is the intent of this Work Agreement that Tenant shall be permitted freedom in the design and layout of the Premises, consistent with applicable building codes and requirements of law, including without limitation the Americans with Disabilities Act, and with sound architectural and construction practice in first-class office buildings, provided that neither the design nor the implementation of the Tenant Improvements (hereinafter defined) shall cause any interference to the operation of the Building's HVAC, mechanical, plumbing, life safety, electrical or other systems or to other Building operations or functions, nor increase maintenance or utility charges for operating the Building. Capitalized terms not otherwise defined in this Work Agreement shall have the meanings set forth in the Lease. In the event of any conflict between the terms hereof and the terms of the Lease, the terms hereof shall prevail for the purposes of design and construction of the Tenant Improvements.

A. **TENANT IMPROVEMENTS.**

1. **As-Is Condition.** Landlord shall have no obligation to perform or cause the performance or construction of any improvements in or to the Premises and Landlord shall deliver the Premises to Tenant in its "as-is" condition. Tenant hereby acknowledges that, except as otherwise expressly set forth in the Lease, Landlord has made no representations or warranties to Tenant with respect to the condition of the Premises or the working order of any systems or improvements therein existing as of the date of delivery.

2. **Tenant Improvements.** Tenant, at its sole cost and expense, shall furnish and install in the Premises in accordance with the terms of this Work Agreement, the improvements set forth in the Tenant's Plans (hereinafter defined) which are subject to Landlord's approval in accordance with Paragraph B.3, below (the "Tenant Improvements"). All costs of all design, space planning, and architectural and engineering work for or in connection with the Tenant Improvements, including without limitation all drawings, plans, specifications, licenses, permits or other approvals relating thereto, and all insurance and other requirements and conditions hereunder, and all costs of construction, including supervision thereof, shall be at Tenant's sole cost and expense, subject to the application of the Improvement Allowance in accordance with the terms of this Work Agreement. Landlord and Tenant hereby expressly acknowledge and agree that the Tenant Improvements may contain certain work in or to the elevator lobby on the fifth (5th) floor of the Building and that any such work shall be reflected in the Tenant's Plans for the Tenant Improvements.

B. **PLANS AND SPECIFICATIONS**

1. **Space Planner.** Tenant shall retain the services of an architectural firm approved by Landlord (the "Space Planner"), which approval shall not be unreasonably withheld, conditioned or delayed, to design the Tenant Improvements in the Premises and prepare the Final Space Plan (hereinafter defined) and the Contract Documents (hereinafter defined). Notwithstanding the forgoing, Landlord hereby acknowledges that Form Architects is hereby pre-approved by Landlord to serve as the Space Planner. The Space Planner shall meet with the Landlord and/or Landlord's building manager from time to time to obtain information about the Building and to insure that the improvements envisioned in the Contract Documents do not interfere with and/or affect the Building or any systems therein. The Space Planner shall prepare all space plans, working drawings, and plans and specifications described in Paragraph B.3, below, in conformity with the base Building plans and systems, and the Space Planner shall coordinate its plans and specifications with the Engineers (hereinafter defined) and Landlord. All fees of the Space Planner shall be borne solely by Tenant, subject to application of the Improvement Allowance as hereinafter provided.

2. **Engineers.** Tenant shall retain the services of mechanical, electrical, plumbing and structural engineers approved by Landlord (the "Engineers"), which approval shall not be unreasonably withheld, conditioned or delayed, to (i) design the type, number and location of all mechanical systems in the Premises, including without limitation the heating, ventilating and air conditioning system therein, the Telecom Equipment Cabling, fire alarm system and to prepare all of the mechanical plans, (ii) to assist Tenant and the Space Planner in connection with the electrical design of the Premises, including the location and capacity of light fixtures, electrical receptacles and other electrical elements, and to prepare all of the electrical plans, (iii) to assist Tenant and the Space Planner in connection with plumbing-related issues involved in designing the Premises and to prepare all of the plumbing plans and (iv) assist Tenant and the Space Planner in connection with the structural elements of the Space Planner's design of the Premises and to prepare all of the structural plans. All fees of the Engineers shall be borne solely by Tenant, subject to application of the Improvement Allowance as hereinafter provided.

3. **Time Schedule.**

a. Tenant shall furnish to Landlord for its review and approval a proposed detailed space plan for the Tenant Improvements (the "Final Space Plan") prepared by the Space

Planner, in consultation with Landlord and the Engineers. The Final Space Plan shall contain the information and otherwise comply with the requirements therefor described in Schedule B-1 attached hereto. Landlord shall advise Tenant of Landlord's approval or disapproval of the Final Space Plan within five (5) business days after Tenant submits the Final Space Plan to Landlord. Tenant shall promptly revise the proposed Final Space Plan to meet Landlord's objections, if any, and resubmit the Final Space Plan to Landlord for its review and approval.

b. After Landlord approves the Final Space Plan, Tenant shall furnish to Landlord for its review and approval, all architectural plans, working drawings and specifications (the "Contract Documents") necessary and sufficient (i) for the construction of the Tenant Improvements; and (ii) to enable Tenant to obtain a building permit for the construction of the Tenant Improvements by the Contractor (hereinafter defined). The Contract Documents shall contain the information and otherwise comply with the requirements therefore described in Schedule B-2 attached hereto and shall set forth the location of any core drilling by Tenant (the approval of same shall be subject to Landlord's approval in its sole discretion). Landlord shall advise Tenant of Landlord's approval or disapproval of the Contract Documents, or any of them, within five (5) business days after Tenant submits the Contract Documents to Landlord. Tenant shall promptly revise the Contract Documents to meet Landlord's objections, if any, and resubmit the Contract Documents to Landlord for its review and approval. Landlord shall advise Tenant of Landlord's approval or disapproval of the revised Contract Documents within five (5) business days after Tenant submits same. Notwithstanding anything herein to the contrary, approval by Landlord of the Contract Documents shall not constitute an assurance by Landlord that the Contract Documents: (a) satisfy Legal Requirements (hereinafter defined), (b) are sufficient to enable Tenant to obtain a building permit for the undertaking of the Tenant Improvements in the Premises, or (c) will not interfere with, and/or otherwise affect, base Building or base Building systems.

c. The Final Space Plan and the Contract Documents are referred to collectively herein as the "Tenant's Plans."

d. The Tenant Improvements shall be of first-class quality, commensurate with the level of improvements for a first-class tenant in a Class A office building in the I-270 Corridor submarket. The Tenant's Plans shall be prepared in accordance with a Data Cadd or convertible DXF format for working drawings (using 1/8" reproducible drawings) in conformity with the base Building plans and Building systems and with information furnished by and in coordination with Landlord and Engineers. Tenant's Plans shall comply with all applicable building codes, laws and regulations (including without limitation the Americans with Disabilities Act), shall not contain any improvements which interfere with or require any changes to or modifications of the Building's HVAC, mechanical, electrical, plumbing, life safety or other systems or to other Building operations or functions, and, unless Tenant agrees in writing to pay all such excess costs or charges, shall not increase maintenance or utility charges for operating the Building in excess of the standard requirements for normal Class A office buildings in the I-270 Corridor submarket. Notwithstanding anything to the contrary contained in this Work Agreement, Landlord shall have the right to disapprove, in its sole discretion, any portion of the Tenant's Plans that Landlord believes will or may affect the exterior or structure of the Building or will or may affect the mechanical, electrical, plumbing, life safety, HVAC or other base Building systems.

e. Notwithstanding anything to the contrary contained herein, Tenant shall reimburse Landlord, within thirty (30) days after Tenant’s receipt of an invoice therefor, for all reasonable third-party costs and expenses incurred by Landlord in connection with Landlord's, or its agents, review of the Tenant's Plans. Landlord shall notify Tenant prior to incurring any such third-party costs.

4. **Base Building Changes**. If Tenant requests work to be done in the Premises or for the benefit of the Premises that affects the base Building structure or adversely affects any base Building system, any such work shall be subject to the prior written approval of Landlord, in its sole discretion.

5. **Changes.**

a. In the event that Tenant requests any changes to the Contract Documents or the Final Space Plan after Landlord has approved same, or if it is determined that the Contract Documents prepared in accordance with the Final Space Plan do not conform to the plans for the base Building, deviate from applicable Legal Requirements or contain improvements which will or may interfere with and/or affect the base Building or any of the base Building systems, or in the event of any change orders, Tenant shall be responsible for all costs and expenses and all delay resulting therefrom, including without limitation costs or expenses relating to (i) any additional architectural or engineering services and related design expenses, (ii) any changes to materials in process of fabrication, (iii) cancellation or modification of supply or fabricating contracts, (iv) removal or alteration of work or plans completed or in process, or (v) delay claims made by any subcontractor.

b. No changes shall be made to the Contract Documents without the prior written approval of Landlord, which approval shall not be unreasonably withheld, conditioned or delayed, provided, however, that Landlord shall have the right to disapprove, in its sole discretion, any such change that Landlord believes will affect the exterior or structure of the Building or will affect the mechanical, electrical, plumbing, life safety, HVAC or other base Building systems. Landlord shall not be responsible for delay in occupancy by Tenant because of any changes to the Final Space Plan or the Contract Documents after approval by Landlord, or because of delay caused by or attributable to any deviation by the Contract Documents from applicable Legal Requirements. As used herein, the term "Legal Requirements" shall mean any laws, ordinances, regulations and orders of the United States of

America, the State of Maryland and any other governmental authority with jurisdiction over the Building or the construction of the Tenant Improvements.

C. **COST OF TENANT IMPROVEMENTS/ALLOWANCES**

1. **Construction Costs.** All costs of design and construction of the Tenant Improvements, including without limitation the costs of all space planning, architectural and engineering work related thereto, all governmental and quasi-governmental approvals and permits required therefor, any reasonable costs incurred by Landlord because of changes to the base Building or the base Building systems, all construction costs, contractors' overhead and profit, insurance and other requirements, the cost of purchasing and installing Tenant's Telecom Equipment Cabling in the Premises and all other costs and expenses incurred in connection with the Tenant Improvements (collectively, "Construction Costs"), shall be paid by Tenant, subject, however, to the application of the Improvement Allowance in accordance with Paragraph C.2, below, not previously disbursed pursuant to this Work Agreement (the "Available Allowance").

2 **Improvement Allowance.**

(i) Provided Tenant is not in default of the Lease, Landlord agrees to provide to Tenant an allowance (the "Improvement Allowance") in an amount up to One Million Six Hundred Ninety-Seven Thousand Eighty Dollars ($1,697,080.00) (or Seventy Dollars ($70.00) per rentable square foot of the Premises) to be applied solely to the Construction Costs and, to the limited extent provided herein, to Soft Costs (hereinafter defined).

(ii) Provided no Event of Default by Tenant then exists under the Lease, Construction Costs shall be disbursed by Landlord from the Available Allowance, as and when such costs are actually incurred by Tenant. Tenant shall submit to Landlord, from time to time, but not more often than once per calendar month, requests for direct payments to third parties, of or for reimbursement to Tenant for Construction Costs incurred by Tenant out of the Available Allowance, which requests shall be accompanied by (a) paid receipts or invoices substantiating the costs for which payment is requested; (b) a signed statement from Tenant certifying that the costs were actually incurred for the stated amount; (c) lien waivers from the party supplying the services or materials for which payment is sought; and (d) such other information as Landlord reasonably requires. Provided Tenant delivers to Landlord an approved draw request, prepared as set forth above, Landlord shall pay the costs covered by such payment request within thirty (30) days following receipt thereof (but Landlord shall not be obligated to make more than one (1) such payment in any calendar month).

(iii) Following the substantial completion of the Tenant Improvements and the payment in full of all Construction Costs, Tenant shall also be entitled to draw upon the Available Allowance (but in no event shall Tenant be entitled to draw upon an amount of the Available Allowance in excess of Three Hundred Thirty-Nine Thousand Four Hundred Sixteen Dollars ($339,416.00) [or twenty percent (20%) of the total Improvement Allowance]) to reimburse Tenant for the actual, documented, third-party costs of (a) purchasing and installing Tenant's furniture, and Telecom Equipment Cabling in the Premises, (b) physical moving expenses, excluding legal fees, and (c) architectural, engineering, permitting and construction management fees (collectively, "Soft Costs"). Tenant shall submit to Landlord a single request for reimbursement of Soft Costs incurred by Tenant out of the Available Allowance, together with (a) documentation reasonably satisfactory to Landlord evidencing that the Tenant Improvements are substantially complete and that all Construction Costs have been paid, (b) appropriate paid receipts for the total amount of the Soft Costs requested by Tenant, and (c) final unconditional lien waivers, in a form satisfactory to Landlord, from each applicable supplier and/or vendor.

(iv) Notwithstanding anything to the contrary contained in the Lease or in this Work Agreement, in no event shall Landlord be obligated to pay, in the aggregate, an amount in excess of eighty percent (80%) of the Improvement Allowance until satisfaction of the following conditions: (1) Tenant's occupancy of the Premises for the conduct of its business; (2) receipt by Landlord of appropriate paid receipts or invoices and a final lien waiver from each subcontractor and supplier covering all work performed by the subcontractors and all materials used in connection with the construction of the Tenant Improvements; (3) Tenant's delivery to Landlord of all receipts, invoices or other documentation necessary to substantiate all costs payable by Landlord hereunder; (4) Tenant has obtained a certificate of occupancy for the Premises and had delivered a copy thereof to Landlord; and (5) Tenant has delivered to Landlord final as-built plans (in the CAD format reasonably designated by Landlord), warranties and an HVAC testing and balancing report reviewed and approved by Landlord's engineer.

(v) If Tenant does not expend and request the disbursement of all of the Improvement Allowance for Construction Costs and Soft Costs, in accordance with and as permitted hereunder, on or before December 31, 2016, any unused portion of the Improvement Allowance shall be forfeited by Tenant and retained by Landlord; provided, however, that if as of December 31, 2016 (i) the Tenant Improvements have been completed in accordance with the terms of this Work Agreement, (ii) Tenant is not then in default of this Lease and (iii) Tenant has utilized no less than eighty percent (80%) of the Improvement Allowance on Construction Costs in accordance with the terms of this Work Agreement, then, Landlord shall apply such unrequested Improvement Allowance to Annual Base Rent next due and payable by Tenant under the Lease until such amount has been exhausted.

3. **Costs Exceeding Available Allowance.** All Construction Costs in excess of the Available Allowance shall be paid solely by Tenant on or before the date such costs are due and payable

(or if previously paid by Landlord, and Tenant is required pursuant to the terms of this Lease to reimburse such costs to Landlord, shall be reimbursed to Landlord by Tenant within thirty (30) days after receipt by Tenant of invoices therefor from Landlord), and Tenant agrees to indemnify Landlord from and against any such costs. All amounts payable by Tenant to Landlord pursuant to this Work Agreement shall be deemed to be Additional Rent for purposes of the Lease.

D. **CONSTRUCTION**

1. **General Contractor**. Tenant shall retain a general contractor licensed in the State of Maryland and approved by Landlord to undertake construction of the Tenant Improvements (the "Contractor"). The Contractor shall be responsible for obtaining, at Tenant's cost, all permits and approvals required for the construction of the Tenant Improvements.

2. **Construction By The Contractor.** In undertaking the Tenant Improvements, Tenant and the Contractor shall strictly comply with the following conditions:

a. No work involving or affecting the Building's structure or the plumbing, mechanical, electrical or life/safety systems of the Building shall be undertaken without (i) the prior written approval of Landlord in its sole discretion, whether pursuant to its approval of Tenant's Plans or otherwise, (ii) the supervision of Landlord's building engineer, the actual cost of which shall be borne by Tenant if more than one (1) hour of such engineer's time is spent in connection with the Tenant Improvements during any single day; (iii) compliance by Tenant with the insurance requirements set forth in Paragraph D.2(c), below; and (iv) compliance by Tenant with all of the terms and provisions of this Work Agreement;

b. All Tenant Improvement work shall be performed in strict conformity with (i) the final approved Tenant's Plans; (ii) all applicable codes and regulations of governmental authorities having jurisdiction over the Building and the Premises; (iii) valid building permits and other authorizations from appropriate governmental agencies, when required, which shall be obtained by Tenant, at Tenant's expense; and (iv) Landlord's construction policies, rules and regulations attached hereto as Schedule B-3, as the same may be reasonably modified by Landlord from time to time in writing ("Construction Rules"). Any work not acceptable to the appropriate governmental agencies or not reasonably satisfactory to Landlord shall be promptly replaced at Tenant's sole expense. Notwithstanding any failure by Landlord to object to any such work, Landlord shall have no responsibility therefor; and

c. Before any work is commenced or any of Tenant's, Contractor's or any subcontractor's equipment is moved onto any part of the Building, Tenant shall deliver to Landlord policies or certificates evidencing the following types of insurance coverage in the following minimum amounts, which policies shall be issued by companies approved by Landlord, shall be maintained by Tenant at all times during the performance of the Tenant Improvements, and which shall name Landlord as additional insured:

(1) Worker's compensation coverage in the maximum amount required by law and employer's liability insurance in an amount not less than $500,000.00 and
$500,000.00 per disease;

(2) Comprehensive general liability policy to include products/completed operations, premises/operations, blanket contractual broad form property damage and contractual liability with limits in an amount per occurrence of not less than $1,000,000.00 Combined Single Limit for bodily injury and property damage and $1,000,000.00 for personal injury; and

(3) Automobile liability coverage, with bodily injury limits of at least $1,000,000.00 per accident.

d. Tenant shall not be required to use union labor in connection with the construction of the Tenant Improvements and Tenant shall not be required to construct the Tenant Improvements in compliance with LEED standards.

E. **INTENTIONALLY OMITTED**.

F. **PERMITS AND LICENSES**. Tenant shall be solely responsible for procuring, at its sole cost and expense, all permits and licenses necessary to undertake the Tenant Improvements and, upon completion of the Tenant Improvements, to occupy the Premises. Tenant's inability to obtain, or delay in obtaining, any such license or permit shall not delay or otherwise affect the Possession Date, the Commencement Date or any of Tenant's obligations under this Lease.

G. **INSPECTION**. Landlord is authorized, at its sole cost and expense, to make such inspections of the Premises during construction as it deems reasonably necessary or advisable.

H. **INDEMNIFICATION**. Tenant shall indemnify Landlord and hold it harmless from and against all claims, injury, damage or loss (including reasonable attorneys' fees) sustained by Landlord as a result of the construction of the Tenant Improvements in the Premises.

Schedule B-1	**Requirements for Final Space Plan**
Schedule B-2	**Requirements for Contract Documents**
Schedule B-3	**Construction Rules and Regulations**

SCHEDULE B-1 REQUIREMENTS FOR FINAL SPACE PLAN

Floor plans, together with related information for mechanical, electrical and plumbing design work, showing partition arrangement and reflected ceiling plans (three (3) sets), including without limitation the following information:

a. identify the location of conference rooms;

b. Intentionally Omitted;

c. identify the location of any food service areas or vending equipment rooms;

d. identify areas, if any, requiring twenty-four (24) hour air conditioning;

e. indicate those partitions that are to extend from floor to underside of structural slab above or require special acoustical treatment;

f. identify the location of rooms for, and layout of, telephone equipment other than building core telephone closet;

g. identify the locations and types of plumbing required for toilets (other than core facilities), sinks, drinking fountains, etc.;

h. indicate light switches in offices, conference rooms and all other rooms in the Premises;

i. indicate the layouts for specially installed equipment, including computer and duplicating equipment, the size and capacity of mechanical and electrical services required and heat rejection of the equipment;

j. indicate the dimensioned location of: (A) electrical receptacles (one hundred twenty (120) volts), including receptacles for wall clocks, and telephone outlets and their respective locations (wall or floor), (B) electrical receptacles for use in the operation of Tenant's business equipment which requires two hundred eight (208) volts or separate electrical circuits, (C) electronic calculating and CRT systems, etc., and (D) special audio-visual requirements;

k. indicate proposed layout of sprinkler and other life safety and fire protection equipment, including any special equipment and raised flooring;

l. indicate the swing of each door;

m. indicate a schedule for doors and frames, complete with hardware, if applicable; and

n. indicate any special file systems to be installed.

SCHEDULE B-2 REQUIREMENTS FOR CONTRACT DOCUMENTS

Final architectural detail and working drawings, finish schedules and related plans (three (3) reproducible sets) including without limitation the following information and/or meeting the following conditions:

a. materials, colors and designs of wallcoverings, floor coverings and window coverings and finishes;

b. paintings and decorative treatment required to complete all construction;

c. complete, finished, detailed mechanical, electrical, plumbing and structural plans and specifications for the Tenant Improvements, including but not limited to the fire and life safety systems and all work necessary to connect any special or non-standard facilities to the Building's base mechanical systems; and

d. all final drawings and blueprints must be drawn to a scale of one-eighth (l/8) inch to one (l) foot. Any architect or designer acting for or on behalf of Tenant shall be deemed to be Tenant's agent and authorized to bind Tenant in all respects with respect to the design and construction of the Premises.

SCHEDULE B-3 CONSTRUCTION RULES AND REGULATIONS

1. Tenant and/or the general contractor will supply Landlord with a copy of all permits (if applicable) prior to the start of any work.

2. Tenant and/or the general contractor will post the building permit (if applicable) on a wall of the construction site while work is being performed.

3. Public area corridor, and carpet, is to be protected by plastic runners or a series of walk-off mats from the elevator to the suite under reconstruction.

4. Walk-off mats are to be provided at entrance doors.

5. Contractors will remove their trash and debris daily, or as often as necessary to maintain cleanliness in the Building. Building trash containers are not to be used for construction debris. Landlord reserves the right to bill Tenant for any cost incurred to clean up debris left by the general contractor or any subcontractor. Further, the Building staff is instructed to hold the driver's license of any employee of the contractor while using the freight elevator to ensure that all debris is removed from the elevator.

6. No utilities (electricity, water, gas, plumbing) or services to the tenants are to be cut off or interrupted without first having requested, in writing, and secured, in writing, the permission of Landlord.

7. No electrical services are to be put on the emergency circuit, without specific written approval from Landlord.

8. When utility meters are installed, the general contractor must provide the property manager with a copy of the operating instructions for that particular meter.

9. Landlord will be notified of all work schedules of all workmen on the job and will be notified, in writing, of names of those who may be working in the building after "normal" business hours.

10. Passenger elevators shall not be used for moving building materials and shall not be used for construction personnel except in the event of an emergency. The designated freight elevator is the only elevator to be used for moving materials and construction personnel. This elevator may be used only when it is completely protected as determined by Landlord's Building engineer.

11. Contractors or personnel will use loading dock area for all deliveries and will not use loading dock for vehicle parking.

12. Contractors will be responsible for daily removal of waste foods, milk and soft drink containers, etc. to trash room and will not use any building trash receptacles but trash receptacles supplied by them.

13. No building materials are to enter the Building by way of main lobby, and no materials are to be stored in any lobbies at any time.

14. Construction personnel are not to eat in the lobby or in front of Building nor are they to congregate in the lobby or in front of Building.

15. Landlord is to be contacted by Tenant when work is completed for inspection. All damage to the Building will be determined at that time.

16. All key access, fire alarm work, or interruption of security hours must be arranged with Landlord's Building engineer.

17. There will be no radios allowed on job site.

18. All workers are required to wear a shirt, shoes, and full length trousers.

19. Protection of hallway carpets, wall coverings, and elevators from damage with masonite board, carpet, cardboard, or pads is required.

20. Public spaces -- corridors, elevators, bathrooms, lobby, etc. -- must be cleaned immediately after use. Construction debris or materials found in public areas will be removed at Tenant's cost.

21. There will be no smoking, eating, or open food containers in the elevators, carpeted areas or public lobbies.

22. There will be no yelling or boisterous activities.

23. All construction materials or debris must be stored within the project confines or in an approved lock-up.

24. There will be no alcohol or controlled substances allowed or tolerated.

25. The general contractor and Tenant shall be responsible for all loss of their materials and tools and shall hold Landlord harmless for such loss and from any damages or claims resulting from the work.

EXHIBIT C JANITORIAL SPECIFICATIONS

AREAS TO BE COVERED

Clean all areas of the building, including entrance lobby, basement areas, loading platforms, public halls, stairwells, lavatories, passageways, and elevator cabs. Areas not normally included are: retail areas, garages, elevator shafts, elevator pits, mechanical rooms, or electrical rooms.

I. Restrooms-Daily/Weekly/Monthly

A. Wash all mirrors.
B. Wash hand basins and bright work with a non-abrasive cleaner.
C. Wash urinals and bright work.
D. Wash toilet seats.
E. Wash toilet bowls and bright work.
F. Damp mop floor.
G. Damp wipe and clean where necessary. Walls and partitions are to be free of hand prints and dust.
H. Replenish hand soap, towels, tissues, and feminine supplies.
I. Partition and ventilating louvers are to be damp wiped weekly.
J. Machine Scrub floors with approved germicidal detergent solution on a monthly basis.

Toilet bowl brush shall be used on toilet bowls, and care shall be given to clean flush holes under the rim of bowls and passage traps. Bowl cleaner shall be used at least once each month, and more often, if necessary.

The intent of this specification is that restrooms shall be maintained in a spotlessly clean and odor free condition at all times.

II. Offices and Hallways (Corridors)

A. *Dusting-Weekly*
All unobstructed furniture, exterior appliances, window sills, etc., shall be dusted with a treated cloth or static duster. This shall include all horizontal surfaces up to 84 inches high. Enough vertical surfaces shall be completed daily to complete all vertical surfaces each week. Desks and tables not cleared of paper and work materials shall only be dusted where the desk top is exposed. Equipment such as computers, calculators, telephones, printers, etc., shall not be dusted.

B. *Dust Mopping*
All non-carpeted floor areas shall be dust mopped with a treated yarn dust mop, with special attention being given to areas under desks and furniture to prevent accumulation of dust and dirt. Dust mopping shall be performed after furniture has been dusted.

C. *Wastepaper*
Wastepaper baskets are to be emptied daily, and shall be damp wiped as necessary. Plastic liners, where utilized, shall be changed as needed.

D. *Vacuuming-Daily-Weekly*
All rugs and carpets in office areas, as well as public spaces, shall be vacuumed daily in all traffic areas. Hard to reach places, such as under desks and chairs, shall be vacuumed weekly.

The intent of this specification is to provide a complete vacuuming at least once each week.

E. *Spot Cleaning Carpets-Daily*
All carpeted ares shall be inspected daily for spots and stains. All spots and stains shall be removed, if possible. Entrance lobbies shall be cleaned thoroughly, daily.
Where difficult spots are encountered, a notation shall be left with the building management representative.

F. *Wet Mopping*
When floors require wet mopping, they shall be left in a streak free condition. Extreme care shall be exercised in all mopping to as to avoid splashing walls or furniture. Transporting of water and other liquids over carpets areas shall be accomplished in such a manner as to avoid spillage.

G. *Tile Floors*
All tile floors shall be refinished, buffed, and kept in a consistently clean condition at all times. Since some tile areas require more attention than others, refinishing and buffing shall be accomplished on an as needed basis. Transporting of floor finish and other liquids over carpeted areas shall be accomplished in such a manner as to avoid spillage.

Care shall be exercised in applying finish so as to keep it off furniture and walls. Floor machines shall be used in a careful manner to avoid damage to the walls, base boards, and furniture.

H. *Special Floor Coverings-As Necessary*
Parquet, quarry, ceramic, raised computer floors, and other special floor coverings shall be treated with appropriate methods and approved materials separately. For these floor coverings additional costs as determined with management and/or tenant.

I. *Water Coolers-Daily*
All water coolers shall be cleaned and polished daily.

J. *Spot Cleaning-Daily-As Needed*
All hand prints and spots shall be removed from doors and light switches daily. Walls, woodwork, and interior glass shall be spot cleaned as needed.

K. *High Dusting-Quarterly*
Ledges, moldings, picture frames, etc., shall be cleaned quarterly, or more frequently, if necessary.

L. *Venetian Blinds-Periodic*
A sufficient number of venetian blinds shall be dusted daily, so that all blinds are dusted every 90 days.

M. *Air Conditioning Grilles-Monthly*
All areas around air conditioning and return air grilles shall be cleaned once each month, or more often, if necessary.

III. Stairways & Landings-Weekly/Daily
All stairways and landings shall be policed daily. They shall be damp mopped, as necessary. Spot cleaning of walls and doors shall be performed monthly. Hand rails, fire points, and other miscellaneous hardware shall be cleaned periodically

IV. Entrance Lobby-Daily
Lobby walls up to 84 inches shall be dusted and kept free from finger marks, smudges, etc. Lobby floors and entrance ways are to be dust mopped thoroughly nightly.

residue from floor maintenance cleaned as necessary.

V. Polishing-As Necessary

All door plates, kick plates, and brass and metal fixtures within the building shall be polished as necessary, and

VI. Elevators-Daily

A. All elevators shall be vacuumed nightly.
B. All stainless steel and metal shall be cleaned nightly.

C. All elevator tracks shall be vacuumed as need.
D. Elevator button panels and elevator doors shall be cleaned nightly.
E. Carpets shall be spot cleaned as necessary.
F. Ceilings, overhead plexiglass, and/or special light fixtures shall be cleaned as necessary, through arrangement with building management represen1ative.

VII. Light Fixtures. Quarterly

The exterior of all light fixtures shall be rusted.

GENERAL

Personnel:
Employees of Contractor who are assigned permanently to the facility shall be Interviewed carefully, screened, and bonded. They shall be neat and clean in appearance and properly identified.

Employees of Contractor shall not eat, drink, or smoke during their shift. Employees shall not disturb papers on desks, open drawers or cabinets, use tenant's telephones, office equipment, televisions, or radios.

All employees or Contractor shall abide by all building regulations and safely rules, which may be promulgated from time to time, as they pertain to our operation.

Supervision:
Competent supervisory personnel shall be employed by the Contractor, and shall, at a minimum, have completed our 10 week Supervisory Training Course.

Supervisory personnel Shall arrive and depart approximately one half hour before and after the cleaning crew.

The Supervisor shall report to the building management any conditions such as leaky faucets, spotted toilets and drains, broken fixtures, etc. The Supervisor shall also report any unusual happenings in the building.

OTHER:

Contractor shall furnish the necessary, appropriate, tested and approved, Implements, machinery, and cleaning supplies for the satisfactory performance of our services.

Sufficient space In the premises shall be assigned to Contractor for storage of cleaning materials, implements, and machinery. Adequate utilities shall be provided to Contractor, without charge, for the performance of assed duties.

A communications log book shall be kept in a designated place on the premises, In which a record shall be made promptly of any occurrences requiring building management or contractor's attention

Contractor shall furnish Workers' Compensation and Public Liability insurance; certification of which is available on request. Contractor shall be responsible for loss or damage caused by its employees and for the conduct of its employees. Contractor shall make reasonable and prompt restitution for any damage for which it Is proven liable, subject to approval by building management.

All office cleaning, where applicable, shall be performed behind locked doors. On the completion of the assigned duties, the Contractor shall ensure that all slop sinks and equipment storage areas are left in a neat and orderly condition all lights are extinguished and all doors are locked.

Building management may require, in writing, the dismissal of any employee who is Incompetent, careless, insubordinate, or otherwise objectionable, or whose continued employment is contrary to a consistent positive relationship with tenants or building management.

Regular, periodic inspections of the facility shall be performed by our management staff, accompanied by a management representative, in addition to the regular nightly inspections performed by the Supervisory staff.

SCHEDULE OF CLEANING

Nightly cleaning services shall normally be rendered five nights per week, Mondays through Fridays, with the exception of legal holidays.

DAY PERSONNEL (IF REQUIRED)

Contractor shall provide uniformed day personnel whose duties shall be coordinated by building management. Day staff shall work eight hours per day, five days per week, Mondays through Fridays, with the exception of holidays, to perform the following:

Entrance Lobby
Police and maintain the lobbies to ensure they are maintained in a neat and clean condition. Lobby glass shall be washed and cleaned as necessary. Particular attention shall be give to floors and glass doors during inclement weather.

Lavatories
Day personnel shall make periodic checks of restrooms to ensure they are maintained In a neat and clean condition. Restroom supplies shall be stocked as necessary. Fixtures shall be cleaned, waste cans emptied, etc., as necessary.

Building Exterior
Entrance of building shall be swept clean of litter and hosed down when possible. Police and maintain Loading and driveway areas to ensure a neat and clean appearance. Cigarette urns and ash receivers shall be cleaned and sanitized as necessary, and where required, the sand level shall be maintained.

Interior Public Areas
nterior public areas shall be policed and floors mopped as necessary.

Miscellaneous
Perform other duties within the scope of job assignment, as assigned by building management and Contractor.

EXHIBIT D RULES & REGULATIONS

1. The water and wash closets and other plumbing fixtures shall not be used for any purposes other than those for which they were constructed, and no sweepings, rubbish, rags or other substances (including, without limitation, coffee grounds) shall be thrown therein. All damages resulting from misuse of the fixtures shall be borne by Tenant if Tenant or its servants, employees, agents, visitors or licensees shall have caused the same.

2. No cooking (except for hot-plate and microwave cooking by Tenants' employees for their own consumption, the location and equipment of which is first approved by Landlord), sleeping or lodging shall be permitted by any tenant on the Premises. No tenant shall cause or permit any unusual or objectionable odors to be produced upon or permeate from the Premises.

3. No inflammable, combustible, or explosive fluid, material, chemical or substance shall be brought or kept upon, in or about the Premises. Fire protection devices, in and about the Building, shall not be obstructed or encumbered in any way.

4. Canvassing, soliciting and peddling in the Building is prohibited and each tenant shall cooperate to prevent the same.

5. There shall not be used in any space, or in the public halls of the Building, either by any tenant or by its agents, contractors, jobbers or others, in the delivery or receipt of merchandise, freight, or other matters, any hand trucks or other means of conveyance except those equipped with rubber tires, rubber side guards, and such other safeguards as Landlord may require, and Tenant shall be responsible to Landlord for any loss or damage resulting from any deliveries to Tenant in the Building. Deliveries of mail, freight or bulky packages shall be made through the freight entrance or through doors specified by Landlord for such purpose.

6. Mats, trash or other objects shall not be placed in the public corridors. The sidewalks, entries, passages, elevators, public corridors and staircases and other parts of the Building which are not occupied by Tenant shall not be obstructed or used for any other purpose than ingress or egress.

7. Tenant shall not install or permit the installation of any awnings, shades, draperies and/or other similar window coverings, treatments or like items visible from the exterior of the Premises other than those approved by the Landlord in writing.

8. Tenant shall not construct, maintain, use or operate within said Premises or elsewhere in the Building or on the outside of the Building, any equipment or machinery which produces music, sound or noise which is audible beyond the Premises.

9. Bicycles, motor scooters or any other type of vehicle shall not be brought into the lobby or elevators of the Building or into the Premises except for those vehicles which are used by a physically disabled person in the Premises.

10. All blinds for exterior windows shall be building standard (supplied by Landlord) and shall be maintained by Tenant.

11. No additional locks shall be placed upon doors to or within the Premises except as shall be necessary adequately to safeguard United States Government security classified documents stored with the Premises. The doors leading to the corridors or main hall shall be kept closed during business hours, except as the same may be used for ingress or egress.

12. Tenant shall maintain and clean all areas or rooms within the Premises in which security classified work is being conducted or in which such work is stored; Landlord shall not provide standard janitorial service to such areas, the provisions of Section 9 of this Lease notwithstanding.

13. Subject to the terms of the Lease, Landlord reserves the right to shut down the air conditioning, electrical systems, heating, plumbing and/or elevators when necessary by reason of accident or emergency, or for repair, alterations, replacements or improvement.

14. No carpet, rug or other article shall be hung or shaken out of any window of the Building; and Tenant shall not sweep or throw or permit to be swept or thrown from the Premises any dirt or other substances into any of the corridors or halls, elevator, or out of the doors or windows or stairways of the Building. Tenant shall not use, keep or permit to be used or kept any foul or noxious gas or substance in the Premises, or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors and/or vibrations, or interfere in any way with other tenants or those having business therein, nor shall any animals or birds be kept in or about the Building. Smoking or carrying lighted cigars or cigarettes in the elevators of the Building is prohibited.

15. Landlord reserves the right to exclude from the Building on weekdays between the hours of 6:00 p.m. and 8:00 a.m. and at all hours on weekends and legal holidays, all persons who do not

present a pass to the Building signed by Landlord; provided, however, that reasonable access for Tenant's employees and customers shall be accorded. Landlord will furnish passes to persons for whom Tenant requires same in writing. Tenant shall be responsible for all persons for whom it requests such passes and shall be liable to Landlord for all acts of such persons.

16. Tenant agrees to keep all windows closed at all times and to abide by all rules and regulations issued by Landlord with respect to the Building's air conditioning and ventilation systems.

17. Tenant will replace all broken or cracked plate glass windows and doors at its own expense, with glass of like kind and quality, provided that such windows and doors are not broken or cracked by Landlord, its employees, agents or contractors.

18. In the event it becomes necessary for the Landlord to gain access to the underfloor electric and telephone distribution system for purposes of adding or removing wiring, then upon request by Landlord, Tenant agrees to temporarily remove the carpet over the access covers to the underfloor ducts for such period of time until work to be performed has been completed. The cost of such work shall be borne by Landlord except to the extent such work was requested by or is intended to benefit Tenant or the Premises, in which case the cost shall be borne by Tenant.

19. Violation of these rules, or any amendments thereof or additions thereto, may be considered a default of Tenant's lease and shall be sufficient cause for termination of this Lease at the option of Landlord.

EXHIBIT E

LOCATION OF EXTERIOR BUILDING SIGN

EXHIBIT F

BASE BUILDING SHELL DEFINITION

Base Building Shell Condition

Structure: Post-tensioned & reinforced concrete slab with drop panels supported by poured in place concrete columns

Column Spacing: Varies in dimension, but 30 x 30 is typical

Finished Ceiling Height: 9' to 9' 6"

Elevators: Five passenger elevators per building with a speed of 350 feet per minute and a 3,500 pound capacity.

HVAC: Both buildings have 13 Trane self contained air handling units with a total system capacity of 640 tons control the heating and air conditioning. Typical Floors have (2) 52 ton units on each floor. The 2nd and 6th floors have (2) 58 ton units. The first floor has three units totaling 93 tons. 245 VAV boxes on the perimeter and interior zones managed by a Trane Summit direct digital control system. 1 perimeter fan powered VAV w/heat per 500 s.f. and 1 interior fan powered VAV per 1,000 s.f.

Emergency Power: Emergency power is provided via 275 kW/343,KVA diesel generator on the roof.

Security: Building access is controlled and monitored through Datawatch Systems. Access through perimeter doors and elevators during off hours or into secure areas require a Datawatch Access Control Card. Through this card, custom access programming controls what areas can be accessed by the card reader.

Plumbing: The building is configured with 8 wetstacks. These wetstacks serve every floor from 6 down. Each wetstack has an exhaust fan, a 4 inch drain line, a vent line and a domestic water supply line. 4 of these wet stacks are located in the core, the other 4 are at the ends of each floor, 2 each at either end.

Sprinkler: All floors are fully sprinklered. Shell floors are configured with 165 upturned sprinkler heads to provide coverage until they are dropped into the ceiling. The sprinkler system on each floor is a dual feed design with tie-ins at stairwells 1 and 3. All stairwells (1,2 and 3) are also equipped with fire department standpipe connections.

Restrooms: There are (2) men's and women's restrooms on floors 2 through 6, and one set on the 1st floor and all are ADA compliant.

Electrical Service: Underground transformer vault serves two separate 3 phase, 4 wire, 277/480-volt main distribution switch-boards. Floor mounted transformers step down the power to 12/308-volts and distribute it to the branch circuit-breaker panel boards in electrical closets located on each floor. 6 watts per s.f.

Window Blinds: All windows come with horizontal mini-window blinds.

EXHIBIT G (All of Exhibit G should be redacted)

SUMMARY OF LEASING COSTS / CALCULATION OF TERMINATION PAYMENT

Loan Type			30/360					
TI Amount			$1,697,080		LCD:		12/01/15	
LC Amount			$516,906		LXD:		06/30/27	
Abatement			$1,181,531		Cancellation Date:		01/01/24	
Legal Fees			$24,500		Unamort Leasing Costs:		$1,292,552	
Total Leasing Costs			3,420,018		2 months rent:		$150,151	
					TOTAL FEE DUE:		$1,442,703.22	
				Int Only= "1" Amort = blank Enter	AMORT PERIOD	PYMT/ MONTH	PYMT/ YEAR	
INT. RATE			6.00%		11.58	34,196	410,352	
		ANALYSIS MO	PAYMENT	INT	PRIN	BALANCE	FEE DUE	
						3,420,018		
12/1/2015	1/1/2016	1	34,196	17,100	17,096	3,402,922		
1/1/2016	2/1/2016	2	34,196	17,015	17,181	3,385,740		
2/1/2016	3/1/2016	3	34,196	16,929	17,267	3,368,473		
3/1/2016	4/1/2016	4	34,196	16,842	17,354	3,351,119		
4/1/2016	5/1/2016	5	34,196	16,756	17,440	3,333,679		
5/1/2016	6/1/2016	6	34,196	16,668	17,528	3,316,151		
6/1/2016	7/1/2016	7	34,196	16,581	17,615	3,298,536		
7/1/2016	8/1/2016	8	34,196	16,493	17,703	3,280,833		
8/1/2016	9/1/2016	9	34,196	16,404	17,792	3,263,041		
9/1/2016	10/1/2016	10	34,196	16,315	17,881	3,245,160		
10/1/2016	11/1/2016	11	34,196	16,226	17,970	3,227,190		
11/1/2016	12/1/2016	12	34,196	16,136	18,060	3,209,130		END OF YEAR 1
12/1/2016	1/1/2017	13	34,196	16,046	18,150	3,190,979		
1/1/2017	2/1/2017	14	34,196	15,955	18,241	3,172,738		
2/1/2017	3/1/2017	15	34,196	15,864	18,332	3,154,406		
3/1/2017	4/1/2017	16	34,196	15,772	18,424	3,135,982		
4/1/2017	5/1/2017	17	34,196	15,680	18,516	3,117,466		
5/1/2017	6/1/2017	18	34,196	15,587	18,609	3,098,857		
6/1/2017	7/1/2017	19	34,196	15,494	18,702	3,080,155		
7/1/2017	8/1/2017	20	34,196	15,401	18,795	3,061,360		
8/1/2017	9/1/2017	21	34,196	15,307	18,889	3,042,471		
9/1/2017	10/1/2017	22	34,196	15,212	18,984	3,023,487		
10/1/2017	11/1/2017	23	34,196	15,117	19,079	3,004,408		
11/1/2017	12/1/2017	24	34,196	15,022	19,174	2,985,234		END OF YEAR 2
12/1/2017	1/1/2018	25	34,196	14,926	19,270	2,965,964		
1/1/2018	2/1/2018	26	34,196	14,830	19,366	2,946,598		
2/1/2018	3/1/2018	27	34,196	14,733	19,463	2,927,135		
3/1/2018	4/1/2018	28	34,196	14,636	19,560	2,907,575		
4/1/2018	5/1/2018	29	34,196	14,538	19,658	2,887,917		
5/1/2018	6/1/2018	30	34,196	14,440	19,756	2,868,160		
6/1/2018	7/1/2018	31	34,196	14,341	19,855	2,848,305		
7/1/2018	8/1/2018	32	34,196	14,242	19,955	2,828,350		
8/1/2018	9/1/2018	33	34,196	14,142	20,054	2,808,296		
9/1/2018	10/1/2018	34	34,196	14,041	20,155	2,788,142		
10/1/2018	11/1/2018	35	34,196	13,941	20,255	2,767,886		
11/1/2018	12/1/2018	36	34,196	13,839	20,357	2,747,530		END OF YEAR 3
12/1/2018	1/1/2019	37	34,196	13,738	20,458	2,727,071		
1/1/2019	2/1/2019	38	34,196	13,635	20,561	2,706,511		
2/1/2019	3/1/2019	39	34,196	13,533	20,663	2,685,847		
3/1/2019	4/1/2019	40	34,196	13,429	20,767	2,665,080		
4/1/2019	5/1/2019	41	34,196	13,325	20,871	2,644,210		
5/1/2019	6/1/2019	42	34,196	13,221	20,975	2,623,235		
6/1/2019	7/1/2019	43	34,196	13,116	21,080	2,602,155		
7/1/2019	8/1/2019	44	34,196	13,011	21,185	2,580,970		
8/1/2019	9/1/2019	45	34,196	12,905	21,291	2,559,678		
9/1/2019	10/1/2019	46	34,196	12,798	21,398	2,538,281		
10/1/2019	11/1/2019	47	34,196	12,691	21,505	2,516,776		
11/1/2019	12/1/2019	48	34,196	12,584	21,612	2,495,164		END OF YEAR 4
12/1/2019	1/1/2020	49	34,196	12,476	21,720	2,473,444		
1/1/2020	2/1/2020	50	34,196	12,367	21,829	2,451,615		
2/1/2020	3/1/2020	51	34,196	12,258	21,938	2,429,677		
3/1/2020	4/1/2020	52	34,196	12,148	22,048	2,407,629		
4/1/2020	5/1/2020	53	34,196	12,038	22,158	2,385,471		
5/1/2020	6/1/2020	54	34,196	11,927	22,269	2,363,203		
6/1/2020	7/1/2020	55	34,196	11,816	22,380	2,340,823		
7/1/2020	8/1/2020	56	34,196	11,704	22,492	2,318,331		
8/1/2020	9/1/2020	57	34,196	11,592	22,604	2,295,726		
9/1/2020	10/1/2020	58	34,196	11,479	22,717	2,273,009		
10/1/2020	11/1/2020	59	34,196	11,365	22,831	2,250,178		
11/1/2020	12/1/2020	60	34,196	11,251	22,945	2,227,233		END OF YEAR 5

12/1/2020	1/1/2021	61	34,196	11,136	23,060	2,204,173		
1/1/2021	2/1/2021	62	34,196	11,021	23,175	2,180,998		
2/1/2021	3/1/2021	63	34,196	10,905	23,291	2,157,707		
3/1/2021	4/1/2021	64	34,196	10,789	23,408	2,134,299		
4/1/2021	5/1/2021	65	34,196	10,671	23,525	2,110,775		
5/1/2021	6/1/2021	66	34,196	10,554	23,642	2,087,133		
6/1/2021	7/1/2021	67	34,196	10,436	23,760	2,063,372		
7/1/2021	8/1/2021	68	34,196	10,317	23,879	2,039,493		
8/1/2021	9/1/2021	69	34,196	10,197	23,999	2,015,494		
9/1/2021	10/1/2021	70	34,196	10,077	24,119	1,991,376		
10/1/2021	11/1/2021	71	34,196	9,957	24,239	1,967,137		
11/1/2021	12/1/2021	72	34,196	9,836	24,360	1,942,776		END OF YEAR 6
12/1/2021	1/1/2022	73	34,196	9,714	24,482	1,918,294		
1/1/2022	2/1/2022	74	34,196	9,591	24,605	1,893,690		
2/1/2022	3/1/2022	75	34,196	9,468	24,728	1,868,962		
3/1/2022	4/1/2022	76	34,196	9,345	24,851	1,844,111		
4/1/2022	5/1/2022	77	34,196	9,221	24,975	1,819,135		
5/1/2022	6/1/2022	78	34,196	9,096	25,100	1,794,035		
6/1/2022	7/1/2022	79	34,196	8,970	25,226	1,768,809		
7/1/2022	8/1/2022	80	34,196	8,844	25,352	1,743,457		
8/1/2022	9/1/2022	81	34,196	8,717	25,479	1,717,978		
9/1/2022	10/1/2022	82	34,196	8,590	25,606	1,692,372		
10/1/2022	11/1/2022	83	34,196	8,462	25,734	1,666,638		
11/1/2022	12/1/2022	84	34,196	8,333	25,863	1,640,775		END OF YEAR 7
12/1/2022	1/1/2023	85	34,196	8,204	25,992	1,614,783		
1/1/2023	2/1/2023	86	34,196	8,074	26,122	1,588,661		
2/1/2023	3/1/2023	87	34,196	7,943	26,253	1,562,408		
3/1/2023	4/1/2023	88	34,196	7,812	26,384	1,536,024		
4/1/2023	5/1/2023	89	34,196	7,680	26,516	1,509,508		
5/1/2023	6/1/2023	90	34,196	7,548	26,648	1,482,860		
6/1/2023	7/1/2023	91	34,196	7,414	26,782	1,456,078		
7/1/2023	8/1/2023	92	34,196	7,280	26,916	1,429,162		
8/1/2023	9/1/2023	93	34,196	7,146	27,050	1,402,112		
9/1/2023	10/1/2023	94	34,196	7,011	27,185	1,374,927		
10/1/2023	11/1/2023	95	34,196	6,875	27,321	1,347,605		
11/1/2023	12/1/2023	96	34,196	6,738	27,458	1,320,147		END OF YEAR 8
12/1/2023	1/1/2024	97	34,196	6,601	27,595	1,292,552	1,292,552	
1/1/2024	2/1/2024	98	34,196	6,463	27,733	1,264,819		
2/1/2024	3/1/2024	99	34,196	6,324	27,872	1,236,947		
3/1/2024	4/1/2024	100	34,196	6,185	28,011	1,208,936		
4/1/2024	5/1/2024	101	34,196	6,045	28,151	1,180,784		
5/1/2024	6/1/2024	102	34,196	5,904	28,292	1,152,492		
6/1/2024	7/1/2024	103	34,196	5,762	28,434	1,124,058		
7/1/2024	8/1/2024	104	34,196	5,620	28,576	1,095,483		
8/1/2024	9/1/2024	105	34,196	5,477	28,719	1,066,764		
9/1/2024	10/1/2024	106	34,196	5,334	28,862	1,037,902		
10/1/2024	11/1/2024	107	34,196	5,190	29,007	1,008,895		
11/1/2024	12/1/2024	108	34,196	5,044	29,152	979,744		END OF YEAR 9
12/1/2024	1/1/2025	109	34,196	4,899	29,297	950,446		
1/1/2025	2/1/2025	110	34,196	4,752	29,444	921,003		
2/1/2025	3/1/2025	111	34,196	4,605	29,591	891,412		
3/1/2025	4/1/2025	112	34,196	4,457	29,739	861,673		
4/1/2025	5/1/2025	113	34,196	4,308	29,888	831,785		
5/1/2025	6/1/2025	114	34,196	4,159	30,037	801,748		
6/1/2025	7/1/2025	115	34,196	4,009	30,187	771,561		
7/1/2025	8/1/2025	116	34,196	3,858	30,338	741,222		
8/1/2025	9/1/2025	117	34,196	3,706	30,490	710,732		
9/1/2025	10/1/2025	118	34,196	3,554	30,642	680,090		
10/1/2025	11/1/2025	119	34,196	3,400	30,796	649,294		
11/1/2025	12/1/2025	120	34,196	3,246	30,950	618,345		END OF YEAR 10
12/1/2025	1/1/2026	121	34,196	3,092	31,104	587,241		
1/1/2026	2/1/2026	122	34,196	2,936	31,260	555,981		
2/1/2026	3/1/2026	123	34,196	2,780	31,416	524,565		
3/1/2026	4/1/2026	124	34,196	2,623	31,573	492,991		
4/1/2026	5/1/2026	125	34,196	2,465	31,731	461,260		
5/1/2026	6/1/2026	126	34,196	2,306	31,890	429,371		
6/1/2026	7/1/2026	127	34,196	2,147	32,049	397,321		
7/1/2026	8/1/2026	128	34,196	1,987	32,209	365,112		
8/1/2026	9/1/2026	129	34,196	1,826	32,370	332,742		
9/1/2026	10/1/2026	130	34,196	1,664	32,532	300,209		
10/1/2026	11/1/2026	131	34,196	1,501	32,695	267,514		
11/1/2026	12/1/2026	132	34,196	1,338	32,858	234,656		END OF YEAR 11
12/1/2026	1/1/2027	133	34,196	1,173	33,023	201,633		
1/1/2027	2/1/2027	134	34,196	1,008	33,188	168,445		
2/1/2027	3/1/2027	135	34,196	842	33,354	135,091		
3/1/2027	4/1/2027	136	34,196	675	33,521	101,571		
4/1/2027	5/1/2027	137	34,196	508	33,688	67,883		
5/1/2027	6/1/2027	138	34,196	339	33,857	34,026		
6/1/2027	7/1/2027	139	34,196	170	34,026	0		

EXHIBIT 10.2

LICENSE, DEVELOPMENT, COMMERCIALIZATION AND SUPPLY AGREEMENT FOR LUBIPROSTONE FOR PEOPLE'S REPUBLIC OF CHINA

by and between:

Harbin Gloria Pharmaceuticals Co., Ltd.

and

SUCAMPO AG

Dated as of 5th May, 2015

May 4, 2015 Confidential

LICENSE, DEVELOPMENT, COMMERCIALIZATION AND SUPPLY AGREEMENT FOR LUBIPROSTONE FOR PEOPLE'S REPUBLIC OF CHINA

This LICENSE, DEVELOPMENT, COMMERCIALIZATION, AND SUPPLY AGREEMENT FOR LUBIPROSTONE FOR PEOPLE'S REPUBLIC OF CHINA ("Agreement") is entered into as of May 5, 2015, by and between Sucampo AG, a corporation organized under the laws of Switzerland with principal offices at Baarerstrasse 22, CH-6300, Zug, Switzerland ("Sucampo") and Harbin Gloria Pharmaceuticals Co., Ltd. ("Gloria"), a corporation organized under the laws of Peoples Republic of China with principal offices at #28 Ronghui Garden, Yuhua Road, Konggang Airport Development Zone B, Shunyi District, Beijing 101318, People's Republic of China ("Gloria"). Each of Gloria and Sucampo is sometimes referred to individually herein as a "Party" and collectively as the "Parties".

BACKGROUND

WHEREAS, Sucampo has rights in the Sucampo Patents Rights and the Sucampo Background Technology related to the Product and is in the process of Developing the Product in the Field in the Territory (as such terms are hereinafter defined);

WHEREAS, Gloria is a healthcare company with research, development and marketing activities in the People's Republic of China; and

WHEREAS, Gloria desires to obtain an exclusive (except to Sucampo and its Affiliates) license to Develop the Product in the Field in the Territory and an exclusive license to Promote and Commercialize the Product in the Field in the Territory (as such terms are hereinafter defined).

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE 1
DEFINITIONS

Whenever used in this Agreement with an initial capital letter, the terms defined in this ARTICLE 1 shall have the meanings specified below:

"Additional Materials" means all raw materials, resins, chemical intermediates, components, excipients, and other ingredients and packaging materials and supplies, including Product Labels and Inserts, needed to manufacture the Product for use in the Field in the Territory, including costs for relevant in-bound freight.

"Adverse Event" means any untoward medical occurrence in a patient or clinical investigation subject administered a pharmaceutical product and which does not necessarily have to have a causal relationship with treatment. An adverse event can therefore be any unfavorable and unintended sign (including an abnormal laboratory finding, for example), symptom, or disease temporally associated with the use of a medicinal product, whether or not considered related to the medicinal product. In addition to the foregoing, in the context of Clinical Studies, an Adverse Event will also mean events associated with and/or possibly attributable to the Clinical Studies or Clinical Study procedures. For the avoidance of doubt, an "Adverse Event" includes all occurrences which would be regarded as "adverse drug reactions" under Applicable Law in the Territory.

"Affiliate" means, with respect to either Party, any Person that, directly or through one or more Affiliates, controls, or is controlled by, or is under common control with, such Party. For purposes of this definition, "control" means (a) ownership of more than fifty percent (50%) of the shares of stock entitled to vote for the election of directors, in the case of a corporation, or more than fifty percent (50%) of the equity interests in the case of any other type of legal entity, (b) status as a general partner in any partnership, or (c) any other arrangement whereby a Person controls or has the right to control the Board of Directors or equivalent governing body of a corporation or other entity.

"Agreement" means this License, Development, Commercialization and Supply Agreement for Lubiprostone for People's Republic of China, including all Exhibits hereto, as may be amended from time to time in accordance with its terms.

"Applicable Law" means all federal, state, local, national and supra-national laws, statutes, rules and regulations, including any rules, regulations, or requirements of Regulatory Authorities, major national securities exchanges or major securities listing organizations, that may be in effect from time to time during the Term and applicable to a particular activity or exercise of rights hereunder.

"Audited Party" has the meaning set forth in Section 8.7.

"Auditing Party" has the meaning set forth in Section 8.7.

"Business Day" means a day, other than a Saturday or Sunday, on which banking institutions in both the United States and China are open for business.

"Calendar Year" means each successive period of twelve (12) consecutive calendar months commencing on January 1 and ending on December 31, except that the first Calendar Year of the Term shall commence on the Effective Date and end on December 31, 2015, and the last Calendar Year of the Term shall commence on January 1 of the Calendar Year in which the Term ends and end on the last day of the Term.

"cGCP" means the then current Good Clinical Practice standards for the design, conduct, performance, monitoring, auditing, recording, analysis, and reporting of clinical trials for pharmaceuticals as set forth in the International Conference on Harmonization (ICH) guidelines entitled "Guidance for Industry E6 Good Clinical Practice: Consolidated Guidance," and equivalent regulations or standards in the Territory and any update thereto and any other policies or guidelines applicable to the design, conduct, performance, monitoring, auditing, recording, analysis, and reporting of clinical trials for pharmaceuticals in the Territory, and/or any applicable foreign equivalents thereof, and any updates of any of the foregoing.

"cGMP" means the quality systems and current good manufacturing practices applicable to the manufacture, labeling, packaging, handling, storage, and transport of the Compound, the Additional Materials and the Product, as set forth in the Good Manufacturing Practices for Pharmaceutical Products and any update thereto and any other policies or guidelines applicable to the manufacture, labeling, packaging, handling, storage, and transport of pharmaceutical products in the Territory, and/or any applicable foreign equivalents thereof, and any updates of any of the foregoing.

"CFDA" means the China Food and Drug Administration and any successor thereto.

"CGAAP" means the then-current Chinese accounting standards and generally accepted accounting principles in effect in the People's Republic of China.

"Clinical Data" means all data with respect to any product containing the Compound for use in the Field that is made, collected or otherwise generated anywhere in the world under or in connection with the Clinical Studies for a product containing the Compound for use in the Field (as opposed to Pre-Clinical Data or non-clinical data derived from laboratory studies, disease models and animal studies). Clinical Data includes, but is not limited to, validated clinical databases.

"Clinical Study(ies)" means Phase I Study, Phase II Study, Phase III Study, Phase IV Study conducted anywhere in the world, or such other tests or studies in humans conducted anywhere in the world, that are required by Applicable Law, or otherwise recommended by the Regulatory Authorities, to obtain or maintain Regulatory Approvals for the Product in the Field in the Territory, but excluding Post-Approval Marketing Studies.

"CMC Data" means the data contained in the chemistry, manufacturing and controls section of a submission for Regulatory Approval of the Product in the Field in the Territory.

"Commercialization" or "Commercialize" means any and all activities (whether before or after Regulatory Approval) directed to the commercialization of the Product in the Field in the Territory, including pre-launch and post-launch marketing, Promoting, distributing, offering to sell and selling the Product in the Field in the Territory. For purposes of this Agreement, "Commercialization" shall not include activities constituting manufacturing and supply under this Agreement. When used as a verb, "Commercializing" means to engage in Commercialization and "Commercialized" has a corresponding meaning.

"Commercialization Plan" means a written one (1) year plan prepared by Gloria and approved by the JCC in accordance with Section 3.1.3 for the Commercialization of the Product in the Field in the Territory, including, without limitation, a budget for such activities, as such plan may be amended or updated from time to time in accordance with Section 7.1.

"Commercially Reasonable Efforts" means, with respect to activities of each Party contemplated by this Agreement, the level of effort commonly used in the pharmaceutical industry to conduct development, promotion or commercialization activities for a product that is at a similar stage in its lifecycle and is of comparable market potential, profit potential and strategic value, taking into account relevant considerations, including issues of safety (including Adverse Events) and efficacy, product profile, the proprietary position, the then-current competitive environment for such product, the likely timing of the product's entry into the market, the then-current market penetration, the return on investment potential of such product, the regulatory environment and status of the product, and other relevant scientific, technical and commercial factors, in each case in a manner consistent with the level of effort and expenditure contemplated for such activities by the Development Plan or the Commercialization Plan, as the case may be, and as measured by the facts and circumstances at the time such efforts are due. Without limiting the foregoing, Commercially Reasonable Efforts requires that a Party: (i) timely assign responsibility for such Development, Promotion and Commercialization activities to specific employees, contractors, agents, Affiliates or other Sublicensees, as applicable, who are held accountable for progress with respect to such activities, (ii) monitor such progress on an on-going basis, (iii) set and seek to achieve objectives and timelines for carrying out such Development, Promotion and Commercialization activities in accordance with the Development Plan or the Commercialization Plan, as the case may be, and (iv) allocate resources designed to advance progress with respect to such objectives and timelines.

"Committee(s)" has the meaning set forth in Section 3.1.1. Each of the JDC, JCC and JSC is sometimes referred to individually herein as a "Committee" and collectively as the "Committees."

"Competing Product" has the meaning set forth in Section 7.8.

"Compound" means lubiprostone (also known by the tradename AMITIZA®) as further described in Exhibit A, and its salts, metabolites, as well as any active pro-drugs, isomers, tautomers, hydrates and polymorphs.

"Confidential Information" means any and all confidential or proprietary information or material, whether oral, visual, in writing or in any other form, that, at any time since January 1, 2014, has been or is provided, communicated or otherwise made known directly or indirectly to the Receiving Party or any of its Affiliates by or on behalf of the Disclosing Party or any of its Affiliates pursuant to this Agreement or in connection with the transactions contemplated hereby or any discussions or negotiations with respect thereto, including pursuant to the Confidentiality Agreement and that may be reasonably understood from notices or legends, the nature of such information itself or the circumstances of such information or materials' disclosure to be confidential or proprietary to the Disclosing Party. For the avoidance of doubt, "Confidential Information" of Sucampo shall include, without limitation, the Sucampo Other Intellectual Property Rights, Sucampo Background Technology, any Pre-Clinical Data, Clinical Data, CMC Data and other data, content, know-how, unpublished patent applications (including without limitation any patent applications included as part of the Sucampo Patent Rights) and Technology and all other information and materials, disclosed or made available by or for Sucampo to Gloria and its Affiliates that relate to Sucampo's research, clinical development, non-clinical development, marketing, sales and promotion (including, without limitation, financial information, procurement requirements, purchasing and manufacturing information, customer lists and other customer-related information, business forecasts and sales, pricing information, detailing-related information, and marketing and merchandising plans and information), or other aspects of Sucampo's business.

"Confidentiality Agreement" means the Confidentiality Agreement by and between Harbin Gloria Pharmaceutical Co., Ltd. and Sucampo, effective as of February24, 2015, as amended.

"Control" or "Controlled" means, with respect to any Technology, Patent Right, Other Intellectual Property Rights or Regulatory Filing, possession of the unconditional right, through the ownership or the right to grant a license or sublicense, in each of the foregoing cases, without giving rise to any obligation, including without limitation the obligation to pay any royalties or other amounts to a Third Party, including but not limited to an employee or contractor of Sucampo or its Affiliates and without violating the terms of any agreement or other arrangement with any Third Party.

"Core Data Sheets" means a document prepared by the Regulatory Approval holder containing, in addition to the Company Core Safety Information (CCSI), material relating to the indications, dosing, pharmacokinetics, and other information on the Product for use in the Field in the Territory based on scientific data that are positioned on appropriate prescribing information for safe and effective use of the Product in the Field in the Territory.

"Corporate Names" means (a) in the case of Gloria, the Trademark Gloria and the Gloria corporate logo or such other names and Trademarks used generally by Gloria and its Affiliates in their business (and not relating to a specific product or Technology) as Gloria may designate in writing from time to time, and (b) in the case of Sucampo, the Trademark Sucampo and the Sucampo corporate logo or such other names and Trademarks used generally by Sucampo and its Affiliates in its business (and not relating to a specific product or Technology), together with any variations and derivatives thereof.

"CTN" means an application filed with a Regulatory Authority for authorization to commence human clinical trials of the Compound, including (a) an application made to the CFDA, and (b) all supplements and amendments that may be filed with respect to the foregoing.

"Data Exclusivity" means any data or market exclusivity granted to the Product in the Field in the Territory by any Regulatory Authority as of the Effective Date or at any time during the Term.

"Development" or "Develop" means, with respect to the Product in the Field in the Territory, all research, all pre-clinical and clinical activities conducted relating to the Product in the Field in the Territory, including without limitation, test method development and stability testing, toxicology, animal studies, formulation, process development, manufacturing scale-up, quality assurance/quality control development for Clinical Studies, statistical analysis and report writing, and Clinical Studies, including clinical trial design, operations, data collection and analysis and report writing, publication planning and support, risk assessment mitigation strategies, health economics outcomes research planning and support, clinical laboratory work, disposal of drugs and regulatory activities in connection therewith, the transfer of information, materials, Product regulatory documentation and other Technology with respect to the foregoing, the preparation of Regulatory Filings, and obtaining and/ or maintaining Regulatory Approvals for the Product in the Field in the Territory (including regulatory affairs activities and preparation of meetings with Regulatory Authorities in the Territory). When used as a verb, "Developing" means to engage in Development and "Developed" has a corresponding meaning.

"Development Plan" means a written rolling three (3) year plan for the Development of the Product in the Field in the Territory, as such plan may be amended or updated from time to time in accordance with Section 4.1.2.

"Disclosing Party" means the Party disclosing Confidential Information; provided a Party owning certain property as provided hereunder shall be considered the Disclosing Party and the other Party shall be considered the Receiving Party regardless of which Party discloses such information.

"Disputes" means all disputes, differences, controversies or claims (whether based on contract, tort, statutory concepts, or any other legal doctrine) arising out of, in connection with, or relating to this Agreement (including without limitation the existence, validity, interpretation, performance, amendment, breach, default, or termination of this or the subject matter of this Agreement).

"Disputed Matter" has the meaning set forth in Section 3.1.6.

"Distributor" means any Third Party appointed by Gloria to distribute and sell in the Field in the Territory the Product purchased from Gloria, its Affiliates or other Sublicensees (regardless of whether such Third Party has the right or obligation to provide packaging or labeling services with respect to such Product) that: (i) is not required to make royalty or other similar payment to Gloria with respect to any Sucampo Patent Rights, Sucampo Other Intellectual Property Rights, or Sucampo Background Technology related to the Product in the Field in the Territory; and (ii) has no right to distribute and sell such Product under its own Trademark and is only distributing and selling such Product for the benefit and account of Gloria.

"Drug Approval Application" means an application submitted to a Regulatory Authority for Regulatory Approval for the Product in the Field in the Territory, and all supplements and amendments that may be filed with respect to the foregoing.

"Effective Date" means the date first set forth in the preamble to this Agreement.

"Field" means the use of 8mcg and 24 mcg of the Product in soft gelatin capsule form for all prophylactic and therapeutic uses in animals and humans.

"First Commercial Sale" means the first bona fide commercial sale of the Product for use or consumption in the Field in the Territory by Gloria, its Affiliates or Sublicensees to a Third Party in the Territory after all required applicable Regulatory Approvals have been granted.

"Force Majeure" has the meaning set forth in Section 15.10.

"Cumulative Sales Volume Target" means […***…] capsules of Product in the Field in the Territory within the first to occur of (i) the first […***…] months following the

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[…***…] of the […***…] in the […***…] in the […***…] and (ii) the first […***…] months following the […***…] the […***…] is […***…] on the […***…], in each case based on the assumptions listed in Exhibit J. The Cumulative Sales Volume Target shall be adjusted upward or downward, as the case may be, by the Parties in the event any of the facts differ from the assumptions listed in Exhibit J.

"Generic Product" means, with respect to a Product, a pharmaceutical product in the Field in the Territory, other than a product that is developed, marketed or sold by a Party or its Affiliates or other Sublicensees or a Third Party authorized or licensed by such Party to Develop or Commercialize the Product in the Field in the Territory, that contains the Compound as its main or only active ingredient during a period of time when the Product does not have, or loses its marketing exclusivity in the Field in the Territory (whether due to failure to obtain patent protection or expiration, invalidity of enforceability of the Sucampo Patent Rights, loss or expiration of any marketing exclusivity conferred by the Regulatory Authority in the Territory or other cause).

"Indemnification Claim Notice" has the meaning set forth in Section14.2.3.

"Indemnitee" means any Sucampo Indemnitees or Gloria Indemnitees claiming indemnification under Sections 14.1 or 14.2, as applicable.

"Infringement" has the meaning set forth in Section 11.5.1.

"Infringement Notice" has the meaning set forth in Section 11.5.1.

"Invoice Price" means the Supply Price for Product in the Field in the Territory.

"JCC" has the meaning set forth in Section 3.1.1(b).

"JDC" has the meaning set forth in Section 3.1.1(c).

"Jointly Developed Technology" shall mean any Sucampo Developed Technology that is conceived, created, developed or otherwise reduced to practice jointly by Sucampo and Gloria.

"JSC" has the meaning set forth in Section 3.1.1(a).

"Latent Defect" means Product in the Field in the Territory not conforming to Sucampo's warranty for such Product set forth in Section 9.1.2 such that (i) the related non-conformance of such Product is not readily discoverable or not reasonably expected to

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be readily discoverable based on Gloria's, its Affiliates' or other Sublicensees' normal and commercially reasonable incoming-goods inspections, as the case may be and (ii) the related non-conformance was caused by Sucampo.

"Losses" has the meaning set forth in Section 14.1.

"Market Withdrawal" means the removal or correction of a Product in the Field in the Territory which involves a minor violation that would not be subject to legal action by the applicable Regulatory Authority or which involves no violation, including without limitation, normal stock rotation practices, routine equipment adjustments and repairs.

"NDRC Price" means the National Development and Reform Commission -approved price for the Product in the Field in the Territory.

"Other Formulation(s) or Dosage(s)" means other formulations or dosage forms of the Product, including but not limited to liquid formulation or pediatric dosage in the Territory.

"Other Intellectual Property Rights" means (a) any copyrights, copyright registrations, copyright rights, moral rights and similar rights (including, without limitation, the foregoing with respect to computer software, firmware, programming tools, drawings, specifications, databases and documentation) and (b) any rights, title and interests in all trade secrets and trade secret rights arising under national or local law, common law, state law, federal law or laws of foreign countries.

"Party" means each of Gloria or Sucampo individually; Gloria and Sucampo are collectively referred to herein as "Parties", as identified in the preamble to this Agreement.

"Patent Defect" means Product in the Field in the Territory not conforming to Sucampo's warranty for such Product set forth in Section 9.1.2 such that the related non-conformance of such Product may be readily discovered or should be reasonably expected to be readily discoverable based on Gloria's, its Affiliates' or other Sublicensees' normal and commercially reasonable incoming-goods inspections procedures, as the case may be.

"Patent Rights" means the rights and interests in and to all patents and patent applications in the People's Republic of China, including provisional applications, divisional applications, continuation applications, continuation-in-part applications, continued prosecution applications, certificate of inventions, extensions or restorations, including adjustments, revalidations, reissues, re-examinations, patent term extensions, supplementary protection certificates and any similar rights, including so-called pipeline protection rights, introduction patents, registration patents and patents of addition of any foregoing patents and patent applications.

"Person" means an individual, sole proprietorship, partnership, limited partnership, limited liability partnership, corporation, limited liability company, business trust, joint stock company, trust, incorporated association, joint venture, or other entity or organization, in any case whether for-profit or not-for profit, and including, without limiting the generality of any of the foregoing, a government or political subdivision, department or agency of a government.

"Pharmacovigilance Agreement" has the meaning set forth in Section 6.4.

"Phase I Study" means a human clinical trial of a product containing the Compound, the principal purpose of which is a preliminary determination of safety or pharmacokinetics in healthy individuals or patients or similar clinical study prescribed by the Regulatory Authorities, from time to time, pursuant to Applicable Law or otherwise.

"Phase II Study" means, collectively, a Phase IIa Study and a Phase IIb Study.

"Phase IIa Study" means a human clinical trial of a product containing the Compound, the principal purpose of which is a demonstration of proof of concept in the target patient population or a similar clinical study prescribed by the Regulatory Authorities, from time to time, pursuant to Applicable Law or otherwise.

"Phase IIb Study" means a human clinical trial of a product containing the Compound, the principal purpose of which is to find the dose range in the target patient population or a similar clinical study prescribed by the Regulatory Authorities, from time to time, pursuant to Applicable Law or otherwise.

"Phase III Study" means a human clinical trial of a product containing the Compound on a sufficient number of subjects that is designated to establish that such product is safe and efficacious for its intended use, and to determine warnings, precautions, and adverse reactions that are associated with such product in the dosage range to be prescribed, which trial is intended to support marketing of such product, including all tests, studies, or a similar clinical study prescribed by the Regulatory Authorities, from time to time, pursuant to Applicable Law or otherwise.

"Phase IV Study" means a human clinical trial of a product containing the Compound that is not included in the original Drug Approval Application submission for the Product for an indication, including studies conducted to fulfill commitments made as a condition of the Regulatory Approval of the Drug Approval Application or any subsequent human clinical trials requested, required or recommended by the Regulatory Authority(ies) in the Territory as a condition of maintaining such Regulatory Approval.

"Post-Approval Marketing Studies" means a human clinical trial or other test or study with respect to the Product for use in the Field in the Territory, which test or study is conducted on a voluntary basis by a Party (rather than under a mandate from a Regulatory Authority in the Territory in order to obtain or maintain Regulatory Approval for the Product in the Field in the Territory) after the Drug Approval Application for the Product in the Field in the Territory has been approved by the Regulatory Authority in the Territory. Any human clinical study that is intended to expand the label for the Product for use in the Field in the Territory shall be a Clinical Study. Subject to the foregoing, Post-Approval Marketing Studies may include clinical studies conducted in support of pricing or reimbursement for the Product in the Field in the Territory, epidemiological studies, modeling and pharmacoeconomic studies, post-marketing studies, investigator sponsored studies, and health economic studies.

"Pre-Clinical Data" means data derived from a study to test the Compound for use in the Field, including, but not limited to, laboratory studies, toxicology, safety pharmacology, disease models and animal models.

"Pricing Approval" means any and all pricing or reimbursement approvals, licenses, registrations, or authorizations of any Regulatory Authority necessary to Promote and Commercialize the Product in the Field in the Territory.

"Product" means any product (including any form or dosage form of a pharmaceutical composition or preparation) in finished form labeled and packaged for (i) sale, (ii) distribution, or (iii) samples, comprising the Compound (whether as sole active ingredient or in combination with one or more other active ingredients), including all future formulations, dosage forms and delivery modes. The term "Product" or "the Product" as used herein may be used to reference one or more than one Product(s).

"Product Labels and Inserts" means (a) any display of written, printed or graphic matter upon the immediate container, outside container, wrapper or other packaging of the Product for use in the Field in the Territory or (b) any written, printed or graphic material on or within the package from which the Product for use in the Field in the Territory is to be dispensed.

"Product Trademark" means (i) the Trademark AMITIZA, (ii) the Trademarks listed on Exhibit C, (iii) in the event the Trademark AMITIZA or any other trademarks listed in Exhibit C have not been registered to Sucampo at least one (1) year prior to the date of the estimated launch of the Product in the Field in the Territory or the Regulatory Authorities in the Territory do not approve that the Product uses the Trademark AMITIZA or any other Trademarks listed in Exhibit C, then any other Trademarks for Promoting or Commercializing the Product in the Field in the Territory as designated by Sucampo in advance and in writing in its sole discretion and (iv) any current or future modifications or variances of the foregoing Trademarks, but excluding the Corporate Names, that are designated by Sucampo in advance and in writing to be used for Promoting or Commercializing the Product in the Field in the Territory.

"Promote" or "Promotion" means those activities normally undertaken by a pharmaceutical company's sales force and marketing team to implement marketing plans and strategies aimed at encouraging the appropriate use of a particular prescription or other pharmaceutical product, including detailing. When used as a verb, "Promote" means to engage in such activities.

"Promotional Materials" means all written, printed, digital or graphic material, other than Product Labels and Inserts, intended for use by representatives in Promoting the Product for use in the Field in the Territory, including visual aids, file cards, premium items, clinical study reports, reprints, drug information updates, and any other promotional support items.

"Publication Policies" has the meaning set forth in Section 10.3.2.

"Quality Agreement" means the agreement to be entered into between Gloria and Sucampo, under which the Parties shall address Product quality issues, including without limitation to assure the Product in the Field in the Territory is manufactured and packaged according to all Applicable Laws in the Territory.

"Recall" means a "recall" as such term is defined in the Administrative Measures for Drug Recalls (as amended from time to time, or such successor Applicable Law as may take effect in the Territory) of the Product for use in the Field in the Territory, or similar events.

"Receiving Party" means the Party receiving Confidential Information; provided that a Party owning certain property as provided hereunder shall be considered the Disclosing Party and the other Party shall be considered the Receiving Party regardless of which Party discloses such information.

"Regulatory Approval" means any and all approvals, licenses (including product and establishment licenses), permits, certifications, registrations, or authorizations of any Regulatory Authority necessary to Develop, manufacture, Promote, distribute, transport, store, use, sell, import, export or otherwise Commercialize the Product for use in the Field in the Territory, including all CTNs, Drug Approval Applications and the manufacturing license and marketing registration required under the Measures for the Administration of Drug Registration in People's Republic of China, or any update thereto, and Pricing Approvals, or pre- and Post-Approval Marketing Studies, labeling approvals, technical, medical and scientific licenses.

"Regulatory Authority" means any national, supra-national, regional, federal, state, provincial or local regulatory agency, department, bureau, commission, council or other governmental entity (including, without limitation, the CFDA, the Ministry of Human Resources and Social Security, and any governmental unit having jurisdiction over the Development, Commercialization, manufacture, importation of the Product in the Field in the Territory).

"Regulatory Filings" means, with respect to the Product in the Field in the Territory, all applications, registrations, submissions, dossiers, notifications, licenses, authorizations and approvals (including all Regulatory Approvals), all correspondence submitted to or received from the Regulatory Authorities (including minutes and official contract reports relating to any communications with any Regulatory Authority) and all supporting documents and all Pre-Clinical Data, Clinical Data and CMC Data (including all Clinical Studies and Post-Approval Marketing Studies), and all data contained in any of the foregoing, including all CTNs, Drug Approval Applications, Adverse Event files and complaint files.

"Rolling Forecast" has the meaning set forth in Section 9.1.6(a).

"Serious Adverse Event" means an Adverse Event that (i) results in death; (ii) is life-threatening; that is, an event where the patient and/or clinical investigation subject was at risk of death at the time of the event and not an event that, hypothetically, might have caused death if it had been more severe; (iii) requires hospitalization or prolongation of existing hospitalization; (iv) results in persistent or significant disability or incapacity; (v) is a congenital anomaly or birth defect in the fetus/child, fetal death, spontaneous abortion and serious adverse reactions in the neonate; (vi) involves suspected infection via a Product of an infectious agent or (vii) may not be immediately life-threatening or result in death or hospitalization but may jeopardize the subject or require medical or surgical intervention to prevent one of the outcomes listed in (i) - (vi). For the avoidance of doubt, a "Serious Adverse Event" includes all occurrences which would be regarded as "serious adverse drug reactions" under Applicable Law in the Territory.

"SKU(s)" means Stock Keeping Unit(s) and are the smallest unit of measure to identify manufacturing and distribution of the Product in the Field in the Territory.

"Specifications" means the processes, methods, formulae, analyses, instructions, standards, know-how, testing and control procedures, information and specifications relating to the manufacture of the Product in the Field in the Territory as reflected in the relevant formulae edition and Regulatory Approvals.

"Sublicensee" means any Person (including a Gloria Affiliate) to whom Gloria sublicenses any rights as permitted by Section 2.1.2.

"Sucampo" means Sucampo AG, as identified in the preamble to this Agreement.

"Sucampo Background Technology" means any Technology Controlled by Sucampo as of the Effective Date or at any time during the Term, that is reasonably necessary for Developing, Promoting or Commercializing the Product in the Field in the Territory.

"Sucampo Indemnitee(s)" has the meaning set forth in Section 14.1.

"Sucampo Other Intellectual Property Rights" means any Other Intellectual Property Rights Controlled by Sucampo as of the Effective Date or at any time during the Term, that are reasonably necessary for Developing, Promoting or Commercializing the Product in the Field in the Territory.

"Sucampo Patent Rights" means any Patent Rights that are Controlled by Sucampo as of the Effective Date or at any time during the Term, including patents applied for and issued after the Effective Date, and that would otherwise be infringed, absent a license, by the Development, Promotion or Commercialization of the Product in the Field in the Territory. Sucampo Patent Rights include the patents and patent applications set forth in Exhibit D, which may be amended from time-to-time by Sucampo at its option and in its sole discretion to add additional patents and patent applications.

"Supply Price" means the price of […***…] per capsule for Product in the Field. In the event Sucampo intends to supply […***…] to Gloria, the Parties shall negotiate in good faith a supply price for […***…]. In the event a Generic Product enters the Field in the Territory, Gloria and Sucampo will work together to re-evaluate the supply price in order to maintain market competitiveness.

"Technology" means, collectively, proprietary information, ideas, concepts, know-how and data (including any clinical or Post-Approval Marketing Studies data), technical or non-technical, trade secrets, materials (including tangible chemical, biological or other physical materials) or inventions, discoveries, improvements, processes, methods of use, methods of manufacturing and analysis, compositions of matter, or designs, whether or not patentable.

"Term" has the meaning set forth in ARTICLE 12.

"Territory" means the People's Republic of China.

"Third Party" means any Person that is not a Party.

"Third Party Claim(s)" has the meaning set forth in Section 14.1.

"Third Party Royalties" means all fees, milestones, royalties and other payments payable to a Third Party (other than to any of Gloria's Affiliates or other Sublicensees) in consideration for intellectual property rights reasonably necessary for the Development,

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manufacturing, Commercialization or Promotion of the Product in the Field in the Territory.

"Trademark" means (a) any trademark, trade dress, brand mark, service mark, brand name, logo or business symbol, Internet domain name and e-mail address, whether or not registered, or any application, renewal, extension or modification thereto, and (b) all goodwill associated therewith.

"Gloria" means Harbin Gloria Pharmaceuticals Co., Ltd., as identified in the preamble to this Agreement.

"Gloria Indemnitee(s)" has the meaning set forth in Section 14.2.

ARTICLE 2
LICENSE GRANTS; EXCLUSIVITY

2.1 Development and Commercialization Licenses

2.1.1 Sucampo Grants. Subject to the terms and conditions of this Agreement, during the Term, Sucampo hereby grants to Gloria solely under the Sucampo Patent Rights, and Sucampo Other Intellectual Property Rights, in and to the Sucampo Background Technology, and any Jointly Developed Technology and Sucampo's rights in Data Exclusivity:

(a) an exclusive, except to Sucampo and its Affiliates, royalty-bearing and non-transferable (except to the extent set forth in Section 15.8) right and license, with the right to grant sublicenses solely in accordance with Section 2.1.2, to Develop, to the extent expressly agreed to by the Parties in the JDC, the Product in the Territory in support of obtaining Regulatory Approval for the Product in the Field in the Territory;

(b) an exclusive, royalty-bearing and non-transferable (except to the extent set forth in Section 15.8) right and license, with the right to grant sublicenses solely in accordance with Section 2.1.2, to Promote and Commercialize the Product in the Field in the Territory; and

(c) an exclusive, except as to Sucampo and its Affiliates, royalty-bearing and non-transferable (except to the extent set forth in Section 15.8) license under the Regulatory Filings, with the right to grant sublicenses solely in accordance with Section 2.1.2, to use and reference in Regulatory Filings in the Territory any data Controlled by Sucampo reasonably necessary to support Regulatory Filings.

2.1.2 Right to Sublicense. Subject to and in accordance with the terms and conditions of this Agreement, Gloria shall have the right to grant sublicenses and rights of reference granted by Sucampo under Section 2.1.1 to (a) its Affiliates without prior approval of Sucampo as long as such Affiliate remains an Affiliate of Gloria and is listed as an Affiliate in Exhibit L as such Exhibit may be updated at least annually, and (b) any other Person, only if approved by Sucampo in advance and in writing, which approval may be granted in Sucampo's sole discretion after having the opportunity, but not the obligation, to conduct its own due diligence with respect to the proposed sublicensee (each of the foregoing, a "Sublicensee") provided that (i) in connection with a sublicense to any Person which is not an Affiliate of Gloria, Gloria shall enter into a binding and written sublicense agreement with each such Sublicensee ("Sublicense Agreement") that is consistent in all respects with this Agreement and protects Sucampo's interests and rights in its confidential and proprietary information and intellectual property rights to at least the same extent of this Agreement, including without limitation containing provisions for the benefit of Sucampo substantially similar in language and scope to Sections 2.1.4 and 11.1 and ARTICLE 10 of this Agreement; and provided that any such sublicense shall be of no greater scope than the license granted to Gloria under Section 2.1.1, (ii) in connection with a sublicense to any Person which is an Affiliate of Gloria, Gloria shall ensure that such Affiliate complies all respects with this Agreement as such terms apply to Gloria and protects Sucampo's interests and rights in its confidential and proprietary information and intellectual property rights to the same extent of this Agreement, including without limitation Sections 2.1.4 and 11.1 and ARTICLE 10 of this Agreement; and provided that any such sublicense shall be of no greater scope than the license granted to Gloria under Section 2.1.1 (iii) Sucampo shall be an intended third party beneficiary of each Sublicense Agreement and to the extent permitted by the law, shall have the right, but not the obligation, to enforce any and all obligations of Gloria under a Sublicense Agreement, (iv) Gloria shall not be relieved of its obligations pursuant to this Agreement as a result of such sublicense and shall remain fully responsible and liable for any action or omission of each Sublicensee which would constitute a breach of this Agreement if committed by Gloria as if Gloria had committed such action or inaction itself and (v) the Sublicensee shall expressly agree in writing to be bound by and subject to the terms and conditions of this Agreement in the same manner and to the same extent as Gloria. Gloria shall, at its own expense, investigate each report and indication of breach of this Agreement by any Affiliate Sublicensee or any Sublicense Agreement, and Gloria shall promptly report to Sucampo any breach learned of or discovered by Gloria. Gloria shall diligently enforce the terms and conditions of this Agreement against each Affiliate Sublicensee and the terms and conditions of each Sublicense Agreement against each applicable Sublicensee, including without limitation, by (x) pursuing all appropriate judicial and administrative action and relief in the event of any breach of this Agreement by any Affiliate Sublicensee or breach of the Sublicense Agreement and (y) upon Sucampo's request, terminating the Sublicense Agreement upon a breach thereof or the sublicense granted to the Affiliate Sublicensee upon a breach of the terms of this Agreement. Upon any expiration or termination of this Agreement for any reason, all Sublicense Agreements and all sublicenses granted to Affiliate Sublicensees under this Agreement shall automatically terminate. In no event shall Sucampo or any of its Affiliates have any obligation to assume any obligations or liabilities, or be under any obligation or requirement of performance, under any such Sublicense Agreement or to any Affiliate Sublicensee either extending beyond Sucampo's obligations and liabilities under this Agreement or otherwise.

2.1.3 License to Product Trademarks. The Parties shall enter into a separate trademark license agreement within […***…] days of the execution of this Agreement, which form shall be attached to this Agreement as Exhibit E and incorporated by reference(the "Trademark License Agreement"), which shall provide that subject to and in accordance with the terms and conditions of this Agreement and the Trademark License Agreement, during the Term, Sucampo shall grant to Gloria an exclusive, except as to Sucampo and its Affiliates, royalty-bearing, non-sublicensable and non-transferable (except to the extent set forth in Section 15.8) license, to use the Product Trademarks solely to Promote and Commercialize the Product in the Field in the Territory. For the avoidance of doubt, Gloria is not obligated to make any additional royalty payment for its use of the Product Trademark other than the payments as set forth in Section 8.3 of this Agreement. Gloria shall not use the Product Trademarks other than for the purpose expressly and specifically set forth in this Section 2.1.3 and shall comply with Sucampo's then-current trademark usage guidelines or other trademark guidelines expressly approved in writing by Sucampo ("Trademark Guidelines"), which Trademark Guidelines may be updated by Sucampo from time to time upon written notice to Gloria and shall set forth notice requirements, stylistic, quality and other guidelines in connection with the use of the Product Trademarks in the Field in the Territory. All use of the Product Trademarks by Gloria, and all goodwill associated with such use, shall inure to the benefit of Sucampo.

2.1.4 Development of Developed Technology and Developed Intellectual Property Rights. The Parties agree that there is no intent to develop any Technology or intellectual property rights under this Agreement and this Agreement is entered into by the Parties for the purpose of Gloria: (a) performing clinical trials and any Post-Approval Marketing Studies on behalf of and for the benefit and account of Sucampo in the Territory, (b) preparing and maintaining Regulatory Filings in the name of Sucampo for the Product in the Field and the Territory and (c) Commercializing the Product in the Field and the Territory. In the event that Sucampo, Gloria or any of their respective Affiliates (or any employees, contractors, agents and subcontractors of any of the foregoing) conceive, create, develop or otherwise reduce to practice in connection with their activities under this Agreement, regardless of whether such conception, creation, development or reduction to practice is done independently by or on behalf of one Party or jointly by any Party with any of the foregoing Parties and/or any other Third Parties: (a) any Technology and any improvements, derivatives or other modifications to such Technology (but expressly excluding any underlying Sucampo Background Technology and any other Technology provided or made accessible by or for Sucampo in connection with this Agreement in any medium and in any stage of development or completion) ("Developed Technology") and/or (b) any intellectual property rights (including any patents or patent applications) and any improvements, derivatives or other modifications of any of the foregoing (but expressly

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excluding any underlying Sucampo Patent Rights, any of Sucampo's Other Intellectual Property Rights and other intellectual property rights in and to the Sucampo Background Technology and Sucampo's rights in the Data Exclusivity and Product Trademarks) ("Developed Intellectual Property Rights") then, Gloria for itself and its Affiliates, shall promptly notify and disclose to Sucampo such Developed Technology and Developed Intellectual Property after the conception, creation or discovery thereof and the Parties hereby agree as follows:

(a) To the extent that any Developed Technology (but excluding any improvements, derivatives or other modifications of any Sucampo Background Technology or any other Technology provided or made accessible by or for Sucampo in connection with this Agreement in any medium and in any stage of development or completion) is conceived, created, developed or otherwise reduced to practice solely by Gloria in the Territory ("Gloria Developed Technology") and/or to the extent any Developed Intellectual Property Rights (but excluding any improvements, derivatives or other modifications of any Sucampo Patent Rights, any of Sucampo's Other Intellectual Property Rights and other intellectual property rights in and to the Sucampo Background Technology, any improvements, derivatives or other modifications of any Sucampo Background Technology and Sucampo's rights in the Data Exclusivity and Product Trademarks) are conceived, created, developed or otherwise reduced to practice solely by Gloria in the Territory ("Gloria Developed Intellectual Property Rights"), during the Term, Gloria shall be the sole and exclusive owner of all right, title and interest in and to the Gloria Developed Technology and all intellectual property rights therein or thereto and the Gloria Developed Intellectual Property Rights, in each case, solely in the Territory. Gloria hereby grants to Sucampo an unrestricted, perpetual, irrevocable, fully paid-up, royalty-free, sublicensable (through multiple levels of sublicensees), exclusive (during the Term, except as to Gloria in the Territory, and after the Term, even as to Gloria and its Affiliates) worldwide right and license, free from any liens or encumbrances, to use, reproduce, distribute, display and perform (whether publicly or otherwise), prepare derivative works of, and otherwise enhance, modify, make, have made, sell, offer to sell, and otherwise dispose of, commercialize and exploit (and have others exercise such rights on behalf of Sucampo) all or any portion of the Gloria Developed Technology (or any intellectual property rights therein or thereto) and Gloria Developed Intellectual Property Rights, in any form or media (now known or later developed).Any exercise by Gloria of its rights in respect of the Gloria Developed Technology or Gloria Intellectual Property Rights shall be subject to the terms and conditions of the Agreement (including, without limitation, Section 2.1.2 and ARTICLE 10).

(b) To the fullest extent permitted by Applicable Law, as and between the Parties, Sucampo shall be the sole and exclusive owner of all right, title and interest in and to (i) the Developed Technology other than the Gloria Developed Technology ("Sucampo Developed Technology") and all intellectual property rights therein or thereto and the Developed Intellectual Property Rights other than the Gloria Intellectual Property Rights ("Sucampo Intellectual Property Rights"), in each case, throughout the world.

To the maximum extent permitted by Applicable Law, (i) Gloria shall and hereby does, and shall cause its Affiliates to, irrevocably grant, convey, transfer, assign and deliver to Sucampo all right, title and interest in and to such Sucampo Developed Technology (and all intellectual property rights therein or thereto) and Sucampo Intellectual Property Rights, in perpetuity and throughout the world, effective immediately upon the inception, conception, creation or development thereof, and (ii) upon the expiration or termination of this Agreement, Gloria shall, and shall cause its Affiliates to, irrevocably grant, convey, transfer, assign and deliver to Sucampo all right, title and interest in and to the Gloria Developed Technology (and all intellectual property rights therein or thereto) and Gloria Developed Intellectual Property Rights, in perpetuity and throughout the world.

To the extent that any Sucampo Developed Technology (or any intellectual property rights therein or thereto), Sucampo Intellectual Property Rights, Gloria Developed Technology (or any intellectual property rights therein or thereto), or Gloria Developed Intellectual Property Rights (collectively, "Project Developed Technology and Rights") are not assignable as provided in this Section 2.1.4(b) or that Gloria or its Affiliates retain any right, title or interest in or to any Project Developed Technology and Rights (or any intellectual property rights therein or thereto) in any jurisdictions in the world then, to the maximum extent permitted by Applicable Law, Gloria hereby unconditionally and irrevocably waives and quitclaims (and will cause to be unconditionally and irrevocably waived and quitclaimed) to Sucampo any and all claims and causes of action of any kind against Sucampo, its Affiliates and licensees (through multiple tiers) with respect to such rights, and agrees, at Sucampo's request and expense, to consent to and join in any action to enforce such rights, and hereby grants to Sucampo an unrestricted, perpetual, irrevocable, fully paid-up, royalty-free, fully transferable, sublicensable (through multiple levels of sublicensees), exclusive (even as to Gloria and its Affiliates) right and license, throughout the world, free from any liens or encumbrances, to use, reproduce, distribute, display and perform (whether publicly or otherwise), prepare derivative works of, and otherwise enhance, modify, make, have made, sell, offer to sell, and otherwise dispose of, commercialize and exploit (and have others exercise such rights on behalf of Sucampo) all or any portion of the Project Developed Technology and Rights (or any intellectual property rights therein or thereto) in any form or media (now known or later developed). Gloria agrees to (and will cause any Affiliates to), at Sucampo's expense, take all reasonable additional actions and execute such agreements, instruments and documents as may be required, both during and after the Term, and agrees otherwise to give to Sucampo and any Person designated by Sucampo any assistance required in order to perfect the rights set forth in this Section 2.1.4, including without limitation, obtaining patents and copyright registrations, and to apply for, obtain, perfect, evidence, sustain and enforce Sucampo's intellectual property rights in connection with the Project Developed Technology and Rights in any jurisdictions throughout the world and Gloria hereby irrevocably appoints, and will cause its Affiliates to irrevocably appoint, Sucampo and any Person designated by Sucampo as its attorney in fact to act for and on behalf of, and instead of, Gloria and its Affiliates, for the purposes of accomplishing any of the foregoing, with the same legal force and effect as if executed by Gloria and its Affiliates. Gloria further waives, and shall cause its Affiliates to waive, any "moral" rights, or other rights with respect to attribution of authorship or integrity relating to the Project Developed Technology and Rights as Gloria or any of its Affiliates may have under any applicable law and regulations under any legal theory.

(c) The Parties hereby acknowledge and agree that the Parties' entering into this Agreement, Sucampo's disclosure of Sucampo Patent Rights, Sucampo Other Intellectual Property Rights and Sucampo Background Technology as and to the extent set forth under Section 4.7 and Sucampo's provision of assistance and support to Gloria as expressly set forth under this Agreement are good, valuable and sufficient consideration for the foregoing assignments and license grants by Gloria to Sucampo. If and to the extent that, notwithstanding the foregoing agreement of the Parties, local law of the Territory requires that additional consideration or payment needs to be made by Sucampo to Gloria in respect of the assignments or license grants under this Agreement, then the Parties may agree upon a reasonable minimum amount required to comply with such local law to be paid to Gloria for such foregoing assignments and license grants. The Parties hereby further acknowledge and agree that neither the foregoing nor any failure by the Parties to agree upon any reasonable minimum amount that may be required under such local law or otherwise shall waive, limit, restrict, condition, modify or otherwise affect the effectiveness of the foregoing assignments and license grants or Sucampo's exercise of its rights hereunder.

2.1.5 Publication. Publication or presentation of a manuscript related to any Developed Technology or Developed Intellectual Property Rights under this ARTICLE 2 shall be governed by Section 3.1.4(b)(viii) and Section 10.3.2.

2.1.6 Product Diversion. To the extent permitted by Applicable Law, Sucampo shall not, and shall cause its Affiliates and sublicensees not to distribute, offer to sell, sell or otherwise Promote or Commercialize the Product in the Field into the Territory and should Sucampo become aware of any such Product diversion, it shall, in addition to and not in lieu or limitation of any other rights or remedies available to Gloria under this Agreement or at law or in equity, use Commercially Reasonable Efforts to stop the diversion at its sole cost and expense. To the extent permitted by Applicable Law, Gloria shall not, and shall include in its Sublicense Agreements with Sublicensees and its written agreements with Subcontractors that sell Product in the Field in the Territory covenants from such Sublicensees and Subcontractors to not, and shall cause its Affiliate Sublicensees to not, distribute, offer to sell, sell or otherwise Promote or Commercialize the Product outside of the Territory or outside the Field. Should Gloria become aware of any such Product diversion, it shall, in addition to and not in lieu or limitation of any other rights or remedies available to Sucampo under this Agreement or at law or in equity, use Commercially Reasonable Efforts to stop the diversion at its sole cost and expense.

2.2 No Implied Licenses. No license or other right is or shall be created or granted hereunder by implication, estoppel or otherwise for any purpose. All such licenses and rights are or shall be granted only as expressly and specifically provided in this Agreement.

2.3 Retained Rights. All rights not expressly and specifically granted under thisARTICLE 2 or such other terms and conditions of this Agreement are reserved by Sucampo and may be exercised or practiced by Sucampo for any purpose. In addition to and without limiting the generality of the foregoing, Sucampo retains any and all rights under the Sucampo Patent Rights, Sucampo Other Intellectual Property Rights and Sucampo Background Technology to make, have made, use, sell, have sold, export, import, distribute, commercialize or otherwise exploit the Compounds and the Product in the Field outside of the Territory and, subject to Section 5.2 below, for Other Formulation(s) or Dosage(s) and Other Indications anywhere in the world.

ARTICLE 3
ADMINISTRATION OF THE COLLABORATION

3.1 Committees

Committees' Establishment. Within thirty (30) days of the Effective Date, Sucampo and Gloria shall establish the following committees (the "Committees"):

(a) a Joint Steering Committee ("JSC") with responsibility for and managing the collaboration and resolving any conflicts and overseeing the JCC and JDC,

(b) a Joint Commercialization Committee ("JCC") with responsibility for overseeing Commercialization-related activities with respect to the Product in the Field in the Territory, and

(c) a Joint Development Committee ("JDC") with responsibility for overseeing Development-related activities with respect to the Product in the Field in the Territory, including, without limitation, the regulatory approach and filing strategy designed to generate the successful submission and approval of the Product in the Field in the Territory.

Within sixty (60) days of the establishment of the foregoing Committees, the Committees shall meet to prepare such procedures and mechanisms as may be reasonably necessary for their operation to assure the most efficient conduct of each Party's obligations under this Agreement.

3.1.2 JSC

(a) Membership. Sucampo and Gloria shall each designate two (2) of its employees or consultants or its Affiliates' employees or consultants to serve as members of the JSC (or such other equal number of representatives as the Parties may agree). The initial members of the JSC are set forth on Exhibit F. Each representative of the JSC shall have the requisite experience and seniority to make decisions on behalf of the Parties with respect to issues falling within the jurisdiction of the JSC. The chairperson shall serve for a term of one (1) year, beginning on the Effective Date or an anniversary thereof, as the case may be. The right to name the chairperson of the JSC shall alternate between the Parties. The initial chairperson shall be selected by Sucampo and is set forth on Exhibit F. Each Party shall have the right at any time to substitute individuals, on a permanent or temporary basis, for any of its previously designated representatives to the JSC by giving written notice to the other Party; provided such substitute meets the criteria defined herein. Neither Party shall have the right to remove a sitting member of the other Party. The JSC shall meet quarterly unless otherwise agreed by the JSC.

(b) Responsibilities. The JSC shall have the responsibilities set forth in Section 3.1.1(a), including to:

(i) Discuss strategies for Commercialization of the Product in the Field in the Territory;

(ii) Review the activities and monitor the progress of the JCC and JDC;

(iii) Resolve any Disputed Matters referred to the JSC by the JDC or JCC; and

(iv) Perform such other functions as the Parties may mutually agree in writing, except where in conflict with any provision of this Agreement.

3.1.3 JCC.

(a) Membership. Sucampo and Gloria shall each designate three (3) of its employees or consultants or its Affiliates' employees or consultants to serve as members of the JCC (or such other equal number of representatives as the Parties may agree). The initial members of the JCC are set forth on Exhibit F. Each representative of the JCC shall have the requisite experience and seniority to make decisions on behalf of the Parties with respect to issues falling within the jurisdiction of the JCC. The chairperson shall serve for a term of one (1) year, beginning on the Effective Date or an anniversary thereof, as the case may be. The right to name the chairperson of the JCC shall alternate between the Parties. The initial chairperson shall be selected by Gloria and is set forth on Exhibit F. Each Party shall have the right at any time to substitute individuals, on a permanent or temporary basis, for any of its previously designated representatives to the JCC by giving written notice to the other Party; provided such substitute meets the criteria defined herein. Neither Party shall have the right to remove a sitting member of the other Party. The JCC shall meet quarterly unless otherwise agreed by the JCC.

(b) Responsibilities. The JCC shall have the responsibilities set forth in Section 3.1.1(b), including to:

(i) Review and approve the Commercialization Plan, including any material updates, amendments, modifications, and waivers of provisions thereof by consensus of all of its members in accordance with Section 3.1.6 below;

(ii) Review and evaluate progress under the Commercialization Plan;

(iii) Review and approve the Promotional Materials; and

(iv) Perform such other functions as the Parties may mutually agree in writing, except where in conflict with any provision of this Agreement.

3.1.4 JDC

(a) Membership. Sucampo and Gloria shall each designate three (3) of its employees or consultants or its Affiliates' employees or consultants to serve as members of the JDC (or such other equal number of representatives as the Parties may agree). Each Party shall designate to be members of the JDC at least one (1) representative from its regulatory department and one (1) representative from its clinical development department. The initial members of the JDC are set forth on Exhibit F. Each representative of the JDC shall have the requisite experience and seniority to make decisions on behalf of the Parties with respect to issues falling within the jurisdiction of the JDC. The chairperson shall serve for a term of one (1) year beginning on the Effective Date or an anniversary thereof, as the case may be. The right to name the chairperson of the JDC shall alternate between the Parties. The initial chairperson shall be selected by Gloria and is set forth in Exhibit F. Each Party shall have the right at any time to substitute individuals, on a permanent or temporary basis, for any of its previously designated representatives to the JDC by giving written notice to the other Party; provided such substitute meets the criteria defined herein. Neither Party shall have the right to remove a sitting member of the other Party. The JDC shall meet quarterly unless otherwise agreed by the JDC.

(b) Responsibilities. The JDC shall have the responsibilities set forth in Section 3.1.1(c), including to:

(i) Review and approve the Development Plan, including all material updates, amendments, modifications, and waivers of provisions thereof by consensus of all of its members in accordance with Section 3.1.6 below;

(ii) Review and evaluate progress under the Development Plan, including without limitation all health, safety and quality concerns;

(iii) Review the statistical analysis plans and protocols for all pre-clinical and Clinical Studies in the Territory prepared in support of obtaining or maintaining Regulatory Approvals for the Product in the Field in the Territory;

(iv) Unless otherwise agreed by the Parties, review all proposed initial submissions for the Product in the Field to Regulatory Authorities anywhere in the world;

(v) Unless otherwise agreed by the Parties, review the submission of all draft and final Product Labels and Inserts for the Product in the Field in the Territory and any material changes thereto;

(vi) Monitor the progress of all Clinical Studies and other development activities for the Product in the Field anywhere in the world;

(vii) Assess the potential impact of Clinical Studies conducted anywhere in the world on Product Labels and Inserts for the Product in the Field in the Territory;

(viii) Review all proposed publications or presentations for the Territory related to the Product in the Field pursuant to Clinical Studies that is based on data developed by or for Sucampo and its Affiliates; and

(ix) Perform such other Development functions as the Parties may mutually agree in writing, except where in conflict with any provision of this Agreement.

3.1.5 Committee Meetings. Each Committee shall establish a schedule of times for regular meetings. The JSC, JCC and JDC shall meet quarterly unless the Committees otherwise agree. Meetings may be held in person, by telephone or videoconference, provided that at least one meeting per Calendar Year shall be held in person. Such in-person meeting shall alternate between the respective offices of Gloria and Sucampo or such other locations mutually agreed upon by the Committees. The chairperson of each Committee shall prepare and circulate to each Committee member an agenda for each Committee meeting reasonably in advance of each meeting. At each Committee meeting, the presence of at least one (1) member designated by each Party shall constitute a quorum. The Committees shall keep minutes of their meetings that record all decisions and all actions recommended or taken in reasonable detail. The chairperson of each Committee shall circulate a draft of the minutes no later than five (5) Business Days after each meeting and each member of the Committee shall have the opportunity to comment on the draft minutes. The minutes shall be approved, disapproved or revised as necessary within thirty (30) days of each meeting; provided, however, that if the Parties cannot agree as to the content of the minutes, such minutes will be finalized to reflect such disagreement. The chairperson of each Committee shall circulate final minutes of each meeting to each Committee member.

3.1.6 Decision-Making. Except as otherwise provided herein, decisions of each Committee shall be made by consensus. Each Committee shall use reasonable efforts to reach agreement on any and all matters for which it is responsible. In the event that, despite such reasonable efforts, agreement on a particular matter cannot be reached by a Committee within fifteen (15) Business Days after the Committee first meets to consider such matter (each such matter, a "Disputed Matter"), then the following procedure shall apply:

(a) JDC Disputed Matters. Disputed Matters arising from the JDC shall be referred for resolution to the JSC. The JSC shall initiate discussions in good faith to resolve each Disputed Matter within […***…] of receipt of the notice of such Disputed Matter. In the event that the JSC does not reach agreement on such Disputed Matter within […***…] from the date of initiation of such discussions, such Disputed Matter shall be referred to senior management for resolution in accordance with Section 3.1.6(d).

(b) JCC Disputed Matters. Disputed Matters arising from the JCC shall be referred for resolution to the JSC. The JSC shall initiate discussions in good

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faith to resolve each Disputed Matter within […***…] of receipt of the notice of such Disputed Matter. In the event that the JSC does not reach agreement on such Disputed Matter within […***…] from the date of initiation of such discussions, such Disputed Matter shall be referred to senior management for resolution in accordance with Section 3.1.6(d).

(c) JSC Disputed Matters. Disputed Matters first arising in the JSC or not resolved by the JSC which had first arose in the JDC or JCC shall be referred to senior management for resolution in accordance with Section 3.1.6(d).

(d) Management Negotiations. In the event that the JSC cannot resolve a Disputed Matter, either Party may, by written notice to the other, refer such Disputed Matter to the Parties' respective senior management for good faith negotiations. In the event that, despite good faith efforts, resolution of such Disputed Matter cannot be reached by senior management of the Parties within […***…] of its referral:

(i) with respect to any Disputed Matter that relates to (1) pharmacovigilance, including monitoring and reporting of Adverse Events and Serious Adverse Events; (2) monitoring and evaluation of the manufacturing process, quality, stability, efficacy and adverse drug reactions of the Product in the Field in the Territory; (3) Product quality control and cGMP compliance; (4) Product recalls in the Field in the Territory; (5) renewal of the marketing authorization on expiry, amendment of the marketing authorization to reflect changes in the Product permit and other regulatory matters; (6) conduct of Phase IV Clinical Trials, which shall be performed by Gloria on behalf of Sucampo; (7) legal matters, including the potential infringement of the Product on any intellectual property or proprietary rights of any Third Party in the Territory; and (8) any other matters agreed upon by the Parties in writing, if such Disputed Matter occurred before the commencement of Commercialization and does not directly or materially affect Gloria's compliance with PRC laws in connection with this Agreement, Sucampo shall have the final decision-making authority; if such Disputed Matter occurred prior to the commencement of Commercialization of the Product and directly and materially affects Gloria's compliance with PRC laws in connection with this Agreement, Gloria shall have the final decision-making authority; and if such Dispute Matter occurred after the commencement of Commercialization of the Product, Gloria shall have the final decision-making authority, provided however that, notwithstanding the foregoing, Sucampo shall have final decision-making authority over any of the foregoing Disputed Matters to the extent they relate to, are in connection with or implicated by the manufacture of the Product;

(ii) with respect to any Disputed Matter that relates to the Commercialization of the Product in the Field in the Territory other than the matters set forth in Section 3.1.6(d)(i) above, Gloria shall have final decision-making authority; and

(iii) with respect to any Disputed Matter that relates to Development of the Product in the Field in the Territory, the final decision-making authority shall rest with Sucampo, unless (A) the Disputed Matter relates to the conduct of Post-Approval Marketing Studies by Gloria under Section 4.3.1 other than the matters set

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forth in Section 3.1.6(d)(i) above, in which case Gloria shall have final decision-making authority; and (B) to the extent the Disputed Matter will result in a material deviation from the budget of Gloria for the Development of the Product for use in the Field in the Territory and such material deviation has not been approved by the JDC or agreed upon by Gloria and Sucampo, in which case Gloria shall have final decision-making authority.

3.2 Limitations on Authority. Each Party shall retain the rights, powers, and discretion granted to it under this Agreement, and no such rights, powers, or discretion shall be delegated to or vested in a Committee unless such delegation or vesting of rights is expressly and specifically provided for in this Agreement, or the Parties expressly so agree in writing. In addition to and without limiting the generality of the foregoing, (a) no Committee shall substitute for either Party's ability to exercise any rights set forth under this Agreement nor excuse the performance of any obligation set forth under this Agreement, (b) no Committee shall have the authority to make any determination that a Party is in breach of this Agreement, or that a Party has engaged or not engaged in acts related to breach and (c) no Committee shall have the power to amend, modify or waive compliance with this Agreement, which may only be amended or modified, or compliance with which may only be waived, solely as and to the extent provided in Section 15.5.

3.3 Interactions Between a Committee and Internal Teams. The Parties recognize that each Party possesses an internal structure (including various committees, teams and review boards) that will be involved in administering such Party's activities under this Agreement. Nothing contained in this Article shall prevent a Party from making routine day-to-day decisions relating to the conduct of those activities for which it has a performance or other obligation hereunder, provided that such decisions are consistent with the then-current Commercialization Plan or Development Plan, as applicable, and the terms and conditions of this Agreement and all Applicable Law.

3.4 Expenses. Each Party shall be responsible for all travel and related costs and expenses for its members and other representatives to attend meetings of, and otherwise participate on, a Committee.

3.5 Purpose of the Committees. The Parties acknowledge and agree that the Committees are strictly for the purposes of decision-making and governance of the Agreement.

3.6 Communication. With regard to the Parties' entire relationship, the Parties shall cooperate and provide support in connection with each other's reasonable requests and shall promptly respond to each other's communications.

ARTICLE 4
DEVELOPMENT

4.1 Development Plan

4.1.1 Initial Plan. The Development of the Product for use in the Field in the Territory shall be governed by a comprehensive, multi-year plan containing (a) the Development program (including pharmacokinetics studies) to be conducted by Gloria on an activity-by-activity basis and the study protocol, and (b) the regulatory strategy for obtaining Regulatory Approval for the Product in the Field in the Territory, which Development program is designed to generate all the Clinical Data and regulatory information required to obtain the Regulatory Approval required for Gloria to be able to Promote and Commercialize the Product in the Field in the Territory (the "Development Plan"). Within […***…] following the Effective Date, Gloria shall prepare and provide to the JDC a proposed Development Plan for its review and approval in accordance with the provisions of ARTICLE 3. The Development Plan shall not negatively impact Sucampo or its licensees' marketing of the Product outside of the Territory.

4.1.2 Amendments. Commencing in the first full Calendar Year after the Effective Date and continuing during the Term, Gloria shall prepare and submit no later than January 31st of each Calendar Year for review and approval by the JDC appropriate amendments and updates to the Development Plan. Such amendments and updates of the Development Plan shall not negatively impact Sucampo or its licensees' marketing of the Product outside of the Territory.

4.2 Responsibilities. Gloria shall be solely responsible for conducting all Development activities set forth in the Development Plan unless otherwise agreed by the JDC.

4.3 Development Activities

4.3.1 Responsibilities. Gloria shall use Commercially Reasonable Efforts to Develop the Product in the Field in the Territory, including the activities in the Development Plan and in this Section 4.3.1, in accordance with the Development Plan, the terms and conditions of this Agreement, all Applicable Laws and cGCP. Gloria shall be solely responsible for funding and completing all Clinical Studies required to obtain and maintain Regulatory Approval for the benefit and account of Sucampo for the Product in the Territory in the Field. Gloria shall be responsible for all the other Development activities contemplated by the Development Plan and shall bear all Development costs required for registration for the Product in the Field in the Territory and approved by JDC for the benefit and account of Sucampo. If the CFDA or any other Regulatory Authority in

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the Territory requires or recommends any Phase IV Clinical Studies as a condition to obtaining the Regulatory Approval for the Product in the Field in the Territory or maintaining such Regulatory Approval, Gloria shall fund, conduct and direct all such Phase IV Clinical Studies based on a plan approved by the JDC. For the avoidance of doubt, if Sucampo or its Affiliates conduct any Development activity by itself in the Territory, Sucampo shall be solely responsible for funding those Development activities.

4.3.2 Other Post-Approval Marketing Studies. Gloria shall fund, conduct and direct any Post-Approval Marketing Studies determined by the JCC provided that such Post-Approval Marketing Studies shall not negatively impact: (a) Sucampo's marketing of the Product outside of the Territory or (b) Sucampo's marketing of the Product for Other Indications in the Territory.

4.3.3 Other Development Activities. In the event the JDC identifies an opportunity to expand and optimize the Compound in the Field in the Territory such as expanding the label for the Product for use in the Field in the Territory, Gloria shall submit a Development Plan and be responsible for the related Development costs (including any Clinical Studies required to expand the label of the Product for use in the Field in the Territory) of pursing any such opportunities subject to the approval of the JDC. The Development Plan shall not negatively impact Sucampo or its licensees' marketing of the Product outside of the Territory.

4.4 Conduct of Development

4.4.1 Compliance. The Parties shall perform their obligations under the Development Plan and all other Development activities required for registration for the Product in the Field in the Territory in good scientific manner and in compliance with the Development Plan, the terms and conditions of this Agreement, cGCP and all Applicable Law.

4.4.2 Cooperation. The Parties shall reasonably cooperate through the JDC in the performance of the Development Plan.

4.4.3 Segregation. Gloria shall, and shall cause each of its Sublicensees to, establish, internal procedures consistent with industry best practices (including, without limitation, the procedures set forth below) to keep and maintain all Sucampo Background Technology, Sucampo's Confidential Information, Pre-Clinical Data, Clinical Data, CMC Data and any other data, information and materials provided by or for Sucampo in a secure environment and prevent the contamination of any of the foregoing that is received in accordance with the terms under this Agreement. Gloria shall, and shall cause each of its Sublicensees to: (a)cause all such Sucampo Background Technology, Sucampo's Confidential Information, Pre-Clinical Data, Clinical Data, CMC Data and any other data, information and materials to be promptly logged and stored pursuant to this Section 4.4.3, (b)store all electronic versions of such Sucampo Background Technology, Sucampo's Confidential Information, Pre-Clinical Data, Clinical Data, CMC Data and any other data, information and materials on dedicated electronic storage media and ensure that such dedicated electronic storage media is accessible only through a separate and unique login account, (c)ensure that the only persons with access to such Sucampo Background Technology, Sucampo's Confidential Information, Pre-Clinical Data, Clinical Data, CMC Data and any other data, information and materials are its employees who have a need to access such Sucampo Background Technology, Sucampo's Confidential Information, Pre-Clinical Data, Clinical Data, CMC Data and any other data, information and materials pursuant to this Agreement and who are subject to confidentiality obligations which are substantially the same as and no less restrictive than those set forth in ARTICLE 10(such persons, "Access Individuals"), (d)keep complete, detailed and accurate records of all Access Individuals and such Sucampo Background Technology, Sucampo's Confidential Information, Pre-Clinical Data, Clinical Data, CMC Data and any other data, information and materials (or any portion thereof) accessed by such Access Individuals, and (e)comply with any other measures reasonably requested by Sucampo. In addition to and without limiting the generality of the foregoing, Gloria shall use best efforts to ensure that any Regulatory Authorities and other Third Parties to whom any Pre-Clinical Data, Clinical Data, CMC Data and any other data in connection with the Product in the Field in the Territory are disclosed under and subject to the express terms and conditions of this Agreement shall, in each case, keep all such data segregated and confidential.

4.5 Records. The Parties shall maintain records of its Development activities under the Development Plan in sufficient detail, in good scientific manner appropriate for patent application and regulatory purposes and in accordance with all Applicable Law and otherwise in a manner that reflects all work done and results achieved in the performance of the Development Plan. The Parties shall retain such records for at least five (5) years after the expiration or termination of this Agreement, or for such longer period as may be required by Applicable Law or agreed to in writing by the Parties. Subject to ARTICLE 10, a Party shall provide the other Party, upon reasonable request, a copy of such records to the extent reasonably required for the performance of the requesting Party's obligations and exercise of its rights under this Agreement. Although the Parties agree that there is no intent to develop any Technology under the Development Plan or otherwise, each Party agrees to maintain a policy that requires its employees and consultants to record and maintain any Technology developed during the Development Plan in accordance with generally accepted practice in the industry.

4.6 Right to Inspect. Subject to ARTICLE 10, upon reasonable advance notice to Gloria and the Sublicensee (if applicable), Sucampo shall have the right, but not the obligation to (a) have access to Gloria's or any Sublicensee's facilities in which Development activities are performed, the investigators, project managers, other employees, contractors and other personnel performing the Development activities; (b) have access to and the right to examine all information, books and records in accordance with Section 4.5 above; (c) visit, examine and inspect Gloria's and any Sublicensee's facilities in which the Development activities are performed and any containers or other equipment used in the work conducted for the Development activities, including any areas where the Compound is stored or handled; (d) inspect the work conducted and Development activities; and (e) inspect and obtain copies of licenses, authorizations, approvals or written communications from any Regulatory Authority in connection with such Development activities, in each of the foregoing cases, during normal business hours and subject to Gloria's customary rules and restrictions with respect to site visits by non-Gloria personnel, in order that Sucampo may be assured as to whether the Development activities are being performed in conformance with the Development Plan and otherwise in accordance with this Agreement.

4.7 Technology or Manufacturing Transfer. As soon as reasonably practicable after the Effective Date and from time to time during the Term, Sucampo shall disclose to Gloria such of the Sucampo Patent Rights, Sucampo Other Intellectual Property Rights, and Sucampo Background Technology necessary for Gloria to exercise its rights and perform its obligations to Develop, Promote and Commercialize the Product in the Field in the Territory. During the Term, Sucampo will provide Gloria with reasonable technical assistance relating to the use of Sucampo Patent Rights, Sucampo Other Intellectual Property Rights and Sucampo Background Technology, provided that Gloria provides Sucampo with sufficient prior notice of, and discusses with Sucampo, the type and scope of assistance needed. Gloria may include in such notice the feasibility assessment of such technology or manufacturing transfer and a preliminary implementation plan. Sucampo shall have […***…] from the date of the notice to provide a written response as to whether it wishes to participate in negotiations with Gloria with respect to such technology or manufacturing transfer opportunity in the Territory; provided, that Sucampo agrees that, if it determines not to participate in such negotiations prior to the end of such period, it shall in good faith provide written notice to Gloria promptly upon such determination and propose a new timeline for the negotiation (as applicable).If Sucampo's response indicating whether or not it wishes to participate in negotiations with respect to such technology or manufacturing transfer opportunity in the Territory is not delivered to Gloria within the […***…] response period, Sucampo shall not be free to discuss such technology or manufacturing transfer opportunity with any Third Party in the Territory until Sucampo has provided Gloria with a response. If Sucampo indicates in its response delivered within such […***…] period that it wishes to participate in negotiations with Gloria with respect to such technology or manufacturing transfer opportunity in the Territory, Gloria has the right to carry out exclusive negotiations with Sucampo in good faith for a period […***…] after Sucampo's receipt of such notice to include such technology or manufacturing transfer under a license agreement. For the avoidance of doubt, Sucampo shall not negotiate or enter into discussion with any Third Party in the Territory in respect of such technology or manufacturing transfer opportunity prior to the expiry of the […***…] period. If the terms and conditions for such license agreement have not been agreed upon by the Parties upon the expiry of the foregoing period, Sucampo shall be entitled to negotiate with Third Parties for such technology or manufacturing transfer without further obligation or liability to Gloria.

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4.8 Supply of Compound. Sucampo shall use Commercially Reasonable Efforts to supply, at its cost, the Compound to Gloria as reasonably required by Gloria for the completion of the Development of the Product in the Field in the Territory. Gloria shall be fully responsible for its and its employees', agents' and contractors' (including without limitation its Affiliates' and other Sublicensees') use, storage, handling and disposition of the Compound. Unless otherwise directed by Sucampo, upon suspension, discontinuation or completion of the Development of the Product in the Field in the Territory, Gloria shall: (a) promptly provide to Sucampo an accounting of the receipt and disposition of the Compound, (b) at Sucampo's sole option, return to Sucampo or its designee properly all unused supplies of the Compounds as well as any empty containers in accordance with all Applicable Laws and any requirements of or instructions by Sucampo, and (c) promptly provide to Sucampo a written certification by a duly authorized representative of Gloria of such return of the Compound. Gloria shall not, and shall ensure that its employees, agents and contractors, including the investigators, its Affiliates and other Sublicensees shall not: (a) use the Compound except as expressly and specifically provided in this Agreement and the Development Plan, (b) distribute, transfer or release the Compound to any other Person for any purpose or use, except as expressly and specifically described in this Agreement and the Development Plan; and (c) chemically, physically or otherwise modify the Compound, except the extent expressly and specifically required by the Development Plan. In addition to and not in lieu or limitation of the foregoing, Gloria shall (i) limit access to the Compound to only the participants of any Clinical Studies who have provided their informed consent and who are under the principal investigator's supervision, as expressly and specifically described in the Development Plan; and (ii) hold, store and transport the Compound in compliance with all Applicable Laws and any other requirements or instructions of Sucampo. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, THE COMPOUND IS BEING SUPPLIED TO GLORIA WITH NO, AND SUCAMPO HEREBY EXPRESSLY DISCLAIMS, ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR THAT THEY ARE FREE FROM THE RIGHTFUL CLAIM OF ANY THIRD PARTY, BY WAY OF INFRINGEMENT OR THE LIKE. SUCAMPO MAKES NO AND HEREBY DISCLAIMS ANY, REPRESENTATIONS THAT THE USE OF THE COMPOUND WILL NOT INFRINGE ANY PATENT OR OTHER INTELLECTUAL PROPERTY OR PROPRIETARY RIGHTS OF ANY THIRD PARTIES.

ARTICLE 5
DEVELOPMENT AND COMMERCIALIZATION OF OTHER FORMULATION(S) OR DOSAGE(S)

5.1 Reporting. From time to time during the Term, Sucampo and its Affiliates may seek to develop or commercialize Other Formulation(s) or Dosage(s) or Other Indication(s). Sucampo shall provide Gloria with notice of such Other Formulation(s) or Dosage(s) within […***…] after the Phase IIa Study reports or other advanced Clinical Study reports are available for such Other Formulation(s) or Dosage(s). The notice shall include such information with regard to such Other Formulation(s) or Dosage(s) as Gloria reasonably determines is necessary to permit Gloria and its Affiliates to evaluate such Other Formulation(s) or Dosage(s) and its/their potential marketability in the Territory for purposes of determining whether to exercise the option described in Section 5.2.

5.2 Gloria Right of First Refusal for Other Formulation(s) or Dosage(s).Subject to Gloria's compliance with all terms and conditions of this Agreement, Gloria shall have […***…] from the date of the notice referred to in Section 5.1 to provide a written response as to whether it wishes to participate in negotiations with Sucampo with respect to such Other Formulation(s) or Dosage(s) opportunity in the Territory, provided that Gloria agrees that, if it determines not to participate in such negotiations prior to the end of such period, it shall in good faith provide written notice to Sucampo promptly upon such determination. If Gloria's response indicating whether or not it wishes to participate in negotiations with respect to such Other Formulation(s) or Dosage(s) opportunity in the Territory is not delivered to Sucampo within the […***…] response period, Gloria shall no longer have the right to exercise such Other Formulation(s) or Dosage(s) opportunity, as applicable, and Sucampo shall be free to discuss such Other Formulation(s) or Dosage(s) opportunity, as applicable, with any Third Party without further obligation or liability to Gloria. If Gloria indicates in its response delivered within such […***…] period that it wishes to participate in negotiations with Sucampo with respect to such Other Formulation(s) or Dosage(s) opportunity in the Territory, Gloria has the right to carry out exclusive negotiation with Sucampo in good faith for a period of […***…] after Gloria's receipt of such notice to include such Other Formulation(s) or Dosage(s), as applicable, under a license agreement with the terms and conditions no less favorable to Gloria than those of this Agreement. For the avoidance of doubt, Sucampo shall not negotiate or enter into discussion with any Third Party in the Territory in respect of such Other Formulation(s) or Dosage(s)opportunity prior to the expiry of the […***…]. If the terms and conditions for such license agreement have not been agreed upon by the Parties upon the expiry of the foregoing period, Sucampo shall be entitled to negotiate with Third Parties for the development and commercialization of such Other Formulation(s) or Dosage(s) without further obligation or liability to Gloria.
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ARTICLE 6
REGULATORY

6.1 Regulatory Filings; Regulatory Approvals

6.1.1 Ownership. To the maximum extent permitted by Applicable Law, Sucampo shall own, and Gloria shall provide Sucampo with original copies of, all Regulatory Filings (including all Regulatory Approvals) upon the expiration or earlier termination of this Agreement or at any time upon Sucampo's reasonable request and Gloria shall register and maintain all Regulatory Approvals, including obtaining any variations or renewals thereof, solely for the benefit and account of Sucampo, at Gloria's sole cost and expense, provided however that Gloria shall have the right to keep in custody of all original copies of the Regulatory Approvals throughout the Term of this Agreement to the extent required by Applicable Law provided that Gloria provides Sucampo with legible copies of all such Regulatory Approvals promptly upon receipt thereof and that Gloria promptly returns all original copies of the Regulatory Approvals to Sucampo upon the termination or expiration of this Agreement. Each Party agrees that neither it nor its Affiliates will do anything to adversely affect any of the Regulatory Approvals or other Regulatory Filings.

6.1.2 Regulatory Strategy; Preparation of Regulatory Filings; Communications.

(a) Development of Regulatory Strategy. The Parties shall reasonably cooperate and consult with each other, through the JDC, in good faith, to develop strategies for all Regulatory Filings in the Field in the Territory for the Compounds and the Product, and from time to time update the Development Plan as appropriate to reflect such developed strategies.

(b) Preparation of Regulatory Filings; Review of Regulatory Filings. Gloria shall be responsible for: (i) implementing the regulatory strategy for Clinical Studies (other than Post-Approval Marketing Studies) (including interactions with Regulatory Authorities) in the Territory; (ii) preparing and submitting, solely for the benefit and account of Sucampo, all Regulatory Filings in the Territory in the Field in Sucampo's name (provided that the Parties shall reasonably cooperate with each other regarding such preparation and submission); and (iii) other public disclosure and confidentiality provisions in this Agreement notwithstanding, obtaining, referencing and using all Regulatory Filings, Pre-clinical Data, Clinical Data and CMC Data for the Product in the Field (including but not limited to countries outside the Territory) solely for use in the Territory in connection with the Regulatory Filings, without any additional compensation from Sucampo. For the avoidance of doubt, Sucampo shall not carry out any of the activities indicated in (i) - (iii) of this Section in the Territory without the prior approval of Gloria in writing, which approval shall not be unreasonably withheld, conditioned or delayed. Such approval by Gloria should also be subject to any regulations by Regulatory Authority and Applicable Law in the Territory. At Sucampo's request, Gloria shall provide Sucampo with (a) copies of such Regulatory Filings in the Territory in the Field, Pre-clinical Data, Clinical Data, CMC Data and all other data generated by or for Gloria in connection with the Product in the Field in the Territory and this Agreement within thirty (30) days, and (b) with other related information as soon as practicable and otherwise keep Sucampo informed of any developments from time to time.

(c) Communications; Regulatory Meetings. After the Regulatory Authorities in the Territory have approved the Drug Approval Application, Sucampo shall cooperate with Gloria's reasonable requests relating to, and provide support in responding to, communications from Regulatory Authorities in the Territory related to the Product in the Field, including using Commercially Reasonable Efforts to provide comments on Gloria's submissions' and responses within ten (10) Business Days from the time of receipt or sooner if required by such Regulatory Authorities.

(d) Occurrences or Information Arising out of Sucampo Manufacturing Activities. During the Term, Sucampo will advise Gloria, without undue delay following, and in any event within a period not to exceed […***…] of, any occurrences or information arising out of Sucampo's manufacturing activities that Sucampo is aware have or could reasonably be expected to have adverse regulatory compliance and/or reporting consequences concerning the Product in the Field in the Territory, including actual or threatened Regulatory Filing withdrawals or labeling changes to the Product in the Field in the Territory.

(e) Regulatory Authority Inspections. During the Term, each Party will be responsible for handling and responding to any Regulatory Authority inspections with respect to the Party's role in the Development, manufacture, Promotion and Commercialization of the Product in the Field in the Territory. Each Party will provide to the other Party any information reasonably requested by the other Party and all significant information requested by any Regulatory Authority in the Territory concerning any governmental inspection related to the Product, and will allow Regulatory Authorities in the Territory to conduct reasonable inspections upon the request of such Regulatory Authority. In the event such Regulatory Authorities conduct an inspection, the Party under inspection will inform the other Party of the occurrence of such inspection, and invite the other Party to participate in the inspection process.

(f) Violations or Deficiencies Relating to the Product. In the event a Party is inspected by any Regulatory Authority in the Territory, the inspected Party will notify the other Party without undue delay, and in any event within a period not to exceed […***…], of any written alleged violations or deficiencies relating to the Product, and any proposed corrective actions to be taken. The inspected Party shall as expeditiously as practicable take any such corrective action required to comply with the provisions of this

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Agreement and Applicable Law. Prior to submission of any written response submitted to any applicable Regulatory Authority in the Territory, to the extent reasonably practicable, the other Party may review and comment on any portion of the response regarding written alleged violations or deficiencies relating to the Product; provided that the inspected Party shall have final say regarding the content of any submission to such Regulatory Authority.

6.2 Product Labels and Inserts; Core Data Sheets. Sucampo shall own and be responsible for the manufacturing of all Product Labels and Inserts and Core Data Sheets for the Product in the Field in the Territory. Gloria shall provide the artwork for the Product Labels and Inserts, subject to Sucampo's prior written consent, which shall not be unreasonably withheld, conditioned or denied. Gloria shall not alter, change or in any way modify the artwork that has previously been approved, for any reason, without Sucampo's prior written consent, which shall not be unreasonably withheld, conditioned or delayed, and provided that such approved artwork shall conform to all applicable Laws and Regulatory Approval.

6.3 Pharmacovigilance Administration. Sucampo delegates to Gloria the responsibility, and Gloria shall bear all costs, of pharmacovigilance administration of the Compound and Product in the Field in the Territory in accordance with the Development Plan, the Pharmacovigilance Agreement and all Applicable Law, including without limitation, any post-marketing Clinical Studies obligations (PMS) and any obligations to submit periodic safety updated reports (PSUR) to the Regulatory Authorities in the Territory. Sucampo shall ensure that it and its Affiliates provide Gloria with all information and data reasonably required to allow Gloria to comply with its regulatory obligations.

6.4 Adverse Event Reports. Sucampo delegates to Gloria the responsibility for investigating Adverse Events, Serious Adverse Events and other required safety information associated with the Clinical Studies and any Post-Approval Marketing Studies of the Compound and the use of the Product in the Field in the Territory according to the requirements of PRC law. Gloria shall be responsible for the collection, review, assessment, tracking and filing of information related to Adverse Events and Serious Adverse Events. Gloria shall set up special bodies and arrange for full-time personnel with professional knowledge about medicine, pharmacy, epidemiology and statistics and the ability to scientifically analyze and assess Adverse Events and Serious Adverse Events to undertake the reporting and monitoring of Adverse Events and Serious Adverse Events. Each Party shall ensure that it and its Affiliates promptly provide the other Party with all necessary information and data to allow the other Party to comply with its regulatory obligations. Within […***…] from the Effective Date, the Parties shall enter into an agreement to initiate a process for the exchange of Adverse Event and Serious Adverse Event safety data in a mutually agreed format, including, but not limited to, post-marketing spontaneous reports received by a Party or its Affiliates, sublicensees, Distributors or other

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Subcontractors in order to monitor the safety of the Product in the Field and the Territory, and to: (a) establish and keep detailed files for the reporting and monitoring of Adverse Events and Serious Adverse Events, (b) investigate any Adverse Events and Serious Adverse Events,(c) meet notification and reporting requirements with any applicable Regulatory Authority and (d) implement effective measures to reduce and prevent the repeated occurrence of Adverse Events or Serious Adverse Events, all of the foregoing, in accordance with all Applicable Law ("Pharmacovigilance Agreement").

6.5 Recalls and Market Withdrawals

6.5.1 Notification. Each Party shall make every reasonable effort to notify the other Party promptly (but in no event later than […***…] upon its determination that any event, incident or circumstance has occurred that may result in the need for a Recall or Market Withdrawal of the Product in the Field in the Territory, and include in such notice the reasoning behind such determination and any supporting facts.

6.5.2 Initiation. Both Parties shall jointly determine whether to voluntarily implement any Recall and upon what terms and conditions the Product in the Field shall be subject to a Recall in the Territory. Both Parties shall jointly determine whether to voluntarily implement a Market Withdrawal in the Territory and upon what terms and conditions the Product in the Field shall be subject to a Market Withdrawal or otherwise temporarily or on a limited basis withdrawn from sale in the Territory; provided that notwithstanding the foregoing or anything to the contrary in this Agreement, Sucampo may, in accordance with its internal regulations with respect to compliance and Adverse Events and Serious Adverse Events, cause Gloria and its Sublicensees and Subcontractors to cease or suspend the Development, Promotion and Commercialization of the Compound and Product, as applicable, upon reasonable written notice to Gloria. In addition to and not in lieu or limitation of the foregoing, in the event that Sucampo and Gloria are unable to agree whether or not to implement a voluntary Recall or Market Withdrawal of the Product in the Territory, notwithstanding anything herein to the contrary, Sucampo shall make the final determination but Gloria shall have the right to immediately terminate this Agreement if it disagrees with Sucampo's determination. If a Recall is mandated by a Regulatory Authority, Gloria shall initiate such a Recall to be in compliance with Applicable Law. In the event of any voluntary Recall, Market Withdrawal or other withdrawal of the Product in the Field in the Territory, Gloria shall Recall or Withdraw the Product in the Field in the Territory. Each Party shall ensure that it and its Affiliates provide the other Party with all necessary information and data and any necessary assistance and support required by Applicable Law to support the Recall or Withdrawal of the Product in the Field in the Territory.

6.5.3 Responsibility. In the event of a Recall or Market Withdrawal of the Product in the Field in the Territory or any lot(s) thereof, Gloria shall bear all costs and

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expenses of such Recall or Market Withdrawal, including expenses and other costs or obligations of Third Parties, the cost and expense of notifying customers and the costs and expenses associated with the Market Withdrawal or Recall of the Product in the Field in the Territory and the cost and expenses of destroying the Product in the Field in the Territory recalled from the market, if necessary, unless such Recall or Market Withdrawal was caused by: (a) the manufacturing and supply of the Product by Sucampo for commercial distribution and use in the Field and Territory; provided that the defect of the Product in the Field in the Territory that resulted in the Market Withdrawal or Recall is a Patent Defect or Latent Defect that existed prior to delivery of the Product to Gloria, or (b) Sucampo's final determination to implement a voluntary Recall or Market Withdrawal of the Product in the Field in the Territory after the Parties are unable to agree with respect to the same and it is later determined that such Recall or Market Withdrawal was not necessary, or (c) other causes solely attributable to Sucampo, in which case, Sucampo shall pay for all costs and expenses of such Recall or Market Withdrawal to the extent such Recall or Market Withdrawal was directly caused by Sucampo.

6.6 Complaints. Each Party shall maintain a record of all complaints it receives from a Third Party with respect to any Product in the Field in the Territory and shall refer to the other Party complaints that it receives concerning the Product in the Field in the Territory within […***…] of its receipt of the same; provided that all complaints concerning suspected or actual Product tampering, contamination or mix-up (e.g. wrong ingredients) shall be delivered within […***…] of receipt of the same. Each Party shall be responsible for investigating complaints and taking corrective action as necessary and, in addition to the foregoing, Gloria shall provide all reasonable efforts and collaboration with Sucampo in the resolution of complaints, and shall train its employees on the proper handling and resolution of complaints concerning the Product in the Field in the Territory.

ARTICLE 7
PROMOTION AND COMMERCIALIZATION OF PRODUCTS

7.1 Commercialization Plan

7.1.1 Initial Plan and Updates. Approximately […***…] prior to the estimated date for the filing of the Drug Approval Application, Gloria shall prepare and submit to the JCC for approval the initial Commercialization Plan by market in the Territory. The Commercialization Plan shall be revised annually by Gloria and submitted to the JCC for written approval on or before November 30 of each year. The initial Commercialization Plan for the Territory shall include:

(a) The pre-launch plans with milestones to be achieved in the launch period and through year three, five, seven, and ten;

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(b) the number of full-time representative equivalents to be deployed during the launch and during the Term;

(c) a detailed P&L for the Product in the Field in the Territory, the detailed budget for each year of the Term, and revenue and sales forecasts for year of the Term; and

(d) marketing plans to achieve revenue and sales forecasts.

7.1.2 Contents of Plan. Gloria shall, among other things, update the initial Commercialization Plan annually, identify specific Gloria responsibilities for Promotion and Commercialization of the Product in the Field in the Territory, including the estimated number of FTEs to be used to Promote the Product in the Field in the Territory, the key annual internal goals of the Gloria's commercial team for the Product in the Field in the Territory by market and the annual forecasts for sales volume in the Territory by market. For the purposes of this Section 7.1.2, "FTE" means the equivalent of the work of one (1) employee full time for one (1) year for work directly related to the Promotion and/or Commercialization of the Product in the Field in the Territory or any other activities specifically permitted under this Agreement.

7.2 Responsibility. Subject to the terms and conditions of this Agreement, Gloria shall be responsible for all aspects of Commercializing the Product in the Field in the Territory in accordance with the Commercialization Plan and all Applicable Law, including, but not limited to, the utilization of Third Parties (including Distributors) to Commercialize the Production the Field in the Territory solely as and to the extent permitted pursuant to Section 7.3 below.

7.3 Subcontracting. Subject to Section 2.1.2, Gloria may at its discretion, perform any activities in support if its Commercialization of the Product in the Field in the Territory through contracting to a Distributor or other Third Party ("Subcontractor") without prior consent of Sucampo; provided that: (a) prior to Gloria subcontracting any Commercialization activities it shall notify Sucampo of the identity of any such Subcontractor and ensure that such Subcontractor meets any minimum standards as may be required by Sucampo to perform the activities as a Subcontractor; (b) Gloria shall enter into an appropriate written agreement with any such Subcontractor such that the Subcontractor shall be bound by all applicable provisions of this Agreement to the same extent as Gloria and such that Sucampo' rights under this Agreement are not adversely effected, including without limitation Sucampo's rights under Section 2.1.4; (c) any such Subcontractor to whom Gloria discloses Confidential Information of Sucampo shall enter into an appropriate written agreement obligating such Subcontractor to be bound by obligations of confidentiality and restrictions on use of such Sucampo Confidential Information that are no less restrictive than the obligations in this Agreement; and (d) Gloria shall at all times be fully responsible and liable for any action or omission of such Subcontractor which would constitute a breach of this Agreement if committed by Gloria as if Gloria had committed such action or inaction itself. Upon any expiration or termination of this Agreement for any reason, all agreements with Subcontractors shall automatically terminate.

7.4 Sales Efforts by Gloria. Gloria shall use Commercially Reasonable Efforts in accordance with the terms and conditions of this Agreement and all Applicable Law (a) to Commercialize the Product in the Field in the Territory throughout the Term, and (b) to accomplish the objectives set forth in the Commercialization Plan. In the event the Gloria fails to Commercialize the Product in the Field in the Territory within […***…] of the […***…], Sucampo has the right to terminate this Agreement under Section 12.2.1.

7.5 Sales Volume Target. In the event Gloria fails to achieve, in the aggregate, the Cumulative Sales Volume Target during the first to occur of (i) the […***…] after the […***…] of the […***…] in the […***…] in the […***…] and (ii) the […***…] after the […***…] the […***…] is […***…] on the […***…], Sucampo may terminate upon […***…] prior written notice to Gloria In no event shall Sucampo's termination of the Agreement under this Section 7.5 prevent Sucampo from pursuing any other rights or remedies under this Agreement or at law or in equity for breach of any other provision of this Agreement, including Section 7.3.

7.6 Costs. Gloria will be responsible for all costs of Commercialization in the Territory, including the costs of developing all Promotional Materials, scientific meetings, CME-related educational symposia, promotional marketing programs, sales training, distribution, salaries and similar expenses, as appropriate.

7.7 Promotional Materials

7.7.1 Materials. During the Term, Gloria shall be solely responsible for creating and developing all Promotional Materials to be used in connection with the Promotion of the Product in the Field in the Territory. All Promotional Material are subject to the prior review, comment and approval of the JCC. Unless and until Promotional Materials are approved by JCC for publication or other general dissemination, such Promotional Materials shall be maintained in strict confidence. Gloria shall ensure that all Promotional Materials comply with all Applicable Laws in the Territory and do not infringe or otherwise violate the intellectual property or other rights of any Third Party. To the extent that any Promotional Materials are required by Applicable Law to be submitted to the Regulatory Authority in the Territory, Gloria shall make such submissions, and Gloria shall be the Regulatory Authority liaison on all marketing, advertising and Promotional matters for the Product in the Field in the Territory. Sucampo, if and to the extent permitted under any agreement with other parties, shall provide Gloria with copies of Promotional Materials used by Sucampo, its Affiliates, its licensees and distributors. During the Term, Gloria shall own all rights to the Promotional Materials in the Territory but shall only use such Promotional Materials for the Promotion of the Product in the Field in the Territory in

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compliance in all respects with this Agreement and all Applicable Laws. To the maximum extent permitted by Applicable Law, Gloria agrees that it shall and hereby does, and shall cause its Affiliates to, irrevocably grant, convey, transfer, assign and deliver to Sucampo all right, title and interest in and to such Promotional Materials (and all intellectual property rights therein or thereto), in perpetuity and throughout the world upon the expiration or termination of this Agreement. Notwithstanding the foregoing, Sucampo agrees not to exercise its ownership rights with respect to the Promotional Materials until the expiration or termination of this Agreement. Upon termination or expiration of this Agreement, Gloria shall, at Sucampo's discretion, destroy all such Promotional Materials or, at Sucampo's cost, return all such Promotional Materials to Sucampo.

7.7.2 Presentation and Promotion of the Product. The Commercialization Plan shall describe the manner in which the Product in the Field in the Territory will be presented and described to the medical community in any Promotional Materials or other materials and the placement of the Corporate Names of the Parties, in each case as permitted by Applicable Law in the Territory and with the Product Labels and Inserts for the Product approved by the applicable Regulatory Authority in the Territory. Gloria shall have the right to display its Corporate Name and logo on the packaging of the Product in the Field in the Territory subject to Applicable Law in the Territory and Sucampo's Trademark Guidelines.

7.8 Non Compete. During the Term, Gloria and Sucampo shall refrain, and shall cause their respective Affiliates, to refrain from developing, promoting, marketing, selling, offering to sell, distributing, commercializing or otherwise exploiting any pharmaceutical product of the same active ingredient in the Territory other than the Product in the Field in the Territory (a "Competing Product"), without the prior written approval of the other Party, which approval shall not be unreasonably withheld, conditioned or delayed. Such approval shall be notified no later than […***…] following the date of the other Party's receipt of request from such Party.

ARTICLE 8
CONSIDERATION

8.1 Upfront Payment. Gloria shall make a nonrefundable[…***…] payment to Sucampo in the amount of USD One Million (US$1,000,000), within […***…] of the Effective Date and USD Five Hundred Thousand ($500,000) within […***…] of the first IND approval.

8.2 Milestone Payments. Gloria shall make the following non-refundable

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payment to Sucampo, in the amounts set forth below, on a one (1) time basis and meet the milestone event within the time period specified below:

	Milestone Event	Milestone Payment
1.	Upon the first to occur (i) the […***…] the […***…] is […***…] on the […***…] in the Territory and (ii) the date the […***…] of the Product […***…] in the Territory.	USD One Million Five Hundred Thousand (US$1,500,000), within […***…] ([…***…]) Business Days after the occurrence of the milestone event

8.3 Invoice Price. When supplying the Product in the Field to Gloria under ARTICLE 9, promptly after shipment of such Product to Gloria, Sucampo shall invoice Gloria the Invoice Price and costs of Additional Materials for such Product shipped to Gloria. Gloria shall pay for such Product and Additional Materials within […***…] after such shipment is […***…] by Gloria in the […***…] by Gloria, provided that if Gloria rejects such Product pursuant to Section 9.7 due to a Patent Defect, a Latent Defect or because the delivery of such Product is not in compliance with the quantities set forth on the relevant purchase order, then, in the case the Product in the Field is not in compliance with the quantities set forth in the purchase order, payment shall still be due for the quantities actually shipped to Gloria pursuant to Section 9.7 within […***…] after such invoice is received by Gloria or, in the case of a Patent Defect or Latent Defect, payment shall be due within […***…] after receipt by Gloria of notice from the laboratory or other expert that the invoiced Product in the Field does not contain a Patent Defect or Latent Defect. In the event that Product delivery is delayed by the Regulatory Authority at the port designated by Gloria, Gloria shall by written notification to Sucampo request that the time periods set forth above in this Section 8.4 be extended for a period of time that Gloria and Sucampo negotiate in good faith.

8.4 Third Party Royalties. If the Development, Promotion or Commercialization of the Product by Gloria in the Field in the Territory infringes or misappropriates any intellectual property rights of a Third Party (other than Gloria's Affiliate) or Sucampo Affiliate in the Field in the Territory such that Gloria cannot Develop, Promote or Commercialize the Product in the Field in the Territory as provided for herein without infringing such intellectual property rights of such Third Party (other than Gloria's Affiliate) and/or Sucampo Affiliate, then each Party shall promptly notify the other Party upon becoming aware of the same and Sucampo may, along with indemnification as and to the extent set forth below and to the maximum extent permitted by Applicable Law, as Gloria's sole and exclusive remedy and at Sucampo's sole option and discretion, and to the reasonable satisfaction of Gloria: (a) obtain such licenses and rights as are necessary for

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Gloria to Develop, Promote or Commercialize the Product in the Field in the Territory as expressly provided for herein within […***…] after Sucampo becomes aware of such infringement or misappropriation with respect to such Product in the Field in the Territory as set forth in this Section 8.5 above and Sucampo shall be solely responsible for the payment of all such Third Party Royalties; or (b) replace or modify any affected Sucampo Background Technology within […***…] after Sucampo becomes aware of such infringement or misappropriation with respect to such Product in the Field in the Territory as set forth in this Section 8.4 above, so that it does not infringe such intellectual property rights of such Third Party (other than Gloria's Affiliates) at Sucampo's sole cost and expense, provided however that with respect to (i) any such infringement or misappropriation before Sucampo implements a remedy in accordance with this Section 8.4 and (ii) any such infringement or misappropriation which is not remedied in accordance with this Section 8.4, Sucampo shall indemnify, defend, and hold harmless Gloria against any Losses resulting from a Third Party Claim to the extent that such Third Party Claim results from such infringement or misappropriation pursuant to Section 14.2, including paying the costs of such defense and any judgments finally awarded to such Third Party (other than Gloria's Affiliates) by a court of competent jurisdiction or settlements entered with such Third Party (other than Gloria's Affiliates) and Gloria's reasonable attorneys' fees to the extent that such Third Party Claim results from such infringement or misappropriation. For the avoidance of doubt, Gloria shall not be entitled to indemnification with respect to such infringement or misappropriation under this Agreement, including Section 8.4 and Section 14.2, if Sucampo has implemented a remedy in accordance with Section 8.4(a) or Section 8.4(b).

8.5 Audit Rights. Each Party shall keep and maintain for at least […***…] complete and accurate records in sufficient detail to allow confirmation of any payment calculations made hereunder. Upon the written request of a Party ("Auditing Party") and not more than once in each Calendar Year, the other Party ("Audited Party") shall permit an independent certified public accounting firm of internationally-recognized standing, selected by the Auditing Party (provided that the Auditing Party shall not without the Audited Party's prior written consent select the same public accounting firm that conducts the Auditing Party's annual financial statement audit) and acceptable to the Audited Party, at the Auditing Party's expense, to have access, with not less than […***…] notice, during normal business hours, to the records of the Audited Party and its Affiliates as may be reasonably necessary to verify the accuracy of the payments hereunder for any year ending not more than […***…] prior to the date of such request. The accounting firm will be instructed to provide its audit report first to the Audited Party, and will be further instructed to redact any Confidential Information of the Audited Party not relevant to verifying the accuracy of payments prior to providing that audit report to the Auditing Party. The accounting firm's audit report shall state whether the applicable report(s) is/are correct or not, and, if applicable, the specific details concerning any discrepancies. No other information shall be shared. If such accounting firm concludes that additional monies were

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owed by the Audited Party to the other, the Audited Party shall pay the additional monies within […***…] of the date the Audited Party receives such accounting firm's written report so concluding. The fees charged by such accounting firm shall be paid by the Auditing Party; provided if an error in favor of the Auditing Party of more than […***…] is discovered, then the Audited Party shall pay the reasonable fees and expenses charged by such accounting firm. Any audit reports provided hereunder shall be the Confidential Information of the Audited Party. Gloria shall either: (a) require each of its Affiliates and other Sublicensees to maintain similar books and records and to open such records for inspection to the accounting firm in the manner paralleling that set forth in this Section 8.5, or (b) obtain such audit rights from its Affiliates and other Sublicensee for itself and exercise such audit rights on behalf of Sucampo upon Sucampo's request and disclose the results thereof to Sucampo. In either case Sucampo shall be deemed the Auditing Party, and such Sublicensee the Audited Party for purposes of this Section 8.5.

8.6 Withholding Taxes. All payments made under this Agreement shall be free and clear (exclusive of) of any and all taxes, duties, levies, fees or other charges required by Applicable Law, except that such payments may be subject to any withholding taxes. Where any sum due to be paid to a Party hereunder is subject to any withholding tax under Applicable Law, the Parties shall use Commercially Reasonable Efforts to do all such acts and things and to sign all such documents as will enable them to take advantage of any applicable double taxation agreement or treaty. In the event there is no applicable double taxation agreement or treaty, or if an applicable double taxation agreement or treaty reduces but does not eliminate such withholding or similar tax under Applicable Law, the paying Party shall deduct any withholding taxes from payment and pay such withholding or similar tax to the appropriate government authority, deduct the amount paid from the amount due to the receiving Party and secure and send to the receiving Party the best available evidence of such obligation together with proof of payment.

8.7 Payments. All payments due under this Agreement shall be payable in USD. Unless expressly specified otherwise herein, all payments under this Agreement shall be by appropriate electronic funds transfer in immediately available funds to the following bank account of Sucampo:

Bank information

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For USD

Bank:	[…***…]
Address:	[…***…]
Swift Code:	[…***…]
Account:	[…***…]
Contact Person:	[…***…]
Telephone:	[…***…]

Each payment shall reference this Agreement and identify the obligation under this Agreement that the payment satisfies. If at any time legal restrictions prevent the remittance of part or all of payments owed by a Party hereunder in the Territory, payments due hereunder shall continue to accrue until such time payment shall be made through any lawful means or methods that may be available as the Parties shall reasonably determine.

8.8 No Other Compensation. Unless otherwise agreed to by the Parties and set forth in writing, Sucampo and Gloria hereby agree that the terms of this Agreement and all ancillary agreements hereto fully define all consideration, compensation and benefits, monetary or otherwise, to be paid, granted or delivered by each Party to the other in connection with the transactions contemplated herein. Neither Party has previously paid or entered into any other commitment to pay, whether orally or in writing, any employee of the other Party, directly or indirectly, any consideration, compensation or benefits, monetary or otherwise, in connection with the transactions contemplated herein.

ARTICLE 9
SUPPLY

9.1 General

9.1.1 Strategy. The JCC shall determine the supply strategy for the Compound and the Product in the Field in the Territory. The Parties, through the JCC, shall provide regular updates on the supply of Product in the Field in the Territory, and issues related thereto. The Parties will review the supply strategy on an ongoing basis to ensure adequate risk mitigation for supply of the Compound and the Product for the Field in the Territory. Sucampo shall keep Gloria reasonably informed of inventory or production

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issues that it is aware may affect the availability of Product for the Field in the Territory. Gloria hereby acknowledges and agrees that it shall, and shall cause each of its Affiliates and other Sublicensees to, exclusively purchase the Product in the Field from Sucampo during the Term.

9.1.2 Manufacturing by Sucampo. Subject to the terms and conditions of this Agreement, Sucampo shall manufacture (or have manufactured by a Third Party), in compliance with the Specifications and test and supply to Gloria and/or its Affiliates or Sublicensees Product in the Field, in the quantities and at times as provided herein, for the Commercialization thereof. All such Product in the Field manufactured and supplied by or on behalf of Sucampo shall:

(a) be manufactured in accordance and in compliance with Applicable Law, including cGMP;
(b) be manufactured in accordance with the applicable Regulatory Filings and Regulatory Approvals;
(c) upon delivery, not be adulterated or misbranded as defined by Applicable Law;
(d) upon delivery, have a […***…]of […***…] months;
(e) be free from material defects in materials and workmanship; and
(f) be in material compliance with all Specifications for the Product in the Field.

9.1.3 Supply of Additional Materials. Sucampo shall purchase or have purchased all Additional Materials (as referred to in the relevant Regulatory Approvals) which are needed for the manufacture of the Product in the Field as per the current regulatory files, at Gloria's sole cost and expense. Gloria shall pay for the cost of the Additional Materials in accordance with Section 8.4.

9.1.1 Samples Supply for Clinical Trials. Sucampo or its designated CMO shall manufacture and supply the Product and placebos […***…] (Incoterms 2010) and Gloria shall pay […***…] for the Product and the placebos for the clinical trials as per the regulatory requirements in the Territory.

9.1.5 Sufficient Inventories. For the Term, and subject to the timely supply of the Rolling Forecast pursuant to Section 9.1.6, Sucampo shall use Commercially Reasonable Efforts to cause its supplier to maintain sufficient inventories of Additional Materials required to manufacture the Product in the Field in order to ensure timely delivery of the Product in the Field. If only one site is used for manufacturing the Compound, Sucampo shall use Commercially Reasonable Efforts to cause its supplier to maintain a safety stock of active Compound equal to […***…] of forecast demand based on Gloria's
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most recent Rolling Forecast. Sucampo shall use Commercially Reasonable Efforts to cause its supplier to maintain a safety stock of Additional Materials to support the Product manufacture and packaging equal to […***…] of forecast demand based on Gloria's most recent Rolling Forecast.

9.1.6 Supply Price. In the event a Generic Product enters the Field in the Territory, the Parties will work together in good faith to re-evaluate the Supply Price in order to maintain market competitiveness.

9.1.7 Forecasts and Orders.

(a) No later than the […***…] of each […***…] during the Term, Gloria will provide Sucampo with an updated […***…] rolling forecast of the Product in the Field to be manufactured and supplied by or on behalf of Sucampo (each a "Rolling Forecast") for the […***…] period commencing at the beginning of the following month with the first […***…] considered a purchase order period. Each Rolling Forecast will be broken down for each […***…] of such period into the quantity (by SKU, packaging and size of Product) and shipping dates. The first […***…] of each new Rolling Forecast will restate the balance of the purchase order period of the prior Rolling Forecast, and the […***…] of the Rolling Forecast will constitute the new purchase order for which Gloria will be obligated to purchase and take delivery of the Product.

(b) Except as set forth herein, all months of the Rolling Forecast other than the first […***…] will set forth Gloria's best estimate of its requirements for the supply of Product in the Field in the Territory, and the Rolling Forecast for the […***…] through […***…] of each Rolling Forecast will not be binding.

9.1.8 Purchase Order. All purchases of Product shall be pursuant to written purchase orders consistent with Section 9.1.6(a), which shall be placed by Gloria at least […***…] prior to the date of which such Product shall be delivered to Gloria or the applicable Affiliate or Sublicensee. Each such purchase order will be consistent with the purchase order period of the most recent Rolling Forecast. If a purchase order for any month is not submitted by the above deadline, Gloria will be deemed to have submitted a purchase order in that month for the amount of Product set forth in the most recent Rolling Forecast for such month. Each purchase order hereunder shall specify the desired quantities of each of the Product, in finished forms and samples, and the delivery dates therefor.

9.1.9 Acceptance of Orders. Orders and delivery dates will be deemed accepted unless Gloria and/or its Affiliate or Sublicensee receives written notice of rejection within […***…]. Sucampo may only reject an order (a) that lists products that are not covered by this Agreement, (b) that is inconsistent with the amounts permitted by

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Section 9.1.5 and Section 9.1.7 or (c) during a supply constraint situation in accordance with Section 9.2.1below.

9.1.10 Subcontracting. Gloria hereby authorizes that Sucampo may subcontract the manufacturing of the Compound, the Product and Additional Materials without the prior written consent of Gloria.

9.2 Delivery. The Products including the Additional Materials hereunder shall be delivered […***…] to the […***…] in the Territory ([…***…] will […***…] for the […***…] for delivering the Products to the […***…] in the Territory) (Incoterms 2010) for the relevant Product on or up to […***…] before the delivery date specified in the order accepted by Sucampo, subject to the release of such Products as per Section 9.3. Gloria shall designate to Sucampo the […***…] which will […***…] of the Product. Sucampo shall contact such […***…] when the Product is […***…] for […***…] and shall […***…] for […***…], and […***…] of such Product. Sucampo shall inform Gloria […***…] prior to […***…] by the […***…] . […***…] shall […***…] the […***…] and will be […***…] by the[…***…] for […***…] of the Product from the […***…] of […***…] to […***…] of […***…]. Gloria will notify Sucampo in writing the delivery documents including PO number, quantity, copy of the certificate of analysis, items codes and description, lot number, expiry date of Product, number of shippers, weight, number of pallets and other documents required by the Regulatory Authorities in the Territory for Gloria to import the Product and conduct customs clearance.

9.2.1 Limited Supply. In the event that Product is in short supply, Sucampo shall notify Gloria of such shortage as soon as possible upon becoming aware of the same. In the event there is a short supply of Product and Sucampo cannot supply such Product to Gloria in an amount equal to Gloria's firm order, then Sucampo shall use Commercially Reasonable Efforts to allocate such available Product and cause its Third Party manufacturer to allocate manufacturing capacity to provide to Gloria in each month that such a shortfall exists (and in each month thereafter until the shortfall to Gloria is remedied) the Product in an amount equal to (a) the amount of available […***…] and/or […***…], multiplied by (b) a […***…] of which is (i) the […***…] Gloria over the subsequent […***…] period including the shortfall month and the […***…] of which is (ii) the […***…] of (x) the […***…] of […***…] made by Gloria over the subsequent […***…] period including the shortfall months and (y) the […***…] of Compound or Product over the same […***…] period required by other licensees outside the Territory by reference to firm orders placed with Sucampo for such licensees' requirements outside the Territory.

9.2.2 Specifications. Sucampo shall manufacture and package the Product in material compliance with (a) the Specifications, (b) cGMP, and (c) any other requirements set forth in the Regulatory Approval for the relevant Product in the Field in

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the Territory and other applicable laws in the PRC as such requirements are identified and provided to Sucampo in writing and in the English language. Unless agreed otherwise by Gloria in writing, all Products supplied by Sucampo shall have a minimal shelf life of […***…].

9.3 Testing and Release. Testing and release of the Product shall be made in accordance with Quality Agreement and any amendments thereto and/or any changes to the People's Republic of China pharmacopoeia. During the Term, Sucampo will conduct the commercial stability program with respect to the Product pursuant to Applicable Law, at its own expense.

9.4 Records. At its own cost, Sucampo shall keep and maintain documentation and records with respect to manufacturing, testing and delivery of Product in accordance with Applicable Law.

9.5 Manufacturing Changes. Sucampo assumes any and all responsibility for any changes that it makes to the manufacturing processes and test methods for the Product, and for any other changes that it makes relating to the manufacture of such Product at the manufacturing location, that are not specific to such Product, and will solely bear all expenses related thereto.

9.6 Quality Agreement. A Quality Agreement shall be executed between Sucampo and Gloria within […***…] of the expected launch date.

9.7 Non-Conforming Shipment. Gloria will have a period of […***…] from the date of its receipt of a shipment of Product to: (a) inspect and reject such shipment for Patent Defects and (b) report any discrepancy in the quantity of the SKUs of such Product for such shipment, in each case, based on Gloria's normal incoming commercially reasonable -goods inspections procedures. If Gloria provides Sucampo with a notice of non-conformity in respect of any discrepancy in the quantity of the SKUs of the Product for any shipment within such […***…] period then, as Gloria's sole and exclusive remedy, Gloria shall have the option of: (i) in the event of a shortfall in the quantity of such delivered Product, (x) requiring Sucampo to, and Sucampo shall, promptly supply Gloria with such additional Product as is necessary to meet the amount ordered at Sucampo's sole cost and expense for shipping, through the carrier used to deliver such Product to Gloria (or such other carrier as Sucampo may direct in writing), or (y) paying for the quantity actually received in accordance with the provisions of ARTICLE 8 without requiring Sucampo to supply any additional Product as is necessary to meet the amount ordered or (ii) in the event of an excess in the quantity of the delivered Product, (x) returning the excess units to Sucampo, at Sucampo's sole cost and expense for shipping, through the carrier used to deliver such Product to Gloria (or such other carrier as Sucampo may direct in writing), or (y) accepting any such excess Product as against future orders of Product. In each case,

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Gloria shall pay for the quantity actually received and accepted unless otherwise agreed in writing by the Parties. In the event Gloria wishes to reject any such shipment for a Patent Defect, Gloria shall provide Sucampo with written notice of such rejection for any Patent Defect within such period of […***…] together with samples of the non-conforming Product in the relevant shipment for testing. In the case of Product with Latent Defects, Gloria will promptly, and in no event more than […***…] of Gloria knowing of any such Latent Defect, notify Sucampo in writing of such Latent Defect; provided however, that any Latent Defect must be notified no later than […***…] following the date of Gloria's receipt of a shipment of the applicable Product, together with samples of such non-conforming Product in the relevant shipment for testing. If Sucampo disagrees with Gloria regarding Gloria's rejection of a shipment or portion thereof based on a Patent Defect or a Latent Defect , the Parties will submit samples of such shipment to a mutually acceptable independent laboratory for testing. If such independent laboratory determines that the shipment did not contain a Patent Defect or a Latent Defect, Gloria will bear all reasonable and recorded expenses of shipping Product to and from and the testing by such independent laboratory for such shipment. If Sucampo or such independent laboratory confirms that such shipment did contain a Patent Defect or a Latent Defect, Sucampo will (i) as soon as practicable, give Gloria a credit for any amount paid with respect to that portion of the Product which had a Patent Defect or Latent Defect, (ii) bear all of Gloria's reasonable direct and documented out-of-pocket expenses of returning such Product to Sucampo or its designee, and (iii)all reasonable direct and documented out-of-pocket expenses of shipping Product to and from and the testing by such independent laboratory for such shipment. Sucampo or Gloria, as directed by Sucampo, will dispose of any non-conforming portion of any shipment in accordance with all Applicable Law, at Sucampo's expense for any reasonable direct and documented out-of-pocket costs actually incurred for such disposal.

9.8 Audits & Inspections. Sucampo shall use Commercially Reasonable Efforts to make available facilities being used to manufacture Products and relevant manufacturing records for inspection by Gloria for regulatory or quality assurance purposes upon reasonable notice and at reasonable times during normal business hours and subject to Sucampo's customary rules and restrictions with respect to site visits by non-Sucampo personnel; provided, however, that the inspection by Gloria hereunder shall be within the scope of inspection that is allowed under the relevant statutes and regulations and shall be no more than once per year.
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ARTICLE 10
CONFIDENTIALITY AND NON-DISCLOSURE

10.1 Confidentiality

10.1.1 Nondisclosure Obligations. The Receiving Party shall keep confidential and shall not publish or otherwise disclose or use for any purpose other than the purpose of the Parties to perform their respective obligations and exercise their respective rights under this Agreement, any Confidential Information of the Disclosing Party. The Receiving Party shall treat Confidential Information as it would its own proprietary information which in no event shall be with less than a reasonable standard of care, and take reasonable precautions to prevent the disclosure of Confidential Information to a Third Party, except as explicitly set forth herein, without written consent of the Disclosing Party.

10.1.2 Exceptions to Confidentiality. The Receiving Party's obligations set forth in this Agreement shall not extend to any Confidential Information of the Disclosing Party to the extent that such Confidential Information:

(a) is or hereafter becomes part of the public domain by public use, publication, general knowledge or the like or is made generally available by a Third Party, in each case, other than through a wrongful act, fault or negligence on the part of the Receiving Party or a breach of this Agreement;

(b) is received from a Third Party without restriction and with the right to disclose such Confidential Information;

(c) the Receiving Party can demonstrate by competent evidence was already in its possession without any limitation on use or disclosure prior to its receipt from the Disclosing Party;

(d) the Receiving Party can demonstrate by competent evidence was independently developed by or for the Receiving Party without reference to, use of or disclosure of the Disclosing Party's Confidential Information; or

(e) is released from the restrictions set forth in this Agreement by the express prior written consent of the Disclosing Party.

Notwithstanding the foregoing, specific aspects or details of Confidential Information shall not be deemed to be within the public domain or in the possession of the Receiving Party merely because the Confidential Information is embraced by more general information in the public domain or in the possession of the Receiving Party. Further, any combination of Confidential Information shall not be considered in the public domain or in the possession of the Receiving Party merely because individual elements of such Confidential Information are in the public domain or in the possession of the Receiving Party unless the combination and its principles are in the public domain or in the possession of the Receiving Party.

10.1.3 Authorized Disclosures. The Receiving Party may disclose Confidential Information to the extent that such disclosure is:

(a) made in response to an order of a court of competent jurisdiction or other Regulatory Authority or any political subdivision or regulatory body thereof of competent jurisdiction; provided that the Receiving Party shall first have, if reasonably possible, given notice to the Disclosing Party and given the Disclosing Party, at such Disclosing Party's own expense, a reasonable opportunity to quash such order or to obtain a protective order requiring that the Confidential Information or documents that are the subject of such order be held in confidence by such court or Regulatory Authority or, if disclosed, be used only for the purposes for which the order was issued; and provided, further, that if a disclosure order is not quashed or a protective order is not obtained, the Confidential Information disclosed in response to such order shall be limited to that information which is legally required, in the reasonable opinion of legal counsel to the Receiving Party, to be disclosed in such response to such court or governmental order;

(b) otherwise required by Applicable Law or the requirements of a major national securities exchange (*e.g.*, U.S. Securities and Exchange Commission), in the reasonable opinion of legal counsel to the Receiving Party, provided that the Party disclosing such Confidential Information shall exercise its commercially reasonable efforts to obtain a protective order or other reliable assurance that confidential treatment will be accorded and if possible give the other Party a reasonable opportunity to review and comment on any such disclosure in advance thereof (but not less than […***…], if possible, prior to the date of such disclosure);

(c) made to an applicable Regulatory Authority as useful or required in connection with any filing, application or request for Regulatory Approval; provided that reasonable measures shall be taken to assure confidential treatment of such information;

(d) (i) reasonably necessary in filing or prosecuting of Sucampo Patent Rights directed to the Compound or the Product in the Field in the Territory or (ii) reasonably necessary in defending litigation related to Sucampo Patent Rights in the Territory if such litigation relates to this Agreement; and

(e) to the extent necessary, and subject to sublicensing and subcontracting provisions set forth in this Agreement, to its Affiliates, directors, officers, employees, consultants, advisors, sublicensees or subcontractors of Gloria or Sucampo,

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under written agreements of confidentiality substantially similar to and at least as restrictive as those set forth in this Agreement, who have a need to know such information in connection with a Party performing its obligations or exercising its rights under this Agreement.

10.2 Patient Information. The Parties shall abide (and cause their respective Affiliates and sublicensees to abide), and take (and cause their respective Affiliates and sublicensees to take) all reasonable and appropriate actions to ensure that all Third Parties conducting or assisting with any clinical development activities hereunder in accordance with, and subject to the terms of, this Agreement, shall abide, to the extent applicable, by all Applicable Law concerning the confidentiality or protection of patient identifiable information and other patient protected health information.

10.2.1 Ownership of Confidential Information. The Receiving Party agrees that it shall not receive any right, title or interest in, or any license or right to use, the Disclosing Party's Confidential Information (including, without limitation, all copies, extracts and portions thereof) or any intellectual property rights therein, by implication or otherwise, except as expressly and specifically permitted herein. All rights relating to the Disclosing Party's Confidential Information that are not expressly granted hereunder to the Receiving Party are reserved and retained by the Disclosing Party.

10.2.2 Confidentiality Agreement. If any terms or conditions set forth in this ARTICLE 10 conflict with or are inconsistent with the terms and conditions of the Confidentiality Agreement, this ARTICLE 10 will govern over the Confidentiality Agreement to the extent of such conflict or inconsistency.

10.3 Press Releases; Publications; Use of Name and Disclosure of Terms.

10.3.1 Press Release. The Parties have agreed upon the content of a press release which shall be issued substantially in the form attached hereto as Exhibit I as soon as practicable after the execution and delivery of this Agreement. Except for the press release set forth on Exhibit I, each Party shall maintain the confidentiality of all provisions of this Agreement and this Agreement itself and, without the prior written consent of both Parties, no Party shall make any press release or other public announcement of or otherwise disclose to any Third Party this Agreement or any of its provisions, except for: (a) disclosure to those of its directors, officers, employees, accountants, attorneys, advisers and agents whose duties reasonably require them to have access to the Agreement, provided that such directors, officers, employees, accountants, attorneys, advisers, and agents are required to maintain the confidentiality of the Agreement to the same extent as if they were Parties hereto under written agreements of confidentiality substantially similar and at least as restrictive as those set forth in this Agreement, (b) such disclosures as may be required by Applicable Law pursuant to Section 10.1.3, and (c) either Party may disclose the terms of this Agreement to its existing or potential investors, lenders, collaborative partners or, in the case of a change of control, acquirers as part of their due diligence investigations, provided, however, that such existing investors, lenders, collaborative partners or acquirers have agreed to maintain the confidentiality of the terms of this Agreement and to use such information solely for the purpose of such due diligence investigation under written agreements of confidentiality substantially similar to and at least as restrictive as those set forth in this Agreement.

10.3.2 Publications. The Parties, through the JDC, shall develop policies and procedures (the "Publication Policies") for any publication with respect to the results of Clinical Studies and Post-Approval Marketing Studies for a Product in the Field in the Territory, including disclosure applicable to clinical trial registries, which policies and procedures shall be consistent with the Parties' respective policies and procedures for publication and disclosure of the results of human clinical trials consistently applied. All abstracts, manuscripts and presentations (including information to be presented verbally) that disclose results of Clinical Studies or Post-Approval Marketing Studies for a Product in the Field in the Territory shall be reviewed and approved by the JDC in accordance with the Publication Policies. Notwithstanding the foregoing, each Party shall provide to the other Party (through the JDC) the opportunity to review each of the submitting Party's proposed abstracts, manuscripts or presentations (including information to be presented verbally) in the Territory that relate to any Development activities or otherwise with respect to the Product for use in the Field in the Territory, at least […***…] prior to its intended presentation or submission for publication, and such submitting Party agrees, upon written request from the other Party given within such […***…] period, not to submit such abstract or manuscript for publication or to make such presentation until the other Party is given up to […***…] from the date of such written request to seek appropriate patent protection for any material in such publication or presentation that it reasonably believes may be patentable. Once an abstract, manuscript or presentation has been reviewed and approved by the JDC, the exact same abstract, manuscript or presentation does not have to be provided again to the other Party for review for a later submission for publication; provided that once the abstract or manuscript is accepted for publication or the presentation is finalized, the submitting Party shall provide the other Party with a copy of the final version of such abstract, manuscript or presentation. Each Party also shall have the right to require that any of its Confidential Information (but not the results of the Clinical Studies or Post-Approval Marketing Studies for a Product in the Field in the Territory that have been approved for disclosure pursuant to the Publication Policies) that is disclosed in any such proposed publication or presentation be deleted prior to such publication or presentation. In any permitted publication or presentation by a Party, the other Party's contribution shall be duly recognized, and co-authorship shall be determined in accordance with customary standards. For the avoidance of doubt and notwithstanding the foregoing, this Section10.3.2 shall not limit or restrict Sucampo's ability to publish or present publicly available information for the Product outside of the Territory or, for Other Formulation(s) or Dosage(s) or Other Indications within the Territory (except to the extent that Gloria has exercised its right of refusal for a particular Other Formulation or Dosage or Other

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Indication and the Parties have reached written agreement with respect to the same under Section 5.2) or otherwise, provided that in each case such publication or presentation does not contain Gloria's Confidential Information.

ARTICLE 11
INTELLECTUAL PROPERTY RIGHTS

11.1 Sucampo Intellectual Property Rights. As between the Parties, Sucampo and its Affiliates shall have sole and exclusive ownership of all right, title and interest (subject to the licenses granted in this Agreement) in and to any and all Sucampo Patent Rights, Sucampo Other Intellectual Property Rights, Sucampo Background Technology and Product Trademarks and, subject solely to Section 2.1.4(a), all Technology and intellectual property rights in connection with the Product anywhere in the world, including without limitation all Pre-Clinical Data, Clinical Data, CMC Data and other data in connection with the Product.

11.2 Patent Filing, Prosecution and Maintenance. Sucampo and its Affiliates, acting through patent counsel of its choice, and in reasonable consultation with Gloria solely during the Term, shall be responsible for the preparation, filing, prosecution and maintenance of the Sucampo Patent Rights in the Field in the Territory. During the Term, Sucampo will notify Gloria within […***…] in the event that Sucampo or its Affiliates decide not to prepare, file, prosecute and/or maintain any of the Sucampo Patent Rights in the Field in the Territory and, upon the receipt of such notice, Gloria shall then have the right and option to do so at its own expense. For the avoidance of doubt, any Sucampo Patent Right for which Gloria assumes the responsibility to prepare, file, prosecute and/or maintain pursuant to this Section11.2 shall remain part of the Sucampo Patent Rights and shall be solely and exclusively owned by Sucampo.

11.3 Information and Cooperation. During the Term, Sucampo shall (a) provide Gloria with copies of all patent applications filed with respect to the Sucampo Patent Rights and other material submissions and correspondence with the People's Republic of China Patent Office relating thereto, in sufficient time to allow for reasonable review and comment by Gloria, (b) provide Gloria and its patent counsel with an opportunity to consult with Sucampo and its patent counsel regarding the filing and contents of any such application, amendment, submission or response with respect to the Sucampo Patent Rights and (c) provide notice of filing of new Sucampo Patent Rights to Gloria within […***…] of such filing. Sucampo hereby agrees that the advice and suggestions of Gloria and its patent counsel shall be taken into reasonable consideration by Sucampo and its patent counsel in connection with each filing; provided that Sucampo and its patent counsel shall make the final determination in connection with each filing.

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11.4 Product Trademarks. As between the Parties, Sucampo and its Affiliates shall own all Product Trademarks and all goodwill associated therewith. Sucampo shall be responsible for the filing, prosecution, defense and maintenance before all Trademark offices of all Product Trademarks and using Commercially Reasonable Efforts to ensure Product Trademarks exist in the Territory, and that any registered Product Trademarks are maintained during the Term. At Gloria's request, Sucampo shall register domain names containing all or any of the Product Trademarks, including without limitation, the AMITIZA Trademark in the Territory. All such domain and account names and all goodwill associated with such use shall inure to the benefit of Sucampo.

11.5 Intellectual Property Legal Actions

11.5.1 Notice of Third Party Infringement and Third Party Litigation. In the event (a) either Party becomes aware of any possible infringement, violation or misappropriation of any Sucampo Patent Rights, Sucampo Other Intellectual Property Rights or Sucampo Background Technology relating to the Product or any Product Trademark in the Field in the Territory, (b) either Party becomes aware of the submission by any Third Party of regulatory filing in the Territory for a product that seeks approval to sell the Compound in Field, or the regulatory approval is granted upon such regulatory filing,(c) either Party becomes aware of any interference, opposition, or a nullity action being filed in the Territory against any Sucampo Patent Right that relates to the development, manufacture, use, sale, offer to sell, export, import, distribution, commercialization or other exploitation by a Third Party of a Product in the Field, or (d) either Party becomes aware of the institution or threatened institution of any suit by a Third Party against such Party for patent infringement involving the development, manufacture, use, sale, offer to sell, export, import, distribution, commercialization and other exploitation of any Product in the Field in the Territory (each, an "Infringement"), that Party shall promptly notify the other Party and provide it with all details of such Infringement of which it is aware (each, an "Infringement Notice").

11.5.2 Sucampo's Right to Enforce and Defend. In the event of an Infringement, Sucampo and its Affiliates shall have the right and option to initiate legal proceedings, through counsel of its choosing, or take other commercially reasonable steps regarding such Infringement. If Sucampo and its Affiliates do not take or initiate commercially reasonable steps to initiate legal proceedings or take other actions regarding the Infringement within […***…] from any Infringement Notice, then Gloria and its Affiliates shall have the right and option to do so at its own expense and Sucampo and its Affiliates shall have the right, at their own expense, to join such legal proceedings.

11.5.3 No Settlement and Allocation of Damages. Neither Party shall settle any Infringement claim or proceeding under this Section 11.5 without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned

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or delayed. If either Gloria and/or Sucampo collects any settlement or judgment from any Third Party infringers, the Parties shall first allocate any such amounts to each Party equal to their respective attorneys' fees, litigation costs and expenses in making such recovery (which amounts shall be allocated pro rata if insufficient to cover the totality of the attorneys' fees, litigation costs and expenses of both Parties). To the extent that any such award of damages represents lost net sales, any additional amounts collected shall be payable to Gloria. To the extent that any such award of damages does not represent lost net sales, Sucampo shall retain all of any additional amounts collected after the allocation for costs described above.

11.5.4 Right to Representation. Gloria and its Affiliates shall have the right, at their own expense, to participate and be represented by counsel that it selects, in any legal proceedings or other action instituted under this Section 11.5 by Sucampo.

11.5.5 Cooperation. In any action, suit or proceeding instituted under this Section 11.5, the Parties shall cooperate with and assist each other in all reasonable respects. Upon the reasonable request of the Party instituting such action, suit or proceeding, the other Party shall join therein and shall be represented using counsel of its own choice, at the requesting Party's expense.

ARTICLE 12
TERM AND TERMINATION

12.1 Term. The term of this Agreement shall commence on the Effective Date and, unless earlier terminated as provided in this Agreement, shall expire on the thirteenth anniversary of the Effective Date (the "Term").The Term shall renew for successive three (3) year periods unless terminated by one (1) year prior written notice by one of the Parties; provided that (a) the Cumulative Sales Volume Target and any other sales target have been met or exceeded by Gloria, (b) the Parties are in compliance with the terms and conditions of this Agreement and (c) there are no unresolved disputes in which Sucampo is alleging in good faith a breach by Gloria of its obligations under this Agreement. If the Term of this Agreement expires or this Agreement is terminated earlier by Gloria pursuant to Sections 12.2.1or12.2.3, then, at Gloria's request, the Parties shall negotiate in good faith the period of time in which Gloria could continue to promote and distribute its existing inventories of the Product in the Field in the Territory that are on hand or actually and already manufactured as of the expiration or termination date of this Agreement in the Field in the Territory subject to all of the terms and conditions of this Agreement, including without limitation the running royalties and other payments set forth in ARTICLE 8 or, subject to the agreement between the Parties, Gloria will sell back to Sucampo, and Sucampo will repurchase from Gloria, at Gloria's actual reasonable direct and documented out-of-pocket cost, any remaining inventory of Product in the Field in the Territory with greater than […***…] remaining shelf life.

12.2 Termination

12.2.1 Termination for Material Breach. If either Party materially breaches this Agreement, the non-breaching Party shall have the right to terminate this Agreement by written notice unless the breaching Party remedies the default within ninety (90) calendar days after receipt of written notice of such default.

12.2.2 Termination for Failure to Comply with Applicable Law. Notwithstanding the provisions of Section 12.2.1 above, in the event that either Party fails to comply with Applicable Law (including in accordance with Section 13.2 below) then, the other Party may terminate this Agreement if such Party fails to cure such non-compliance with Applicable Law within sixty (60) days of the other Party's written notice thereof, except with respect to any breach of the anti-bribery and anti-corruption laws in which case either Party may terminate this Agreement effective immediately and upon such termination no payments of any kind will be payable by the other Party under this Agreement, whether accrued or otherwise.

12.2.3 Termination for Insolvency. Notwithstanding the provisions of Section 12.2.1 above, in the event a Party files for protection under the bankruptcy laws, makes an assignment for the benefit of creditors, appoints or suffers appointment of a receiver or trustee over its property, files a petition under any bankruptcy or insolvency act or has any such petition filed against it which is not discharged within sixty (60) days of the filing thereof, then the other Party may terminate this Agreement effective immediately upon written notice to such Party.

12.2.4 Termination for Product Withdrawal or Material Adverse Event. In the event the Product or another product containing the Compound for use in the Field is withdrawn from the market by a Regulatory Authority in the Territory, in the United States, Europe, Japan or other major market in the world or either Party has a reasonable health and safety concern, including due to any Adverse Event or Serious Adverse Event, with respect to the Compound or Product, then either Party may terminate this Agreement effective immediately upon written notice to the other Party.

12.3 Consequences of Expiration or Termination of Agreement. Upon any expiration or termination of this Agreement:

(a) all rights and licenses granted by Sucampo to Gloria under this Agreement shall terminate;

(b) the license granted by Gloria to Sucampo with respect to the Gloria Developed Technology and Gloria Intellectual Property Rights under Section 2.1.4(a) shall be exclusive even as to Gloria in the Territory;
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(c) all Development, Commercialization and Promotion activities under this Agreement shall promptly cease;

(d) Gloria shall cease all use of, and shall cause its Affiliate and other Sublicensees to cease all use of, the Sucampo Background Technology, Sucampo Patent Rights, Sucampo Other Intellectual Property Rights, Promotional Materials, Product Trademarks, Sucampo's Confidential Information, Pre-Clinical Data, Clinical Data and CMC Data and any other data, information, materials and Technology provided by or for Sucampo; each Party, at the request of the other Party, shall return or destroy, and thereafter provide to the other Party written certification evidencing such destruction, all data, files, records and other materials in its possession or control relating to the other Party's Technology, or containing or comprising the other Party's Confidential Information;

(e) Gloria shall provide to Sucampo: (i) one (1) copy (and all originals, if applicable) of all Regulatory Filings (including, without limitation, all Regulatory Approvals and other documents necessary to Develop, Promote and Commercialize the Product in the Field in the Territory, as they exist as of the date of such expiration or termination) and (ii) all documents and filings contained in or referenced in any of the foregoing, together with the raw and summarized data for any Clinical Studies and Post-Approval Marketing Studies (and where reasonably available, electronic copies thereof). To the maximum extent permitted by Applicable Law, Gloria shall also assign all of its right, title and interest to any of the foregoing to Sucampo. Sucampo shall have the right to obtain specific performance of Gloria's obligations referenced in this Section and/or, in the event of failure to obtain an assignment, Gloria hereby consents and grants to Sucampo the right to access and reference (without any further action required on the part of Gloria, whose authorization to file this consent with any Regulatory Authority is hereby granted) any and all such Regulatory Filings for any regulatory or other use or purpose, provided that, if Sucampo reasonably deems it necessary, Gloria will provide written confirmation to the Regulatory Authority for such grant or assignment; and

(f) If the Term of this Agreement expires or this Agreement is terminated earlier by Gloria under Section 12.2.1 for Sucampo's material breach or Section 12.2.3, then without limitation to the provisions of Section 12.1, subject to the agreement between the Parties, Gloria will sell back to Sucampo, and Sucampo will repurchase from Gloria at Gloria's actual reasonable direct and documented out-of-pocket cost, any remaining inventory of Product in the Field in the Territory with greater than […***…] remaining shelf life.

12.4 Surviving Provisions. The rights and obligations set forth in this Agreement shall extend beyond the Term or termination of this Agreement only to the extent expressly and specifically provided for in this Agreement. Without limiting the generality of the foregoing, it is agreed that the provisions of ARTICLE 1, Sections 2.1.2 (but only Section 2.1.2(iv) and the last 2 sentences), 2.1.3 (last sentence only), 2.1.4, 2.2, 2.3, 4.5, 4.6, 4.8

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(last 2 sentences only), 6.5.3, 6.6, 7.3(d), 7.5 (last sentence only), 7.7.1 (last 3 sentences only), Article 8, Section 9.7, Article 10, Sections 11.1, 11.4 (first sentence and last sentence only), 12.1 (last sentence only), 12.3, 12.4, 12.5, 13.6, 13.8, Article 14 and Article 15 and, to the extent applicable, all other Sections or Articles referenced in any such Section or Article, shall survive such expiration or termination.

12.5 Continued Obligations. Upon expiration or termination of this Agreement, in whole or in part, for any reason, nothing herein shall be construed to release either Party from any accrued rights or obligations that matured prior to the effective date of such expiration or termination, nor preclude either Party from pursuing any right or remedy it may have hereunder or at law or in equity with respect to any breach of this Agreement.

ARTICLE 13
REPRESENTATIONS AND WARRANTIES

13.1 Mutual Representations and Warranties. Sucampo and Gloria each represents and warrants to the other, as of the Effective Date, as follows:

13.1.1 Corporate Power. Such Party is duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or formation, and has full corporate or other power and authority to enter into this Agreement and to perform its obligations hereunder.

13.1.2 Due Authorization. Such Party has taken all necessary corporate action required to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder.

13.1.3 Binding Agreement. This Agreement has been duly executed and delivered on behalf of such Party and constitutes a legal, valid and binding obligation of such Party and is enforceable against it in accordance with the terms hereof subject to the effects of bankruptcy, insolvency or other laws of general application affecting the enforcement of creditor rights and judicial principles affecting the availability of specific performance and general principles of equity, whether enforceability is considered a proceeding at law or equity.

13.1.4 Conflicts. The execution and delivery of this Agreement and the performance of such Party's obligations hereunder (a) does not conflict with or violate any provision of the articles of incorporation, bylaws or any similar instrument of such Party, as applicable, in any material way and (b) does not conflict with, violate or breach, or constitute a default or require any consent under, any contractual obligation or court or administrative order by which such Party is bound.

13.2 Compliance with Applicable Law.

13.2.1 Sucampo and Gloria each represents, warrants and covenants to the other that it shall comply, in all material respects, with Applicable Law relating to such Party's rights, duties, responsibilities and obligations set forth in this Agreement.

13.2.2 Gloria hereby makes each of the representations and warranties set forth in Exhibit K as if such representations and warranties were set forth in this Section 13.2, and such representations and warranties are incorporated by reference into this Agreement and made a part hereof. Gloria shall comply with each of the covenants set forth in Exhibit K as if each such covenant were set forth in this Section 13.2, and such covenants are incorporated by reference into this Agreement and made a part hereof. Sucampo may update any provision of Exhibit K at any time, and from time to time, upon written notice to Gloria to the extent reasonably necessary to implement changes in Applicable Law and Regulations defined in Exhibit K, changes in interpretations of such Applicable Law and Regulations or changes in policies of enforcement.

13.2.3 Sucampo and Gloria acknowledge and agree that there are anti-bribery and anti-corruption laws to which Sucampo and Gloria are subject, that prohibit the payment, or offering, or receiving, as the case may be, of anything of value to, or from, a government employee, or official, or private individual, for the purpose of (a) inducing or influencing any governmental act, or decision affecting Sucampo or Gloria, (b) to help Sucampo or Gloria obtain or retain any business, or (c) to otherwise improperly benefit Sucampo's or Gloria's business activities, and such laws prohibit Sucampo and Gloria from being involved with clients, contractors, agents, advisors or other Third Parties involved in such activity. Each Party agrees to refrain from any activity in connection with this Agreement that would constitute a contravention by that Party of such laws. Notwithstanding Section 12.2.1 above, breach of this Section by either Party shall entitle the other Party to terminate this Agreement with immediate effect to the extent legally and clinically possible.

13.2.4 The Parties acknowledge and agree that the payments provided under this Agreement constitutes fair market value for the performance of each Party's obligations and exercise of its rights under this Agreement and shall not be used in a manner that violates applicable anti-bribery and anti-corruption laws.

13.3 Intellectual Property

13.3.1 Right to Grant Licenses and Assignments. Each Party represents and warrants to the other Party that it has the right to grant to such other Party the rights, licenses and assignments granted under this Agreement, free and clear of any and all encumbrances and without the need for any assignments, releases, consents, approvals, immunities or other rights not yet obtained. Sucampo represents and warrants that no agreements or arrangements of any kind exist between Sucampo and Third Parties that limit or restrict use of the Sucampo Patent Rights or Sucampo Background Technology for the Product in the Field in the Territory. Each Party represents, warrants and covenants that it will not enter into an agreement that is inconsistent with the rights, licenses and assignments granted to the other Party in this Agreement.

13.3.2 No Existing Claims. Except as set forth on Exhibit M, (i)there is, to Sucampo's knowledge, as of the Effective Date, no claim or demand of any Person pertaining to, or any proceeding whichis pending or threatened that challenges Sucampo's right or interest in the Sucampo Patent Rights or Product Trademarks in the Territory or makes any adverse claim of ownership thereof, and (ii) to Sucampo's knowledge, as of the Effective Date, none of the relevant Patent Rights and Trademarks in the Sucampo Patent Rights and Product Trademarks are the subject of any pending or threatened, adverse claim, judgment, injunction, order, decree or agreement restricting its use for the Product in the Field in the Territory.

13.3.3 Disclosure and Delivery. Sucampo represents, warrants and covenants that Sucampo shall, to its knowledge, have the full right and legal capacity to disclose and deliver the Sucampo Patent Rights, Sucampo Background Technology and Product Trademark to Gloria to exercise such rights with respect to the Sucampo Patent Rights, Sucampo Background Technology and Product Trademark solely as and to the extent expressly permitted under this Agreement without violating the rights of Third Parties.

13.3.4 Maintaining Existing Licenses and Rights. Subject to Section 11.2 above, Sucampo represents, warrants and covenants that Sucampo shall maintain all rights and licenses executed by Sucampo that materially affect Gloria's rights with respect to the Product in the Field in the Territory as and to the extent set forth in this Agreement. Sucampo represents, warrants and covenants that Sucampo shall use Commercially Reasonable Efforts to ensure the Product Trademarks are registered and maintained in the Territory for the Product in the Field during the Term.

13.3.5 Exercise of Rights and Licenses. Gloria represents, warrants and covenants that it shall not engage in any activities that (a) is outside the scope of the license rights granted to it under this Agreement or (b) infringe the intellectual property rights of any Third Party (excluding the infringement solely caused by Gloria's exercise of its rights in and to the Sucampo Patent Rights or Sucampo Background Technology solely as and to the extent permitted under this Agreement). Prior to any employees, agents and representatives of Gloria or Gloria's Affiliates or other Sublicensees or Subcontractors being granted access by Gloria to any Compounds, Sucampo Other Intellectual Property Rights, Sucampo Background Technology, Sucampo's Confidential Information or Pre-Clinical Data, Clinical Data, CMC Data or other data, information, materials and Technology provided by or for Sucampo, Gloria shall have executed agreements with such Persons providing for intellectual property rights protection consistent in all respects with the terms of this Agreement and for protection of Confidential Information of Sucampo, and Gloria covenants to take all reasonable actions to enforce the terms of such agreements against such Persons.

13.3.6 Future Authorizations. Each Party shall obtain and maintain during the Term all authorizations, consents and approvals, governmental or otherwise, necessary for such Party to grant the rights and licenses granted by such Party under this Agreement and to perform its obligations under this Agreement.

13.3.7 Non-Infringement. As of the Effective Date, each Party is not aware of any intellectual property rights owned or controlled by a Third Party that would be infringed or misappropriated by the Development, Promotion and Commercialization of the Product in the Field in the Territory, and such Party has received no written claims relating to any such infringement or misappropriation.

13.4 No Debarment. Each Party certifies as of the Effective Date that neither Party has been debarred by any Regulatory Authority, or, to such Party's knowledge, is the subject of debarment proceedings by any Regulatory Authority. Each Party further certifies as of the Effective Date that it has not used prior to the Effective Date and shall not use during the Term, any employee, agent or independent contractor who has been debarred by any Regulatory Authority or, to such Party's knowledge, is the subject of debarment proceedings by any Regulatory Authority. Each Party further represents, warrants and covenants that it has not been sanctioned, suspended, excluded or otherwise declared ineligible from any Regulatory Authority healthcare program, including, but not limited to any United States healthcare program, such as Medicare or Medicaid or comparable foreign healthcare program. In the event that during the Term, such Party (i) becomes debarred, suspended, excluded, sanctioned, or otherwise declared ineligible; (ii) received notice of an action or threat of an action with respect to any such debarment, suspension, exclusion, sanction or ineligibility, such Party shall immediately notify the other Party. In the event a Party becomes debarred by a Regulatory Authority during the Term, the other Party shall have a right to terminate this Agreement upon thirty (30) days written notice to the debarred Party.

13.5 No Litigation. Except as set forth on Exhibit M, as of the Effective Date, each of Sucampo and Gloria represents and warrants that there is no pending, settled or, to its knowledge, threatened litigation with respect to the Compound or the Product in the Territory or against that Party that may affect such Party's ability to perform its obligations or exercise its rights under this Agreement.

13.6 Legal Authority. Gloria represents and warrants to Sucampo that it has the corporate authority and power to, and it shall in accordance with the terms and conditions of this Agreement, legally bind its Affiliates listed in Exhibit L to the terms and conditions of this Agreement, including without limitation under and as required by Section 2.1.2.

13.7 Warranty Disclaimer. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS AGREEMENT, NEITHER PARTY MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE MANUFACTURE OF PRODUCT, ANY TECHNOLOGY, GOODS, SERVICES, RIGHTS OR OTHER SUBJECT MATTER OF THIS AGREEMENT AND EACH PARTY HEREBY EXPRESSLY AND SPECIFICALLY DISCLAIMS ALL WARRANTIES, WHETHER WRITTEN OR ORAL, EXPRESS OR IMPLIED, EITHER IN FACT OR BY OPERATION OF LAW, BY STATUTE OR OTHERWISE, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT.

13.8 Limited Liability. NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, EXCEPT IN CIRCUMSTANCES OF INTENTIONAL MISCONDUCT OR GROSS NEGLIGENCE BY A PARTY OR ITS AFFILIATES, OR WITH RESPECT TO EACH PARTY'S INDEMNIFICATION OBLIGATIONS SET FORTH IN ARTICLE 14 AND ANY OTHER INDEMNIFICATION OBLIGATIONS OF SUCH PARTY UNDER THIS AGREEMENT, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY OR ANY OF ITS AFFILIATES FOR ANY SPECIAL, PUNITIVE, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING, WITHOUT LIMITATION, LOST PROFITS OR LOST REVENUES, OR COST/EXPENSE OF PROCUREMENT OF SUBSTITUTE GOODS, TECHNOLOGY OR SERVICES, WHETHER UNDER ANY CONTRACT, WARRANTY, NEGLIGENCE, STRICT LIABILITY OR OTHER LEGAL OR EQUITABLE THEORY. NOTWITHSTANDING ANYTHING IN THIS AGREEMENT, EXCEPT FOR EACH PARTY'S INDEMNIFICATION OBLIGATIONS SET FORTH IN ARTICLE 14 AND ANY OTHER INDEMNIFICATION OBLIGATIONS OF SUCH PARTY UNDER THIS AGREEMENT, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY'S ENTIRE AGGREGATE LIABILITY UNDER THIS AGREEMENT SHALL NOT EXCEED THE GREATER OF […***…] AND THE […***…] AND […***…] OR […***…] UNDER OR IN CONNECTION WITH THIS AGREEMENT.

ARTICLE 14
INDEMNIFICATION; INSURANCE

14.1 Indemnification by Gloria. Gloria agrees to indemnify, defend and hold harmless Sucampo and its Affiliates and their respective employees, agents, officers, directors and permitted assigns ("Sucampo Indemnitees") from and against any and all liabilities, damages, losses, costs or expenses (including reasonable attorneys' fees and

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other expenses of litigation and/or arbitration) (collectively, "Losses") resulting from a claim, suit or proceeding made or brought by a Third Party (collectively, a "Third Party Claim") arising out of or resulting from the following:

(a) The Development, improper use, storage, handling or other disposition of the Compound or Product by Gloria or its Affiliates, Sublicensees, Distributors or other Subcontractors or other parties for whom Gloria is responsible;

(b) The exercise or practice by Gloria or its Sublicensees of the license granted under this Agreement other than as expressly and specifically provided in this Agreement;

(c) product liability, bodily injury, risk of bodily injury, death or other torts or property damage arising out of the Compounds or Products to the extent due to the negligence of Gloria, its Affiliates or other Sublicensees, Distributors or other Subcontractors or other parties for whom Gloria is responsible;

(d) Negligence, recklessness or willful misconduct by in regard to its performance, or non-performance, under this Agreement;

(e) Gloria's breach of or failure to perform under this Agreement, including a breach of any of Gloria's representations or warranties hereunder;

(f) Any Third Party Claim or threat thereof that the Developed Technology and/or Developed Intellectual Property Rights to the extent conceived, created, developed or reduced to practice by or for Gloria or its Affiliates (and the exercise of rights granted herein with respect thereto) infringe, misappropriate or violate any patent, copyright, trademark, trade secret, publicity, privacy or other intellectual property or other proprietary rights of any Third Party;

(g) Violation of Applicable Law by Gloria or its Affiliates, Sublicensees, Distributors or other Subcontractors or other parties for whom Gloria is responsible; or

(h) Promotion or Commercialization of the Product other than as set forth in this Agreement, including without limitation any Promotion of the Product that is not consistent with the Product Labels and Inserts or Promotional Materials.

14.2 Indemnification by Sucampo.

14.2.1 General Indemnity. Sucampo agrees to indemnify, defend and hold harmless Gloria and its Affiliates and their respective employees, agents, officers, directors and permitted assigns ("GloriaIndemnitees") from and against any and all Losses resulting from a Third Party Claim arising out of or resulting from the following:

(a) improper storage, handling, manufacturing, formulation or contamination of the Compound or the Product by Sucampo or its Affiliates or Third Party subcontractors prior to delivery of the Compound or Product to Gloria;

(b) subject to Section 8.5 above, any Third Party Claim of infringement of Sucampo Background Technology or any Product Trademark, any Jointly Developed Technology (but excluding any Third Party Claim based in whole or in part on any portion of such Jointly Developed Technology to the extent conceived, created, developed or otherwise reduced to practice by or for Gloria or its Affiliates), in each of the foregoing cases, solely in the Field in the Territory;

(c) failure by Sucampo or any Affiliate or subcontractor of Sucampo to manufacture and supply Product in accordance with the Specifications and Applicable Law;

(d) any product liability, bodily injury, risk of bodily injury, death or other torts or property damage arising out of the Compounds or Products in the Territory to the extent due to the negligence of Sucampo or its Affiliate or a Third Party manufacturer subcontracted by Sucampo, or any Latent Defect or Patent Defect of the Product that existed prior to delivery of such Product to Gloria; or

(e) Sucampo's and/or its subcontractors' negligence, recklessness or willful misconduct in regard to its performance, or non-performance, under this Agreement;

(f) Sucampo's breach of or failure to perform under this Agreement, including a breach of any of Sucampo's representations or warranties hereunder;

(g) subject to Section 8.5 above, any Third Party Claim or threat thereof that the Sucampo Background Technology or Product Trademarks, any Jointly Developed Technology (but excluding any Third Party Claim based in whole or in part on any portion of such Jointly Developed Technology to the extent conceived, created, developed or reduced to practice by or for Gloria or its Affiliates)(and the exercise of rights granted herein with respect thereto) infringe, misappropriate or violate any patent, copyright, trademark, trade secret, publicity, privacy or other intellectual property or other proprietary rights of any Third Party in the Territory; and

(h) violation of Applicable Law by Sucampo or its Affiliates, or its subcontractors or other parties for whom Sucampo is responsible.

In all cases (a) through (h), except for Losses for which each Party has an obligation to indemnify the other Party pursuant to Section 14.1 or Section 14.2, as applicable, as to which Losses each Party shall indemnify the other to the extent of their respective liability for such Losses. THE FOREGOING CONSTITUTES THE SOLE INDEMNIFICATION OBLIGATIONS OF SUCAMPO IN CONNECTION WITH THIS AGREEMENT.

14.2.2 Procedures for Indemnification. The obligations of an indemnifying Party under Section 14.1 and Section 14.2 shall be governed by and contingent upon the following:

14.2.3 Notice of Claim. Each Party shall give the other Party prompt written notice of any Third Party Claim (an "Indemnification Claim Notice"). Each Indemnification Claim Notice shall contain a description of the claim and the nature and amount of the Loss claimed (to the extent that the nature and amount of such loss is known at such time). The indemnified Party shall furnish promptly to the indemnifying Party copies of all papers and official documents received in respect of any such Third Party Claim. Notwithstanding the foregoing, the Parties hereby acknowledge and agree that the failure to give an Indemnification Claim Notice shall not relief the indemnifying Party of its indemnification obligations under this Agreement except and only to the extent that the indemnifying Party is actually and materially prejudiced with respect to a Third Party Claim by the failure to give timely notice by the indemnified Party.

14.2.4 Assumption of Defense. At its option, the indemnifying Party may assume the defense of any Third Party Claim by giving written notice to the indemnified Party within fourteen (14) days after the indemnifying Party's receipt of an Indemnification Claim Notice or sooner if necessary under Applicable Law. The assumption of the defense of a Third Party Claim by the indemnifying Party shall not be construed as an acknowledgement that the indemnifying Party is liable to indemnify any Gloria Indemnitees or Sucampo Indemnitees (as applicable) in respect of the Third Party Claim, nor shall it constitute a waiver by the indemnifying Party of any defenses it may assert against any indemnified Party's claim for indemnification.

14.2.5 Control of the Defense. Upon the assumption of the defense of a Third Party Claim by the indemnifying Party:

(a) the indemnifying Party may appoint as lead counsel in the defense of the Third Party Claim any legal counsel selected by the indemnifying Party, which shall be reasonably acceptable to the indemnified Party;

(b) the indemnified Party shall promptly deliver to the indemnifying Party all original notices and documents (including court papers) received by the indemnified Party in connection with the Third Party Claim; and

(c) the indemnifying Party shall not be liable to the indemnified Party for any legal expenses subsequently incurred by such indemnified Party or any Gloria Indemnitee or Sucampo Indemnitee (as applicable) in connection with the analysis, defense or settlement of the Third Party Claim. To the extent that it is ultimately determined that the indemnifying Party is not obligated to indemnify, defend or hold harmless an Indemnitee from and against the Third Party Claim, the indemnified Party shall reimburse the indemnifying Party for any reasonable and documented out-of-pocket costs and expenses (including reasonable attorneys' fees and costs of suit) and any Loss actually incurred by the indemnifying Party in its defense of the Third Party Claim with respect to such indemnified Party or Indemnitee.

14.2.6 Right to Participate in the Defense. Without limiting Section 14.2.4 or Section 14.2.5, any Gloria Indemnitee or Sucampo Indemnitee (as applicable) shall be entitled to participate in, but not control, the defense of a Third Party Claim and to retain counsel of its choice for such purpose; provided that such retention shall be at its own expense unless, (a) the indemnifying Party has failed to assume the defense and retain counsel in accordance with Section 14.2.4 (in which case the indemnified Party shall control the defense), or (b) the interests of the Indemnitee and the indemnifying Party with respect to such Third Party Claim are sufficiently adverse to prohibit the representation by the same counsel of both parties under Applicable Law, ethical rules or equitable principles.

14.2.7 Settlement. The indemnified Party shall not have the right to consent to the entry of any judgment or enter into any settlement or otherwise dispose of any Third Party Claim without the prior written consent of the indemnifying Party (which consent shall not be unreasonably withheld, conditioned or delayed). The indemnifying Party shall not be liable for any settlement or other disposition of a Third Party Claim by an indemnified Party that is reached without the prior written consent of the indemnifying Party. Regardless of whether the indemnifying Party chooses to defend or prosecute any Third Party Claim, no indemnified Party shall admit any liability with respect to, or settle, compromise or discharge, any Third Party Claim without the prior written consent of the indemnifying Party, such consent not to be unreasonably withheld, conditioned or delayed.

14.2.8 Cooperation. Regardless of whether the indemnifying Party chooses to defend or prosecute any Third Party Claim, the indemnified Party shall, and shall cause each Indemnitee to, cooperate in the defense or prosecution thereof and shall furnish such records, information and testimony, provide such witnesses and attend such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably requested in connection therewith. Such cooperation shall include access during normal business hours afforded to indemnifying Party to, and reasonable retention by the indemnified Party of, records and information that are reasonably relevant to such Third Party Claim, and making indemnified Parties and other employees and agents available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder, and the indemnifying Party shall reimburse the indemnified Party for any out-of-pocket expenses in connection therewith.

14.3 Insurance. Each Party shall obtain and carry in full force and effect the minimum insurance requirements set forth herein, which shall protect Indemnitees with respect to events covered by Section 14.1 and Section 14.2. Such insurance (a) shall be primary insurance with respect to each Party's own participation under this Agreement, (b) shall be issued by a recognized insurer rated by A.M. Best "A-VII" (or its equivalent) or better, or an insurer pre-approved in writing by the other Party, (c) shall list the other Party as an additional named insured thereunder, and (d) shall require thirty (30) days written notice to be given to the other Party prior to any cancellation, non-renewal or material change thereof. The types of insurance, and minimum limits shall be General liability insurance with a minimum limit of USD […***…] per occurrence and USD […***…] in aggregate. General liability insurance shall include, at a minimum, Professional Liability, Clinical Trial Insurance and, beginning at least thirty (30) days prior to First Commercial Sale of the Product in the Field in the Territory, product liability insurance. Upon request by a Party, the other Party shall provide Certificates of Insurance evidencing compliance with this Section. The insurance policies shall be under an occurrence form, but if only a claims-made form is available to a Party, then such Party shall continue to maintain such insurance after the expiration or termination of this Agreement during any period in which such Party continues to make, to have made, to use, to offer for sale or to sell a product that was the Product in the Field in the Territory under this Agreement solely as and to the extent expressly and specifically provided under this Agreement, and thereafter for a period of […***…]. Notwithstanding the foregoing, either Party may self-insure in whole or in part the insurance requirements described above, provided such Party continues to be investment grade determined by reputable and accepted financial rating agencies.

ARTICLE 15
MISCELLANEOUS

15.1 Governing Law. This Agreement and all disputes arising out of or related to this Agreement, or the performance, enforcement, breach or termination hereof, and any remedies relating thereto, shall be construed, governed, interpreted and applied in accordance with the substantive laws of Hong Kong, Special Administrative Region of the People's Republic of China without regard to conflict of laws principles, except that (a) questions affecting the construction and effect of any patent shall be determined by the law of the country in which the patent has been granted, (b) matters related to Regulatory Filings and Regulatory Approval in the Territory, shall be governed by Applicable Law in the Territory and (c) any matters to be exclusively resolved pursuant to the Applicable Laws in the Territory as provided under this Agreement, shall be resolved by the Applicable Laws in the Territory. For the avoidance of doubt, except to the extent applicable and expressly set forth in subsections (a), (b) and (c) of this Section 15.1, Disputes shall not be construed, governed and applied in accordance with PRC law. The Parties hereby exclude the United Nations Convention on Contracts for the International Sale of Goods from this Agreement.

15.2 Arbitration. In the event of any Disputes other than any Disputed Matter that is submitted for resolution as provided in Section 3.1.6 and non-conformity of Product in

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the Field in the Territory under Section 9.7, either Party shall initiate an arbitration proceeding that shall be conducted in accordance with the procedures set forth in Exhibit G.

15.3 Notices

15.3.1 Notice Requirements. Any notice, request, demand, waiver, consent, approval or other communication permitted or required under this Agreement shall be in writing and in both Chinese and English, shall refer specifically to this Agreement and shall be deemed given only if delivered by hand or by internationally recognized overnight delivery service that maintains records of delivery, or transmitted by facsimile (with transmission confirmed), addressed to the Parties at their respective addresses specified in Section 15.3.2, or to such other address as the Party to whom notice is to be given may have provided in writing to the other Party, in accordance with this Section 15.3. Such notice shall be deemed to have been given as of the date delivered by hand or transmitted by facsimile (with transmission confirmed) or upon receipt (at the place of delivery) if sent by an internationally recognized overnight delivery service. Any notice delivered by facsimile shall be confirmed by a hard copy delivered as soon as practicable thereafter. This Section is not intended to govern the day-to-day business communications necessary between the Parties in performing their obligations under the terms of this Agreement.

15.3.2 Addresses for Notice (Mail preferred as primary notice method)

For Gloria:	For Sucampo:
Harbin Gloria Pharmaceuticals Co., Ltd.	Sucampo AG
#28 Ronghui Garden, Yuhua Road, Konggang Airport Development Zone B, Shunyi District Beijing 101318, China P.R.China	Baarerstrasse 22 CH-3600 Zug Switzerland
Fax: […***…]	Fax: […***…]
Attention: Business Development	Attention: Secretary & Director

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With a copy to:

Fax: […***…]

Attention: Legal Department

With a copy to:

Sucampo Pharmaceuticals, Inc.
4520 East West Highway
Bethesda, MD 20814

Fax: […***…]

Attention: Commercial Officer

With a copy to: Executive Vice President, Chief Legal Officer & Corporate Secretary

15.4 Equitable Relief. The Parties acknowledge and agree that the restrictions set forth in Sections 2.1.4 and 7.8, ARTICLE 10 and ARTICLE 11 are reasonable and necessary to protect the legitimate interests of the Parties and that neither Party would have entered into this Agreement in the absence of such restrictions, and that any breach or threatened breach of any provision of Sections 2.1.4 and 7.8, ARTICLE 10 and/or ARTICLE 11 may result in irreparable injury to the other Party for which there will be no adequate remedy at law. In the event of a breach or threatened breach of any provision of Sections 2.1.4 and 7.8, ARTICLE 10 and/or ARTICLE 11 by a Party, the other Party shall be entitled to obtain from any court of competent jurisdiction injunctive relief, whether preliminary or permanent, arising from such breach, which rights shall be cumulative and in addition to any other rights or remedies to which such Party may be entitled in law or equity. Nothing in this Section 15.4 is intended, or shall be construed, to limit the Parties' rights to equitable relief or any other remedy for a breach of any provision of this Agreement.

15.5 Amendment; Waiver. This Agreement may be amended, modified, superseded or canceled, and any of the terms of this Agreement may be waived, only by a

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written instrument signed by duly authorized representatives of both Parties or, in the case of waiver, signed by duly authorized representatives of the Party waiving compliance. The delay or failure of a Party at any time or times to require performance of any provisions shall in no manner affect the rights at a later time to enforce the same. No waiver by a Party of any condition or of the breach of any term contained in this Agreement, whether by conduct, or otherwise, in any one or more instances, shall be deemed to be, or considered as, a further or continuing waiver of any such condition or of the breach of such term or any other term of this Agreement.

15.6 No Third Party Beneficiaries. Except as set forth in Section 14.1 and Section 14.2, the provisions of this Agreement are for the sole benefit of the Parties and their permitted successors and permitted assigns and none of the provisions of this Agreement shall be for the benefit of or enforceable by any Third Party, including, without limitation, any employee or creditor of either Party hereto. No such Third Party shall obtain any right under any provision of this Agreement or shall by reasons of any such provision make any claim in respect of any debt, liability or obligation (or otherwise) against either Party.

15.7 Relationship of the Parties. Nothing in this Agreement shall be construed (a) to create or imply a partnership, association, joint venture or fiduciary duty between the Parties, (b) to make either Party the agent of the other for any purpose, (c) to alter, amend, supersede or vitiate any other arrangements between the Parties with respect to any subject matters not covered hereunder, or (d) to give either Party the right to bind the other or to create any duties or obligations between the Parties, except as expressly set forth herein. All Persons employed by a Party shall be employees of such Party and not of the other Party and all costs/expenses and obligations incurred by reason of such employment shall be for the account and expense of such Party. The Parties agree that the rights and obligations under this Agreement are not intended to constitute a partnership or similar arrangement that will require separate reporting for tax purposes in the Territory.

15.8 Assignment and Successors. This Agreement is personal to both Parties and neither Party shall sell, transfer, assign, delegate, pledge or otherwise dispose other than Gloria's right to sublicense under its rights as and to the extent expressly and specifically permitted under Sections 2.1.2or subcontract its Commercialization obligations as and to the extent expressly and specifically permitted under Section 7.3 of this Agreement and Sucampo's right to subcontract its manufacturing obligations under Section 9.1.9 of this Agreement, whether by operation of law or otherwise, in whole or in part without the prior written consent of the other Party, except that Sucampo may, on providing written notice to Gloria, assign this Agreement and the rights, obligations and interests of Sucampo, in whole or in part, without the written consent of Gloria to any of its Affiliates or to any purchaser of all or substantially all of its assets and/or all or substantially all of its assets to which this Agreement relates or to any successor corporation resulting from any merger or consolidation of Sucampo with or into such corporation. Any permitted assignee of all of a Party's rights under this Agreement shall be deemed to be a party to this Agreement as though named herein. Any attempted assignment or delegation in violation of this Section shall be void. Without limiting the foregoing, in the event that Gloria transfers any rights to the Sucampo Patent Right, Sucampo Other Intellectual Property Rights and Sucampo's intellectual property rights in and to the Sucampo Background Technology upon Sucampo's prior written consent, such transfer shall be made expressly subject to the rights and licenses granted to and restrictions imposed on Gloria under this Agreement.

15.9 Binding Effect. All validly assigned rights of a Party shall inure to the benefit of and be enforceable by, and all validly delegated obligations of such Party shall be binding on and be enforceable against, the permitted successors and assigns of such Party, provided that such Party, if it survives, shall remain jointly and severally liable for the performance of such delegated obligations under this Agreement.

15.10 Force Majeure. The occurrence of an event which materially interferes with the ability of a Party to perform its obligations or duties under this Agreement which is not within the reasonable control of the Party affected, not due to malfeasance, and which, with the exercise of due diligence could not have been avoided ("Force Majeure"), including, without limitation, fire, explosion, flood, earthquake, war, accident, strike, riot, terrorist attacks, civil commotion, acts of God, or the like, will not excuse such Party from the performance of its obligations or duties under this Agreement (other than payment obligations), but will suspend such performance during the continuation of Force Majeure; provided that(a)the Party prevented from performing its obligations or duties because of Force Majeure shall be required to, as soon as reasonably possible, notify the other Party hereto of the occurrence and particulars of such Force Majeure and shall be required to provide the other Party, from time to time, with its best estimate of the duration of such Force Majeure and with notice of the termination thereof and (b) the Party so affected shall use commercially reasonable efforts to avoid or remove such causes of nonperformance. Upon termination of Force Majeure, the obligation to perform any previously suspended obligation or duty shall promptly recommence. If performance is prevented for more than ninety (90) days, the unaffected Party may terminate this Agreement upon written notice to the affected Party.

15.11 Headings; References. Article, Section and subsection headings are inserted for convenience of reference only and do not form a part of this Agreement. Unless otherwise specified, (a) references in this Agreement to any Article, Section or Exhibit shall mean references to such Article, Section or Exhibit of this Agreement, (b) references in any section to any clause are references to such clause of such section, and (c) references to any agreement, instrument or other document in this Agreement refer to such agreement, instrument or other document as originally executed or as amended if expressly stated in this Agreement.

15.12 Interpretation. Except where the context otherwise requires, wherever used, the singular shall include the plural, the plural the singular, the use of any gender shall be applicable to all genders. The term "including" as used herein shall mean including, without limiting the generality of any description preceding such term. The language of this Agreement shall be deemed to be the language mutually chosen by the Parties. The Parties acknowledge and agree that: (a) the rule of construction to the effect that any ambiguities are resolved against the drafting Party shall not be employed in the interpretation of this Agreement; and (b) the terms and provisions of this Agreement shall be construed fairly as to all Parties and not in favor of or against any Party, regardless of which Party was generally responsible for the preparation of this Agreement.

15.13 Severability. If and to the extent that any court or tribunal of competent jurisdiction holds any of the terms, provisions or conditions or parts thereof of this Agreement, or the application hereof to any circumstances, to be illegal, invalid or to be unenforceable in a final non-appealable order, (a) such provision shall be fully severable, (b) this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, and (c) the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom, in each case provided that the basic purpose and structure of this Agreement is not altered.

15.14 Entire Agreement. This Agreement and the Quality Agreement, Trademark License Agreement and Pharmacovigilance Agreement constitute the entire agreement between the Parties with respect to the subject matter of the Agreement. This Agreement and the Quality Agreement, Trademark License Agreement and Pharmacovigilance Agreement supersedes all prior agreements and understandings, whether written or oral, with respect to the subject matter of the Agreement, including the Confidentiality Agreement and all other confidentiality agreements entered in to between the Parties with respect to the subject matters hereof. Each Party confirms that it is not relying on any representations, warranties or covenants of the other Party except as specifically set out in this Agreement. All Exhibits referred to in this Agreement are intended to be and are hereby specifically incorporated into and made a part of this Agreement. In the event of any inconsistency between any such Exhibits and this Agreement, the terms of this Agreement shall govern. To the extent of any conflict or inconsistency among this Agreement, the Quality Agreement, Trademark License Agreement or Pharmacovigilance Agreement, the terms and conditions of this Agreement shall govern.

15.15 Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original and both of which, taken together shall constitute one and the same instrument.

15.16 Expenses. Except as otherwise expressly provided in this Agreement, each Party shall pay the fees and expenses of its respective attorneys and all other expenses and costs incurred by such Party incidental to the negotiation, preparation, execution and delivery of this Agreement.

15.17 Further Assurance. Each Party shall perform all further acts and things and execute and deliver such further documents as may be necessary or as the other Party may reasonably require to give effect to this Agreement.

15.18 Language. This Agreement contains a Chinese translation of the English text for the convenience of the Parties only. In the event of any ambiguity or discrepancy between the English and Chinese provisions of this Agreement, the English language provisions shall govern.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives.

SUCAMPO AG

By: /s/ Peter Greenleaf
(Signature)

(Printed Name)Peter Greenleaf

(Title) President & Director.

Harbin Gloria Pharmaceuticals Co., Ltd.

By: /s/ YanPing Zhao [SEAL]
(Signature)

(Printed Name) YanPing Zhao

(Title) Executive President

EXHIBIT A

COMPOUND, ISOMERS AND TAUTOMERS

Chemical Name:
[…***…]

Code Name: […***…]

CAS Number: […***…]

[…***…]

CAS Number: […***…]

CAS […***…]

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EXHIBIT B

None

EXHIBIT C

PRODUCT TRADEMARKS

EXHIBIT C

PRODUCT TRADEMARKS

Trade Mark	Country	Class	Appl. No.	Appl. Date	Pub. No.	Pub. Date	Regist. No.	Regist. […***…]Date	Status
AMITIZA	**China**	[…***…]	[…***…]	[…***…]	[…***…]	[…***…]	[…***…]	[…***…]	**Registered**
□□□□*	**China**	[…***…]	[…***…]	[…***…]	[…***…]	[…***…]	[…***…]	[…***…]	**Registered**

***□□□□ is a Chinese equivalent of "AMITIZA".**

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EXHIBIT D

SUCAMPO PATENT RIGHTS

EXHIBIT D

SUCAMPO PATENT RIGHTS

Title	Country	Application No.	Filing Date	Publication No.	Publication Date	Patent No.	Issue Date
[…***…]	**China**	[…***…]	[…***…]	[…***…]	[…***…]	[…***…]	[…***…]
[…***…]	**China**	[…***…]	[…***…]	[…***…]	[…***…]	[…***…]	[…***…]
[…***…]	**China**	[…***…]	[…***…]	[…***…]	[…***…]	[…***…]	[…***…]
[…***…]	**China**	[…***…]	[…***…]	[…***…]	[…***…]	[…***…]	[…***…]
[…***…]	**China**	[…***…]	[…***…]	[…***…]	[…***…]	[…***…]	[…***…]
[…***…]	**China**	[…***…]	[…***…]	[…***…]	[…***…]		
[…***…]	**China**	[…***…]	[…***…]	[…***…]	[…***…]		

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EXHIBIT E

FORM OF TRADEMARK LICENSE AGREEMENT

EXHIBIT F

JSC, JCC AND JDC INITIAL MEMBERS

GLORIA

JSC Initial members: […***…]

JCC Initial members: […***…]

JDC Initial members: […***…]

SUCAMPO

JSC Initial members: […***…]

JCC Initial members: […***…]

JDC Initial members: […***…]

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EXHIBIT G
DISPUTE RESOLUTION

Before commencing any arbitration, a Party first must send written notice of the Dispute to the other Party for attempted resolution by good faith negotiations between their respective presidents (or their designees) of the affected subsidiaries, divisions, or business units within […***…] after such notice is received (all references to "[…***…]" in this provision are to […***…]). If the matter has not been resolved within […***…] of the notice of Dispute, or if the Parties fail to meet within such […***…], either Party may initiate an arbitration as provided in Section 15.2 of the Agreement and in accordance with this Exhibit G. The Parties shall have the right to be represented by counsel in such a proceeding.

1. All Disputes shall be finally resolved by three arbitrators in accordance with the Hong Kong International Arbitration Centre ("HKIAC") Administered Arbitration Rules. Sucampo and Gloria shall each appoint one arbitrator, and the two arbitrators so appointed shall nominate the third, who shall act as the chair of the tribunal.

2. The seat of the arbitration shall be Hong Kong.

3. The language of the arbitration shall be Chinese and English.

4. All awards and procedural orders from the arbitral tribunal shall be final and binding. Judgment on any award may be entered in any court of competent jurisdiction.

5. The arbitral tribunal shall have the authority to award interim, injunctive, conservatory, or provisional measures of protection ("Provisional Relief"), declaratory relief, monetary compensation, equitable relief, and specific performance.

6. In addition to any remedy available pursuant to Article 23.1 and Schedule 4 of the HKIAC Administered Arbitration Rules ("Emergency Arbitrator"), prior to the time the arbitral tribunal is constituted, Sucampo and Gloria may apply to the Specified Court for Provisional Relief. In the event that Sucampo or Gloria applies to the Specified Court for Provisional Relief, the decision of the Specified Court, and not the Emergency Arbitrator, shall prevail. If Sucampo or Gloria seeks Provisional Relief in such circumstances, such Party will not be deemed to have breached its agreement to arbitrate or to have affected the powers reserved to the arbitral tribunal.

7. The Parties each acknowledge and agree that, for the purposes of an application for Provisional Relief, damages would not be an adequate remedy in respect of

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any breach or failure fully to perform the terms of this Agreement. Each of Sucampo and Gloria further agrees not to raise the adequacy of legal remedies as a defense against any action by a Party seeking Provisional Relief and agrees to waive any requirement for posting a bond or security to obtain equitable relief (or other interim or conservatory measures).

8. The Parties unconditionally and irrevocably consent to the exclusive jurisdiction of the courts of Hong Kong (the "Specified Court") in any action, suit or proceeding with respect to the enforcement of the arbitration agreement or Provisional Relief, and the non-exclusive jurisdiction of the Specified Court with respect to the enforcement of any award. The Parties expressly waive any objection, and they agree not to plead or claim, that (i) the Specified Court does not possess personal jurisdiction over the Parties, (ii) any such action or proceeding has been brought in an inconvenient forum, or (iii) an injunction or other judicial order (interlocutory or final) should be issued that would have the effect (directly or indirectly) of restraining or impeding the maintenance or prosecution by either Sucampo or Gloria of the arbitration. The Parties further agree that any award may be enforced by Sucampo or Gloria against the assets of the other Party wherever those assets are located (including but not limited to Hong Kong), and that any award may be entered into and enforced by any court or tribunal of competent jurisdiction, and that no claim of immunity from such proceedings will be claimed on behalf of such Party or its assets.

9. Sucampo, on the one hand, and the Gloria, on the other hand, each hereby irrevocably appoints the designated person set forth below (the "Service Process Agent") as its agent for service of process in Hong Kong in any Dispute, provided that the agent named by such Party set forth below may be replaced by another agent in Hong Kong upon thirty (30) days' written notice. Service of process on the designated agent at the designated address shall be deemed, for all purposes, to be due and effective service, and service shall be deemed completed whether or not forwarded to or received by the respective Parties. Any correspondence sent to a Party's agent for service of process shall also be copied to that Party directly as set forth below, provided, however that the failure to copy any Party directly shall not affect the effectiveness of any service of process.

Service Process Agent For Gloria:

Harbin Gloria Pharmaceuticals Co., Ltd.

#28 Ronghui Garden, Yuhua Road, Konggang Airport Development Zone B, Shunyi District
Beijing 101318, China
P.R.China

Fax: […***…]

Attention: Business Development

With a copy to:

Fax: […***…]

Attention:Legal Department

Service Process Agent For Sucampo:

Sucampo AG
Baarerstrasse 22
CH-3600
Zug
Switzerland

Fax: […***…]
Attention: Secretary & Director

With a copy to:

Sucampo Pharmaceuticals, Inc.

4520 East West Highway
Bethesda, MD 20814
4520 East West Highway
Bethesda, MD 20814

Fax: […***…]
Attention: Commercial Officer

With a copy to: Executive Vice President, Chief Legal Officer & Corporate Secretary

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10. The prevailing Party in any arbitration shall be entitled to recover its fees, costs and expenses, including administrative fees, arbitrators' fees and expenses, and attorneys' fees and expenses.

11. Except as required by Applicable Law, the existence of the Dispute, any settlement negotiations, the arbitration hearing, any submissions (including exhibits, testimony, proposed rulings, and briefs), and the rulings shall be kept confidential by the Parties. The arbitral tribunal shall have the authority to impose sanctions for unauthorized disclosure of any of the foregoing.

EXHIBIT H

[Reserved]

EXHIBIT I
PRESS RELEASE

EXHIBIT J

CUMULATIVE SALES VOLUME TARGET ASSUMPTIONS

[…***…]

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EXHIBIT K

ANTI-CORRUPTION AND ANTI-BRIBERY PROVISIONS

Gloria's Representations and Warranties

Gloria hereby represents and warrants that:

1. it has adopted the third party code of conduct provided by Sucampo ("Code of Conduct");

2. it does not have any direct or indirect owner (in the case of a publicly traded company, an owner of 5% or more of the outstanding shares), director, officer, supervisor or employee who is a Government Official, or a Family Member or Close Business Associate of a Government Official;

3. it (a) has not, either directly or indirectly, made, promised, authorized or attempted to make or authorize, any Prohibited Payment to a Government Official with respect to the work performed for, or products or services provided to or on behalf of, Sucampo, and (b) does not have any knowledge or evidence that its direct or beneficial owners (in the case of a publicly traded company, an owner of 5% or more of the outstanding shares), directors, officers or employees, or its partners, contractors, subcontractors, agents or representatives, or their respective Affiliates (collectively the "Related Parties" or "Related Party"), who perform work for, or provide products or services to or on behalf of Sucampo, either directly or indirectly, have made, promised or authorized the making of a Prohibited Payment;

4. it (a) has not engaged in any Prohibited Transaction with respect to the work performed for, or products or services provided to or on behalf of, Sucampo, and (b) does not have any knowledge or evidence that any Related Party has engaged in a Prohibited Transaction; and

5. it acknowledges and agrees that Sucampo has the right to terminate this Agreement and any other agreement between Sucampo and Gloria in the event that Gloria has committed a Substantive Violation. In the event of such termination, Gloria will not be entitled to any further payment, regardless of the work performed prior to termination, and will be liable for damages or remedies as provided by law. Gloria shall fully indemnify and hold harmless Sucampo from any claims, costs, liabilities, obligations and damages that Sucampo may incur as a result of a Substantive Violation.

The representations and warranties set forth in this Exhibit K shall be made on the date hereof and shall be repeated on each day throughout the continuance of this Agreement, with reference to the facts and circumstances then existing.

Gloria's Covenants
From the date hereof and throughout the continuance of this Agreement, Gloria hereby covenants and agrees with Sucampo that Gloria shall:

1. not make or attempt to make, directly or indirectly, in connection with any work performed for, or products or services provided to or on behalf of, Sucampo, any payments, including Facilitation Payments to a Government Official for the purpose of securing government services including without limitation permission to unload cargo, obtain work permits, secure electricity or telephone service, or police protection;

2. not provide or attempt to provide, directly or indirectly, any gifts, meals, or entertainment to any Government Official in connection with any work performed for, or products or services provided to or on behalf of, Sucampo;

3. not assign its rights and/or responsibilities under any agreement with Sucampo to a third party without the express prior written authorization of Sucampo, which authorization may be withheld in Sucampo's sole discretion;

4. take all reasonable steps to ensure that the Related Parties do not, either directly or indirectly, make, promise, authorize or attempt to make or authorize any Prohibited Payment to a Government Official, or engage in a Prohibited Transaction, with respect to the work performed for, or products or services provided to or on behalf of, Sucampo;

5. promptly notify Sucampo in writing if any representation set forth in this Exhibit K shall no longer be accurate in any respect;

6. promptly notify Sucampo in writing of any Prohibited Payment, Prohibited Transaction or any violation of, or conspiracy or attempt to violate, any of the Applicable Laws and Regulations, or any allegations of such conduct, related to work performed for, or products or services provided to or on behalf of, Sucampo, of which it obtains knowledge or has any reason to believe has occurred, and it shall cooperate fully and in good faith with any inquiry by Sucampo if Sucampo, in its sole discretion, believes that a violation of, or conspiracy or attempt to violate, any of the Applicable Laws and Regulations or the compliance provisions of the contract with Sucampo has occurred;

7. advise Sucampo prior to retaining any third party contractors to perform services that may be compensated under this Agreement with Sucampo, conduct such due diligence on these parties to the satisfaction of Sucampo prior to their retention and otherwise comply with Sections 2.1.2 and 7.3 of the Agreement. Such third party contractors shall not be engaged without the express prior written authorization of Sucampo;

8. annually certify compliance with the Applicable Laws and Regulations in form and substance acceptable to Sucampo and provide periodic certifications when and if any change in the personnel performing work for, or providing products or services to or on behalf of, Sucampo under this Agreement occurs to ensure new personnel are aware of permissible and prohibited activity under this Agreement;

9. certify to Sucampo the results of any periodic internal and independent audits that it conducts with respect to (a) work performed for, or products or services provided to or on behalf of, Sucampo, and (b) Gloria's compliance with all Applicable Laws and Regulations; and

10. upon the request of Sucampo, at Sucampo's sole discretion and expense, and upon at least thirty (30) days advance notice, permit and procure audits by independent auditors acceptable to Sucampo, and provide such auditors with full and unrestricted access to, and to conduct reviews of, all records related to the work performed for, or products or services provided to or on behalf of, Sucampo, and immediately notify Sucampo of any violation of any of the Applicable Laws and Regulations, or of the compliance provisions of its contract with Sucampo, to Sucampo with respect to: (a) the effectiveness of existing compliance programs and codes of conduct; (b) the origin and legitimacy of any funds paid to Sucampo; (c) its books, records and accounts, or those of any of its subsidiaries, joint ventures or Affiliates, related to work performed for, or products or services provided to or on behalf of, Sucampo; (d) all disbursements made for or on behalf of Sucampo; and (e) all funds received from Sucampo in connection with work performed for, or products or services provided to or on behalf of, Sucampo.

Definitions

For the purposes of this Exhibit K, the following additional definitions apply:

1. "Applicable Laws and Regulations "means the substantive anti-bribery and books and records provisions of the U.S. Foreign Corrupt Practices Act and its equivalent in China and all other commercial bribery, anti-money laundering and anti-terrorism laws of the United States and China, as further set out herein in the definitions of Commercial Bribery, Government Official, Prohibited Payment, Prohibited Transactions, as well as all other relevant substantive laws of the United States and China and all other countries in which Sucampo conducts business, except to the extent inconsistent with, or penalized under, the laws of the United States.

2. "Close Business Associate "means a current or former partner, joint owner, joint venturer, co-investor, consultant or advisor.

3. "Commercial Bribery "means offering, paying, promising or giving, directly or indirectly, anything of value to the agent, representative, intermediary or employee of any company, including Sucampo, without the knowledge and consent of that company, with the intent to improperly influence the recipient's action in relation to that company's affairs or business for the benefit of Sucampo or Gloria.

4. "Sucampo" means: (a) Sucampo; (b) all of its parents, subsidiaries and Affiliates; and (c) any of its or their officers, directors, partners, shareholders, employees, agents and representatives.

5. "Designated Party "means any person, entity or country that is: (a) identified in publicly available records or published lists as a party with respect to whom the U.S. or Chinese government has prohibited financial transactions involving that party's assets; (b) designated in published lists issued by the U.S. or Chinese governments or the United Nations as a foreign terrorist organization or an organization that assists or provides support to a foreign terrorist organization; or (c) identified in publicly available records as having been convicted, found guilty or against whom a judgment or order was entered in any proceedings for violating anti-money laundering, anti-corruption or bribery, or international economic or anti-terrorism sanction laws, or whose assets were seized, blocked, frozen or ordered forfeited for violation of money laundering or international anti-terrorism laws.

6. "Facilitation Payments "means any payment intended to secure the performance of a Routine Governmental Action to which the payor is unquestionably entitled, made to a low level Government Official whose duties are ministerial or clerical, that is modest in amount and not intended to influence the exercise of discretion by the Government Official. A payment to a Government Official who is involved in the decision making process with regard to Sucampo's business dealings with the government can never be considered a Facilitation Payment and is prohibited by this Agreement.

7. "Family Member "means a parent or parent-in-law, spouse, child, sibling, uncle, aunt, grandparent, or cousin to the first degree.

8. "Government Official "means (a) any officer or employee of a government, department (whether executive, legislative, judicial or administrative), agency or instrumentality of such government, including a regional governmental body or a government-owned or government-controlled business, or a public international organization; (b) any person acting in an official capacity for or on behalf of such government, department, agency, instrumentality or public international organization; (c) any person holding a legislative, administrative or judicial office, whether appointed or elected; (d) any person exercising a public function, including for a public agency or public enterprise; (e) an agent, advisor or consultant to such person; (f) an officer of a Political Party or a candidate for public office (other than in the U.S.); or (g) a member of the royal family or officer of the military.

9. "Improper Advantage" means a benefit or an advantage (a) to which a company, including Sucampo, is or was not clearly entitled; and/or (b) which is not readily available to other competitors; and/or (c) which if secured, retained or obtained, constitutes a violation of the Applicable Laws and Regulations and/or the Code of Conduct of Sucampo.

10. "Political Party" means any political organization which seeks to attain and maintain political power within a government and seeks to realize these goals by participating in activities related to the nomination, election and/or appointment of Government Officials.

11. "Prohibited Payment "means any offer, gift, payment, promise to pay, or authorization of the payment of any money or anything of value, including charitable contributions, directly or indirectly, to a Government Official or a Political Party, or to a third party, if one knows or has reasonable grounds for believing that all or a portion of the money or thing of value which was given or is to be given to the third party will be paid, offered, promised, given or authorized to be paid, directly or indirectly, to a Government Official, for the purpose of: (a) influencing any act or decision of the Government Official in his/her official capacity; (b) inducing the Government Official to do or omit doing any act in violation of his/her lawful duty; (c) securing any Improper Advantage; or (d) inducing the Government Official to use his/her influence with a non-U.S. government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality, in order to assist in improperly obtaining or retaining business or in directing business to any party.

12. "Prohibited Transaction "means any transaction (including any act of omission, commission, assistance to another, or aiding and abetting in furtherance of the transaction) that involves: (a) the receipt, transfer, transportation, retention, use, structuring, diverting, or hiding of the proceeds of any criminal activity whatsoever, including fraud and bribery of a Government Official; (b) engaging or becoming involved in, financing or supporting financially, or otherwise sponsoring, facilitating, or giving aid or comfort to any terrorist person, activity or organization; or (c) a Designated Party.

13. "Routine Governmental Action" means only an action that is ordinarily and commonly performed by a Government Official, such as: (a) obtaining permits, licenses or other official documents to qualify a person to do business in a country other than the United States; (b) processing governmental papers, such as visas and work orders; (c) providing police protection, mail pick-up and delivery or scheduling inspections associated with contract performance or inspections related to transit of goods across country; (d) providing phone service, power and water supply, loading and unloading cargo, or protecting perishable products or commodities from deterioration; or (e) actions of a similar nature. "Routine Governmental Action" does not include any decision by a Government Official whether, or on what terms, to award new business to or to continue business with a particular party, or any action taken by a Government Official involved in the decision-making process to encourage a decision to award new business to or continue business with a particular party.

14. "Substantive Violation" means one or more of the following on the part of Gloria: (a) a violation or aiding and abetting a violation of, or a conspiracy to violate, Applicable Laws and Regulations; (b) a breach of any of Gloria's representations, warranties or covenants to Sucampo set forth in this Exhibit K; (c) a refusal, where required by this Agreement, to submit to an audit by independent accountants; or (d) a refusal to provide a certification required by Sucampo and this Agreement.

EXHIBIT L
AFFILIATES OF GLORIA

1. Harbin Gloria Jingwei Pharmaceutical Development Company
2. Beijing Medconxin Pharm Technology Company
3. Harbin Jier Biotechnology Company
4. Jilin Targeted Biotechnology Pharmaceutical Company
5. Gloria (Shandong) Pharmaceuticals Company
6. Gloria Jia Yun Medical Investment Company
7. Tibet Gloria Sunshine Pharmaceutical Company
8. Aonuo (China) Pharmaceutical Company
9. Harbin Gloria Anbo Pharmaceutical Company
10. GuangZhou NHC Biotechnology Company
11. Harbin PuGongYing Pharmaceutical Company
12. Shanghai Hotmed Sciences Co., Ltd.
13. Shanxi Powerdone Pharmaceutics Co., Ltd.
14. Nanjing Varsal Medicine Company
15. Shanghai Hechen Pharmaceutical Engineering Company
16. Harbin Laiboten Pharmaceutical Co., Ltd.
17. Qidong Hotmed Pharmaceutical Company
18. Hainan Hotmed Nuokang Pharmaceutical Company
19. Hainan Hotmed Tianya Pharmaceutical Company
20. Shanxi Powerdone Food Company
21. Tibet Powerdone Pharmaceutical Company

EXHIBIT M
EXCEPTIONS TO REPRESENTATIONS

Section […***…]; Section […***…]: There is an […***…] regarding the […***…] against the […***…].

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EXHIBIT 10.3

TRANSFER AND
TERMINATION AGREEMENT

DATED May 6, 2015 ("Effective Date")

Parties:

Sucampo AG, incorporated and registered in Switzerland with offices at Baarerstrasse 22, CH- 6300 Zug, Switzerland and its affiliates ("Sucampo"), and R-Tech Ueno, Ltd. Incorporated and registered in Japan with offices at 10F, NBF Hibiya Building, 1-1-7, Uchisaiwaicho, Chiyoda-ku, Tokyo 100-0011 ("R-Tech"). Hereinafter referred to as "Party" and together, the "Parties".

Preamble:

Whereas, an affiliate of Sucampo AG, Sucampo Pharma Americas, Inc. and R-Tech entered into the Unoprostone NDA Transfer, Patent and Know-how Licensing, and Data Sharing Agreement effective April 23, 2009 (the "2009 License Agreement") granting an exclusive license to certain patents related to Unoprostone (as defined below), and Sucampo Pharma Americas, Inc. subsequently assigned the 2009 License Agreement to Sucampo AG effective September 30, 2011, which was accepted by R-Tech on September 28, 2011; and

Whereas, Sucampo Manufacturing & Research AG and R-Tech entered into the Exclusive License for Development and Commercialization of Unoprostone dated March 22, 2011 (the “2011 License Agreement”) and Sucampo Manufacturing & Research AG, subsequently as a result of merger effective May 24, 2011, assigned the 2011 License Agreement to Sucampo AG; and

Whereas, Sucampo AG and R-Tech entered into the Quality Assurance Agreement dated August 23, 2012; and

Whereas, Sucampo AG and R-Tech entered into the Safety Data Exchange Agreement dated May 20, 2013; and

Whereas, R-Tech provided a draft press release which R-Tech subsequently issued on March 9, 2015 that caused Sucampo to advise R-Tech that it would no longer develop Unoprostone; and

Whereas, Sucampo advised R-Tech in writing on March 9, 2015 that it would return the 2009 License Agreement and 2011 License Agreement (collectively, the “License Rights”) to R-Tech so that R-Tech could find another partner to develop and commercialize Unoprostone; and

Whereas, the Parties have agreed to work together in good faith to terminate the agreements listed above and have the Licensed Rights revert to R-Tech under the terms of this Transfer and Termination Agreement ("Agreement") in order to enable R-Tech to further develop and commercialize Unoprostone.

NOW THEREFORE, the Parties agree as follows:

1. DEFINITIONS

All terms used within this Agreement shall have the meanings set forth below or herein.

1.1. Action - as defined in Section 6.6 in this Agreement.

1.2. Affiliates - shall mean an individual, trust, business trust, joint venture, partnership, corporation, association or any other entity which owns, is owned by or is under common ownership with, a Party to this Agreement. For the purposes of this definition, the terms "owns" or "owned by" or "under common ownership with" as used with respect to any Party, shall mean possession (directly or indirectly) of more than fifty percent (50%) of the outstanding voting securities of a corporation or comparable equity interest in any other type of entity.

1.3. Agreement - shall mean this License, Transfer, Settlement and Termination Agreement.

1.4. Applicable laws -shall mean all federal, state, local, national and supra-national laws, statutes, rules and regulations, including any rules, regulations, or requirements of Regulatory Authorities, major national securities exchanges or major securities listing organizations, that may be in effect as of the Effective Date, and applicable to particular activities hereunder.

1.5. Claims -as set forth in the preamble of this Agreement.

1.6. Clinical Data - shall mean all data with respect to Unoprostone for all uses that were made, collected or otherwise generated under or in connection with the clinical studies for Unoprostone for all human uses.

1.7. CMC Data - means the data contained in the chemistry, manufacturing and controls section of a submission for Regulatory Approval of the Unoprostone.

1.8. Combination Product - means any product in which two or more active ingredients, one of which is Unoprostone, are physically combined in any type of formulation prior to the therapeutic administration.

1.9. Development Data - means all Unoprostone-related data, in whatever form it exists, produced or paid for by Sucampo or its third-party licensees (if any) from the date of the 2009 License Agreement to and including the Effective Date, including, without limitation all Clinical Data, CMC Data, Pharmacovigilance and Safety Data, and non-clinical Data.

1.10. Effective Date -as set forth in the title of this Agreement.

1.11. Licensed Rights -as set forth in the preamble of this Agreement.

1.12. Sucampo Agreements - together, the 2009 License Agreement and the 2011 License Agreement and all the exhibits, schedules, and amendments thereto.

1.13. Sucampo Finished Goods- shall mean all existing finished goods inventory of the Unoprostone held by Sucampo as of the Effective Date. General information on the inventory of Sucampo Finished Goods and remaining shelf life as of the Effective Date are attached hereto as Exhibit A.

1.14. Sucampo Know-How - shall mean, as it relates to Unoprostone, all technology, formulae, trade secrets, technical data, Development Data, and any other information or experience owned or controlled by Sucampo, if any, and specifically related to the development, use, or sale of the Unoprostone as well as any improvements or modifications to the know-how developed by Sucampo, or by any third party for Sucampo, from the date of the 2009 License Agreement through the Effective Date, and which is not publicly available to any third party prior to the Effective Date.

1.15. Sucampo Product-Related Intellectual Property - shall mean, as of the Effective Date, wherever such property or assets exist, all intellectual property owned or controlled by Sucampo and specifically related to the development, manufacture, use or sale of the Unoprostone if any, including, without limitation, the patents, patent applications, records of invention, Sucampo Know-How, notebooks, as well as those that may be acquired by Sucampo through the Effective Date. Sucampo Product-Related Intellectual Property shall include the entire documentation regarding the patents and patent applications, including the original filing documents and correspondence with the competent patent offices. Under this sub article, all intellectual property including but not limited to the referenced patents, patent applications, and records of invention as of the Effective Date are listed in Exhibit B.

1.16. Sucampo Product-Related Trade Marks and Domain Names - shall mean, as of the Effective Date, either owned by Sucampo and/or any of its Affiliates, any trade names, domain names (including, without limitation, website domains and pages) and copyrights related to RESCULA, which are listed in Exhibit G.

1.17. Sucampo Product-Related Marketing Materials - shall mean, as of the Effective Date, wherever such property or assets exist: in written, audio or visual forms, all marketing material, customer and sales information, product literature, promotional materials and data, advertising and display materials related to the Unoprostone within the Territory which are in Sucampo's possession and which Sucampo is reasonably able to provide to R-Tech. Without limiting the generality of the definition set forth in this Section 1.17, the Sucampo Product-Related Marketing Materials are listed in more detail in Exhibit C hereto.

1.18. Sucampo Third-Party Licenses - shall mean any and all third-party licenses granted by Sucampo regarding the Unoprostone, the Development Data and the Sucampo Product-Related Intellectual Property. A complete listing and the terms of such licenses are attached hereto as Exhibit D.

1.19. 2009 License Agreement - as set forth in preamble of this Agreement.

1.20. 2011 License Agreement - as set forth in preamble of this Agreement.

1.21. Pharmacovigilance or Safety Data Exchange Agreement - as set forth in preamble of this Agreement.

1.22. Pharmacovigilance and Safety Data - shall mean, as it relates to the Unoprostone, all pharmacovigilance reports.

1.23. Medical Affairs Data - shall mean all standard responses to medical information inquiries.

1.24. Product Complaints – shall mean all information related to product complaints.

1.25. Quality Agreement – as set forth in the preamble of this Agreement.

1.26. Non-clinical Data - shall mean data derived from a study to test the Unoprostone for all uses, including but not limited to laboratory studies, toxicology, safety, carcinogenicity, pharmacology, disease models and animal models.

1.27. Regulatory Approval/s - shall mean, as it relates to the Unoprostone, any and all approvals, licenses (including product licenses), registrations (including registration of trademarks or trade names), or authorizations from any Regulatory Authority necessary to register, develop, manufacture, commercialize, promote, distribute, transport, store, use, sell or market the Unoprostone for all uses including the manufacturing license and marketing registration required by any Regulatory Authority, and pricing approvals, or pre- and post-marketing authorizations, labeling approvals, import or export licenses, technical, medical and scientific licenses held by Sucampo or any of its licensees or transferees on the Effective Date. As defined under this Section 1.27, all Regulatory Approvals by market in the Territory are listed in Exhibit E to this Agreement.

1.28. Regulatory Authorities - shall mean, as it relates to the Unoprostone, any national, supra-national, regional, federal, state, provincial or local regulatory agency, department, bureau, commission, council or other governmental entity (including, without limitation, any prefecture having jurisdiction over (i) the approval, manufacture, distribution, use, storage, transport, clinical testing, or sale of the Unoprostone, or (ii) the acceptance, review, approval, and registration of Regulatory Filings and Documents related to the Unoprostone).

1.29. Regulatory Filings and Documents - shall mean, as it relates to the Unoprostone, all drug approval applications, drug master files, and all correspondence submitted to or received from the Regulatory Authorities (including, without limitation, minutes and official contract reports relating to any communications with any Regulatory Authority) and all supporting documents (including, without limitation, documents related to past or pending issues with Regulatory Authorities such as inspections and the related outcomes and findings, clinical statutes and post-approval statutes, and all data contained in any of the foregoing, including all drug approval applications, adverse event files and product complaint files, including but not limited to, all filings and documentation regarding regulatory approvals regarding the Unoprostone which had lapsed prior to the Effective Date), provided such filings and documentation is in Sucampo's possession and Sucampo is reasonably able to provide it to R-Tech.

1.30. Sucampo Territory – shall mean worldwide other than Japan, Taiwan, South Korea and People's Republic of China.

1.31. Unoprostone - means the compound also known by the USAN name of unoprostone isopropyl, which is the composition of matter defined chemically as […***…], including all […***…], as well as any […***…] and […***…] , in any form, […***…] and […***…], and for any use in any human indication.

2. **CONSEQUENCES OF TERMINATION**

2.1. Reversion of Licensed Rights to R-Tech. Subject to the terms and conditions established in this Agreement, Sucampo and R-Tech hereby agree to the full termination of the Sucampo Agreements. The Parties agree that upon termination of the Sucampo Agreements, all Licensed Rights automatically revert to R-Tech. For the avoidance of doubt, the Pharmacovigilance Agreement shall remain in full force and effect until the transfer of the NDA to R-Tech or its designee and thereafter all Pharmacovigilance responsibilities transfer to R-Tech.

2.2. Furthermore and subject to the terms of this Agreement, as of the Effective Date:

a. **Transfer of Assets to R-Tech**. Sucampo hereby transfers and assigns to R-Tech or its designee:

i. all Regulatory Approvals and all Regulatory Filings and Documents in the Territory, and

ii. the Sucampo Product-Related Marketing Materials, subject to Section 2.2 f) below.

R-Tech hereby accepts such transfer and assignment. For the avoidance of doubt, the transfer and assignment includes the exclusive right to use the transferred and assigned information, data and materials.

b. **Transfer of the Sucampo Product-Related Intellectual Property to R-Tech**.

i. Sucampo hereby transfers and assigns to R-Tech, or any other party designated by R-Tech, the Sucampo Product-Related Intellectual Property.
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ii. Sucampo further covenants not to file suit against R-Tech and/or its licensees for patent infringement on any R-Tech product or formulation comprising Unoprostone as the sole active ingredient.

c. **Transfer of Third Party Licenses**. Sucampo hereby transfers and assigns to R-Tech, or any other party designated by R-Tech, all Sucampo Third-Party Licenses; or in the event such license cannot be transferred and assigned to R-Tech, or any other party designated by R-Tech, Sucampo shall terminate the license agreement-at no cost to R-Tech.

d. **Transfer of Sucampo Product-Related Trade Marks and Domain Names**. Sucampo hereby transfers and assigns, or shall cause its Affiliates to transfer and assign, to R-Tech, or any other party designated by R-Tech, the Sucampo Product-Related Trade Marks and Domain Names, and R-Tech hereby accepts such assignment.

e. **No Use of RESCULA Trade Mark.** Sucampo shall cease all use of the trade mark "RESCULA", except as required for regulatory or compliance purposes.

f. **No Use of Sucampo Trade Name**. R-Tech (including its assignee and sublicensee) may, for the purpose of its marketing and sale of Unoprostone, use the contents of the packaging and labeling of the Unoprostone consistent with the Regulatory Approvals. R-Tech shall not have any right to use or any interest in the Sucampo trade name or any Sucampo proprietary design, system, logo, mark or style.

2.3. **Payment by R-Tech**. In consideration for the transfers and assignments and covenants by Sucampo in accordance with the provisions of Section 2.2, R-Tech shall pay to Sucampo the sum of US$2,000,000 in the aggregate no later than […***…] days subsequent to the Effective Date.

2.4. **Transition Activities**. Sucampo shall use commercially reasonable efforts to assist R-Tech in the transition of the Unoprostone after the Effective Date. Such Obligation to assist shall include, inter alia, the following:

a. Promptly after the Effective Date, Sucampo shall make available to R-Tech copies of all know how and other data and documentation regarding the Sucampo

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b. Know-How and the Sucampo Product-Related Marketing Materials as laid out in the matrix in Exhibit F hereto;

c. Sucampo shall promptly return to R-Tech, or any other party designated by R-Tech or, at R-Tech's option, destroy, at Sucampo's expense, all records and copies of any Confidential Information of R-Tech and all copies thereof, except where Sucampo shall be required by Applicable Laws or Sucampo internal procedures to maintain copies for archiving purpose only;

d. Sucampo shall promptly destroy, at Sucampo's expense, all Sucampo Finished Goods with an expiration of less than one year;

e. Following R-Tech's initiation, drafting, set-up and execution of the necessary documents to perform the activities described in this Section 2.4, Sucampo shall use its commercial reasonable efforts to execute such documents;

f. Where permitted, Sucampo shall assign to R-Tech, or any other party designated by R-Tech, free of charge by Sucampo, all agreements with third-party distributors, or in the event such agreement cannot be assigned to R-Tech, or any other party designated by R-Tech, Sucampo shall terminate the agreement at the instructions of R-Tech without cost to R-Tech and for such interim period until termination of the agreements, Sucampo shall exercise its rights under the agreements with third party distributors at the direction and for the benefit of R-Tech.

2.5. Mutual Release. Subject to Article 6 below, each Party hereby releases, exonerates and forever and unconditionally discharges the other Party and all its Affiliates, transferees, representatives, principals, agents, officers, directors, employees, staff and third-party consultants from any and all liability new or hereafter arising directly or indirectly out of the Claims or the Sucampo Agreements. Termination of the Sucampo Agreements shall be without prejudice to any right which shall have accrued to either Party thereunder prior to such termination.

2.6. Establishment License Fee.

No later than […***…] to the Effective Date, R-Tech shall reimburse Sucampo for the Establishment License Fee in relation to the NittoMedic facility (i.e., $600,313.26)

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which Sucampo, as the NDA holder, already paid to FDA but has requested FDA for refund on the condition that there will be no manufacture of RESCULA® for the 2014FY; provided, however, that Sucampo shall immediately return the said reimbursement to R-Tech if and to the extent it for any reason receives any refund from FDA.

3. **TRANSITION ACTIVITIES AND RESPONSIBILITIES**

3.1. The Parties shall use commercially reasonable efforts to ensure that as soon as practicable and legally feasible after the Effective Date:

a. Perform the transition activities set forth in Section 2.4 above and Exhibit F;

b. Regulatory Approvals are transferred to R-Tech. All transition activities related to the Regulatory Approvals must be initiated by R-Tech within […***…] after the Effective Date. For the avoidance of doubt, Sucampo shall not be obliged to assist R-Tech in any activities relating to the transfer of Regulatory Approvals if such activity is initiated by R-Tech after […***…] from the Effective Date

3.2. From the Effective Date and for a reasonable time period thereafter (but in no case more than […***…], the Parties agree to work together in good faith to complete the general transition activities as these are laid out in the matrix set forth in Exhibit F to this Agreement. The matrix shall outline the expectations for each Party's compliance under this Agreement and shall include, at minimum: a required list of actions and the related schedule, roles and responsibilities, and process monitoring and validation. Furthermore, Sucampo shall use commercially reasonable efforts to assist R-Tech or any other party designated by R-Tech in the transfer of technology and assets as set forth above and in taking over the development, manufacture, marketing and sale of the Unoprostone.

3.3. Sucampo will provide the assistance under this Article 3 during the […***…] after the Effective Date cost free and thereafter R-Tech shall reimburse Sucampo's reasonable expenses at Sucampo's standard FTE rate for corresponding services.

4. **CONFIDENTIALITY**

4.1. The Parties agree:

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not to disclose or otherwise make available to any third party any information that is treated as confidential by the disclosing Party, including, without limitation, trade secrets, technology, information pertaining to business operations and strategies, and information pertaining to customers, pricing, and marketing (collectively, the "Confidential Information") without the prior written consent of the disclosing party; provided, however, that the receiving Party may disclose the Confidential Information to its officers, employees, consultants and legal advisors who have a "need to know", who have been apprised of this restriction and who are themselves bound by nondisclosure restrictions at least as restrictive as those set forth in this Article 4;

a. to use the Confidential Information as permitted under and only for the purpose of performing the respective obligations under this Agreement;

b. to immediately notify the disclosing Party in the event it becomes aware of any loss or disclosure of any Confidential Information.

4.2. Confidential Information shall not include information of which the receiving Party can show that:

a. it is already known to the receiving Party without restriction on use or disclosure prior to receipt of such information from the disclosing Party;

b. it is or becomes generally known by the public other than by breach of this Agreement by, or other wrongful act of, the receiving Party;

c. it is received by the receiving Party from a third party who is not under any obligation to the disclosing Party to maintain the confidentiality of such information; or

d. such disclosures is required by Applicable Laws, in which case the receiving Party shall provide the disclosing Party with at least […***…] prior written notice of such disclosure so that the disclosing Party shall have the opportunity if it so desires to seek a protective order or other appropriate remedy and, in connection with any such required disclosure, the receiving Party shall use reasonable efforts to obtain confidential treatment for such disclosure or to prevent or

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e. modify such disclosure as may be requested by the disclosing Party (to the extent permitted by Applicable Law).

4.3. It shall be the obligation of the receiving Party to prove that such an exception to the definition of the Confidential Information exists.

4.4. Sucampo Know-How and all Development Data and other records transferred from Sucampo to R-Tech hereunder are Confidential Information of R-Tech for the purposes of this Article 4.

4.5. Both Parties shall have the right to publish press releases which it deems material or necessary to meet its obligations under Applicable Laws. With respect to any press release relating to this Agreement, each Party shall give […***…] prior written notice to the other Party prior to issuing a press release and shall give due consideration and weight to any comments or concerns raised by the other Party. Such […***…] day period may be reduced only in good faith, for legal reasons and after providing to the other party with clear evidence of such time limitation. In any case, the minimum previous notice to be provided to any other Party under such circumstances shall be not less than […***…] days. Either Party may disclose the terms of this Agreement to its existing or potential investors, lenders, collaborative partners or, in the case of a change of control, acquires as part of their due diligence investigations, provided, however, that such existing investors, lenders, collaborative partners or acquirers have agreed to maintain the confidentiality of the terms of this Agreement and to use such information solely for the purpose of such due diligence investigation.

5. **REPRESENTATIONS, WARRANTIES AND COVENANTS**

5.1. Each Party represents and warrants to the other Party that:

a. it is duly organized, validly existing and in good standing as a corporation or other entity as represented herein under the laws and regulations of its jurisdiction of incorporation, organization or chartering;

b. it has the full right, power and authority to enter into this Agreement, to grant the rights and licenses granted hereunder and to perform its obligations

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c. hereunder, and (ii) the execution of this Agreement by its representative whose signature is set forth at the end hereof has been duly authorized by all necessary corporate action of the Party;

d. when executed and delivered by such Party, this Agreement will constitute the legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms; and

e. the execution and delivery of this Agreement by such Party, the performance by such Party of its obligations hereunder and the consummation by such Party of the transactions contemplated hereby: (i) will not conflict with, result in a breach or violation of, or constitute a default under any law, rule, regulation, order, judgment, injunction, decree, determination or award currently in effect applicable to such Party; and (ii) will not conflict with, result in a breach or violation of, or constitute a default under any agreement to which such Party is a party.

5.2. Further, Sucampo represents and warrants to R-Tech that, as of the Effective Date, and to the best of its knowledge, it has disclosed to R-Tech the material existence of i) all Sucampo Product-Related Marketing Materials, (ii) all Sucampo Product-Related Intellectual Property, (iii) Regulatory Filing and Documents, (iv) Development Data, (v) Regulatory Approvals, (vi) Sucampo Finished Goods, and (vii) all Sucampo Third-Party Licenses. Furthermore, Sucampo warrants that, to the best of its knowledge, there are no […***…] or […***…] directly related to the […***…] or […***…] of the […***…].

5.3. Sucampo further represents and warrants to R-Tech that, as of the Effective Date, there is no action, cause of action, suit, claim, complaint, demand, litigation or legal, administrative or arbitral proceedings or investigation pending or threatened against or involving Sucampo or, to the best of its knowledge, third-party licensees under the Sucampo Third-Party Licenses in relation to any of those to be transferred to R-Tech pursuant to the provisions of Article 2 of this Agreement.

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5.4. For the avoidance of doubt, Sucampo does not warrant and shall not be responsible for the successful registration, maintenance and/or renewal of the Regulatory Approvals after the Effective Date.

5.5. Except as provided in this Article 5 or as provided for in this Agreement, Sucampo makes no representations, extends no warranties of any kind, either express or implied, and assumes no responsibility after the Effective Date whatsoever in respect of the Unoprostone and the Sucampo Product-Related Intellectual Property.

6. **LIABILITIES AND INDEMNITIES**

6.1. Sucampo shall retain responsibility for all risks and liabilities in any way related to the Unoprostone and the related Regulatory Approvals in all countries of the Territory where Sucampo held such approvals or distributed RESCULA prior to the Effective Date.

6.2. Sucampo agrees to indemnify, save, defend and hold R-Tech and sub-licensees, and its respective officers, directors, agents and employees harmless from and against any and all claims, demands, liabilities, damages and expenses, including reasonable attorneys' fees and costs incurred by R-Tech in any way related to: a) the Unoprostone sold by Sucampo, third-party licensees or its agents in the Territory prior to the Effective Date; b) Sucampo Product-Related Intellectual Property and Sucampo Product-Related Marketing Materials used by Sucampo and its Affiliates in the Territory and arising prior to the Effective Date; c) Sucampo Third-Party Licenses prior to any transfer or assignment pursuant to this Agreement; and d) any material breach by Sucampo of the representations and warranties made by it herein;

6.3. R-Tech shall assume all responsibility for all risks and liabilities directly related to the R-Tech's manufacture, marketing, promotion, sale, distribution or supply of Unoprostone and its use of Sucampo Product-Related Intellectual Property and Sucampo Product-Related Marketing Materials in the Territory after the Effective Date.

6.4. R-Tech shall indemnify, save, defend and hold harmless Sucampo and sub-licensees, and its respective officers, directors, agents and employees harmless from and against any and all claims, demands, liabilities, damages and expenses,

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including reasonable attorneys' fees and costs in respect of any claims for loss, damage or injury incurred by Sucampo relating to: a) Unoprostone sold by R-Tech in the Territory after the Effective Date; b) R-Tech's use of, or actions regarding, the Sucampo Product-Related Intellectual Property and the Sucampo Product-Related Marketing Materials after the Effective Date.

6.5. Neither Party shall be liable for any loss of profits or any consequential, indirect or special loss, damage or injury of any kind suffered by the other Party.

6.6. The indemnified Party shall promptly notify the indemnifying Party in writing of any third Party claim, suit, action or proceeding (each, an "Action") and cooperate with the indemnifying Party at the indemnifying Party's sole cost and expense. The indemnifying Party shall immediately take control of the defense and investigation of such Action and shall employ counsel of its choice to handle and defend the same, at the indemnifying Party's sole cost and expense. The indemnifying Party shall not settle any Action in a manner that adversely affects the rights of the indemnified Party without the indemnified Party's prior written consent, which shall not be unreasonably withheld or delayed. The indemnified Party's failure to perform any obligations under this Section 6.6 shall not relieve the indemnifying Party of its obligations under this Section 6.6 except to the extent that the indemnifying Party can demonstrate that it has been materially prejudiced as a result of such failure. The indemnified Party may participate in and observe the proceedings at its own cost and expense.

7. RECALLS AND RETURNS

7.1. Subject to Article 6 (Liabilities and Indemnities), Sucampo shall be financially responsible for all returns of all RESCULA sold by it or on its behalf in the Territory prior to the Effective Date.

7.2. Subject to Article 6 (Liabilities and Indemnities), R-Tech shall be financially responsible for all returns of all RESCULA sold by it or on its behalf in the Territory from and after the Effective Date.

7.3. Subject to Article 6 (Liabilities and Indemnities), Sucampo shall be responsible, at its expense for any and all recalls of any and all formulations of RESCULA manufactured or sold by it or on its behalf in the Territory prior to the Effective Date.

7.4. Subject to Article 6 (Liabilities and Indemnities), R-Tech shall be responsible, at its expense, for any and all recalls of any and all formulations of Unoprostone manufactured or sold by it or on its behalf in the Territory from and after the Effective Date.

8. **ASSIGNMENT**

Neither Party may assign, license or sublicense the rights and obligations under this Agreement or under the Sucampo Agreements. Any attempted assignment, transfer or other conveyance in violation of the foregoing shall be null and void.

9. **TERM AND TERMINATION**

This Agreement shall commence as of the Effective Date.

10. **MISCELLANEOUS**

10.1. Survival. Any rights or obligations of the Parties in this Agreement which, by their nature, should survive the termination or expiration of this Agreement shall survive, including the applicable rights and obligation set forth in this Section 10.1 and Article 1 (DEFINITIONS), Article 2 (CONSEQUENCES OF TERMINATION), Article 3 (TRANSITION ACTIVITIES AND RESPONSIBILITIES), Article 4 (CONFIDENTIALITY), Article 5 (REPRESENTATIONS, WARRANTIES AND COVENANTS), Article 6 (LIABILITIES AND INDEMNITIES), Article 7 (RECALLS AND RETURNS), Article 8 (ASSIGNMENT), Article 9 (TERM AND TERMINATION), and Article 10 (MISCELLANEOUS).

10.2. Severance. In the event that any clause or any part of any clause in this Agreement is declared invalid or unenforceable by the judgment or decree by consent or otherwise of a court of competent jurisdiction from whose decision no appeal is or can be taken, all other clauses or parts of clauses contained in this Agreement shall remain in full force and effect and shall not be affected by such finding for the term of this Agreement.

10.3. No Waiver. No relaxation, forbearance, delay or indulgence by either Party in enforcing any of the terms and conditions of this Agreement or the granting of the terms and conditions of this Agreement or the granting of time by either Party to the other shall prejudice, affect or restrict the rights and powers of the said Party nor shall any waiver by either Party of any breach of this Agreement operate as a waiver of or in relation to any subsequent or any continuing breach of it.

10.4. Variation. This Agreement may be amended only by a document in writing signed by a duly authorized officer of each Party.

10.5. Further Assurance. The Parties shall execute all further documents as may be necessary or desirable to give full effect to the terms of this Agreement and to protect the rights of the Parties under it.

10.6. Entire Agreement. This Agreement and the documents referred to in it, constitute the entire agreement and understanding of the Parties and supersedes any previous agreement, written or oral, between the Parties relating to the subject matter of this Agreement.

10.7. Remedy. Each of the Parties acknowledges and agrees that in entering into this Agreement, and the documents referred to in it, it does not rely on, and shall have no remedy in respect of, any statement, representation, warranty or understanding (whether negligently or innocently made) of any person (whether Party to this Agreement or not) other than as expressly set out in this Agreement as a warranty or representation. The only remedy available to it for breach of such warranties or representations shall be for breach of contract under the terms of this Agreement. Nothing in this clause shall, however, operate to limit or exclude any liability for fraud.

10.8. Notice. Any notice or other document to be given under this Agreement shall be given by sending the same in a pre-paid first class letter or by PDF attached to email with a return and read receipt notification to the address of the relevant Party set out in this Agreement, or to such other address as such Party may have notified to the other for such purposes. Any notice sent by post shall be deemed (in the absence of evidence of earlier receipt) to have been delivered fourteen (14) days after dispatch and in proving the fact of dispatch it shall be sufficient to show that the envelope containing such notice was properly addressed, stamped and posted. Any notice sent by fax shall be deemed to have been delivered on the day following its dispatch.

If to R-Tech: R-Tech Ueno, Ltd.
10F, NBF Hibiya Building 1-1-7, Uchisaiwaicho
Chiyoda-ku, Tokyo 100-0011 Japan
Facsimile: […***…]
Attention: Office of the President

If to Sucampo: Sucampo AG
Baarerstrasse 22
6300 Zug Switzerland
Facsimile:
Attention: Secretary

A copy to: Sucampo Pharma Americas, LLC
4520 East West Highway, 3rd Flr.
Bethesda, MD 20814
Facsimile: […***…]
Attn: General Counsel

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10.9. Governing Law. This Agreement and any disputes of claims arising out of or in connection with its subject matter are governed by and construed in accordance with the law of Switzerland.

10.10. Jurisdiction. The Parties irrevocably agree that the courts of the state of New York shall have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this Agreement.

-Signature page follows -

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed in duplicate counterparts by their duly authorized representatives, each fully executed copy hereof to be deemed as original, as of the Effective Date.

R-Tech Ueno, Ltd.		Sucampo AG	
By:	/s/ Yukihiko Mashima	By:	/s/ Peter Greenleaf
Name:	Yukihiko Mashima	Name:	Peter S. Greenleaf
Title:	President	Title:	President
Date:	May 1, 2015	Date:	May 4, 2015

List of Exhibits:
Exhibit A - Sucampo Finished Goods as set forth in Section 1.13 above.
Exhibit B - Sucampo patents under the Sucampo Product-Related Intellectual Property as set forth in Section 1.15 above.
Exhibit C - Sucampo Product-Related Marketing Materials as set forth in Section 1.17 above.
Exhibit D - Sucampo Product-Related Third-Party Licenses as set forth in Section 1.18 above.
Exhibit E - Sucampo Regulatory Approvals by Market as set forth in Section 1.27 above.
Exhibit F - Transition activities and responsibilities matrix as set forth in Section 2.4 above.
Exhibit G - Sucampo Product Related Trade Names and Domain Names in Section 1.16 above.

Exhibit A - Sucampo Finished Goods as set forth in Section 1.13 above.

NONE

Exhibit B - Sucampo patents under the Sucampo Product-Related Intellectual Property as set forth in Section 1.15 above.

File No.	Title	Country	Application No.	Filing Date	Publication No.	Publication Date	Patent No.	Issue Date	Exclusivity Ends	Status
[…***…]	[…***…]	[…***…]	[…***…]	[…***…]	[…***…]	[…***…]	[…***…]	[…***…]	[…***…]	[…***…]

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Exhibit C - Sucampo Product-Related Marketing Materials as set forth in Section 1.17 above.

File No.	Trade Mark	Country	Class	Appl. No.	Appl. Date	Pub No.	Pub Date	Regist. No.	Regist Date	Status	Next renewal	Notes
[…***…]	[…***…]	[…***…]	[…***…]	[…***…]	[…***…]	[…***…]	[…***…]	[…***…]	[…***…]	[…***…]	[…***…]	[…***…]

Rescula Promotional Materials submitted to the Office of Prescription Drug Promotion, FDA

Material Type (FDA codes)	**Material ID Code and/or Description**	**Date Submitted to OPDP**	**Dissemination/ Publication Date**
[…***…]	[…***…]	[…***…]	[…***…]

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Exhibit D - Sucampo Product-Related Third-Party Licenses as set forth in Section 1.18 above.

NONE

Exhibit E - Sucampo Regulatory Approvals by Market as set forth in Section 1.27 above.

United States of America IND
IND holder: Sucampo Pharma Americas LLC, Bethesda
IND number: 51,790
IND date: effective 24 November 1996 (IND transferred to SPA from RTU on 16 July 2009)
Tradename: N/A
Strength: 0.15%
Indication: Reduction of Intraocular Pressure in Open-Angle Glaucoma or Ocular Hypertension

United States of America NDA
MA holder: Sucampo Pharma Americas LLC, Bethesda
MA number: NDA 21214
MA date: approved 3 August 2000 (NDA transferred to SPA from RTU on 16 July 2009)
Tradename: RESCULA
Strength: 0.15%
Indication: Reduction of Intraocular Pressure in Open-Angle Glaucoma or Ocular Hypertension

United States of America Orphan Drug Designation (ODD)
ODD holder: Sucampo Pharma Americas LLC, Bethesda
ODD number: 10-3148
ODD granted date: 16 September 2010
Tradename: RESCULA
Strength: 0.15%
Indication: Retinitis Pigmentosa

European Union Orphan Drug Designation (ODD)
ODD holder: Sucampo Pharma Europe Ltd., Abingdon
ODD number: EMA/OD/067/13
ODD date: 19 June 2013
INN: Unoprostone isopropyl
Pharmaceutical form: solution for ophthalmic use (eye drops)
Indication: Retinitis Pigmentosa

Exhibit F - Transition Activities and Responsibilities Matrix as set forth in Section 2.4 above

1. Roles and responsibilities

Roles	Contact Person
[…***…]	[…***…]

Responsibilities: Subject to Article 3 and Article 5 in this Agreement

2. Description of process of materials, files and documents to be transferred

Action	Content
Sucampo	Provide the inventory list of all electronic and paper materials, files, and documents to be transferred to R-Tech within […***…] of Effective Date.
R-Tech	Respond to inventory list within ([…***…])[…***…] of receipt by R-Tech. If R-Tech needs an explanation of any item on the inventory list, R-Tech shall notify Sucampo within ([…***…])[…***…] after receipt of the inventory list. Sucampo shall respond to R-Tech within ([…***…]) […***…] days of receipt of the notification.
Sucampo	Transfer all the materials, files and documents to the location and by the means specified by R-Tech within the later of […***…] of receipt of inventory list by R-Tech or the receipt of Sucampo response to R-Tech's request for further explanation.
R-Tech	Confirmation of receipt of transfer of inventory. R-Tech shall provide Sucampo notification of any missing inventory within […***…] of confirmation. Sucampo shall provide its response and missing inventory within […***…] of receipt of notification by R-Tech.

3. Inventory list/documents for delivery by Sucampo

3.1. List of regulatory materials, files and documents from Sucampo

a. A list of all Regulatory Filings and Documents by country

*Confidential Treatment Requested

b. A summary and explanation of any files (electronic and paper), language of dossier, the necessity for annual maintenance, regulatory status, and the procedure for succession and transfer of ownership of regulatory filings.

3.2. PVG related list of materials from Sucampo

3.3. A reconciliation of the PVG data through exchange of listings.

4. Points to be covered on a country-by- country basis

4.1. Birthdates are being used for PSUR filings - country or international.

4.2. Reporting language.

4.3. The date of the next PSUR filing due.

5. Process monitoring and validation

R-Tech (and/or its agent) and Sucampo will develop and share a RESCULA Transition Status file (Excel file) summarizing the schedule and status of all transition activities, which will be used to monitor the transfer.

Exhibit G - Sucampo Product-Related Trade Marks and Domain Names as set forth in Section 1.16

Domain Name	Registry Expiration	Current Registered Party
[…***…]	[…***…]	[…***…]
[…***…]	[…***…]	[…***…]
[…***…]	[…***…]	[…***…]
[…***…]	[…***…]	[…***…]
[…***…]	[…***…]	[…***…]
[…***…]	[…***…]	[…***…]
[…***…]	[…***…]	[…***…]
[…***…]	[…***…]	[…***…]
[…***…]	[…***…]	[…***…]
[…***…]	[…***…]	[…***…]
[…***…]	[…***…]	[…***…]
[…***…]	[…***…]	[…***…]

*Confidential Treatment Requested

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Peter Greenleaf, certify that:

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

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

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

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(F)) for the registrant and have:

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

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

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

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

5. The registrant's other certifying officer(s) 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 registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal controls 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 5, 2015

/s/ Peter Greenleaf
Peter Greenleaf
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Andrew P. Smith, certify that:

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

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

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

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(F)) for the registrant and have:

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

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

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

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

5. The registrant's other certifying officer(s) 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 registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal controls 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 5, 2015

/s/ Andrew P. Smith
Andrew P. Smith
(Principal Financial Officer)

EXHIBIT 32.1

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

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of Sucampo Pharmaceuticals, Inc. (the "Company") certifies to the best of his knowledge that:

(1) The Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 of the Company (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; 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 5, 2015

/s/ Peter Greenleaf
Peter Greenleaf
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

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

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of Sucampo Pharmaceuticals, Inc. (the "Company") certifies to the best of his knowledge that:

(1) The Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 of the Company (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; 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 5, 2015

/s/ Andrew P. Smith
Andrew P. Smith
(Principal Financial Officer)