

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 or 15(D)  
of the Securities Exchange Act of 1934**

**February 24, 2015**

Date of report (Date of earliest event reported)

**Agile Therapeutics, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-36464**  
(Commission  
File Number)

**23-2936302**  
(IRS Employer  
Identification No.)

**101 Poor Farm Road**  
**Princeton, New Jersey**  
(Address of principal executive offices)

**08540**  
(Zip Code)

Registrant's telephone number, including area code **(609) 683-1880**

(Former name or former address, if changed since last report)

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425).
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12).
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b)).
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c)).

**Item 1.01 Entry into a Material Definitive Agreement**

On February 24, 2015 (the "Closing Date"), Agile Therapeutics, Inc. (the "Company") entered into a term loan facility of up to \$25 million (the "Term Loan") with Hercules Technology Growth Capital, Inc., a Maryland corporation ("Hercules"), the proceeds of which will be used to repay Agile's existing term loan facility and the remainder, after closing costs, will provide additional working capital for general corporate purposes. The Term Loan is governed by a loan and security agreement, dated February 24, 2015 (the "Loan Agreement"), which provides for two separate advances. The first tranche of \$16.5 million was funded on the Closing Date. The second tranche of \$8.5 million may be drawn at the Company's option between March 31, 2016 and June 30, 2016 (the "Draw Period") subject to the Company successfully completing its clinical study of the "AG200-15" product candidate ("Twirla"), and receiving data that supports the filing of a response to the Complete Response Letter from the U.S. Food and Drug Administration ("FDA") relating to the new drug application filed by the Company with the FDA with respect to Twirla (the "Draw Period Milestone Event"). Hercules can waive the requirement for a Draw Period Milestone Event and extend the Draw Period to December 31, 2016 in its sole discretion.

The Term Loan will mature on December 1, 2018. Each advance accrues interest at a floating per annum rate equal to the greater of either (a) nine percent (9.0%), or (b) the sum of (i) nine percent (9.0%), plus (ii) the prime rate minus four and one quarter of one percent (4.25%). The Term Loan provides for interest-only payments for the first tranche until July 1, 2016. If the Company draws the second tranche after a Draw Milestone Event occurs and prior to July 1, 2016, then the interest-only period for both tranches will be extended to January 1, 2017. If the Company draws the second tranche between July 1,

2016 and December 31, 2016, then payments of principal and interest, also called amortization payments, will be due on the first business day of the month following the month Hercules funds the second tranche. Hercules may, in its discretion, however, extend the interest-only period for both tranches to January 1, 2017. Thereafter, amortization payments will be payable monthly in thirty equal installments of principal and interest over the remaining term of the loan, subject to recalculation upon a change in the prime rate. The Company has the option to make the principal payments in Company common stock up to an aggregate total of \$3.0 million subject to price and volume limitations. The Company may prepay the Term Loan in full upon seven business days prior notice to Hercules. Any such prepayment of the Term Loan is subject to a prepayment charge of three percent (3.0%) if such prepayment occurs in the first twelve (12) months following the Closing Date; two percent (2.0%) if such prepayment occurs after twelve (12) months following the Closing Date but on or prior to twenty four (24) months following the Closing Date, and thereafter, one percent (1.0%). Amounts outstanding during an event of default are payable upon Hercules' demand and shall accrue interest at an additional rate of 4.0% per annum of the past due amount outstanding. At the end of the loan term (whether at maturity, by prepayment in full or otherwise), the Company shall make a final payment to the lender in the amount of 3.70% of the aggregate original principal amount advanced by Hercules.

The Term Loan is secured by a lien on substantially all of the assets of the Company, other than intellectual property, provided that such lien on substantially all assets includes any rights to payments and proceeds from the sale, licensing or disposition of intellectual property.

The Loan Agreement contains customary covenants and representations, including a financial reporting covenant and limitations on dividends, indebtedness, collateral, investments,

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distributions, transfers, mergers or acquisitions, taxes, corporate changes, deposit accounts, and subsidiaries. There are no financial covenants.

The events of default under the Loan Agreement include, without limitation, and subject to customary grace periods, (1) the Company's failure to make any payments of principal or interest under the Loan Agreement, promissory notes or other loan documents, (2) the Company's breach or default in the performance of any covenant under the Loan Agreement, (3) the Company making a false or misleading representation or warranty in any material respect, (4) the Company's insolvency or bankruptcy, (5) any attachment or judgment on the Company's assets of at least \$250,000, or (6) the occurrence of any material default under any agreement or obligation of the Company involving indebtedness in excess of \$250,000. If any event of default occurs, Hercules is entitled to take enforcement action, including acceleration of amounts due under the Loan Agreement.

The Loan Agreement also contains other customary provisions, such as expense reimbursement and confidentiality. Hercules has indemnification rights and the right to assign the Term Loan.

In connection with the Loan Agreement, the Company issued Hercules a warrant, dated February 24, 2015 (the "Warrant") to purchase shares of the Company's common stock, \$0.0001 par value per share (the "Common Stock"). The Warrant is exercisable for 180,274 shares of the Company's common stock with an exercise price of \$5.89 per share. The exercise price and the number of shares underlying the Warrant are subject to adjustment upon a merger event, reclassification of the shares of Common Stock, subdivision or combination of the shares of Common Stock or certain dividend payments. The Warrant is exercisable until the fifth anniversary of the Closing Date and will be exercised automatically on a net issuance basis if not exercised prior to the expiration date and if the then-current fair market value of one share of Common Stock is greater than the exercise price then in effect.

In connection with the Loan Agreement, the Company also entered into an equity rights letter agreement, dated February 24, 2015 (the "Equity Rights Letter Agreement"). Pursuant to the Equity Rights Agreement, Hercules has the right to participate in any one or more subsequent equity financings by the Company to purchase up to an aggregate of \$2 million of equity securities. The purchase of equity securities shall be on the same terms and conditions as all other investors participating in any such equity financing. Hercules' rights under the Equity Rights Letter Agreement terminate upon the earlier of (1) the purchase of \$2 million of equity securities and (2) the later of (i) the repayment of all indebtedness under the Loan Agreement, or (ii) the exercise in full of the Warrant or the expiration or termination of the exercise period for the Warrant.

The foregoing description of the Term Loan, Warrant and Equity Rights Letter Agreement does not purport to be complete and is qualified in its entirety by reference to the Warrant, the Loan Agreement, and the Equity Rights Letter Agreement, copies of which are filed as Exhibits 4.1, 10.1 and 10.2, respectively, to this Form 8-K and are incorporated herein by reference.

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#### **Item 1.02 Termination of a Material Definitive Agreement**

On February 24, 2015, the Company utilized approximately \$15.5 million of the first tranche under the Term Loan to pay off all obligations owing under, and to terminate, the Loan and Security Agreement dated as of December 14, 2012, as amended, by and between Oxford Finance LLC and the Company.

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

To the extent required by Item 2.03 of Form 8-K, the information regarding the Term Loan set forth under Item 1.01 of this Form 8-K is incorporated by reference in this Item 2.03.

#### **Item 3.02 Unregistered Sales of Equity Securities.**

To the extent required by Item 3.02 of Form 8-K, the information regarding the Warrant set forth under Item 1.01 of this Form 8-K is incorporated by reference in this Item 3.02. The Company issued to Hercules the Warrant in reliance on the exemption from registration provided for under Section 4(a)(2) of the Securities Act. The Company relied on this exemption from registration based in part on the representations made by Hercules, including the representations with respect to Hercules, status as an accredited investor, as such term is defined in Rule 501(a) of the Securities Act, and Hercules, investment intent.

#### **Item 7.01 Regulation FD Disclosure**

On February 24, 2015, the Company issued a press release announcing the execution of the Loan Agreement, the Warrant and the Equity Rights Letter Agreement. The Company also announced an update on the status of its clinical trial of Twirla. The Company is furnishing a copy of the press release, which is attached as Exhibit 99.1.

The Company is also furnishing a presentation it intends to use at upcoming conferences and in meetings with investors, which is furnished herewith as Exhibit 99.2.

In accordance with General Instructions B.2 and B.6 of Form 8-K, the information included in this Item 7.01 (including Exhibits 99.1 and 99.2 attached hereto), shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any filing made by the Company under the Exchange Act or Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

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#### Item 9.01. Financial Statements and Exhibits.

##### (d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
4.1	Warrant Agreement between Agile Therapeutics, Inc. and Hercules Technology Growth Capital, Inc., dated February 24, 2015.
10.1	Loan and Security Agreement between Agile Therapeutics, Inc. and Hercules Technology Growth Capital, Inc., dated February 24, 2015.
10.2	Equity Rights Letter Agreement between Agile Therapeutics, Inc. and Hercules Technology Growth Capital, Inc., dated February 24, 2015.
99.1	Agile Therapeutics, Inc. Press Release dated February 24, 2015.
99.2	Agile Therapeutics, Inc. Presentation.

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#### SIGNATURES

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

**Agile Therapeutics, Inc.**

Dated: February 24, 2015

By: /s/ Alfred Altomari  
Name: Alfred Altomari  
Title: President and Chief Executive Officer

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#### Exhibit Index

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THIS WARRANT AND THE SHARES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS, AND MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR, SUBJECT TO SECTION 11 HEREOF, AN OPINION OF COUNSEL (WHICH MAY BE COMPANY COUNSEL) REASONABLY SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT, OR ANY APPLICABLE STATE SECURITIES LAWS.

## WARRANT AGREEMENT

To Purchase Shares of the Common Stock of

### AGILE THERAPEUTICS, INC.

Dated as of February 24, 2015 (the "Effective Date")

WHEREAS, Agile Therapeutics, Inc., a Delaware corporation (the "Company"), has entered into a Loan and Security Agreement of even date herewith (as amended and in effect from time to time, the "Loan Agreement") with Hercules Technology Growth Capital, Inc., a Maryland corporation (the "Warrantholder"), in its capacity as administrative agent, and the lender parties thereto;

WHEREAS, pursuant to the Loan Agreement and as additional consideration to the Warrantholder for, among other things, its agreements in the Loan Agreement, the Company has agreed to issue to the Warrantholder this Warrant Agreement, evidencing the right to purchase shares of the Company's Common Stock (this "Warrant", "Warrant Agreement", or this "Agreement");

NOW, THEREFORE, in consideration of the Warrantholder having executed and delivered the Loan Agreement and provided the financial accommodations contemplated therein, and in consideration of the mutual covenants and agreements contained herein, the Company and Warrantholder agree as follows:

#### SECTION 1. GRANT OF THE RIGHT TO PURCHASE COMMON STOCK.

(a) For value received, the Company hereby grants to the Warrantholder, and the Warrantholder is entitled, upon the terms and subject to the conditions hereinafter set forth, to subscribe for and purchase, from the Company, up to the number of fully paid and non-assessable shares of Common Stock (as defined below) as determined pursuant to Section 1(b) below, at a purchase price per share equal to the Exercise Price (as defined below). The number and Exercise Price of such shares are subject to adjustment as provided in Section 8. As used herein, the following terms shall have the following meanings:

"Charter" means the Company's Certificate of Incorporation or other constitutional document, as may be amended and in effect from time to time.

"Common Stock" means the Company's common stock, \$0.0001 par value per share, as presently constituted under the Charter, and any class and/or series of Company

capital stock for or into which such common stock may be converted or exchanged in a reorganization, recapitalization or similar transaction.

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

"Exercise Price" means \$5.89, subject to adjustment from time to time in accordance with the provisions of this Warrant.

"Liquid Sale" means the closing of a Merger Event in which the consideration received by the Company and/or its stockholders, as applicable, consists solely of cash and/or Marketable Securities.

"Marketable Securities" in connection with a Merger Event means securities meeting all of the following requirements: (i) the issuer thereof is then subject to the reporting requirements of Section 13 or Section 15(d) of the Exchange Act, and is then current in its filing of all required reports and other information under the Securities Act and the Exchange Act; (ii) the class and series of shares or other security of the issuer that would be received by the Warrantholder in connection with the Merger Event were the Warrantholder to exercise this Warrant on or prior to the closing thereof is then traded on a national securities exchange or over-the-counter market, and (iii) following the closing of such Merger Event, Warrantholder would not be restricted from publicly re-selling all of the issuer's shares and/or other securities that would be received by Warrantholder in such Merger Event were Warrantholder to exercise this Warrant in full on or prior to the closing of such Merger Event, except to the extent that any such restriction (x) arises solely under federal or state securities laws, rules or regulations, and (y) does not extend beyond six (6) months from the closing of such Merger Event.

"Merger Event" means any of the following: (i) a sale, lease or other transfer of all or substantially all assets of the Company, (ii) any merger or consolidation involving the Company in which the Company is not the surviving entity or in which the outstanding shares of the Company's capital stock are otherwise converted into or exchanged for shares of capital stock or other securities or property of another entity and in which the holders of a majority of the outstanding shares of capital stock of the Company immediately prior to such merger or consolidation do not hold a majority of the surviving entity or other entity immediately following such merger or consolidation, or (iii) any sale by holders of the outstanding voting equity securities of the Company in a single transaction or series of related transactions of shares constituting a majority of the outstanding combined voting power of the Company.

"Purchase Price" means, with respect to any exercise of this Warrant, an amount equal to the then-effective Exercise Price multiplied by the number of shares of Common Stock as to which this Warrant is then exercised.

"Rule 144" means Rule 144 of the Securities Act, as amended.

“Securities Act” means the Securities Act of 1933, as amended.

(b) Number of Shares. This Warrant shall be exercisable for 180,274 shares of Common Stock, subject to adjustment from time to time in accordance with the provisions of this Warrant, subject to further adjustment thereafter from time to time in accordance with the provisions of this Warrant.

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**SECTION 2. TERM OF THE AGREEMENT.**

The term of this Warrant and the right to purchase Common Stock as granted herein shall commence on the Effective Date and, subject to Section 8(a) below, shall be exercisable for a period ending upon the fifth (5<sup>th</sup>) anniversary of the Effective Date.

**SECTION 3. EXERCISE OF THE PURCHASE RIGHTS.**

(a) Exercise. The purchase rights set forth in this Agreement are exercisable by the Warrantholder, in whole or in part, at any time, or from time to time, prior to the expiration of the term set forth in Section 2, by tendering to the Company at its principal office a notice of exercise in the form attached hereto as Exhibit I (the “Notice of Exercise”), duly completed and executed. Promptly upon receipt of the Notice of Exercise and the payment of the Purchase Price in accordance with the terms set forth below, and in no event later than three business (3) days thereafter, the Company shall cause its transfer agent to issue to the Warrantholder in book entry form the number of shares of Common Stock purchased and shall execute the acknowledgment of exercise in the form attached hereto as Exhibit II (the “Acknowledgment of Exercise”) indicating the number of shares which remain subject to future purchases under this Warrant, if any.

The Purchase Price may be paid at the Warrantholder’s election either (i) by cash or check, or (ii) by surrender of all or a portion of the Warrant for shares of Common Stock to be exercised under this Agreement and, if applicable, an amended Agreement setting forth the remaining number of shares purchasable hereunder, as determined below (“Net Issuance”). If the Warrantholder elects the Net Issuance method, the Company will issue shares of Common Stock in accordance with the following formula:

$$X = \frac{Y(A-B)}{A}$$

Where:

X = the number of shares of Common Stock to be issued to the Warrantholder.

Y = the number of shares of Common Stock requested to be exercised under this Agreement.

A = the then-current fair market value of one (1) share of Common Stock at the time of exercise.

B = the then-effective Exercise Price.

For purposes of the above calculation, the current fair market value of shares of Common Stock shall mean with respect to each share of Common Stock:

(i) at all times when the Common Stock shall be traded on a national securities exchange, inter-dealer quotation system or over-the-counter bulletin board service, the average of the closing prices over a five (5) day period ending three days before the day the current fair market value of the securities is being determined;

(ii) if the exercise is in connection with a Merger Event, the fair market value of a share of Common Stock shall be deemed to be the per share value received by the holders of the outstanding shares of Common Stock pursuant to such Merger Event as determined in accordance with the definitive transaction documents executed among the parties in connection therewith; or

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(iii) in cases other than as described in the foregoing clauses (i) and (ii), the current fair market value of a share of Common Stock shall be determined in good faith by the Company’s Board of Directors.

Upon partial exercise by either cash or, upon request by the Warrantholder and surrender of all or a portion of this Warrant, Net Issuance, prior to the expiration or earlier termination hereof, the Company shall promptly issue an amended Agreement representing the remaining number of shares purchasable hereunder. All other terms and conditions of such amended Agreement shall be identical to those contained herein, including, but not limited to the Effective Date hereof.

(b) Exercise Prior to Expiration. To the extent this Warrant is not previously exercised as to all shares subject hereto, and if the then-current fair market value of one share of Common Stock is greater than the Exercise Price then in effect, or, in the case of a Liquid Sale, where the value per share of Common Stock (as determined as of the closing of such Liquid Sale in accordance with the definitive agreements executed by the parties in connection with such Merger Event) to be paid to the holders thereof is greater than the Exercise Price then in effect, this Agreement shall be deemed automatically exercised on a Net Issuance basis pursuant to Section 3(a) (even if not surrendered) as of immediately before its expiration determined in accordance with Section 2. For purposes of such automatic exercise, the fair market value of one share of Common Stock upon such expiration shall be determined pursuant to Section 3(a). To the extent this Warrant or any portion hereof is deemed automatically exercised pursuant to this Section 3(b), the Company agrees to promptly notify the Warrantholder of the number of shares of Common Stock if any, the Warrantholder is to receive by reason of such automatic exercise, and to cause its transfer agent to issue such shares to Warrantholder in book entry form evidencing such shares.

**SECTION 4. RESERVATION OF SHARES.**

During the term of this Agreement, the Company will at all times have authorized and reserved a sufficient number of shares of its Common Stock to provide for the exercise of the rights to purchase Common Stock as provided for herein.

**SECTION 5. NO FRACTIONAL SHARES OR SCRIP.**

No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Agreement, but in lieu of such fractional shares the Company shall make a cash payment therefor upon the basis of the Exercise Price then in effect.

**SECTION 6. NO RIGHTS AS SHAREHOLDER/STOCKHOLDER.**

Without limitation of any provision hereof, Warrantholder agrees that this Agreement does not entitle the Warrantholder to any voting rights or other rights as a shareholder/stockholder of the Company prior to the exercise of any of the purchase rights set forth in this Agreement.

**SECTION 7. WARRANTHOLDER REGISTRY.**

The Company shall maintain a registry showing the name and address of the registered holder of this Agreement. Warrantholder's initial address, for purposes of such registry, is set forth in Section 12(g) below. Warrantholder may change such address by giving written notice of such changed address to the Company.

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**SECTION 8. ADJUSTMENT RIGHTS.**

The Exercise Price and the number of shares of Common Stock purchasable hereunder are subject to adjustment from time to time, as follows:

(a) **Merger Event.** In connection with a Merger Event that is a Liquid Sale, this Warrant shall, on and after the closing thereof, automatically and without further action on the part of any party or other person, represent the right to receive the consideration payable on or in respect of all shares of Common Stock that are issuable hereunder as of immediately prior to the closing of such Merger Event less the Purchase Price for all such shares of Common Stock (such consideration to include both the consideration payable at the closing of such Merger Event and all deferred consideration payable thereafter, if any, including, but not limited to, payments of amounts deposited at such closing into escrow and payments in the nature of earn-outs, milestone payments or other performance-based payments), and such Merger Event consideration shall be paid to Warrantholder as and when it is paid to the holders of the outstanding shares of Common Stock. To the extent the consideration to be received by the Warrantholder at the closing of such Merger Event that is a Liquid Sale is less than the Purchase Price, this Warrant shall automatically terminate as of the closing of such Merger Event. In connection with a Merger Event that is not a Liquid Sale, the Company shall cause the successor or surviving entity to assume this Warrant and the obligations of the Company hereunder on the closing thereof, and thereafter this Warrant shall be exercisable for the same number and type of securities or other property as the Warrantholder would have received in consideration for the shares of Common Stock issuable hereunder had it exercised this Warrant in full as of immediately prior to such closing, at an aggregate Exercise Price no greater than the aggregate Exercise Price in effect as of immediately prior to such closing, and subject to further adjustment from time to time in accordance with the provisions of this Warrant. The provisions of this Section 8(a) shall similarly apply to successive Merger Events.

(b) **Reclassification of Shares.** Except for Merger Events subject to Section 8(a), if the Company at any time shall, by combination, reclassification, exchange or subdivision of securities or otherwise, change any of the securities as to which purchase rights under this Agreement exist into the same or a different number of securities of any other class or classes of securities, this Agreement shall thereafter represent the right to acquire such number and kind of securities as would have been issuable as the result of such change with respect to the securities which were subject to the purchase rights under this Agreement immediately prior to such combination, reclassification, exchange, subdivision or other change. The provisions of this Section 8(b) shall similarly apply to successive combination, reclassification, exchange, subdivision or other change.

(c) **Subdivision or Combination of Shares.** If the Company at any time shall combine or subdivide its Common Stock, (i) in the case of a subdivision, the Exercise Price shall be proportionately decreased and the number of shares for which this Warrant is exercisable shall be proportionately increased, or (ii) in the case of a combination, the Exercise Price shall be proportionately increased and the number of shares for which this Warrant is exercisable shall be proportionately decreased.

(d) **Dividends.** If the Company at any time while this Agreement is outstanding and unexpired shall:

(i) pay a dividend with respect to the outstanding shares of Common Stock payable in additional shares of Common Stock, then the Exercise Price shall be adjusted, to that price determined by multiplying the Exercise Price in effect immediately prior to

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such date of determination by a fraction (A) the numerator of which shall be the total number of shares of Common Stock outstanding immediately prior to such dividend or distribution, and (B) the denominator of which shall be the total number of shares of Common Stock outstanding immediately after such dividend or distribution, and the number of shares of Common Stock for which this Warrant is exercisable shall be proportionately increased; or

(ii) make any other dividend or distribution on or with respect to Common Stock, except any dividend or distribution (A) in cash, or (B) specifically provided for in any other clause of this Section 8, then, in each such case, provision shall be made by the Company such that the Warrantholder shall receive upon exercise of this Warrant a proportionate share of any such distribution as though it were the holder of the Common Stock as of the record date fixed for the determination of the shareholders of the Company entitled to receive such distribution.

(e) **Notice of Certain Events.** If: (i) the Company shall declare any dividend or distribution upon its outstanding Common Stock, payable in stock, cash, property or other securities (provided that Warrantholder in its capacity as lender under the Loan Agreement consents to such dividend); (ii) the Company shall offer for subscription pro rata to the holders of its Common Stock any additional shares of stock of any class or other rights; (iii) there shall be

any Merger Event; or (iv) there shall be any voluntary dissolution, liquidation or winding up of the Company; then, in connection with each such event, the Company shall give the Warrantholder notice thereof at the same time and in the same manner as it gives notice thereof to the holders of outstanding Common Stock.

## SECTION 9. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE COMPANY.

(a) Reservation of Common Stock. The Company covenants and agrees that all shares of Common Stock, if any, that may be issued upon the exercise of this Warrant will, upon issuance, be validly issued and outstanding, fully paid and non-assessable. The Company further covenants and agrees that the Company will, at all times during the term hereof, have authorized and reserved, free from preemptive rights, a sufficient number of shares of Common Stock to provide for the exercise of the rights represented by this Warrant. If at any time during the term hereof the number of authorized but unissued shares of Common Stock shall not be sufficient to permit exercise of this Warrant in full, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes.

(b) Due Authority. The execution and delivery by the Company of this Agreement and the performance of all obligations of the Company hereunder, including the issuance to Warrantholder of the right to acquire the shares of Common Stock, have been duly authorized by all necessary corporate action on the part of the Company. This Agreement: (1) does not violate the Company's Charter or current bylaws; (2) does not contravene any law or governmental rule, regulation or order applicable to it; and (3) except as could not reasonably be expected to have a Material Adverse Effect (as defined in the Loan Agreement), does not and will not contravene any provision of, or constitute a default under, any indenture, mortgage, contract or other instrument to which it is a party or by which it is bound. This Agreement constitutes a legal, valid and binding agreement of the Company, enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally (including, without limitation, fraudulent conveyance laws) and by general principles of equity, regardless of whether considered in a proceeding in equity or at law.

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(c) Consents and Approvals. No consent or approval of, giving of notice to, registration with, or taking of any other action in respect of any state, federal or other governmental authority or agency is required with respect to the execution, delivery and performance by the Company of its obligations under this Agreement, except for the filing of notices pursuant to Regulation D under the Securities Act and any filing required by applicable state securities law, which filings will be effective by the time required thereby.

(d) [Intentionally Omitted].

(e) [Intentionally Omitted].

(f) Exempt Transaction. Subject to the accuracy of the Warrantholder's representations in Section 10, the issuance of the Common Stock upon exercise of this Agreement will constitute a transaction exempt from (i) the registration requirements of Section 5 of the Securities Act, in reliance upon Section 4(a)(2) thereof, and (ii) the qualification requirements of the applicable state securities laws.

(g) [Intentionally Omitted].

(h) Information Rights. At all times (if any) prior to the earlier to occur of (x) the date on which all shares of Common Stock issued on exercise of this Warrant have been sold, or (y) the expiration or earlier termination of this Warrant, when the Company shall not be required to file reports pursuant to Section 13 or 15(d) of the Exchange Act or shall not have timely filed all such required reports, Warrantholder shall be entitled to the information rights contained in Section 7.1(b) — (f) of the Loan Agreement, and in any such event Section 7.1(b) — (f) of the Loan Agreement is hereby incorporated into this Agreement by this reference as though fully set forth herein, provided, however, that the Company shall not be required to deliver a Compliance Certificate once all Indebtedness (as defined in the Loan Agreement) owed by the Company to Warrantholder has been repaid.. All information provided by the Company to Warrantholder pursuant to this Section 9(h) shall constitute Confidential Information (as defined in the Loan Agreement).

(i) Rule 144 Compliance. The Company shall, at all times prior to the earlier to occur of (x) the date of sale or other disposition by Warrantholder of this Warrant or all shares of Common Stock issued on exercise of this Warrant, or (y) the expiration or earlier termination of this Warrant if the Warrant has not been exercised in full or in part on such date, use all commercially reasonable efforts to timely file all reports required under the Exchange Act and otherwise timely take all actions necessary to permit the Warrantholder to sell or otherwise dispose of this Warrant and the shares of Common Stock issued on exercise hereof pursuant to Rule 144 and in effect from time to time, provided that the foregoing shall not apply in the event of a Merger Event following which the successor or surviving entity is not subject to the reporting requirements of the Exchange Act. If the Warrantholder proposes to sell Common Stock issuable upon the exercise of this Agreement in compliance with Rule 144, then, upon Warrantholder's written request to the Company, the Company shall furnish to the Warrantholder, within five (5) business days after receipt of such request, a written statement confirming the status of the Company's compliance with the filing and other requirements of such Rule.

## SECTION 10. REPRESENTATIONS AND COVENANTS OF THE WARRANTHOLDER.

This Agreement has been entered into by the Company in reliance upon the following representations and covenants of the Warrantholder:

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(a) Investment Purpose. This Warrant and the shares issued on exercise hereof will be acquired for investment and not with a view to the sale or distribution of any part thereof in violation of applicable federal and state securities laws, and the Warrantholder has no present intention of selling or engaging in any public distribution of the same except pursuant to a registration or exemption.

(b) Private Issue. The Warrantholder understands (i) that the Common Stock issuable upon exercise of this Agreement is not, as of the Effective Date, registered under the Securities Act or qualified under applicable state securities laws, and (ii) that the Company's reliance on exemption from such registration is predicated on the representations set forth in this Section 10.

(c) Financial Risk. The Warrantholder has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment, and has the ability to bear the economic risks of its investment in the Company.

(d) Accredited Investor. Warrantholder is an “accredited investor” within the meaning of Rule 501 of Regulation D promulgated under the Securities Act, as presently in effect (“Regulation D”).

(e) No Short Sales. Warrantholder has not at any time on or prior to the Effective Date engaged in any short sales or equivalent transactions in the Common Stock. Warrantholder agrees that at all times from and after the Effective Date and on or before the expiration or earlier termination of this Warrant, it shall not engage in any short sales or equivalent transactions in the Common Stock.

#### SECTION 11. TRANSFERS.

Subject to compliance with applicable federal and state securities laws, this Agreement and all rights hereunder are transferable, in whole or in part, without charge to the holder hereof (except for transfer taxes) upon surrender of this Agreement properly endorsed. Each taker and holder of this Agreement, by taking or holding the same, consents and agrees that this Agreement, when endorsed in blank, shall be deemed negotiable, and that the holder hereof, when this Agreement shall have been so endorsed and its transfer recorded on the Company’s books, shall be treated by the Company and all other persons dealing with this Agreement as the absolute owner hereof for any purpose and as the person entitled to exercise the rights represented by this Agreement. The transfer of this Agreement shall be recorded on the books of the Company upon receipt by the Company of a notice of transfer in the form attached hereto as Exhibit III (the “Transfer Notice”), at its principal offices and the payment to the Company of all transfer taxes and other governmental charges imposed on such transfer. Until the Company receives such Transfer Notice, the Company may treat the registered owner hereof as the owner for all purposes. Notwithstanding anything herein or in any legend to the contrary, (i) the Company shall not require an opinion of counsel in connection with any sale, assignment or other transfer, by Warrantholder of this Warrant (or any portion hereof or any interest herein) to an affiliate of Warrantholder (as defined in Regulation D), provided that the restrictive legend will remain on such transferred Warrant, and provided, further, that such affiliate is an “accredited investor” as defined in Regulation D, and (ii) the Company shall not require an opinion of counsel in connection with any assignment or other transfer, in each case without the payment of consideration, by Warrantholder of any shares of Common Stock issued upon any exercise hereof to an affiliate (as defined in Regulation D) of Warrantholder, provided that such affiliate is an “accredited investor” as defined in Regulation D.

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#### SECTION 12. MISCELLANEOUS.

(a) Effective Date. The provisions of this Agreement shall be construed and shall be given effect in all respects as if it had been executed and delivered by the Company on the date hereof. This Agreement shall be binding upon any successors or assigns of the Company.

(b) Remedies. In the event of any default hereunder, the non-defaulting party may proceed to protect and enforce its rights either by suit in equity and/or by action at law, including but not limited to an action for damages as a result of any such default, and/or an action for specific performance for any default where the non-defaulting party will not have an adequate remedy at law and where damages will not be readily ascertainable.

(c) No Impairment of Rights. The Company will not, by amendment of its Charter or through any other means, avoid or seek to avoid the observance or performance of any of the terms of this Agreement, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate in order to protect the rights of the Warrantholder against impairment.

(d) Additional Documents. The Company agrees to supply such other documents as the Warrantholder may from time to time reasonably request.

(e) Attorneys’ Fees. In any litigation, arbitration or court proceeding between the Company and the Warrantholder relating hereto, the prevailing party shall be entitled to reasonable attorneys’ fees and expenses and all costs of proceedings incurred in enforcing this Agreement. For the purposes of this Section 12(e), attorneys’ fees shall include without limitation fees incurred in connection with the following: (i) contempt proceedings; (ii) discovery; (iii) any motion, proceeding or other activity of any kind in connection with an insolvency proceeding; (iv) garnishment, levy, and debtor and third party examinations; and (v) post-judgment motions and proceedings of any kind, including without limitation any activity taken to collect or enforce any judgment.

(f) Severability. In the event any one or more of the provisions of this Agreement shall for any reason be held invalid, illegal or unenforceable, the remaining provisions of this Agreement shall be unimpaired, and the invalid, illegal or unenforceable provision shall be replaced by a mutually acceptable valid, legal and enforceable provision, which comes closest to the intention of the parties underlying the invalid, illegal or unenforceable provision.

(g) Notices. Except as otherwise provided herein, any notice, demand, request, consent, approval, declaration, service of process or other communication that is required, contemplated, or permitted under this Agreement or with respect to the subject matter hereof shall be in writing, and shall be deemed to have been validly served, given, delivered, and received upon the earlier of: (a) personal delivery to the party to be notified, (b) when sent by confirmed telex, electronic transmission or facsimile if sent during normal business hours of the recipient, if not, then on the next business day, (c) five days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt, and shall be addressed to the party to be notified as follows:

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If to Warrantholder:

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.  
Legal Department  
Attention: Chief Legal Officer and Manuel Henriquez  
400 Hamilton Avenue, Suite 310  
Palo Alto, California 94301  
Facsimile: 650-473-9194



If to the Company:

Agile Therapeutics, Inc.  
Attention: Chief Financial Officer  
101 Poor Farm Road  
Princeton, New Jersey 08540

Facsimile:  
Telephone:  
Email:

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

Morgan, Lewis & Bockius LLP  
502 Carnegie Center  
Princeton, New Jersey 08540  
Attn: Denis Segota  
Facsimile: 609-919-6701  
Telephone: 609-919-6600  
Email: dsegota@morganlewis.com

or to such other address as each party may designate for itself by like notice.

(h) Entire Agreement; Amendments. This Agreement constitutes the entire agreement and understanding of the parties hereto in respect of the subject matter hereof, and supersedes and replaces in their entirety any prior proposals, term sheets, letters, negotiations or other documents or agreements, whether written or oral, with respect to the subject matter hereof. None of the terms of this Agreement may be amended except by an instrument executed by each of the parties hereto.

(i) Headings. The various headings in this Agreement are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement or any provisions hereof.

(j) Advice of Counsel. Each of the parties represents to each other party hereto that it has discussed (or had an opportunity to discuss) with its counsel this Agreement and, specifically, the provisions of Sections 12(n), 12(o), 12(p), 12(q) and 12(r).

(k) No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no

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presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

(l) No Waiver. No omission or delay by Warrantholder at any time to enforce any right or remedy reserved to it, or to require performance of any of the terms, covenants or provisions hereof by Warrantholder at any time designated, shall be a waiver of any such right or remedy to which Warrantholder is entitled, nor shall it in any way affect the right of Warrantholder to enforce such provisions thereafter during the term of this Agreement.

(m) Survival. All agreements, representations and warranties contained in this Agreement or in any document delivered pursuant hereto shall be for the benefit of Warrantholder and shall survive the execution and delivery of this Agreement and the expiration or other termination of this Agreement.

(n) Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, excluding conflict of laws principles that would cause the application of laws of any other jurisdiction.

(o) Consent to Jurisdiction and Venue. All judicial proceedings arising in or under or related to this Agreement may be brought in any state or federal court of competent jurisdiction located in the State of New York. By execution and delivery of this Agreement, each party hereto generally and unconditionally: (a) consents to personal jurisdiction in the City of New York, borough of Manhattan, State of New York; (b) waives any objection as to jurisdiction or venue in the City of New York, borough of Manhattan, State of New York; (c) agrees not to assert any defense based on lack of jurisdiction or venue in the aforesaid courts; and (d) irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement. Service of process on any party hereto in any action arising out of or relating to this Agreement shall be effective if given in accordance with the requirements for notice set forth in Section 12(g), and shall be deemed effective and received as set forth in Section 12(g). Nothing herein shall affect the right to serve process in any other manner permitted by law or shall limit the right of either party to bring proceedings in the courts of any other jurisdiction.

(p) Mutual Waiver of Jury Trial. Because disputes arising in connection with complex financial transactions are most quickly and economically resolved by an experienced and expert person and the parties wish applicable state and federal laws to apply (rather than arbitration rules), the parties desire that their disputes arising under or in connection with this Warrant be resolved by a judge applying such applicable laws. EACH OF THE COMPANY AND WARRANTHOLDER SPECIFICALLY WAIVES ANY RIGHT IT MAY HAVE TO TRIAL BY JURY OF ANY CAUSE OF ACTION, CLAIM, CROSS-CLAIM, COUNTERCLAIM, THIRD PARTY CLAIM OR ANY OTHER CLAIM (COLLECTIVELY, "CLAIMS") ASSERTED BY THE COMPANY AGAINST WARRANTHOLDER OR ITS ASSIGNEE OR BY WARRANTHOLDER OR ITS ASSIGNEE AGAINST THE COMPANY RELATING TO THIS WARRANT. This waiver extends to all such Claims, including Claims that involve persons or entities other the Company and Warrantholder; Claims that arise out of or are in any way connected to the relationship between the Company and Warrantholder; and any Claims for damages, breach of contract, specific performance, or any equitable or legal relief of any kind, arising out of this Agreement.

(q) Arbitration. If the Mutual Waiver of Jury Trial set forth in Section 12(p) is ineffective or unenforceable, the parties agree that all Claims shall be submitted to binding arbitration in accordance with the commercial arbitration rules of JAMS (the "Rules"), such arbitration to occur before one arbitrator, which arbitrator shall be a retired New York state judge or a retired Federal court judge. Such proceeding shall be conducted in the City of New York, borough of Manhattan, State of New York, with New York rules of evidence and discovery

applicable to such arbitration. The decision of the arbitrator shall be binding on the parties, and shall be final and nonappealable to the maximum extent permitted by law. Any judgment rendered by the arbitrator may be entered in a court of competent jurisdiction and enforced by the prevailing party as a final judgment of such court.

(r) Pre-arbitration Relief. In the event Claims are to be resolved by arbitration, either party may seek from a court of competent jurisdiction identified in Section 12(o), any prejudgment order, writ or other relief and have such prejudgment order, writ or other relief enforced to the fullest extent permitted by law notwithstanding that all Claims are otherwise subject to resolution by binding arbitration.

(s) Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts (including by facsimile or electronic delivery (PDF)), and by different parties hereto in separate counterparts, each of which when so delivered shall be deemed an original, but all of which counterparts shall constitute but one and the same instrument.

(t) Specific Performance. The parties hereto hereby declare that it is impossible to measure in money the damages which will accrue to Warrantholder by reason of the Company's failure to perform any of the obligations under this Agreement and agree that the terms of this Agreement shall be specifically enforceable by Warrantholder. If Warrantholder institutes any action or proceeding to specifically enforce the provisions hereof, any person against whom such action or proceeding is brought hereby waives the claim or defense therein that Warrantholder has an adequate remedy at law, and such person shall not offer in any such action or proceeding the claim or defense that such remedy at law exists.

(u) Lost, Stolen, Mutilated or Destroyed Warrant. If this Warrant is lost, stolen, mutilated or destroyed, the Company may, on such terms as to indemnity or otherwise as it may reasonably impose (which shall, in the case of a mutilated Warrant, include the surrender thereof), issue a new Warrant of like denomination and tenor as this Warrant so lost, stolen, mutilated or destroyed. Any such new Warrant shall constitute an original contractual obligation of the Company, whether or not the allegedly lost, stolen, mutilated or destroyed Warrant shall be at any time enforceable by anyone.

(v) Legends. To the extent required by applicable laws, this Warrant and the shares of Common Stock issuable hereunder (and the securities issuable, directly or indirectly, upon conversion of such shares of Common Stock, if any) may be imprinted with a restricted securities legend in substantially the following form:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS, OR PURSUANT TO RULE 144 OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Warrant Agreement to be executed by its officers thereunto duly authorized as of the Effective Date.

COMPANY:

AGILE THERAPEUTICS, INC.

By: /s/ Al Altomari

Name: Al Altomari

Title: President & Chief Executive Officer

[Signature Page to Warrant]

IN WITNESS WHEREOF, the parties hereto have caused this Warrant Agreement to be executed by its officers thereunto duly authorized as of the Effective Date.

WARRANTHOLDER:

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

By: /s/ Christine Fera

Name: Christine Fera

Title: Director of Contract Originations

EXHIBIT I

NOTICE OF EXERCISE

To: [ ]

- (1) The undersigned Warrantholder hereby elects to purchase [ ] shares of the Common Stock of [ ], pursuant to the terms of the Agreement dated the [ ] day of [ , ] (the "Agreement") between [ ] and the Warrantholder, and tenders herewith payment of the Purchase Price in full, together with all applicable transfer taxes, if any. [NET ISSUANCE: elects pursuant to Section 3(a) of the Agreement to effect a Net Issuance.]
- (2) Please issue a certificate or certificates representing said shares of Common Stock in the name of the undersigned or in such other name as is specified below.

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Address)

WARRANTHOLDER:

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_

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EXHIBIT II

1. ACKNOWLEDGMENT OF EXERCISE

The undersigned [ ], hereby acknowledge receipt of the "Notice of Exercise" from Hercules Technology Growth Capital, Inc. to purchase [ ] shares of the Common Stock of [ ], pursuant to the terms of the Warrant, and further acknowledges that [ ] shares remain subject to purchase under the terms of the Warrant.

COMPANY: [ ]

By: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Date: \_\_\_\_\_

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EXHIBIT III

TRANSFER NOTICE

(To transfer or assign the foregoing Warrant execute this form and supply required information. Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby transferred and assigned to

(Please Print)

whose address is

Dated: \_\_\_\_\_

Holder's Signature: \_\_\_\_\_

Holder's Address:

Signature Guaranteed: \_\_\_\_\_

NOTE: The signature to this Transfer Notice must correspond with the name as it appears on the face of the Agreement, without alteration or enlargement or any change whatever. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Agreement.

## LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT is made and dated as of February 24, 2015 and is entered into by and between AGILE THERAPEUTICS, INC., a Delaware corporation (the "Borrower"), the several banks and other financial institutions or entities from time to time parties to this Agreement (collectively, referred to as "Lender") and HERCULES TECHNOLOGY GROWTH CAPITAL, INC., a Maryland corporation, in its capacity as administrative agent for itself and the Lender (in such capacity, the "Agent").

**RECITALS**

A. Borrower has requested Lender to make available to Borrower Term Loan Advances in an aggregate principal amount of up to Twenty-Five Million Dollars (\$25,000,000) (the "Maximum Term Loan Amount"); and

B. Lender is willing to make the Term Loan Advances on the terms and conditions set forth in this Agreement.

**AGREEMENT**

NOW, THEREFORE, Borrower, Agent and Lender agree as follows:

**SECTION 1. DEFINITIONS AND RULES OF CONSTRUCTION**

1.1 Unless otherwise defined herein, the following capitalized terms shall have the following meanings:

"1934 Act" shall have the meaning assigned to such term in Section 2.1(e)(iii).

"Account Control Agreement(s)" means any agreement entered into by and among Agent, Borrower and a third party Bank or other institution (including a Securities Intermediary) in which Borrower maintains a Deposit Account or an account holding Investment Property and which grants Agent a perfected first priority security interest in the subject account or accounts.

"ACH Authorization" means the ACH Debit Authorization Agreement in substantially the form of Exhibit H.

"ACH Failure" means the failure of the Automated Clearing House (ACH) system to effect a transfer of the funds due to an administrative error in connection with the institution and execution of the ACH Authorization.

"Advance(s)" means a Term Loan Advance.

"Advance Date" means the funding date of any Advance.

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"Advance Request" means a request for an Advance submitted by Borrower to Agent in substantially the form of Exhibit A.

"AG200-15" has the meaning given to it in the definition of Draw Period Milestone Event.

"Agent" has the meaning given to it in the preamble to this Agreement.

"Agreement" means this Loan and Security Agreement, as amended from time to time.

"Amortization Date" means (a) with respect to the First Term Loan Advance, July 1, 2016, and (b) with respect to the Second Term Loan Advance, July 1, 2016, provided, however, if the Draw Period Milestone Event occurs, at the written request of Borrower which must be delivered to Agent prior to July 1, 2016, the Amortization Date in the case of (a) and (b) shall mean January 1, 2017. If the Second Term Loan Advance is drawn after June 30, 2016, but on or prior to December 31, 2016, the Amortization Date with respect to the Second Term Loan Advance shall mean the first (1<sup>st</sup>) Business Day of the month following the month in which the funding date of the Second Term Loan Advance occurs. Notwithstanding the foregoing, Lender may elect, in its sole and absolute discretion, and based upon Lender's then-existing underwriting criteria and approval, to extend the Amortization Date with respect to the First Term Loan Advance and the Second Term Loan Advance to January 1, 2017.

"Assignee" has the meaning given to it in Section 11.13.

"Board" means Borrower's board of directors.

"Borrower Products" means all products, software, service offerings, technical data or technology currently being designed, manufactured or sold by Borrower or which Borrower intends to sell, license, or distribute in the future including any products or service offerings under development, collectively, together with all products, software, service offerings, technical data or technology that have been sold, licensed or distributed by Borrower since its incorporation.

"Business Day" means any day other than Saturday, Sunday and any other day on which banking institutions in the State of New York are closed for business.

"Cap" shall have the meaning assigned to such term in Section 2.1(e)(iii).

"Cash" means all cash and liquid funds.

“Change in Control” means any (i) reorganization, recapitalization, consolidation or merger (or similar transaction or series of related transactions) of Borrower, sale or exchange of outstanding shares (or similar transaction or series of related transactions) of Borrower in which the holders of Borrower’s outstanding shares immediately before consummation of such transaction or series of related transactions do not, immediately after consummation of such transaction or series of related transactions, retain shares representing more than fifty percent (50%) of the voting power of the surviving entity of such transaction or series of related

transactions (or the parent of such surviving entity if such surviving entity is wholly owned by such parent), in each case without regard to whether Borrower is the surviving entity, or (ii) sale or issuance by Borrower of equity securities to a Person, in a single transaction or series of related transactions not registered under the Securities Act, which securities represent, as of immediately following the closing (or, if there be more than one, any closing) thereof, forty-nine percent (49%) or more of the then-outstanding total combined voting power of Borrower, other than an issuance of equity securities in a bona fide equity financing.

“Claims” has the meaning given to it in Section 11.10.

“Closing Date” means the date of this Agreement.

“Collateral” means the property described in Section 3.

“Commitment Charge” means Thirty-Five Thousand Dollars (\$35,000).

“Common Stock” means the common stock, \$0.0001 par value per share, of Borrower.

“Confidential Information” has the meaning given to it in Section 11.12.

“Contingent Obligation” means, as applied to any Person, any direct or indirect liability, contingent or otherwise, of that Person with respect to (i) any Indebtedness, lease, dividend, letter of credit or other obligation of another, including any such obligation directly or indirectly guaranteed, endorsed, co-made or discounted or sold with recourse by that Person, or in respect of which that Person is otherwise directly or indirectly liable; (ii) any obligations with respect to undrawn letters of credit, corporate credit cards or merchant services issued for the account of that Person; and (iii) all obligations arising under any interest rate, currency or commodity swap agreement, interest rate cap agreement, interest rate collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; provided, however, that the term “Contingent Obligation” shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determined amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith; provided, however, that such amount shall not in any event exceed the maximum amount of the obligations under the guarantee or other support arrangement.

“Conversion Conditions” shall have the meaning assigned to such term in Section 2.1(e)(ii).

“Conversion Election Notice” shall have the meaning assigned to such term in Section 2.1(e)(i).

“Conversion Option” shall have the meaning assigned to such term in Section 2.1(e)(i).

“Copyright License” means any written agreement granting any right to use any Copyright or Copyright registration, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

“Copyrights” means all copyrights, whether registered or unregistered, held pursuant to the laws of the United States, any State thereof, or of any other country.

“Delivery Date” shall have the meaning assigned to such term in Section 2.1(e)(i).

“Deposit Accounts” means any “deposit accounts,” as such term is defined in the UCC, and includes any checking account, savings account, or certificate of deposit.

“Domestic Subsidiary” means any Subsidiary that is not a Foreign Subsidiary.

“Draw Period” means the period commencing upon the occurrence of the Draw Period Milestone Event and ending on the earlier to occur of (i) June 30, 2016, and (ii) an Event of Default. Notwithstanding the foregoing, Lender may elect, in its sole and absolute discretion, and based upon Lender’s then-existing underwriting criteria and approval, to (i) waive the requirement for the Draw Period Milestone Event as a condition precedent to the Second Term Loan Advance and (ii) extend the Draw Period to the earlier to occur of (a) December 31, 2016, and (b) an Event of Default.

“Draw Period Milestone Event” means confirmation by Agent, in Agent’s reasonable discretion, after March 31, 2016, but on or prior to June 30, 2016, that Borrower has successfully completed a pivotal clinical study of the “AG200-15” product candidate (“AG200-15”), including, without limitation, evidence that such study has produced data that supports the filing of a response to the Complete Response Letter from the U.S. Food and Drug Administration (“FDA”) relating to the new drug application filed by the Borrower with the FDA with respect to AG200-15.

“End of Term Charge” shall have the meaning assigned to such term in Section 2.5.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

“Equity Rights Letter Agreement” means the Equity Rights Letter Agreement dated as of even date hereof by and between Lender and Borrower, as may be amended, restated or modified from time to time.

“Event of Default” has the meaning given to it in Section 9.

“Facility Charge” means eighty-hundredths of one percent (0.80%) of the Maximum Term Loan Amount, which is Two Hundred Thousand Dollars (\$200,000).

“FDA” has the meaning given to it in the definition of Draw Period Milestone Event.

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“Financial Statements” has the meaning given to it in Section 7.1.

“First Term Loan Advance” shall have the meaning assigned to such term in Section 2.1(a).

“Fixed Conversion Price shall have the meaning assigned to such term in Section 2.1(e)(i).

“Foreign Subsidiary” means any Subsidiary other than a Subsidiary organized under the laws of any state within the United States.

“GAAP” means generally accepted accounting principles in the United States of America, as in effect from time to time.

“Indebtedness” means indebtedness of any kind, including (a) all indebtedness for borrowed money or the deferred purchase price of property or services (excluding trade credit entered into in the ordinary course of business due within sixty (60) days), including reimbursement and other obligations with respect to surety bonds and letters of credit, (b) all obligations evidenced by notes, bonds, debentures or similar instruments, (c) all capital lease obligations, and (d) all Contingent Obligations.

“Insolvency Proceeding” is any proceeding by or against any Person under the United States Bankruptcy Code, or any other bankruptcy or insolvency law, including assignments for the benefit of creditors, compositions, extensions generally with its creditors, or proceedings seeking reorganization, arrangement, or other similar relief.

“Intellectual Property” means all of Borrower’s Copyrights; Trademarks; Patents; Licenses; trade secrets and inventions; mask works; Borrower’s applications therefor and reissues, extensions, or renewals thereof; and Borrower’s goodwill associated with any of the foregoing, together with Borrower’s rights to sue for past, present and future infringement of Intellectual Property and the goodwill associated therewith.

“Investment” means any beneficial ownership (including stock, partnership or limited liability company interests) of or in any Person, or any loan, advance or capital contribution to any Person or the acquisition of all, or substantially all, of the assets of another Person.

“Joinder Agreements” means for each Subsidiary, a completed and executed Joinder Agreement in substantially the form attached hereto as Exhibit G.

“Knowledge” means the actual knowledge, after reasonable investigation, of any officer of the Borrower.

“Lender” has the meaning given to it in the preamble to this Agreement.

“License” means any Copyright License, Patent License, Trademark License or other license of rights or interests.

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“Lien” means any mortgage, deed of trust, pledge, hypothecation, assignment for security, security interest, encumbrance, levy, lien or charge of any kind, whether voluntarily incurred or arising by operation of law or otherwise, against any property, any conditional sale or other title retention agreement, and any lease in the nature of a security interest.

“Loan” means the Advances made under this Agreement.

“Loan Documents” means this Agreement, the Notes (if any), the ACH Authorization, the Account Control Agreements, the Joinder Agreements, all UCC Financing Statements, the Warrant, the Equity Rights Letter Agreement, any subordination agreement, and any other documents executed in connection with the Secured Obligations or the transactions contemplated hereby, as the same may from time to time be amended, modified, supplemented or restated.

“Material Adverse Effect” means a material adverse effect upon: (i) the business, operations, properties, assets, prospects or condition (financial or otherwise) of Borrower; or (ii) the ability of Borrower to perform the Secured Obligations in accordance with the terms of the Loan Documents, or the ability of Agent or Lender to enforce any of its rights or remedies with respect to the Secured Obligations; or (iii) the Collateral or Agent’s Liens on the Collateral or the priority of such Liens.

“Maximum Term Loan Amount” shall have the meaning assigned to such term in the preamble to this Agreement.

“Maximum Rate” shall have the meaning assigned to such term in Section 2.3.

“NASDAQ” shall have the meaning assigned to such term in Section 2.1(e)(ii).

“Note(s)” means a promissory note or promissory notes to evidence Lender’s Loans.

“Patent License” means any written agreement granting any right with respect to any invention on which a Patent is in existence or a Patent application is pending, in which agreement Borrower now holds or hereafter acquires any interest.

“Patents” means all letters patent of, or rights corresponding thereto, in the United States or in any other country, all registrations and recordings thereof, and all applications for letters patent of, or rights corresponding thereto, in the United States or any other country.

“Permitted Indebtedness” means: (i) Indebtedness of Borrower in favor of Lender or Agent arising under this Agreement or any other Loan Document; (ii) Indebtedness existing on the Closing Date which is disclosed in Schedule 1A; (iii) Indebtedness of up to \$250,000 outstanding at any time secured by a Lien described in clause (vii) of the defined term “Permitted Liens,” provided such Indebtedness does not exceed the lesser of the cost or fair market value of the Equipment financed with such Indebtedness; (iv) Indebtedness to trade creditors incurred in the ordinary course of business, including Indebtedness incurred in the ordinary course of business with corporate credit cards; (v) Indebtedness that also constitutes a Permitted Investment; (vi) Subordinated Indebtedness; (vii) reimbursement obligations in connection with

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letters of credit that are secured by cash or cash equivalents and issued on behalf of Borrower or a Subsidiary thereof in an amount not to exceed \$250,000 at any time outstanding, (viii) other Indebtedness in an amount not to exceed \$250,000 at any time outstanding, and (ix) extensions, refinancings and renewals of any items of Permitted Indebtedness, provided that the principal amount is not increased or the terms modified to impose materially more burdensome terms upon Borrower or its Subsidiary, as the case may be.

“Permitted Investment” means: (i) Investments existing on the Closing Date which are disclosed in Schedule 1B; (ii) (a) marketable direct obligations issued or unconditionally guaranteed by the United States of America or any agency or any State thereof maturing after one (1) year from the date of acquisition thereof but no later than two (2) years from the date of acquisition thereof, (b) commercial paper maturing after one (1) year from the date of creation thereof but no more than two (2) years from the date of creation thereof, and currently having a rating of at least A-2 or P-2 from either Standard & Poor’s Corporation or Moody’s Investors Service, (c) certificates of deposit issued by any bank with assets of at least \$500,000,000 maturing after one (1) year from the date of investment therein but no more than two (2) years from the date of investment therein, and (d) money market accounts; (iii) repurchases of stock from former employees, directors, or consultants of Borrower under the terms of applicable repurchase agreements at the original issuance price of such securities in an aggregate amount not to exceed \$250,000 in any fiscal year, provided that no Event of Default has occurred, is continuing or would exist after giving effect to the repurchases; (iv) Investments accepted in connection with Permitted Transfers; (v) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of Borrower’s business; (vi) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not affiliates, in the ordinary course of business, provided that this subparagraph (vi) shall not apply to Investments of Borrower in any Subsidiary; (vii) Investments consisting of loans not involving the net transfer on a substantially contemporaneous basis of cash proceeds to employees, officers or directors relating to the purchase of capital stock of Borrower pursuant to employee stock purchase plans or other similar agreements approved by Borrower’s Board; (viii) Investments consisting of travel advances in the ordinary course of business; (ix) Investments in newly-formed Domestic Subsidiaries, provided that each such Domestic Subsidiary enters into a Joinder Agreement promptly after its formation by Borrower and execute such other documents as shall be reasonably requested by Agent; (x) Investments in Foreign Subsidiaries approved in advance in writing by Agent; (xi) joint ventures or strategic alliances in the ordinary course of Borrower’s business consisting of the nonexclusive licensing of technology, the development of technology or the providing of technical support, provided that any cash Investments by Borrower do not exceed \$100,000 in the aggregate in any fiscal year; (xii) any Investments permitted by Borrower’s investment policy, as amended from time to time, provided that such investment policy (and any such amendment thereto) has been approved in writing by Agent; and (xiii) additional Investments that do not exceed \$250,000 in the aggregate.

“Permitted Liens” means any and all of the following: (i) Liens in favor of Agent or Lender; (ii) Liens existing on the Closing Date which are disclosed in Schedule 1C; (iii) Liens for taxes, fees, assessments or other governmental charges or levies, either not delinquent or being contested in good faith by appropriate proceedings; provided, that Borrower maintains adequate

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reserves therefor in accordance with GAAP; (iv) Liens securing claims or demands of materialmen, artisans, mechanics, carriers, warehousemen, landlords and other like Persons arising in the ordinary course of Borrower’s business and imposed without action of such parties; provided, that the payment thereof is not yet required; (v) Liens arising from judgments, decrees or attachments in circumstances which do not constitute an Event of Default hereunder; (vi) the following deposits, to the extent made in the ordinary course of business: deposits under worker’s compensation, unemployment insurance, social security and other similar laws, or to secure the performance of bids, tenders or contracts (other than for the repayment of borrowed money) or to secure indemnity, performance or other similar bonds for the performance of bids, tenders or contracts (other than for the repayment of borrowed money) or to secure statutory obligations (other than Liens arising under ERISA or environmental Liens) or surety or appeal bonds, or to secure indemnity, performance or other similar bonds; (vii) Liens on Equipment or software or other intellectual property constituting purchase money Liens and Liens in connection with capital leases securing Indebtedness permitted in clause (iii) of “Permitted Indebtedness”; (viii) Liens incurred in connection with Subordinated Indebtedness; (ix) leasehold interests in leases or subleases and licenses granted in the ordinary course of business and not interfering in any material respect with the business of the licensor; (x) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of custom duties that are promptly paid on or before the date they become due; (xi) Liens on insurance proceeds securing the payment of financed insurance premiums that are promptly paid on or before the date they become due (provided that such Liens extend only to such insurance proceeds and not to any other property or assets); (xii) statutory and common law rights of set-off and other similar rights as to deposits of cash and securities in favor of banks, other depository institutions and brokerage firms; (xiii) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business so long as they do not materially impair the value or marketability of the related property; (xiv) Liens on cash or cash equivalents securing obligations permitted under clause (vii) of the definition of Permitted Indebtedness; and (xv) Liens incurred in connection with the extension, renewal or refinancing of the Indebtedness secured by Liens of the type described in clauses (i) through (xi) above; provided, that any extension, renewal or replacement Lien shall be limited to the property encumbered by the existing Lien and the principal amount of the Indebtedness being extended, renewed or refinanced (as may have been reduced by any payment thereon) does not increase.



“Permitted Transfers” means (i) sales of Inventory in the ordinary course of business, (ii) licenses and similar arrangements for the use of Intellectual Property in the ordinary course of business and licenses that could not result in a legal transfer of title of the licensed property but that may be exclusive in the ordinary course of business, or (iii) dispositions of worn-out, obsolete or surplus Equipment at fair market value in the ordinary course of business, (iv) abandonment of Intellectual Property (including any Patents) no longer deemed material to Borrower’s business, as determined by Borrower in the exercise of its reasonable business judgment, and (v) other Transfers of assets having a fair market value of not more than \$250,000 in the aggregate in any fiscal year.

“Person” means any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, limited liability company, institution, other entity or government.

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“Prepayment Charge” shall have the meaning assigned to such term in Section 2.4.

“Prime Rate” means the lesser of (i) the “prime rate” as reported in The Wall Street Journal, and if not reported, then the prime rate most recently reported in The Wall Street Journal, and (ii) seven and one half of one percent (7.50%).

“Principal Installment Payment” shall have the meaning assigned to such term in Section 2.1(e)(i).

“Principal Installment Due Date” shall have the meaning assigned to such term in Section 2.1(e)(i).

“Receivables” means (i) all of Borrower’s Accounts, Instruments, Documents, Chattel Paper, Supporting Obligations, letters of credit, proceeds of any letter of credit, and Letter of Credit Rights, and (ii) all customer lists, software, and business records related thereto.

“Required Lenders” means at any time, the holders of more than 50% of the aggregate unpaid principal amount of the Term Loan Advances then outstanding.

“SEC” means the Securities and Exchange Commission.

“Second Term Loan Advance” shall have the meaning assigned to such term in Section 2.1(a).

“Secured Obligations” means Borrower’s obligations under this Agreement and any Loan Document, including any obligation to pay any amount now owing or later arising.

“Securities Act” means the Securities Act of 1933, as amended.

“Subordinated Indebtedness” means Indebtedness subordinated to the Secured Obligations in amounts and on terms and conditions satisfactory to Agent in its sole discretion.

“Subsidiary” means an entity, whether corporate, partnership, limited liability company, joint venture or otherwise, in which Borrower owns or controls 50% or more of the outstanding voting securities, including each entity listed on Schedule 1 hereto.

“Term Commitment” means as to any Lender, the obligation of such Lender, if any, to make a Term Loan Advance to Borrower in a principal amount not to exceed the amount set forth under the heading “Term Commitment” opposite such Lender’s name on Schedule 1.1.

“Term Loan Advance” and “Term Loan Advances” shall have the meaning assigned to such terms in Section 2.1(a).

“Term Loan Interest Rate” means for any day, a floating per annum rate equal to the greater of either (a) nine percent (9.0%), or (b) the sum of (i) nine percent (9.0%), plus (ii) the Prime Rate minus four and one quarter of one percent (4.25%). The Term Loan Interest Rate will change from time to time on the day the Prime Rate changes.

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“Term Loan Maturity Date” means December 1, 2018.

“Trademark License” means any written agreement granting any right to use any Trademark or Trademark registration, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

“Trademarks” means all trademarks (registered, common law or otherwise) and any applications in connection therewith, including registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof.

“UCC” means the Uniform Commercial Code as the same is, from time to time, in effect in the State of New York provided, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of, or remedies with respect to, Agent’s Lien on any Collateral is governed by the Uniform Commercial Code as the same is, from time to time, in effect in a jurisdiction other than the State of New York, then the term “UCC” shall mean the Uniform Commercial Code as in effect, from time to time, in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority or remedies and for purposes of definitions related to such provisions.

“Warrant” means the Warrant Agreement dated as of even date hereof by and between Hercules Technology Growth Capital, Inc. and Borrower, as may be amended, restated or modified from time to time.

Unless otherwise specified, all references in this Agreement or any Annex or Schedule hereto to a "Section," "subsection," "Exhibit," "Annex," or "Schedule" shall refer to the corresponding Section, subsection, Exhibit, Annex, or Schedule in or to this Agreement. Unless otherwise specifically provided herein, any accounting term used in this Agreement or the other Loan Documents shall have the meaning customarily given such term in accordance with GAAP, and all financial computations hereunder shall be computed in accordance with GAAP, consistently applied. Unless otherwise defined herein or in the other Loan Documents, terms that are used herein or in the other Loan Documents and defined in the UCC shall have the meanings given to them in the UCC.

## SECTION 2. THE LOAN

### 2.1 Term Loan.

(a) **Advances.** Subject to the terms and conditions of this Agreement, Lender will severally (and not jointly) make, in an amount not to exceed its respective Term Commitment, and Borrower may request, one (1) Term Loan Advance in an amount of Sixteen Million Five Hundred Thousand Dollars (\$16,500,000) on the Closing Date, provided that a portion of the proceeds of such Term Loan Advance shall be used to repay in full Borrower's outstanding obligations to Oxford Finance, LLC (the "First Term Loan Advance"). Subject to the terms and conditions of this Agreement, during the Draw Period, Lender will severally (and not jointly) make, in an amount not to exceed its respective Term Commitment, and Borrower may request, one (1) additional Term Loan Advance in an amount of Eight Million Five Hundred Thousand Dollars (\$8,500,000)

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(the "Second Term Loan Advance"). The First Term Loan Advance and the Second Term Loan Advance are hereinafter referred to singly as the "Term Loan Advance" and collectively as the "Term Loan Advances." The aggregate outstanding Term Loan Advances shall not exceed the Maximum Term Loan Amount. Proceeds of any Term Loan Advance shall be deposited into an account that is subject to a first priority perfected security interest in favor of Agent perfected by an Account Control Agreement.

(b) **Advance Request.** To obtain a Term Loan Advance, Borrower shall complete, sign and deliver to Agent an Advance Request (at least five (5) Business Days before the Advance Date). Lender shall fund the Term Loan Advance in the manner requested by the Advance Request provided that each of the conditions precedent to such Term Loan Advance is satisfied as of the requested Advance Date.

(c) **Interest.** The principal balance of each Term Loan Advance shall bear interest thereon from such Advance Date at the Term Loan Interest Rate based on a year consisting of 360 days, with interest computed daily based on the actual number of days elapsed. The Term Loan Interest Rate will float and change on the day the Prime Rate changes from time to time.

(d) **Payment.** Borrower will pay interest on each Term Loan Advance on the first (1st) Business Day of each month, beginning the month after the Advance Date. Commencing on the Amortization Date, and continuing on the first (1st) Business Day of each month thereafter, until the Secured Obligations are repaid, Borrower shall repay the aggregate principal balance of Term Loan Advances that are outstanding on the day immediately preceding the Amortization Date in equal monthly installments of principal and interest (mortgage style) based upon an amortization schedule equal to thirty (30) consecutive months. The entire principal balance of the Term Loan Advances and all accrued but unpaid interest hereunder, and all other Secured Obligations with respect to the Term Loan Advances, shall be due and payable on Term Loan Maturity Date. Borrower shall make all payments under this Agreement without setoff, recoupment or deduction and regardless of any counterclaim or defense. Lender will initiate debit entries to Borrower's account as authorized on the ACH Authorization (i) on each payment date of all periodic obligations payable to Lender under each Term Advance and (ii) out-of-pocket legal fees and costs incurred by Agent or Lender in connection with Section 11.11 of this Agreement. Once repaid, a Term Loan Advance or any portion thereof may not be reborrowed.

(e) **Optional Payment in Cash or Conversion to Common Stock of Monthly Amount or Prepayment Principal Amount.**

(i) **Borrower Election for Payment in Cash or Conversion to Common Stock.** Subject to satisfaction of the Conversion Conditions and compliance with the other terms and conditions of this Section 2.1(e), Borrower may elect to pay, in whole or in part, any regularly scheduled installment of principal (a "Principal Installment Payment") up to an aggregate maximum amount of Three Million Dollars (\$3,000,000) by converting a portion of the principal of the Note into shares of Common Stock in lieu of payment in cash (such option, the "Conversion

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Option"). In order to validly exercise a Conversion Option, Borrower (A) must deliver written notice thereof, in the form attached hereto as Exhibit I, to Agent (a "Conversion Election Notice") five (5) days prior to the applicable due date of the Principal Installment Payment (the "Principal Installment Due Date") and (B) shall (provided that Borrower's transfer agent is participating in the Fast Automated Securities Transfer Program of the Depository Trust Company) credit to Agent by no later than the first trading day following the applicable Principal Installment Due Date (such date, the "Delivery Date") such aggregate number of shares of Common Stock to be issued to Lender with respect to such Conversion Election Notice, as determined in accordance with this Section 2.1(e) (which shares shall be free of any restrictions on transfer), by no later than the first trading day following the applicable Delivery Date. All payments in respect of a Principal Installment Payment shall be made in cash, unless (i) Borrower timely delivers a Conversion Election Notice in accordance with the immediately preceding sentence, (ii) Borrower timely credits the shares of Common Stock to Lender, free of restrictive legends, in accordance with this Section 2.1(e) and (iii) the Conversion Conditions are satisfied in respect of such payment. A Conversion Election Notice, once delivered by Borrower, shall be irrevocable unless otherwise agreed, in writing, by Lender. If Borrower elects to make a Principal Installment Payment, in whole or in part, through conversion of such amount into shares of Common Stock, the number of such shares of Common Stock to be issued in respect of such Principal Installment Payment shall be equal to the number determined by dividing (x) the principal amount to be paid in shares of Common Stock by (y) the Fixed Conversion Price. For purposes hereof, the "Fixed Conversion Price" shall be the price which is fifteen percent (15.0%) higher than the applicable Exercise Price (as defined in the Warrant); provided, however, that upon the occurrence of any stock split, stock dividend, combination of shares or reverse stock split pertaining to the Common Stock, the Fixed Conversion Price shall be proportionately increased or decreased as necessary to reflect the proportionate change in the shares of Common Stock issued and outstanding as a result of such stock split, stock dividend, combination of shares or reverse stock

split. Any shares of Common Stock issued pursuant to a Conversion Election Notice shall be deemed to be issued upon conversion of the Note.

(ii) Conversion Conditions. Notwithstanding the foregoing, Borrower's right to deliver, and Lender's obligation to accept, shares of Common Stock in lieu of payment in cash of a Principal Installment Payment is conditioned on the satisfaction of each of the following conditions (the "Conversion Conditions") as of such Delivery Date: (A) the closing price of the shares of Common Stock as reported by Bloomberg, L.P. on the NASDAQ stock market (the "NASDAQ") for each of the seven (7) consecutive trading days immediately preceding the Delivery Date shall be greater than or equal to the Fixed Conversion Price; (B) the Common Stock issued in connection with any such payment does not exceed twenty-five percent (25.0%) of the total trading volume of the Common Stock for the twenty-two (22) consecutive trading days immediately prior to and including such Delivery Date; (C) only one Conversion Election Notice may be given in any calendar month during the amortization period; (D) the aggregate

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principal amount to be paid in shares of Common Stock pursuant to Section 2.1(e)(i) of this Agreement shall not exceed Three Million Dollars (\$3,000,000); (E) the Common Stock is (and was on each of the twenty-two (22) consecutive trading days immediately preceding such Delivery Date) quoted or listed on the NASDAQ or other national securities exchange; (F) a registration statement is effective and available for the resale of all of the shares of Common Stock to be delivered on such Delivery Date, or such shares of Common Stock are eligible for resale to the public pursuant to Rule 144 without any limitation; (G) after giving effect to the issuance of such shares of Common Stock to Lender, Lender would not (x) beneficially own, together with its affiliates, Common Stock in excess of the limitations specified in subsection (e)(iii) below and (y) have been issued shares of Common Stock pursuant to all Conversion Election Notices in an aggregate amount in excess of the Cap, as defined in subsection (e)(iii) below; (H) as of such Delivery Date, there is no outstanding Event of Default and there is no breach or default that, if left uncured, would result in an Event of Default; and (I) Borrower shall have sufficient authorized but unissued shares of Common Stock to provide for the issuance of the shares of Common Stock pursuant to the Conversion Election Notice. If any of the Conversion Conditions are not satisfied as of a Delivery Date, Borrower shall not be permitted to pay, and Lender shall not be obligated to accept, the Principal Installment Payment in shares of Common Stock, and Borrower shall instead pay such principal amount in cash; provided, however, that the Conversion Conditions set forth in clauses (A), (B), (C), (E), (F) and (H) above may be waived by a writing executed by both Borrower and Lender. In the event Borrower is relying upon an effective registration statement to satisfy clause (F) of the Conversion Conditions, each of Borrower and Lender shall provide customary indemnification to one another with respect to such registration statement in a form acceptable to Borrower and Lender. By no later than the first trading day following the Delivery Date, Borrower shall (provided that Borrower's transfer agent is participating in the Fast Automated Securities Transfer Program of the Depository Trust Company) credit to Lender the shares of Common Stock to be delivered by Borrower with respect to the portion of the Principal Installment Payment being paid in shares of Common Stock.

(iii) Beneficial Ownership Limitation. Notwithstanding any provision herein to the contrary, Lender, together with its affiliates, shall not be permitted to beneficially own a number of shares of Common Stock (other than shares that may be deemed beneficially owned except for being subject to a limitation analogous to the limitation contained in this Section 2.1(e)(iii)) in excess of 9.99% of the number of shares of Common Stock then issued and outstanding, it being the intent of Borrower and Lender that Lender, together with its affiliates, not be deemed at any time to have the power to vote or dispose of greater than 9.99% of the number of shares of Common Stock issued and outstanding at any time; *provided, however*, that Lender shall have the right, upon sixty-one (61) days' prior written notice to Borrower, to waive the 9.99% limitation of this subsection. Notwithstanding anything contained herein to the contrary, Borrower shall not be permitted to issue to Lender, and Lender shall not be required to accept, shares of Common Stock pursuant to a Conversion Election Notice if and to the extent such

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issuance, when taking together with all other issuances pursuant to prior Conversion Election Notices, would result in (A) the issuance of more than 19.99% of the Common Stock outstanding as of the date of this Agreement or (B) Lender, together with its affiliates, beneficially owning in excess of 19.99% of the outstanding Common Stock (each of clauses (A) and (B) are referred to herein as the "Cap"). As used herein, beneficial ownership shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act"). For any reason at any time, upon written or oral request of Lender, Borrower shall within one Business Day confirm orally and in writing to Lender the number of shares of Common Stock then issued and outstanding as of any given date.

(iv) Rule 144. With a view to making available to Lender the benefits of Rule 144 (or its successor rule) and any other rule or regulation of the Securities and Exchange Commission (the "SEC") that may at any time permit Lender to sell shares of Common Stock issued pursuant to Section 2.1(e) of this Agreement to the public without registration, Borrower covenants and agrees to: (i) make and keep public information available, as those terms are understood and defined in Rule 144, until six (6) months after such date as all of the shares of Common Stock issued pursuant to Section 2.1(e) of this Agreement may be sold without restriction by Lender pursuant to Rule 144 or any other rule of similar effect; (ii) file with the SEC in a timely manner (or obtain extensions in respect thereof and file within the applicable grace period) all reports and other documents required of Borrower under the 1934 Act; and (iii) furnish to Lender upon request, as long as Lender owns any shares of Common Stock issued pursuant to Section 2.1(e) of this Agreement, such information as may be reasonably requested in order to avail Lender of any rule or regulation of the SEC that permits the selling of any such shares of Common Stock without registration.

(v) Stock Reservation. Borrower covenants and agrees to reserve from its duly authorized capital stock not less than the number of shares of Common Stock that may be issuable upon payment of any Principal Installment Payment pursuant to Section 2.1(e) of this Agreement. Borrower further represents, warrants and covenants that, upon issuance of any shares of Common Stock pursuant to Section 2.1(e) of this Agreement, such shares of Common Stock shall be validly issued, fully paid and non-assessable and free from all preemptive or similar rights, taxes, liens and charges with respect to the issue thereof.

(vi) Authorization. For so long as Lender holds any shares of Common Stock issued pursuant to Section 2.1(e) of this Agreement, Borrower shall maintain the Common Stock's authorization for listing on NASDAQ (or on another national securities

2.2 **Maximum Interest.** Notwithstanding any provision in this Agreement or any other Loan Document, it is the parties' intent not to contract for, charge or receive interest at a rate that is greater than the maximum rate permissible by law that a court of competent jurisdiction shall deem applicable hereto (which under the laws of the State of New York shall be deemed to be the laws relating to permissible rates of interest on commercial loans) (the "Maximum Rate"). If a court of competent jurisdiction shall finally determine that Borrower has actually paid to Lender an amount of interest in excess of the amount that would have been payable if all of the Secured Obligations had at all times borne interest at the Maximum Rate, then such excess interest actually paid by Borrower shall be applied as follows: first, to the payment of the Secured Obligations consisting of the outstanding principal amount of the Term Loan Advances; second, after all principal is repaid, to the payment of Lender's accrued interest, costs, expenses, professional fees and any other Secured Obligations; and third, after all Secured Obligations are repaid, the excess (if any) shall be refunded to Borrower.

2.3 **Default Interest.** In the event any payment is not paid on the scheduled payment date, an amount equal to four percent (4%) of the past due amount shall be payable on demand. In addition, upon the occurrence and during the continuation of an Event of Default hereunder, all Secured Obligations, including principal, interest, compounded interest, and professional fees, shall bear interest at a rate per annum equal to the rate set forth in Section 2.1(c), plus four percent (4%) per annum. In the event any interest is not paid when due hereunder, delinquent interest shall be added to principal and shall bear interest on interest, compounded at the rate set forth in Section 2.1(c) or Section 2.3, as applicable.

2.4 **Prepayment.** At its option upon at least seven (7) Business Days prior notice to Agent, Borrower may prepay all, but not less than all, of the outstanding Advances by paying the entire principal balance, all accrued and unpaid interest thereon, together with a prepayment charge equal to the following percentage of the Advance amount being prepaid: if such Advance amounts are prepaid in any of the first twelve (12) months following the Closing Date, three percent (3.0%); after twelve (12) months but on or prior to twenty four (24) months, two percent (2.0%); and thereafter, one percent (1.0%) (each, a "Prepayment Charge"). Borrower agrees that the Prepayment Charge is a reasonable calculation of Lender's lost profits in view of the difficulties and impracticality of determining actual damages resulting from an early repayment of the Advances. Upon the occurrence of a Change in Control, Borrower shall prepay the outstanding amount of all principal and accrued interest through the prepayment date and all unpaid Agent's and Lender's fees and expenses accrued to the date of the repayment (including the End of Term Charge) together with the applicable Prepayment Charge. Notwithstanding the foregoing, Agent and Lender agree to waive the Prepayment Charge if Agent and Lender (in its sole and absolute discretion) agree in writing to refinance and redocument this Agreement prior to the Term Loan Maturity Date and if in connection with such refinancing and redocumentation, Agent and Lender expressly agree in writing to waive the Prepayment Charge.

2.5 **End of Term Charge.** On the earliest to occur of (i) the Term Loan Maturity Date, (ii) the date that Borrower prepays the outstanding Secured Obligations, or (iii) the date that the Secured Obligations become due and payable, Borrower shall pay Lender a

charge equal to three and seventy hundredths of one percent (3.70%) of the aggregate original principal amount of all Term Loan Advances extended by Lender (the "End of Term Charge"). Notwithstanding the required payment date of such charge, it shall be deemed earned by Lender as of the Closing Date.

2.6 **Notes.** If so requested by Lender by written notice to Borrower, then Borrower shall execute and deliver to Lender (and/or, if applicable and if so specified in such notice, to any Person who is an assignee of Lender pursuant to Section 11.13) (promptly after Borrower's receipt of such notice) a Note or Notes to evidence Lender's Loans.

2.7 **Pro Rata Treatment.** Each payment (including prepayment) on account of any fee and any reduction of the Term Loan Advances shall be made pro rata according to the Term Commitments of the relevant Lender.

### **SECTION 3. SECURITY INTEREST**

3.1 As security for the prompt, complete and indefeasible payment when due (whether on the payment dates or otherwise) of all the Secured Obligations, Borrower grants to Agent a security interest in all of Borrower's right, title, and interest in and to the following personal property whether now owned or hereafter acquired (collectively, the "Collateral"): (a) Receivables; (b) Equipment; (c) Fixtures; (d) General Intangibles (other than Intellectual Property); (e) Inventory; (f) Investment Property (but excluding thirty-five percent (35%) of the capital stock of any Foreign Subsidiary that constitutes a Permitted Investment); (g) Deposit Accounts; (h) Cash; (i) Goods; and all other tangible and intangible personal property of Borrower whether now or hereafter owned or existing, leased, consigned by or to, or acquired by, Borrower and wherever located, and any of Borrower's property in the possession or under the control of Agent; and, to the extent not otherwise included, all Proceeds of each of the foregoing and all accessions to, substitutions and replacements for, and rents, profits and products of each of the foregoing; provided, however, that the Collateral shall include all Accounts and General Intangibles that consist of rights to payment and proceeds from the sale, licensing or disposition of all or any part, or rights in, the Intellectual Property (the "Rights to Payment"). Notwithstanding the foregoing, if a judicial authority (including a U.S. Bankruptcy Court) holds that a security interest in the underlying Intellectual Property is necessary to have a security interest in the Rights to Payment, then the Collateral shall automatically, and effective as of the date of this Agreement, include the Intellectual Property to the extent necessary to permit perfection of Agent's security interest in the Rights to Payment.

### **SECTION 4. CONDITIONS PRECEDENT TO LOAN**

The obligation of Lender to make the Term Loan Advances hereunder is subject to the satisfaction by Borrower of the following conditions:

4.1 **Initial Advance.** On or prior to the Closing Date, Borrower shall have delivered to Agent the following:

- (a) executed originals of the Loan Documents, Account Control Agreements, a legal opinion of Borrower's counsel, and all other documents and instruments reasonably required by Agent to effectuate the transactions contemplated hereby or to create and perfect the Liens of Agent with respect to all Collateral, in all cases in form and substance reasonably acceptable to Agent;
- (b) certified copy of resolutions of Borrower's Board evidencing approval of (i) the Loan and other transactions evidenced by the Loan Documents; and (ii) the Warrant and transactions evidenced thereby;
- (c) certified copies of the Certificate of Incorporation and the Bylaws, as amended through the Closing Date, of Borrower;
- (d) a certificate of good standing for Borrower from its state of incorporation and similar certificates from all other jurisdictions in which it does business and where the failure to be qualified would have a Material Adverse Effect;
- (e) duly executed original signature to a payoff letter from Oxford Finance, LLC, together with evidence (i) the Liens securing Indebtedness owed by Borrower to Oxford Finance, LLC will be terminated and (ii) the documents and/or filings evidencing the perfection of such Liens, including without limitation any financing statements and/or control agreements, have or will, concurrently with the initial Advance, will be terminated or released;
- (f) payment of the Commitment Charge, the Facility Charge and reimbursement of Agent's and Lender's current expenses reimbursable pursuant to this Agreement, which amounts may be deducted from the initial Advance; and
- (g) such other documents as Agent may reasonably request.

4.2 All Advances. On each Advance Date:

- (a) Agent shall have received (i) an Advance Request for the relevant Advance as required by Section 2.1(b), duly executed by Borrower's Chief Executive Officer or Chief Financial Officer, and (ii) any other documents Agent may reasonably request.
- (b) The representations and warranties set forth in this Agreement and in Section 5 and in the Warrant shall be true and correct in all material respects on and as of the Advance Date with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date.
- (c) Borrower shall be in compliance with all the terms and provisions set forth herein and in each other Loan Document on its part to be observed or performed, and at the time of and immediately after such Advance no Event of Default shall have occurred and be continuing.

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(d) Each Advance Request shall be deemed to constitute a representation and warranty by Borrower on the relevant Advance Date as to the matters specified in paragraphs (b) and (c) of this Section 4.2 and as to the matters set forth in the Advance Request.

4.3 No Default. As of the Closing Date and each Advance Date, (i) no fact or condition exists that would (or would, with the passage of time, the giving of notice, or both) constitute an Event of Default and (ii) no event that has had or could reasonably be expected to have a Material Adverse Effect has occurred and is continuing.

**SECTION 5. REPRESENTATIONS AND WARRANTIES OF BORROWER**

Borrower represents and warrants that:

5.1 Corporate Status. Borrower is a corporation duly organized, legally existing and in good standing under the laws of the State of Delaware, and is duly qualified as a foreign corporation in all jurisdictions in which the nature of its business or location of its properties require such qualifications and where the failure to be qualified could reasonably be expected to have a Material Adverse Effect. Borrower's present name, former names (if any), locations, place of formation, tax identification number, organizational identification number and other information are correctly set forth in Exhibit C, as may be updated by Borrower in a written notice (including any Compliance Certificate) provided to Agent after the Closing Date.

5.2 Collateral. Borrower owns the Collateral and the Intellectual Property, free of all Liens, except for Permitted Liens. Borrower has the power and authority to grant to Agent a Lien in the Collateral as security for the Secured Obligations .

5.3 Consents. Borrower's execution, delivery and performance of the Notes(s) (if any), this Agreement and all other Loan Documents, and Borrower's execution of the Warrant, (i) have been duly authorized by all necessary corporate action of Borrower, (ii) will not result in the creation or imposition of any Lien upon the Collateral, other than Permitted Liens and the Liens created by this Agreement and the other Loan Documents, (iii) do not violate any provisions of Borrower's Certificate or Articles of Incorporation (as applicable), bylaws, or any, law, regulation, order, injunction, judgment, decree or writ to which Borrower is subject and (iv) except as described on Schedule 5.3, do not violate any contract or agreement or require the consent or approval of any other Person which has not already been obtained. The individual or individuals executing the Loan Documents and the Warrant are duly authorized to do so.

5.4 Material Adverse Effect. No event that has had or could reasonably be expected to have a Material Adverse Effect has occurred and is continuing. Borrower is not aware of any event likely to occur that is reasonably expected to result in a Material Adverse Effect.

5.5 Actions Before Governmental Authorities. Except as described on Schedule 5.5, there are no actions, suits or proceedings at law or in equity or by or before any

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governmental authority now pending or, to the knowledge of Borrower, threatened against or affecting Borrower or its property.

5.6 Laws. Borrower is not in violation of any law, rule or regulation, or in default with respect to any judgment, writ, injunction or decree of any governmental authority, where such violation or default is reasonably expected to result in a Material Adverse Effect. Borrower is not in default in any manner under any provision of any agreement or instrument evidencing Indebtedness, or any other material agreement to which it is a party or by which it is bound.

5.7 Information Correct and Current. No information, report, Advance Request, financial statement, exhibit or schedule furnished, by or on behalf of Borrower to Agent in connection with any Loan Document or included therein or delivered pursuant thereto contained, contains or will contain any material misstatement of fact or omitted, omits or will omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were, are or will be made, not misleading at the time such statement was made or deemed made. Additionally, any and all financial or business projections provided by Borrower to Agent, whether prior to or after the Closing Date, shall be (i) provided in good faith and based on the most current data and information available to Borrower, and (ii) the most current of such projections provided to Borrower's Board.

5.8 Tax Matters. Except as described on Schedule 5.8, (a) Borrower has filed all federal, state and local tax returns that it is required to file, (b) Borrower has duly paid or fully reserved for all taxes or installments thereof (including any interest or penalties) as and when due, which have or may become due pursuant to such returns, and (c) Borrower has paid or fully reserved for any tax assessment received by Borrower for the three (3) years preceding the Closing Date, if any (including any taxes being contested in good faith and by appropriate proceedings).

5.9 Intellectual Property Claims. Borrower is the sole owner of, or otherwise has the right to use, the Intellectual Property. Except as described on Schedule 5.9, (i) to Borrower's Knowledge, each of the material Copyrights, Trademarks and Patents is valid and enforceable, (ii) no material part of the Intellectual Property has been judged invalid or unenforceable, in whole or in part, and (iii) no claim has been made to Borrower that any material part of the Intellectual Property violates the rights of any third party. Exhibit D is a true, correct and complete list of each of Borrower's Patents, registered Trademarks, registered Copyrights, and material agreements under which Borrower licenses Intellectual Property from third parties (other than shrink-wrap software licenses), together with application or registration numbers, as applicable, owned by Borrower or any Subsidiary, in each case as of the Closing Date. Borrower is not in material breach of, nor has Borrower failed to perform any material obligations under, any of the foregoing contracts, licenses or agreements and, to Borrower's knowledge, no third party to any such contract, license or agreement is in material breach thereof or has failed to perform any material obligations thereunder.

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5.10 Intellectual Property. Except as described on Schedule 5.10, Borrower has, or in the case of any proposed business, will have, all material rights with respect to Intellectual Property necessary in the operation or conduct of Borrower's business as currently conducted and proposed to be conducted by Borrower. Without limiting the generality of the foregoing, and in the case of Licenses, except for restrictions that are unenforceable under Division 9 of the UCC, Borrower has the right, to the extent required to operate Borrower's business, to freely transfer, license or assign Intellectual Property without condition, restriction or payment of any kind (other than license payments in the ordinary course of business) to any third party, and Borrower owns or has the right to use, pursuant to valid licenses, all software development tools, library functions, compilers and all other third-party software and other items that are used in the design, development, promotion, sale, license, manufacture, import, export, use or distribution of Borrower Products.

5.11 Borrower Products. Except as described on Schedule 5.11, no Intellectual Property owned or licensed by Borrower or any Intellectual Property rights related to Borrower Product, which is owned or licensed by Borrower, has been or is subject to any actual or, to the knowledge of Borrower, threatened litigation, proceeding (including any proceeding in the United States Patent and Trademark Office or any corresponding foreign office or agency) or outstanding decree, order, judgment, settlement agreement or stipulation that restricts in any manner Borrower's use, transfer or licensing thereof or that may affect the validity, use or enforceability thereof. There is no decree, order, judgment, agreement, stipulation, arbitral award or other provision entered into in connection with any litigation or proceeding that obligates Borrower to grant licenses or ownership interest in any future Intellectual Property related to the operation or conduct of the business of Borrower or Borrower Products. Borrower has not received any written notice or claim, or, to the knowledge of Borrower, oral notice or claim, challenging or questioning Borrower's ownership in any Intellectual Property (or written notice of any claim challenging or questioning the ownership in any licensed Intellectual Property of the owner thereof) or suggesting that any third party has any claim of legal or beneficial ownership with respect thereto nor, to Borrower's knowledge, is there a reasonable basis for any such claim. To the Knowledge of Borrower, neither Borrower's use of its Intellectual Property nor the production and sale of Borrower Products infringes the Intellectual Property or other rights of others.

5.12 Financial Accounts. Exhibit E, as may be updated by Borrower in a written notice provided to Agent after the Closing Date, is a true, correct and complete list of (a) all banks and other financial institutions at which Borrower or any Subsidiary maintains Deposit Accounts and (b) all institutions at which Borrower or any Subsidiary maintains an account holding Investment Property, and such exhibit correctly identifies the name, address and telephone number of each bank or other institution, the name in which the account is held, a description of the purpose of the account, and the complete account number therefor.

5.13 Employee Loans. Borrower has no outstanding loans to any employee, officer or director of Borrower nor has Borrower guaranteed the payment of any loan made to an employee, officer or director of Borrower by a third party.

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5.14 Subsidiaries. Borrower does not own any stock, partnership interest or other securities of any Person, except for Permitted Investments. Attached as Schedule 1, as may be updated by Borrower in a written notice provided after the Closing Date, is a true, correct and complete list of each Subsidiary.

## **SECTION 6. INSURANCE; INDEMNIFICATION**

6.1 Coverage. Borrower shall cause to be carried and maintained commercial general liability insurance, on an occurrence form, against risks customarily insured against in Borrower's line of business. Such risks shall include the risks of bodily injury, including death, property damage, personal injury, advertising injury, and contractual liability per the terms of the indemnification agreement found in Section 6.3. Borrower must maintain a minimum of \$1,000,000 of commercial general liability insurance for each occurrence and \$2,000,000 in the aggregate. Borrower has and agrees to maintain a minimum of \$2,000,000 of directors' and officers' insurance for each occurrence and \$5,000,000 in the aggregate. So long as there are any Secured Obligations outstanding, Borrower shall also cause to be carried and maintained insurance upon the Collateral, insuring against all risks of physical loss or damage howsoever caused, in an amount not less than the full replacement cost of the Collateral, provided that such insurance may be subject to standard exceptions and deductibles.

6.2 Certificates. Borrower shall deliver to Agent certificates of insurance that evidence Borrower's compliance with its insurance obligations in Section 6.1 and the obligations contained in this Section 6.2. Borrower's insurance certificate shall state Agent is an additional insured for commercial general liability, a loss payee for all risk property damage insurance, subject to the insurer's approval, and a loss payee for property insurance and additional insured for liability insurance for any future insurance that Borrower may acquire from such insurer. Attached to the certificates of insurance will be additional insured endorsements for liability and lender's loss payable endorsements for all risk property damage insurance. All certificates of insurance will provide for a minimum of thirty (30) days advance written notice to Agent of cancellation or any other change adverse to Agent's interests. Any failure of Agent to scrutinize such insurance certificates for compliance is not a waiver of any of Agent's rights, all of which are reserved.

6.3 Indemnity. Borrower agrees to indemnify and hold Agent, Lender and their officers, directors, employees, agents, in-house attorneys, representatives and shareholders (each, an "Indemnified Person") harmless from and against any and all claims, costs, expenses, damages and liabilities (including such claims, costs, expenses, damages and liabilities based on liability in tort, including strict liability in tort), including reasonable attorneys' fees and disbursements and other costs of investigation or defense (including those incurred upon any appeal) (collectively, "Liabilities"), that may be instituted or asserted against or incurred by such Indemnified Person as the result of credit having been extended, suspended or terminated under this Agreement and the other Loan Documents or the administration of such credit, or in connection with or arising out of the transactions contemplated hereunder and thereunder, or any actions or failures to act in connection therewith, or arising out of the disposition or utilization of the Collateral, excluding in all cases Liabilities to the extent resulting solely from any Indemnified Person's gross

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negligence or willful misconduct. Borrower agrees to pay, and to save Agent and Lender harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all excise, sales or other similar taxes (excluding taxes imposed on or measured by the net income of Agent or Lender) that may be payable or determined to be payable with respect to any of the Collateral or this Agreement. In no event shall any Indemnified Person be liable on any theory of liability for any special, indirect, consequential or punitive damages (including any loss of profits, business or anticipated savings).

## **SECTION 7. COVENANTS OF BORROWER**

Borrower agrees as follows:

7.1 Financial Reports. Borrower shall furnish to Agent the financial statements and reports listed hereinafter (the "Financial Statements"):

(a) as soon as practicable (and in any event within 30 days) after the end of each month, unaudited interim and year-to-date financial statements as of the end of such month (prepared on a consolidated and consolidating basis, if applicable), including balance sheet and related statements of income and cash flows accompanied by a report detailing any material contingencies (including the commencement of any material litigation by or against Borrower) or any other occurrence that would reasonably be expected to have a Material Adverse Effect, all certified by Borrower's Chief Executive Officer or Chief Financial Officer to the effect that they have been prepared in accordance with GAAP, except (i) for the absence of footnotes, (ii) that they are subject to normal year end adjustments, and (iii) they do not contain certain non-cash items that are customarily included in quarterly and annual financial statements;

(b) as soon as practicable (and in any event within 30 days) after the end of each calendar quarter, unaudited interim and year-to-date financial statements as of the end of such calendar quarter (prepared on a consolidated and consolidating basis, if applicable), including balance sheet and related statements of income and cash flows accompanied by a report detailing any material contingencies (including the commencement of any material litigation by or against Borrower) or any other occurrence that would reasonably be expected to have a Material Adverse Effect, certified by Borrower's Chief Executive Officer or Chief Financial Officer to the effect that they have been prepared in accordance with GAAP, except (i) for the absence of footnotes, and (ii) that they are subject to normal year end adjustments;

(c) as soon as practicable (and in any event within one hundred fifty (150) days) after the end of each fiscal year, unqualified audited financial statements as of the end of such year (prepared on a consolidated and consolidating basis, if applicable), including balance sheet and related statements of income and cash flows, and setting forth in comparative form the corresponding figures for the preceding fiscal year, certified by a firm of independent certified public accountants selected by Borrower and reasonably acceptable to Agent, accompanied by any management report from such accountants;

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(d) as soon as practicable (and in any event within 30 days) after the end of each month, a Compliance Certificate in the form of Exhibit F;

(e) promptly after the sending or filing thereof, as the case may be, copies of any proxy statements, financial statements or reports that Borrower has made available to holders of its capital stock and copies of any regular, periodic and special reports or registration statements that

Borrower files with the Securities and Exchange Commission or any governmental authority that may be substituted therefor, or any national securities exchange; and

(f) financial and business projections promptly following their approval by Borrower's Board, and in any event, within 30 days prior to the end of Borrower's fiscal year, as well as budgets, operating plans and other financial information reasonably requested by Agent.

Borrower shall not make any change in its (a) accounting policies or reporting practices, or (b) fiscal years or fiscal quarters. The fiscal year of Borrower shall end on December 31.

Notwithstanding anything to the contrary in this Section 7.1, the Borrower shall not be required to deliver any financial statements to the Agent under clause (b) or clause (c) above with respect to any period for which it has timely filed its Form 10-K or Form 10-Q, as the case may be, with the SEC; provided, that such Form 10-K or Form 10-Q, as the case may be, is publicly available on the SEC's website (or a similar website) within the time periods permitted by this Section 7.1 and the Borrower promptly notifies Agent in writing (which may be by electronic mail) of the posting of any such documents. To the extent any documents required to be delivered pursuant to the terms hereof are included in materials otherwise filed with the SEC, Borrower may electronically deliver such documents by e-mailing a link to the applicable filing posted on the SEC website currently located at <http://www.sec.gov>.

The executed Compliance Certificate may be sent via facsimile to Agent at (650) 473-9194 or via e-mail to [legal@herculestech.com](mailto:legal@herculestech.com). All Financial Statements required to be delivered pursuant to clauses (a), (b) and (c) shall be sent via e-mail to [financialstatements@herculestech.com](mailto:financialstatements@herculestech.com) with a copy to [BJadot@herculestech.com](mailto:BJadot@herculestech.com) provided, that if e-mail is not available or sending such Financial Statements via e-mail is not possible, they shall be sent via facsimile to Agent at: (866) 468-8916, attention Chief Credit Officer.

7.2 Management Rights. Borrower shall permit any representative that Agent or Lender authorizes, including its attorneys and accountants, to inspect the Collateral and examine and make copies and abstracts of the books of account and records of Borrower at reasonable times and upon reasonable notice during normal business hours (but in no event more than two times in any twelve month period unless an Event of Default has occurred and is continuing). In addition, any such representative shall have the right to meet with management and officers of Borrower to discuss such books of account and records. In addition, Agent or Lender shall be entitled at reasonable times and intervals to consult with and advise the management and officers of Borrower concerning significant business issues affecting Borrower. Such consultations shall not unreasonably interfere with Borrower's business operations. The parties intend that the rights granted Agent and Lender shall

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constitute "management rights" within the meaning of 29 C.F.R Section 2510.3-101(d)(3)(ii), but that any advice, recommendations or participation by Agent or Lender with respect to any business issues shall not be deemed to give Agent or Lender, nor be deemed an exercise by Agent or Lender of, control over Borrower's management or policies.

7.3 Further Assurances. Borrower shall from time to time execute, deliver and file, alone or with Agent, any financing statements, security agreements, collateral assignments, notices, control agreements, or other documents to perfect or give the highest priority to Agent's Lien on the Collateral. Borrower shall from time to time procure any instruments or documents as may be requested by Agent, and take all further action that may be necessary or desirable, or that Agent may reasonably request, to perfect and protect the Liens granted hereby and thereby. In addition, and for such purposes only, Borrower hereby authorizes Agent to execute and deliver on behalf of Borrower and to file such financing statements, collateral assignments, notices, control agreements, security agreements and other documents without the signature of Borrower either in Agent's name or in the name of Agent as agent and attorney-in-fact for Borrower. Borrower shall protect and defend Borrower's title to the Collateral and Agent's Lien thereon against all Persons claiming any interest adverse to Borrower or Agent other than Permitted Liens.

7.4 Indebtedness. Borrower shall not create, incur, assume, guarantee or be or remain liable with respect to any Indebtedness, or permit any Subsidiary so to do, other than Permitted Indebtedness, or prepay any Indebtedness or take any actions which impose on Borrower an obligation to prepay any Indebtedness, except for the conversion of Indebtedness into equity securities and the payment of cash in lieu of fractional shares in connection with such conversion.

7.5 Collateral. Borrower shall at all times keep the Collateral, the Intellectual Property and all other property and assets used in Borrower's business or in which Borrower now or hereafter holds any interest free and clear from any legal process or Liens whatsoever (except for Permitted Liens), and shall give Agent prompt written notice of any legal process affecting the Collateral, the Intellectual Property, such other property and assets, or any Liens thereon, provided however, that the Collateral and such other property and assets may be subject to Permitted Liens except that there shall be no Liens whatsoever on Intellectual Property (but there may be Permitted Transfers of Intellectual Property). Borrower shall cause its Subsidiaries to protect and defend such Subsidiary's title to its assets from and against all Persons claiming any interest adverse to such Subsidiary, and Borrower shall cause its Subsidiaries at all times to keep such Subsidiary's property and assets free and clear from any legal process or Liens whatsoever (except for Permitted Liens, provided however, that there shall be no Liens whatsoever on Intellectual Property), and shall give Agent prompt written notice of any legal process affecting such Subsidiary's assets. Borrower shall not agree with any Person other than Agent or Lender not to encumber its property, other than (i) as is otherwise permitted in the definition of "Permitted Liens" herein and "Permitted Transfers" herein, and (ii) restrictions by reason of customary provisions restricting assignment, subletting or other transfers contained in leases, licenses and similar agreements entered into in the ordinary course of business (provided that such

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restrictions are limited to the property or assets secured by such Liens or the property or assets subject to such leases, licenses or similar agreements as the case may be).

7.6 Investments. Borrower shall not directly or indirectly acquire or own, or make any Investment in or to any Person, or permit any of its Subsidiaries so to do, other than Permitted Investments.



7.7 Distributions. Borrower shall not, and shall not allow any Subsidiary to, (a) repurchase or redeem any class of stock or other equity interest other than pursuant to employee, director or consultant repurchase plans or other similar agreements, provided, however, in each case the repurchase or redemption price does not exceed the original consideration paid for such stock or equity interest, or (b) declare or pay any cash dividend or make a cash distribution on any class of stock or other equity interest, except that a Subsidiary may pay dividends or make distributions to Borrower, or (c) lend money to any employees, officers or directors or guarantee the payment of any such loans granted by a third party in excess of \$100,000 in the aggregate or (d) waive, release or forgive any Indebtedness owed by any employees, officers or directors in excess of \$100,000 in the aggregate.

7.8 Transfers. Except for Permitted Transfers, Borrower shall not voluntarily or involuntarily transfer, sell, lease, license, lend or in any other manner convey any equitable, beneficial or legal interest in any material portion of its assets.

7.9 Mergers or Acquisitions. Borrower shall not merge or consolidate, or permit any of its Subsidiaries to merge or consolidate, with or into any other business organization (other than mergers or consolidations of (a) a Subsidiary which is not a Borrower into another Subsidiary or into Borrower or (b) a Borrower into another Borrower), or acquire, or permit any of its Subsidiaries to acquire, all or substantially all of the capital stock or property of another Person.

7.10 Taxes. Borrower and its Subsidiaries shall pay when due all taxes, fees or other charges of any nature whatsoever (together with any related interest or penalties) now or hereafter imposed or assessed against Borrower, Agent, Lender or the Collateral or upon Borrower's ownership, possession, use, operation or disposition thereof or upon Borrower's rents, receipts or earnings arising therefrom. Borrower shall file on or before the due date therefor all personal property tax returns in respect of the Collateral. Notwithstanding the foregoing, Borrower may contest, in good faith and by appropriate proceedings, taxes for which Borrower maintains adequate reserves therefor in accordance with GAAP.

7.11 Corporate Changes. Neither Borrower nor any Subsidiary shall change its corporate name, legal form or jurisdiction of formation without twenty (20) days' prior written notice to Agent. Neither Borrower nor any Subsidiary shall suffer a Change in Control. Neither Borrower nor any Subsidiary shall relocate its chief executive office or its principal place of business unless: (i) it has provided prior written notice to Agent; and (ii) such relocation shall be within the continental United States. Neither Borrower nor any Subsidiary shall relocate any item of Collateral (other than (x) sales of Inventory in the

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ordinary course of business, (y) relocations of Equipment having an aggregate value of up to \$150,000 in any fiscal year, and (z) relocations of Collateral from a location described on Exhibit C to another location described on Exhibit C) unless (i) it has provided prompt written notice to Agent, (ii) such relocation is within the continental United States and, (iii) if such relocation is to a third party bailee, it has delivered a bailee agreement in form and substance reasonably acceptable to Agent.

7.12 Deposit Accounts. Neither Borrower nor any Subsidiary shall maintain any Deposit Accounts, or accounts holding Investment Property, except with respect to which Agent has an Account Control Agreement.

7.13 Subsidiaries. Borrower shall notify Agent of each Subsidiary formed subsequent to the Closing Date and, within 15 days of formation, shall cause any such Subsidiary to execute and deliver to Agent a Joinder Agreement.

7.14 Notification of Event of Default. Borrower shall notify Agent immediately of the occurrence of any Event of Default.

7.15 Post-Closing Deliverables. Borrower shall deliver to Agent, in form and substance satisfactory to Agent, (a) within two (2) Business Days after the Closing Date, fully-executed Account Control Agreements by and among Borrower, Agent, and Silicon Valley Bank, covering each of Borrower's account no. xxxx1390 and account no. xxxx0433, and (b) within thirty (30) days after the Closing Date, endorsements to Borrower's property and liability policies, which endorsements shall name Agent as lender loss payee and additional insured and provide that Agent shall receive prior notice of cancellation of such property and liability policies.

#### **SECTION 8. RIGHT TO INVEST**

8.1 Lender or its assignee or nominee shall have the right, in its discretion, to participate in any Subsequent Financing (as defined in the Equity Rights Letter Agreement) pursuant to the terms set forth in the Equity Rights Letter Agreement.

#### **SECTION 9. EVENTS OF DEFAULT**

The occurrence of any one or more of the following events shall be an Event of Default:

9.1 Payments. Borrower fails to pay any amount due under this Agreement, the Notes, or any of the other Loan Documents on the due date (or within three (3) Business Days of the due date, provided that such late payment is due to an ACH Failure); or

9.2 Covenants. Borrower breaches or defaults in the performance of any covenant or Secured Obligation under this Agreement, or any of the other Loan Documents or any other agreement among Borrower, Agent and Lender, and (a) with respect to a default under any covenant under this Agreement (other than under Sections 6, 7.4, 7.5, 7.6, 7.7, 7.8, 7.9, and 7.14, and 7.15), any other Loan Document or any other agreement among Borrower, Agent and Lender, such default continues for more than ten (10) days after the earlier of the date on which (i) Agent or Lender has given notice of such default to

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Borrower and (ii) Borrower has actual knowledge of such default or (b) with respect to a default under any of Sections 6, 7.4, 7.5, 7.6, 7.7, 7.8, 7.9, and 7.14, and 7.15, the occurrence of such default; or

9.3 Material Adverse Effect. A circumstance has occurred that would reasonably be expected to have a Material Adverse Effect; or

9.4 Representations. Any representation or warranty made by Borrower in any Loan Document or in the Warrant shall have been false or misleading in any material respect; or

9.5 Insolvency. Borrower (A) (i) shall make an assignment for the benefit of creditors; or (ii) shall be unable to pay its debts as they become due, or be unable to pay or perform under the Loan Documents, or shall become insolvent; or (iii) shall file a voluntary petition in bankruptcy; or (iv) shall file any petition, answer, or document seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation pertinent to such circumstances; or (v) shall seek or consent to or acquiesce in the appointment of any trustee, receiver, or liquidator of Borrower or of all or any substantial part (i.e., 33-1/3% or more) of the assets or property of Borrower; or (vi) shall cease operations of its business as its business has normally been conducted for five (5) or more consecutive days, or terminate substantially all of its employees; or (vii) Borrower or its directors or majority shareholders shall take any action initiating any of the foregoing actions described in clauses (i) through (vi); or (B) either (i) thirty (30) days shall have expired after the commencement of an involuntary action against Borrower seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, without such action being dismissed or all orders or proceedings thereunder affecting the operations or the business of Borrower being stayed; or (ii) a stay of any such order or proceedings shall thereafter be set aside and the action setting it aside shall not be timely appealed; or (iii) Borrower shall file any answer admitting or not contesting the material allegations of a petition filed against Borrower in any such proceedings; or (iv) the court in which such proceedings are pending shall enter a decree or order granting the relief sought in any such proceedings; or (v) thirty (30) days shall have expired after the appointment, without the consent or acquiescence of Borrower, of any trustee, receiver or liquidator of Borrower or of all or any substantial part of the properties of Borrower without such appointment being vacated; or

9.6 Attachments; Judgments. Any portion of Borrower's assets is attached or seized, or a levy is filed against any such assets, or a judgment or judgments is/are entered for the payment of money, individually or in the aggregate, of at least \$250,000, or Borrower is enjoined or in any way prevented by court order from conducting any part of its business; or

9.7 Other Obligations. The occurrence of any default under any agreement or obligation of Borrower involving any Indebtedness in excess of \$250,000, or the occurrence of any default under any agreement or obligation of Borrower that could reasonably be expected to have a Material Adverse Effect.

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9.8 Stop Trade. At any time after Lender has received shares of Common Stock pursuant to the terms set forth in Section 2.1(e), so long as Lender has not sold such shares of Common Stock and still holds the Warrant or any shares received upon exercise of the Warrant, an SEC stop trade order or NASDAQ market trading suspension of the Common Stock shall be in effect for five (5) consecutive days or five (5) days during a period of ten (10) consecutive days, excluding in all cases a suspension of all trading on a public market, provided that Borrower shall not have been able to cure such trading suspension within thirty (30) days of the notice thereof or list the Common Stock on another public market within sixty (60) days of such notice.

## **SECTION 10. REMEDIES**

10.1 General. Upon and during the continuance of any one or more Events of Default, (i) Agent may, at its option, accelerate and demand payment of all or any part of the Secured Obligations together with a Prepayment Charge and declare them to be immediately due and payable (provided, that upon the occurrence of an Event of Default of the type described in Section 9.5, all of the Secured Obligations shall automatically be accelerated and made due and payable, in each case without any further notice or act), (ii) Agent may, at its option, sign and file in Borrower's name any and all collateral assignments, notices, control agreements, security agreements and other documents it deems necessary or appropriate to perfect or protect the repayment of the Secured Obligations, and in furtherance thereof, Borrower hereby grants Agent an irrevocable power of attorney coupled with an interest, and (iii) Agent may notify any of Borrower's account debtors to make payment directly to Agent, compromise the amount of any such account on Borrower's behalf and endorse Agent's name without recourse on any such payment for deposit directly to Agent's account. Agent may exercise all rights and remedies with respect to the Collateral under the Loan Documents or otherwise available to it under the UCC and other applicable law, including the right to release, hold, sell, lease, liquidate, collect, realize upon, or otherwise dispose of all or any part of the Collateral and the right to occupy, utilize, process and commingle the Collateral. All Agent's rights and remedies shall be cumulative and not exclusive.

10.2 Collection; Foreclosure. Upon the occurrence and during the continuance of any Event of Default, Agent may, at any time or from time to time, apply, collect, liquidate, sell in one or more sales, lease or otherwise dispose of, any or all of the Collateral, in its then condition or following any commercially reasonable preparation or processing, in such order as Agent may elect. Any such sale may be made either at public or private sale at its place of business or elsewhere. Borrower agrees that any such public or private sale may occur upon ten (10) calendar days' prior written notice to Borrower. Agent may require Borrower to assemble the Collateral and make it available to Agent at a place designated by Agent that is reasonably convenient to Agent and Borrower. The proceeds of any sale, disposition or other realization upon all or any part of the Collateral shall be applied by Agent in the following order of priorities:

First, to Agent and Lender in an amount sufficient to pay in full Agent's and Lender's costs and professionals' and advisors' fees and expenses as described in Section 11.11;

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Second, to Lender in an amount equal to the then unpaid amount of the Secured Obligations (including principal, interest, and the Default Rate interest), in such order and priority as Agent may choose in its sole discretion; and

Finally, after the full, final, and indefeasible payment in Cash of all of the Secured Obligations, to any creditor holding a junior Lien on the Collateral, or to Borrower or its representatives or as a court of competent jurisdiction may direct.

Agent shall be deemed to have acted reasonably in the custody, preservation and disposition of any of the Collateral if it complies with the obligations of a secured party under the UCC.

10.3 No Waiver. Agent shall be under no obligation to marshal any of the Collateral for the benefit of Borrower or any other Person, and Borrower expressly waives all rights, if any, to require Agent to marshal any Collateral.

10.4 Cumulative Remedies. The rights, powers and remedies of Agent hereunder shall be in addition to all rights, powers and remedies given by statute or rule of law and are cumulative. The exercise of any one or more of the rights, powers and remedies provided herein shall not be construed as a waiver of or election of remedies with respect to any other rights, powers and remedies of Agent.

#### SECTION 11. MISCELLANEOUS

11.1 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under such law, such provision shall be ineffective only to the extent and duration of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

11.2 Notice. Except as otherwise provided herein, any notice, demand, request, consent, approval, declaration, service of process or other communication (including the delivery of Financial Statements) that is required, contemplated, or permitted under the Loan Documents or with respect to the subject matter hereof shall be in writing, and shall be deemed to have been validly served, given, delivered, and received upon the earlier of: (i) the day of transmission by facsimile or hand delivery or delivery by an overnight express service or overnight mail delivery service; or (ii) the third calendar day after deposit in the United States mails, with proper first class postage prepaid, in each case addressed to the party to be notified as follows:

(a) If to Agent:

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.  
Legal Department  
Attention: Chief Legal Officer and Mr. Bryan Jadot  
400 Hamilton Avenue, Suite 310  
Palo Alto, CA 94301  
Email: legal@herculestech.com and BJadot@herculestech.com

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Facsimile: 650-473-9194  
Telephone: 650-289-3060

and to:

Christine Fera  
Email: cfera@herculestech.com

(b) If to Lender:

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.  
Legal Department  
Attention: Chief Legal Officer and Mr. Bryan Jadot  
400 Hamilton Avenue, Suite 310  
Palo Alto, CA 94301  
Email: legal@herculestech.com and BJadot@herculestech.com  
Facsimile: 650-473-9194  
Telephone: 650-289-3060

and to:

Christine Fera  
Email: cfera@herculestech.com

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(c) If to Borrower:

AGILE THERAPEUTICS, INC.  
101 Poor Farm Road  
Princeton, New Jersey, 08540  
Attention: Chief Financial Officer  
Facsimile: 609-683-1855  
Telephone: 609-683-1985

With a copy to:

Morgan, Lewis & Bockius LLP  
502 Carnegie Center  
Princeton, New Jersey 08540  
Attn: Denis Segota  
Facsimile: 609-919-6701  
Telephone: 609-919-6600  
Email: dsegota@morganlewis.com

or to such other address as each party may designate for itself by like notice.

### 11.3 Entire Agreement; Amendments.

(a) This Agreement and the other Loan Documents constitute the entire agreement and understanding of the parties hereto in respect of the subject matter hereof and thereof, and supersede and replace in their entirety any prior proposals, term sheets, non-disclosure or confidentiality agreements, letters, negotiations or other documents or agreements, whether written or oral, with respect to the subject matter hereof or thereof (including Agent's revised proposal letter dated January 23, 2015).

(b) Neither this Agreement, any other Loan Document, nor any terms hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of this Section 11.3(b). The Required Lenders and Borrower party to the relevant Loan Document may, or with the written consent of the Required Lenders, Agent and Borrower party to the relevant Loan Document may, from time to time, (i) enter into written amendments, supplements or modifications hereto and to the other Loan Documents for the purpose of adding any provisions to this Agreement or the other Loan Documents or changing in any manner the rights of Lenders or of Borrower hereunder or thereunder or (ii) waive, on such terms and conditions as the Required Lenders or Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or the other Loan Documents or any default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall (A) forgive the principal amount or extend the final scheduled date of maturity of any Loan, extend the scheduled date of any amortization payment in respect of any Term Loan Advance, reduce the stated rate of any

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interest or fee payable hereunder, or extend the scheduled date of any payment thereof, in each case without the written consent of each Lender directly affected thereby; (B) eliminate or reduce the voting rights of any Lender under this Section 11.3(b) without the written consent of such Lender; (C) reduce any percentage specified in the definition of Required Lenders, consent to the assignment or transfer by Borrower of any of its rights and obligations under this Agreement and the other Loan Documents, release all or substantially all of the Collateral or release a Borrower from its obligations under the Loan Documents, in each case without the written consent of all Lenders; or (D) amend, modify or waive any provision of Section 11.17 without the written consent of Agent. Any such waiver and any such amendment, supplement or modification shall apply equally to each Lender and shall be binding upon Borrower, Lender, Agent and all future holders of the Loans.

11.4 No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

11.5 No Waiver. The powers conferred upon Agent and Lender by this Agreement are solely to protect its rights hereunder and under the other Loan Documents and its interest in the Collateral and shall not impose any duty upon Agent or Lender to exercise any such powers. No omission or delay by Agent or Lender at any time to enforce any right or remedy reserved to it, or to require performance of any of the terms, covenants or provisions hereof by Borrower at any time designated, shall be a waiver of any such right or remedy to which Agent or Lender is entitled, nor shall it in any way affect the right of Agent or Lender to enforce such provisions thereafter.

11.6 Survival. All agreements, representations and warranties contained in this Agreement and the other Loan Documents or in any document delivered pursuant hereto or thereto shall be for the benefit of Agent and Lender and shall survive the execution and delivery of this Agreement and the expiration or other termination of this Agreement.

11.7 Successors and Assigns. The provisions of this Agreement and the other Loan Documents shall inure to the benefit of and be binding on Borrower and its permitted assigns (if any). Borrower shall not assign its obligations under this Agreement or any of the other Loan Documents without Agent's express prior written consent, and any such attempted assignment shall be void and of no effect. Agent and Lender may assign, transfer, or endorse its rights hereunder and under the other Loan Documents without prior notice to Borrower, and all of such rights shall inure to the benefit of Agent's and Lender's successors and assigns.

11.8 Governing Law. This Agreement and the other Loan Documents shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, excluding conflict of laws principles that would cause the application of laws of any other jurisdiction.

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11.9 Consent to Jurisdiction and Venue. All judicial proceedings (to the extent that the reference requirement of Section 11.10 is not applicable) arising in or under or related to this Agreement or any of the other Loan Documents may be brought in any state or federal court located in the State of New York. By execution and delivery of this Agreement, each party hereto generally and unconditionally: (a) consents to nonexclusive personal jurisdiction in the City of New York, borough of Manhattan, State of New York; (b) waives any objection as to jurisdiction or venue in the City of New York, borough of Manhattan, State of New York; (c) agrees not to assert any defense based on lack of jurisdiction or venue in the aforesaid courts; and (d) irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement or the other Loan Documents. Service of process on any party hereto in any action arising out of or relating to this Agreement shall be effective if given in accordance with the requirements for notice set forth in Section 11.2, and shall be deemed effective and received as set forth in Section 11.2. Nothing herein shall affect the right to serve process in any other manner permitted by law or shall limit the right of either party to bring proceedings in the courts of any other jurisdiction.

11.10 Mutual Waiver of Jury Trial / Judicial Reference.

(a) Because disputes arising in connection with complex financial transactions are most quickly and economically resolved by an experienced and expert Person and the parties wish applicable state and federal laws to apply (rather than arbitration rules), the parties desire that their disputes be resolved by a judge applying such applicable laws. EACH OF BORROWER, AGENT AND LENDER SPECIFICALLY WAIVES ANY RIGHT IT MAY HAVE TO TRIAL BY JURY OF ANY CAUSE OF ACTION, CLAIM, CROSS-CLAIM, COUNTERCLAIM, THIRD PARTY CLAIM OR ANY OTHER CLAIM (COLLECTIVELY, "CLAIMS") ASSERTED BY BORROWER AGAINST AGENT, LENDER OR THEIR RESPECTIVE ASSIGNEE OR BY AGENT, LENDER OR THEIR RESPECTIVE ASSIGNEE AGAINST BORROWER. This waiver extends to all such Claims, including Claims that involve Persons other than Agent, Borrower and Lender; Claims that arise out of or are in any way connected to the relationship among Borrower, Agent and Lender; and any Claims for damages, breach of contract, tort, specific performance, or any equitable or legal relief of any kind, arising out of this Agreement, any other Loan Document.

(b) In the event Claims are to be resolved by judicial reference, either party may seek from a court identified in Section 11.9, any prejudgment order, writ or other relief and have such prejudgment order, writ or other relief enforced to the fullest extent permitted by law notwithstanding that all Claims are otherwise subject to resolution by judicial reference.

11.11 Professional Fees. Borrower promises to pay Agent's and Lender's fees and reasonable expenses necessary to finalize the loan documentation, including but not limited to reasonable attorneys fees, UCC searches, filing costs, and other miscellaneous expenses. In addition, Borrower promises to pay any and all reasonable attorneys' and other professionals' fees and expenses (including fees and expenses of in-house counsel) incurred by Agent and Lender after the Closing Date in connection with or related to:

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(a) the Loan; (b) the administration, collection, or enforcement of the Loan; (c) the amendment or modification of the Loan Documents; (d) any waiver, consent, release, or termination under the Loan Documents; (e) the protection, preservation, audit, field exam, sale, lease, liquidation, or disposition of Collateral or the exercise of remedies with respect to the Collateral; (f) any legal, litigation, administrative, arbitration, or out of court proceeding in connection with or related to Borrower or the Collateral, and any appeal or review thereof; and (g) any bankruptcy, restructuring, reorganization, assignment for the benefit of creditors, workout, foreclosure, or other action related to Borrower, the Collateral, the Loan Documents, including representing Agent or Lender in any adversary proceeding or contested matter commenced or continued by or on behalf of Borrower's estate, and any appeal or review thereof.

11.12 Confidentiality. Agent and Lender acknowledge that certain items of Collateral and information provided to Agent and Lender by Borrower are confidential and proprietary information of Borrower, if and to the extent such information either (x) is marked as confidential by Borrower at the time of disclosure, or (y) should reasonably be understood to be confidential (the "Confidential Information"). Accordingly, Agent and Lender agree that any Confidential Information it may obtain in the course of acquiring, administering, or perfecting Agent's security interest in the Collateral shall not be disclosed to any other Person or entity in any manner whatsoever, in whole or in part, without the prior written consent of Borrower, except that Agent and Lender may disclose any such information: (a) to its own directors, officers, employees, accountants, counsel and other professional advisors and to its affiliates if Agent or Lender in their sole discretion determines that any such party should have access to such information in connection with such party's responsibilities in connection with the Loan or this Agreement and, provided that such recipient of such Confidential Information either (i) agrees to be bound by the confidentiality provisions of this paragraph or (ii) is otherwise subject to confidentiality restrictions that reasonably protect against the disclosure of Confidential Information; (b) if such information is generally available to the public; (c) if required or appropriate in any report, statement or testimony submitted to any governmental authority having or claiming to have jurisdiction over Agent or Lender; (d) if required or appropriate in response to any summons or subpoena or in connection with any litigation, to the extent permitted or deemed advisable by Agent's or Lender's counsel; (e) to comply with any legal requirement or law applicable to Agent or Lender; (f) to the extent reasonably necessary in connection with the exercise of any right or remedy under any Loan Document, including Agent's sale, lease, or other disposition of Collateral after default; (g) to any participant or assignee of Agent or Lender or any prospective participant or assignee; provided, that such participant or assignee or prospective participant or assignee agrees in writing to be bound by this Section prior to disclosure; or (h) otherwise with the prior consent of Borrower; provided, that any disclosure made in violation of this Agreement shall not affect the obligations of Borrower or any of its affiliates or any guarantor under this Agreement or the other Loan Documents.

11.13 Assignment of Rights. Borrower acknowledges and understands that Agent or Lender may sell and assign all or part of its interest hereunder and under the Loan Documents to any Person or entity (an "Assignee"). After such assignment the term "Agent" or "Lender" as used in the Loan Documents shall mean and include such

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Assignee, and such Assignee shall be vested with all rights, powers and remedies of Agent and Lender hereunder with respect to the interest so assigned; but with respect to any such interest not so transferred, Agent and Lender shall retain all rights, powers and remedies hereby given. No such assignment by Agent or Lender shall relieve Borrower of any of its obligations hereunder. Lender agrees that in the event of any transfer by it of the Note(s)(if any), it will endorse thereon a notation as to the portion of the principal of the Note(s), which shall have been paid at the time of such transfer and as to the date to which interest shall have been last paid thereon.

11.14 Revival of Secured Obligations. This Agreement and the Loan Documents shall remain in full force and effect and continue to be effective if any petition is filed by or against Borrower for liquidation or reorganization, if Borrower becomes insolvent or makes an assignment for the benefit of creditors, if a receiver or trustee is appointed for all or any significant part of Borrower's assets, or if any payment or transfer of Collateral is recovered from Agent or Lender. The Loan Documents and the Secured Obligations and Collateral security shall continue to be effective, or shall be revived or reinstated, as the case may be, if at any time payment and performance of the Secured Obligations or any transfer of Collateral to Agent, or any part thereof is rescinded, avoided or avoidable, reduced in amount, or must otherwise be restored or returned by, or is recovered from, Agent, Lender or by any obligee of the Secured Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment, performance, or transfer of Collateral had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, avoided,

avoidable, restored, returned, or recovered, the Loan Documents and the Secured Obligations shall be deemed, without any further action or documentation, to have been revived and reinstated except to the extent of the full, final, and indefeasible payment to Agent or Lender in Cash.

11.15 Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts, and by different parties hereto in separate counterparts, each of which when so delivered shall be deemed an original, but all of which counterparts shall constitute but one and the same instrument.

11.16 No Third Party Beneficiaries. No provisions of the Loan Documents are intended, nor will be interpreted, to provide or create any third-party beneficiary rights or any other rights of any kind in any Person other than Agent, Lender and Borrower unless specifically provided otherwise herein, and, except as otherwise so provided, all provisions of the Loan Documents will be personal and solely among Agent, Lender and Borrower.

11.17 Agency.

(a) Lender hereby irrevocably appoints Hercules Technology Growth Capital, Inc. to act on its behalf as Agent hereunder and under the other Loan Documents and authorizes Agent to take such actions on its behalf and to exercise such powers as are delegated to Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto.

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(b) Lender agrees to indemnify Agent in its capacity as such (to the extent not reimbursed by Borrower and without limiting the obligation of Borrower to do so), according to its respective Term Commitment percentages (based upon the total outstanding Term Loan Commitments) in effect on the date on which indemnification is sought under this Section 11.17, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time be imposed on, incurred by or asserted against Agent in any way relating to or arising out of, this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by Agent under or in connection with any of the foregoing; The agreements in this Section shall survive the payment of the Loans and all other amounts payable hereunder.

(c) Agent in Its Individual Capacity. The Person serving as Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not Agent and the term "Lender" shall, unless otherwise expressly indicated or unless the context otherwise requires, include each such Person serving as Agent hereunder in its individual capacity.

(d) Exculpatory Provisions. Agent shall have no duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, Agent shall not:

- (i) be subject to any fiduciary or other implied duties, regardless of whether any default or any Event of Default has occurred and is continuing;
- (ii) have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that Agent is required to exercise as directed in writing by Lender, provided that Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose Agent to liability or that is contrary to any Loan Document or applicable law; and
- (iii) except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and Agent shall not be liable for the failure to disclose, any information relating to Borrower or any of its affiliates that is communicated to or obtained by any Person serving as Agent or any of its affiliates in any capacity.

(e) Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of Lender or as Agent shall believe in good faith shall be necessary, under the circumstances or (ii) in the absence of its own gross negligence or willful misconduct.

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(f) Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any default or Event of Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Section 4 or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to Agent.

(g) Reliance by Agent. Agent may rely, and shall be fully protected in acting, or refraining to act, upon, any resolution, statement, certificate, instrument, opinion, report, notice, request, consent, order, bond or other paper or document that it has no reason to believe to be other than genuine and to have been signed or presented by the proper party or parties or, in the case of cables, teletypes and telexes, to have been sent by the proper party or parties. In the absence of its gross negligence or willful misconduct, Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to Agent and conforming to the requirements of the Loan Agreement or any of the other Loan Documents. Agent may consult with counsel, and any opinion or legal advice of such counsel shall be full and complete authorization and protection in respect of any action taken, not taken or suffered by Agent hereunder or under any Loan Documents in accordance therewith. Agent shall have the right at any time to seek instructions concerning the administration of the Collateral from any court of competent jurisdiction. Agent shall not be under any obligation to exercise any of the rights or powers granted to Agent by this Agreement, the Loan Agreement and the other Loan Documents at the request or direction of Lenders unless Agent shall have been provided by Lender with adequate security and indemnity against the costs, expenses and liabilities that may be incurred by it in compliance with such request or direction.

11.18 Publicity. None of the parties hereto nor any of its respective member businesses and affiliates shall, without the other parties' prior written consent (which shall not be unreasonably withheld or delayed), publicize or use (a) the other party's name (including a brief description of the relationship among the parties hereto), logo or hyperlink to such other parties' web site, separately or together, in written and oral presentations, advertising, promotional and marketing materials, client lists, public relations materials or on its web site (together, the "Publicity Materials"); (b) the names of officers of such other parties in the Publicity Materials; and (c) such other parties' name, trademarks, servicemarks in any news or press release concerning such party; provided however, notwithstanding anything to the contrary herein, no such consent shall be required (i) to the extent necessary to comply with the requests of any regulators, legal requirements or laws applicable to such party, pursuant to any listing agreement with any national securities exchange (so long as such party provides prior notice to the other party hereto to the extent reasonably practicable) and (ii) to comply with Section 11.12.

(SIGNATURES TO FOLLOW)

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IN WITNESS WHEREOF, Borrower, Agent and Lender have duly executed and delivered this Loan and Security Agreement as of the day and year first above written.

BORROWER:

AGILE THERAPEUTICS, INC.

Signature: /s/ Al Altomari

Print Name: Al Altomari

Title: President & CEO

Accepted in Palo Alto, California:

AGENT:

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

Signature: /s/ Ben Bang

Print Name: Ben Bang

Title: Associate General Counsel

LENDER:

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

Signature: /s/ Ben Bang

Print Name: Ben Bang

Title: Associate General Counsel

*[Signature Page to Loan and Security Agreement]*

Table of Exhibits and Schedules

Exhibit A:	Advance Request Attachment to Advance Request
Exhibit B:	Promissory Note
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Exhibit I:	Conversion Election Notice
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**EXHIBIT A**

**ADVANCE REQUEST**

To: Agent: Hercules Technology Growth Capital, Inc. (the "Agent") Date: , 2015  
 400 Hamilton Avenue, Suite 310  
 Palo Alto, CA 94301  
 Facsimile: 650-473-9194  
 Attn:

Agile Therapeutics, Inc. ("Borrower") hereby requests from Hercules Technology Growth Capital, Inc. ("Lender") an Advance in the amount of Dollars (\$) on , (the "Advance Date") pursuant to the Loan and Security Agreement among Borrower, Agent and Lender (the "Agreement"). Capitalized words and other terms used but not otherwise defined herein are used with the same meanings as defined in the Agreement.

Please:

(a) Issue a check payable to Borrower o

or

(b) Wire Funds to Borrower's account o

Bank:  
 Address:

ABA Number:  
 Account Number:  
 Account Name:

Borrower represents that the conditions precedent to the Advance set forth in the Agreement are satisfied and shall be satisfied upon the making of such Advance, including but not limited to: (i) that no event that has had or could reasonably be expected to have a Material Adverse Effect has occurred and is continuing; (ii) that the representations and warranties set forth in the Agreement and in the Warrant are and shall be true and correct in all material respects on and as of the Advance Date with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date; (iii) that Borrower is in compliance with all the terms and provisions set forth in each Loan Document on its part to be observed or performed; and (iv) that as of the Advance Date, no fact or condition exists that would (or would, with the passage of time, the giving of notice, or both) constitute an Event of Default under the Loan Documents. Borrower understands and acknowledges that Agent has the right to review the financial information supporting this

representation and, based upon such review in its sole discretion, Lender may decline to fund the requested Advance.

Borrower hereby represents that Borrower's corporate status and locations have not changed since the date of the Agreement or, if the Attachment to this Advance Request is completed, are as set forth in the Attachment to this Advance Request.

Borrower agrees to notify Agent promptly before the funding of the Loan if any of the matters which have been represented above shall not be true and correct on the Borrowing Date and if Agent has received no such notice before the Advance Date then the statements set forth above shall be deemed to have been made and shall be deemed to be true and correct as of the Advance Date.

Executed as of , 2015.



SIGNATURE: \_\_\_\_\_  
TITLE: \_\_\_\_\_  
PRINT NAME: \_\_\_\_\_

**ATTACHMENT TO ADVANCE REQUEST**

Dated: \_\_\_\_\_

Borrower hereby represents and warrants to Agent that Borrower’s current name and organizational status is as follows:

Name: Agile Therapeutics, Inc.  
Type of organization: Corporation  
State of organization: Delaware  
Organization file number:

Borrower hereby represents and warrants to Agent that the street addresses, cities, states and postal codes of its current locations are as follows:

**EXHIBIT B**

**PROMISSORY NOTE**

\$[ ],000,000 Advance Date: , 20[ ]  
Maturity Date: , 20[ ]

FOR VALUE RECEIVED, Agile Therapeutics, Inc., a Delaware corporation (the “Borrower”) hereby promises to pay to the order of Hercules Technology Growth Capital, Inc., a Maryland corporation or the holder of this Note (the “Lender”) at 400 Hamilton Avenue, Suite 310, Palo Alto, CA 94301 or such other place of payment as the holder of this Secured Term Promissory Note (this “Promissory Note”) may specify from time to time in writing, in lawful money of the United States of America, the principal amount of [ ] Million Dollars (\$[ ],000,000) or such other principal amount as Lender has advanced to Borrower, together with interest at a floating rate equal to the greater of either (a) nine percent (9.0%), or (b) the sum of (i) nine percent (9.0%), plus (ii) the Prime Rate minus four and one quarter of one percent (4.25%), per annum based upon a year consisting of 360 days, with interest computed daily based on the actual number of days in each month.

This Promissory Note is the Note referred to in, and is executed and delivered in connection with, that certain Loan and Security Agreement dated February 24, 2015, by and among Borrower, Hercules Technology Growth Capital, Inc., a Maryland corporation (the “Agent”) and the several banks and other financial institutions or entities from time to time party thereto as lender (as the same may from time to time be amended, modified or supplemented in accordance with its terms, the “Loan Agreement”), and is entitled to the benefit and security of the Loan Agreement and the other Loan Documents (as defined in the Loan Agreement), to which reference is made for a statement of all of the terms and conditions thereof. All payments shall be made in accordance with the Loan Agreement. All payments shall be made in accordance with the Loan Agreement, including the right of Borrower to pay a portion of the amounts due and owing under this Promissory Note in shares of Common Stock in accordance with, and subject to the limitations set forth in, Section 2.1(e) of the Loan Agreement (including the requirement that any shares of Common Stock issuable by Borrower upon conversion of this Note are subject to an effective resale registration statement or are eligible for resale to the public pursuant to Rule 144 without any limitation). All terms defined in the Loan Agreement shall have the same definitions when used herein, unless otherwise defined herein. An Event of Default under the Loan Agreement shall constitute a default under this Promissory Note.

Borrower waives presentment and demand for payment, notice of dishonor, protest and notice of protest under the UCC or any applicable law. Borrower agrees to make all payments under this Promissory Note without setoff, recoupment or deduction and regardless of any counterclaim or defense. This Promissory Note has been negotiated and delivered to Lender and is payable in the State of New York. This Promissory Note shall be governed by and construed and enforced in accordance with, the laws of the State of New York, excluding any conflicts of law rules or principles that would cause the application of the laws of any other jurisdiction.

BORROWER FOR ITSELF AND  
ON BEHALF OF ITS SUBSIDIARIES:

AGILE THERAPEUTICS, INC.

By:  
Title:

**EXHIBIT C**

**NAME, LOCATIONS, AND OTHER INFORMATION FOR BORROWER**

1. Borrower represents and warrants to Agent that Borrower’s current name and organizational status as of the Closing Date is as follows:

Name: Agile Therapeutics, Inc.  
Type of organization: Corporation  
State of organization: Delaware  
Organization file number: 2829324

2. Borrower represents and warrants to Agent that for five (5) years prior to the Closing Date, Borrower did not do business under any other name or organization or form except the following:

Name: Agile Therapeutics, Inc.  
Used during dates of: 2001-Present  
Type of Organization: Delaware corporation  
State of organization: DE  
Organization file Number: 2829324  
Borrower’s fiscal year ends on December 31  
Borrower’s federal employer tax identification number is: 23-2936302

3. Borrower represents and warrants to Agent that its chief executive office is located at 101 Poor Farm Road, Princeton, NJ 08540.

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**EXHIBIT D**

**BORROWER’S PATENTS, TRADEMARKS, COPYRIGHTS AND LICENSES**

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**EXHIBIT E**

**BORROWER’S DEPOSIT ACCOUNTS AND INVESTMENT ACCOUNTS**

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**EXHIBIT F**

**COMPLIANCE CERTIFICATE**

Hercules Technology Growth Capital, Inc.  
400 Hamilton Avenue, Suite 310  
Palo Alto, CA 94301

Reference is made to that certain Loan and Security Agreement dated February 24, 2015 and all ancillary documents entered into in connection with such Loan and Security Agreement all as may be amended from time to time, (hereinafter referred to collectively as the “Loan Agreement”) by and among Hercules Technology Growth Capital, Inc., the several banks and other financial institutions or entities from time to time party thereto (collectively, the “Lender”) and Hercules Technology Growth Capital, Inc., as agent for Lender (the “Agent”) and Agile Therapeutics, Inc. (the “Borrower”) as Borrower. All capitalized terms not defined herein shall have the same meaning as defined in the Loan Agreement.

The undersigned is an Officer of Borrower, knowledgeable of all Borrower financial matters, and is authorized to provide certification of information regarding Borrower; hereby certifies that in accordance with the terms and conditions of the Loan Agreement, Borrower is in compliance for the period ending \_\_\_\_\_ of all covenants, conditions and terms and hereby reaffirms that all representations and warranties contained therein are true and correct on and as of the date of this Compliance Certificate with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date, after giving effect in all cases to any standard(s) of materiality contained in the Loan Agreement as to such representations and warranties. Attached are the required documents supporting the above certification. The undersigned further certifies that these are prepared in accordance with GAAP (except for the absence of footnotes with respect to unaudited financial statement and subject to normal year end adjustments) and are consistent from one period to the next except as explained below.

<b>REPORTING REQUIREMENT</b>	<b>REQUIRED</b>	<b>CHECK IF ATTACHED</b>
Interim Financial Statements	Monthly within 30 days	
Interim Financial Statements	Quarterly within 30 days	
Audited Financial Statements	FYE within 150 days	

Very Truly Yours,

AGILE THERAPEUTICS, INC.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

**EXHIBIT G**

**FORM OF JOINDER AGREEMENT**

This Joinder Agreement (the "Joinder Agreement") is made and dated as of [ ], 20[ ], and is entered into by and between , a corporation ("Subsidiary"), and HERCULES TECHNOLOGY GROWTH CAPITAL, INC., a Maryland corporation (as "Agent").

**RECITALS**

A. Subsidiary's Affiliate, Agile Therapeutics, Inc. ("Borrower") [has entered/desires to enter] into that certain Loan and Security Agreement dated February 24, 2015, with the several banks and other financial institutions or entities from time to time party thereto as lender (collectively, the "Lender") and Agent, as such agreement may be amended (the "Loan Agreement"), together with the other agreements executed and delivered in connection therewith;

B. Subsidiary acknowledges and agrees that it will benefit both directly and indirectly from Borrower's execution of the Loan Agreement and the other agreements executed and delivered in connection therewith;

**AGREEMENT**

NOW THEREFORE, Subsidiary and Agent agree as follows:

1. The recitals set forth above are incorporated into and made part of this Joinder Agreement. Capitalized terms not defined herein shall have the meaning provided in the Loan Agreement.
2. By signing this Joinder Agreement, Subsidiary shall be bound by the terms and conditions of the Loan Agreement the same as if it were the Borrower (as defined in the Loan Agreement) under the Loan Agreement, mutatis mutandis, provided however, that (a) with respect to (i) Section 5.1 of the Loan Agreement, Subsidiary represents that it is an entity duly organized, legally existing and in good standing under the laws of [ ], (b) neither Agent nor Lender shall have any duties, responsibilities or obligations to Subsidiary arising under or related to the Loan Agreement or the other agreements executed and delivered in connection therewith, (c) that if Subsidiary is covered by Borrower's insurance, Subsidiary shall not be required to maintain separate insurance or comply with the provisions of Sections 6.1 and 6.2 of the Loan Agreement, and (d) that as long as Borrower satisfies the requirements of Section 7.1 of the Loan Agreement, Subsidiary shall not have to provide Agent separate Financial Statements. To the extent that Agent or Lender has any duties, responsibilities or obligations arising under or related to the Loan Agreement or the other agreements executed and delivered in connection therewith, those duties, responsibilities or obligations shall flow only to Borrower and not to Subsidiary or any other Person or entity. By way of example (and not an exclusive list): (i) Agent's providing notice to Borrower in accordance with the Loan Agreement or as otherwise agreed among Borrower, Agent and Lender shall be deemed provided to Subsidiary; (ii) a Lender's providing an Advance to Borrower shall be deemed an Advance to Subsidiary; and (iii) Subsidiary shall have no right to request an Advance or make any other demand on Lender.
3. Subsidiary agrees not to certificate its equity securities without Agent's prior written consent, which consent may be conditioned on the delivery of such equity securities to Agent in order to perfect Agent's security interest in such equity securities.

4. Subsidiary acknowledges that it benefits, both directly and indirectly, from the Loan Agreement, and hereby waives, for itself and on behalf on any and all successors in interest (including without limitation any assignee for the benefit of creditors, receiver, bankruptcy trustee or itself as debtor-in-possession under any bankruptcy proceeding) to the fullest extent provided by law, any and all claims, rights or defenses to the enforcement of this Joinder Agreement on the basis that (a) it failed to receive adequate consideration for the execution and delivery of this Joinder Agreement or (b) its obligations under this Joinder Agreement are avoidable as a fraudulent conveyance.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

[SIGNATURE PAGE TO JOINDER AGREEMENT]

SUBSIDIARY:

By:  
Name:

Title:  
Address:

Telephone:  
Facsimile:

AGENT:

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Address:  
400 Hamilton Ave., Suite 310  
Palo Alto, CA 94301  
Facsimile: 650-473-9194  
Telephone: 650-289-3060

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**EXHIBIT H**

**ACH DEBIT AUTHORIZATION AGREEMENT**

Hercules Technology Growth Capital, Inc.  
400 Hamilton Avenue, Suite 310  
Palo Alto, CA 94301

Re: Loan and Security Agreement dated \_\_\_\_\_ (the "Agreement") by and among Agile Therapeutics, Inc. ("Borrower") and Hercules Technology Growth Capital, Inc., as agent ("Agent") and the lenders party thereto (collectively, the "Lender")

In connection with the above referenced Agreement, Borrower hereby authorizes Agent to initiate debit entries for (i) the periodic payments due under the Agreement and (ii) out-of-pocket legal fees and costs incurred by Agent or Lender pursuant to Section 11.11 of the Agreement to Borrower's account indicated below. Borrower authorizes the depository institution named below to debit to such account.

DEPOSITORY NAME	BRANCH
CITY	STATE AND ZIP CODE
TRANSIT/ABA NUMBER	ACCOUNT NUMBER

This authority will remain in full force and effect so long as any amounts are due under the Agreement.

AGILE THERAPEUTICS, INC.

\_\_\_\_\_  
(Borrower)(Please Print)

By: \_\_\_\_\_

Date: \_\_\_\_\_

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**EXHIBIT I**

**CONVERSION ELECTION NOTICE**

[INSERT DATE]

Hercules Technology Growth Capital, Inc., as agent  
400 Hamilton Avenue, Suite 310  
Palo Alto, CA 94301

Reference is made to that certain Loan and Security Agreement dated February 24, 2015 and all ancillary documents entered into in connection with such Loan and Security Agreement all as may be amended from time to time, (hereinafter referred to collectively as the "Loan Agreement") between

Hercules Technology Growth Capital, Inc., agent, the lenders party thereto and Agile Therapeutics, Inc. (the "Borrower") as Borrower. All capitalized terms not defined herein shall have the same meaning as defined in the Loan Agreement.

Borrower hereby irrevocably elects to make the Principal Installment Payment in the amount of \$ \_\_\_\_\_ due on [ \_\_\_\_\_ ] (the "Delivery Date") in shares of Common Stock in accordance with Section 2.1(e) of the Loan Agreement.(1) The number of shares of Common Stock to be delivered to Lender, on or prior to the Delivery Date, is [ \_\_\_\_\_ ], which amount was determined in accordance with Section 2.1(e) of the Loan Agreement. The stock certificates shall be delivered free and clear of any restrictive legends.

Borrower hereby represents, warrants and certifies to Lender that, as of the date hereof, all of the Conversion Conditions have been satisfied. Borrower acknowledges and agrees that its right to pay the Principal Installment Payment in Common Stock in accordance with this Conversion Election Notice is subject to the satisfaction of all of the Conversion Conditions on the Delivery Date and, to the extent any of the Conversion Conditions are not satisfied on the Delivery Date, Borrower shall pay the Principal Installment Payment in cash.

Sincerely,

AGILE THERAPEUTICS, INC.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

(1) Note: In accordance with Section 2.1(e) of the Loan Agreement, the Delivery Date must be at least 5 days following the date of delivery of this Conversion Election Notice.

SCHEDULE 1.1

COMMITMENTS

<u>LENDER</u>	<u>TERM COMMITMENT</u>
HERCULES TECHNOLOGY GROWTH CAPITAL, INC.	\$ 25,000,000
TOTAL COMMITMENTS	\$ 25,000,000

**AGILE THERAPEUTICS, INC.**  
**101 POOR FARM ROAD**  
**PRINCETON, NEW JERSEY 08540**

February 24, 2015

Hercules Technology Growth Capital, Inc.  
 400 Hamilton Avenue, Suite 310  
 Palo Alto, California 94301

Attention: Mr. Manuel A. Henriquez

Ladies and Gentlemen:

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Agile Therapeutics, Inc., a Delaware corporation (the "Company"), the Company hereby grants to Hercules Technology Growth Capital, Inc., a Maryland corporation, in its capacity under and pursuant to the Loan Agreement (as defined below) as administrative agent for itself and the Lender (as defined in the Loan Agreement) ("Hercules"), the right to participate in and/or designate one or more of its affiliates (Hercules, together with such affiliates, collectively, "Hercules Purchasers") to participate in any one or more Subsequent Financings (as defined below) selected by Hercules in its sole discretion by permitting all Hercules Purchasers who participate in such Subsequent Financings to purchase up to a maximum aggregate (for all Subsequent Financings) of \$2,000,000.00 of Subsequent Financing Securities (as defined below) therein. Hercules Purchasers shall have no obligation to purchase Subsequent Financing Securities. Each Hercules Purchaser acquiring Subsequent Financing Securities in a Subsequent Financing shall be an "accredited investor" as defined in Regulation D promulgated under the Securities Act of 1933, as amended (the "Act").

As used herein:

"Subsequent Financing" means each sale and issuance by the Company on or after the date hereof, in a single transactions or series of related transactions, of shares of its common stock, convertible preferred stock or other equity securities of the Company, whether or not currently authorized (or instruments exercisable for or convertible into shares of common stock, convertible preferred stock or other equity securities of the Company), to one or more investors for cash for financing purposes in an offering that is broadly marketed to multiple investors, other than a sale effected pursuant to an effective registration statement under the Act.

"Subsequent Financing Securities" means, with respect to any Subsequent Financing, the class and series of common stock, convertible preferred stock or other equity security of the Company, whether or not currently authorized (or instruments exercisable for or convertible into

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shares of common stock, convertible preferred stock or other equity securities of the Company), sold and issued by the Company to the investor purchasers in such Subsequent Financing.

"Warrant" means that certain Warrant Agreement, dated as of the date hereof, between the Company and Hercules.

The purchase by each Hercules Purchaser of Subsequent Financing Securities in any Subsequent Financing shall be made, subject to the provisions of this letter agreement (and subject to Hercules' rights set forth in the Loan Agreement (as defined below)), upon the same terms and conditions (including, without limitation, price) as purchases by the other investor purchasers of Subsequent Financing Securities therein, and each such Hercules Purchaser shall execute the definitive stock or securities purchase agreement, investor rights agreement, stockholders agreement, voting agreement and other agreements and documents (collectively, the "Operative Documents") executed by such other investor purchasers in connection with such Subsequent Financing. As used herein, "Loan Agreement" means that certain Loan and Security Agreement of even date herewith between the Company and Hercules in its capacity as administrative agent for itself and the Lenders as defined therein, as amended and/or restated and in effect from time to time.

The Company shall give Hercules not less than fifteen (15) days written notice prior to the anticipated closing of each Subsequent Financing summarizing the principal terms and conditions of such Subsequent Financing (including, without limitation, price), and shall provide such drafts and definitive copies of the Operative Documents and other documents and information in connection with such Subsequent Financing as are provided to the other investor purchasers or prospective investor purchasers of Subsequent Financing Securities therein. Any Hercules Purchaser may exercise its purchase rights hereunder by delivering written notice thereof to the Company no later than the later to occur of (i) five (5) days prior to such anticipated closing, and (ii) ten (10) days after Hercules' actual receipt of such Company notice. The Operative Documents and other materials and information provided by the Company to Hercules Purchasers in connection with each Subsequent Financing shall be held and treated by each such Hercules Purchaser in confidence in accordance with the provisions of Section 11.12 of the Loan Agreement. All notices and other communications from the Company to Hercules hereunder shall be given in accordance with the requirements of the notice provisions set forth in the Loan Agreement.

This Agreement, and all rights and obligations hereunder, shall terminate upon the earlier of (a) the purchase of an aggregate of \$2,000,000.00 of Subsequent Financing Securities by the Hercules Purchasers, and (b) the later of the following: (i) the repayment of all indebtedness under the Loan Agreement, or (ii) the exercise in full of the Warrant or the expiration or termination of the exercise period for the Warrant.

*[Remainder of page left blank intentionally]*

Very truly yours,

AGILE THERAPEUTICS, INC.

By: /s/ Al Altomari  
Name: Al Altomari  
Title: President & Chief Executive Officer

Acknowledged and agreed to:

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

By: /s/ Christine Fera  
Name: Christine Fera  
Its: Director of Contract Originations

[Signature page to Right to Invest Letter]

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## Agile Therapeutics Secures Debt Facility from Hercules Technology Growth Capital of Up to \$25.0 Million and Provides Update on Status of Clinical Trial

**PRINCETON, New Jersey, February 24, 2015** - Agile Therapeutics, Inc. (Nasdaq:AGRX), a women's health specialty pharmaceutical company focused on the development and commercialization of new prescription contraceptive products, announced today that it has entered into a loan and security agreement with Hercules Technology Growth Capital, Inc. for a term loan of up to \$25.0 million.

"This strategic debt refinancing, coupled with our recently announced equity financing that resulted in \$20 million in gross proceeds, increases our balance sheet strength and ensures that we are well positioned for executing on our strategy," stated Al Altomari, President and Chief Executive Officer of Agile. Mr. Altomari continued, "we expect that our existing estimated cash on hand as of December 31, 2015, the net proceeds from our recent equity offering and the net proceeds and interest-only period associated with the first tranche of our debt facility will allow us to fund our operations through the end of 2016. We are pleased to have the support from Hercules, which is a highly recognized leader in growth financing."

A first tranche of \$16.5 million was funded upon execution of the loan agreement, approximately \$15.5 million of which will be used to repay Agile's existing term loan facility and the remainder, after closing costs, will provide additional working capital for general corporate purposes. Agile is permitted to make interest only payments on the loan until July 1, 2016, which period may be extended under certain circumstances. Under the terms of the loan agreement, Agile may, but is not obligated to, draw an additional tranche of up to \$8.5 million prior to July 1, 2016, subject to the achievement of certain clinical milestones, which may be extended to December 31, 2016 under certain circumstances.

In connection with the loan agreement, Agile issued Hercules a warrant to purchase 180,274 shares of Agile common stock at an exercise price of \$5.89 per share and granted Hercules the right to participate in future equity financings in an amount up to \$2 million while the loan and warrant are outstanding.

Armentum Partners served as advisor to the Company for this financing. Armentum has advised on more than 40 debt or royalty transactions in the past 12 months representing roughly \$1 billion in committed capital.

Further information with respect to these agreements with Hercules is contained in a Current Report on Form 8-K which will be filed by Agile with the Securities and Exchange Commission.

The Company is also providing an update on the status of its Phase 3 SECURE Study, a single-arm, open-label, multicenter Phase 3 trial that will assess the efficacy, safety and tolerability of the its investigational once-weekly transdermal contraceptive patch, Twirla® (AG200-15). While the patient recruitment process continues to progress, enrollment in recent weeks has been slower than previously anticipated. The Company now expects to complete enrollment in the third quarter of 2015. "We are pleased with the significant progress that has been made in the clinic so far" said Al Altomari. He continued, "we have a rigorous patient selection process in place that comprises several important steps from screening to enrollment. We have also implemented measures to optimize patient compliance and continuation in the study. As we work toward completing enrollment of our SECURE study, we will continue to remain focused on identifying qualified patients and maintaining close oversight of the trial."

### About Hercules Technology Growth Capital, Inc.

Hercules Technology Growth Capital, Inc. (NYSE: HTGC) is the leading specialty finance company focused on providing senior secured loans to venture capital-backed companies in technology-related industries, including technology, biotechnology, life science, and energy and renewables technology industries, at all stages of

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development. Since inception (December 2003), Hercules has committed more than \$4.6 billion to over 300 companies and is the lender of choice for entrepreneurs and venture capital firms seeking growth capital financing. Companies interested in learning more about financing opportunities should contact [info@htgc.com](mailto:info@htgc.com), or call 650.289.3060

### About Agile Therapeutics, Inc.

Agile Therapeutics is a women's health specialty pharmaceutical company focused on the development and commercialization of new prescription contraceptive products. Our product candidates are designed to provide women with contraceptive options that offer greater convenience and facilitate compliance. Our lead product candidate, Twirla®, (ethinyl estradiol and levonorgestrel transdermal system), also known as AG200-15, is a once-weekly prescription contraceptive patch currently in Phase 3 clinical development. Twirla is based on our proprietary transdermal patch technology, called Skinfusion®, which is designed to provide advantages over currently available patches and is intended to optimize patch adherence and patient acceptability. For more information, please visit the company website at [www.agiletherapeutics.com](http://www.agiletherapeutics.com). The company may occasionally disseminate material, nonpublic information on the company website.

### Forward-Looking Statement

Certain information contained in this press release includes "forward-looking statements" related to the Company's timeline for clinical trials and potential market opportunity for its product candidates. We may, in some cases use terms such as "predicts," "believes," "potential," "continue," "anticipates," "estimates," "expects," "plans," "intends," "may," "could," "might," "will," "should" or other words that convey uncertainty of the future events or outcomes to identify these forward-looking statements. Our forward-looking statements are based on current expectations that involve risks, potential changes in circumstances, assumptions and uncertainties. Any or all of the forward-looking statements may turn out to be wrong, or be affected by inaccurate assumptions we might make or by known or unknown risks and uncertainties. For example, our statements about the timing and conduct of our clinical trial could be affected by the potential that we experience difficulty in identifying and initiating sites and enrolling subjects, we identify serious side effects or other safety issues, we do not have clinical supply of our product candidate that is adequate in amount and quality and supplied in a timely fashion, and the inherent risks of clinical development; our statements about the potential commercial opportunity could be affected by the potential that our product does not receive regulatory approval, does not receive reimbursement by third party payors, or a commercial market for the product does not develop because of any of the risks inherent in the commercialization of contraceptive products. For all these reasons, actual results and developments could be materially different from those expressed in or implied by our forward-looking statements. All forward looking statements are subject to risks detailed in our filings with the U.S. Securities and Exchange Commission, including the Company's Registration Statement on Form S-1 and the prospectus filed in connection therewith and our



Reports on Form 10-Q. You are cautioned not to place undue reliance on these forward-looking statements, which are made only as of the date of this press release. We undertake no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances.

Source Agile Therapeutics

Contact: Mary Coleman 609-356-1921

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# Agile Therapeutics

## Progress and Results

Agile<sup>®</sup>  
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# Forward-Looking Statement

Certain information contained in this presentation and other matters discussed today or answers that may be given in response to questions may include "forward-looking statements". We may, in some cases, use terms such as "predicts," "believes," "potential," "continue," "estimates," "anticipates," "expects," "plans," "intends," "may," "could," "might," "will," "should" or other words that convey uncertainty of future events or outcomes to identify these forward-looking statements. In particular, the Company's statements regarding trends and potential future results are examples of such forward-looking statements. The forward-looking statements are subject to important factors, risks and uncertainties, including, but not limited to, the success, timing and cost of our ongoing clinical trials and anticipated clinical trials for our current product candidates, including statements regarding the timing of initiation, enrollment and completion of the trials; the timing of and our ability to obtain and maintain U.S. Food and Drug Administration or other regulatory authority approval of, or other action with respect to, our product candidates; the Company's ability to obtain the capital necessary to fund its operations; the Company's ability to generate revenues; the successful implementation of the Company's research and development programs and collaborations; the acceptance by the market of the Company's products; the Company's ability to successfully defend its intellectual property or obtain the necessary licenses at a cost acceptable to the Company, if at all; and other factors, including general economic conditions and regulatory developments, not within the Company's control. These factors could cause actual results and developments to be materially different from those expressed in or implied by such statements. The forward-looking statements are made only as of the date of this presentation and the Company undertakes no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstance.

## Agile Investment Thesis

### Significant Market Opportunity

- **\$4.1 Billion US market for combined hormonal contraceptives (CHC)**
- **Twirla will be the only low dose CHC patch**

### Twirla<sup>®</sup> is a Late-Stage Asset That We Continue to De-risk

- **One successful Pre-approval Inspection (PAI) completed**
- **Pharmacokinetic profile confirms low estrogen dose**
- **Significant clinical experience in over 1,500 women that showed favorable safety and tolerability**

### Agile has Generated Significant Momentum

- **Confirmatory Phase 3 trial initiated**
- **Continued market development and commercial launch planning**
- **Additional products in development**
- **7 patents, expected protection to 2028**
- **Continuing to expand intellectual property portfolio**

Large Market Opportunity

# Contraceptive Market is a Significant Opportunity

Total US Contraceptive Market  
\$5.5 Billion



\*EC = Emergency Contraception

Source: IMS NSP, retail + non-retail through Sep 2014

Loestrin is a registered trademark of Actavis, Nuvaring is a registered trademark of Merck, Evra is a registered trademark of Johnson & Johnson

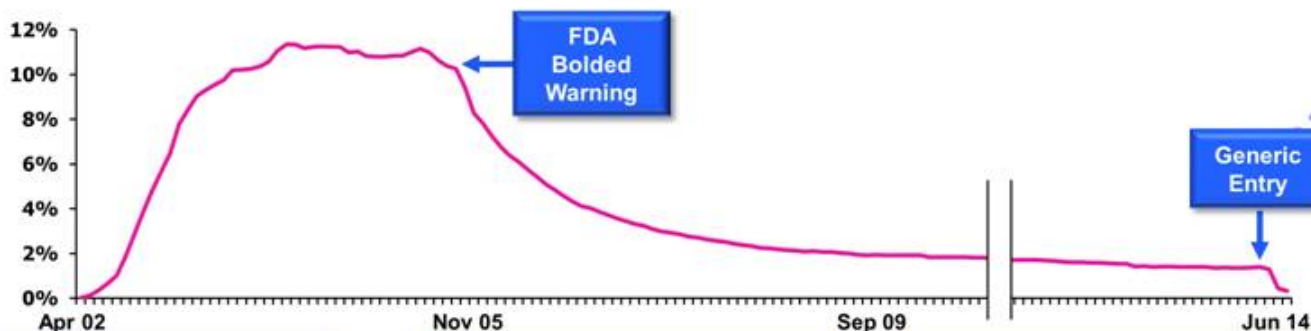
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Validated Market

## Ortho Evra Patch was the Most Successful Contraceptive Launch

Identification of higher than expected EE levels led to significant market share decline



### Meteoric Rise

- Most successful contraceptive launch in history
- Reached TRx share of 11% and nearly \$400 million in annual sales
- Labeled as 20ug/day EE

### Precipitous fall

- Thromboembolic events (VTEs) reported to FDA
- Studies showed EE levels higher than 20µg/day (~56µg/day)
- Bolded warning added to Evra label in Nov 2005
- Johnson & Johnson stopped active promotion

### Generic Entry

- Mylan launched Xulane (generic equivalent to Evra) April 2014
- Total patch share of the market remains at 1.5% of TRx

Sources: IMS NPA and NSP, Sept 2014

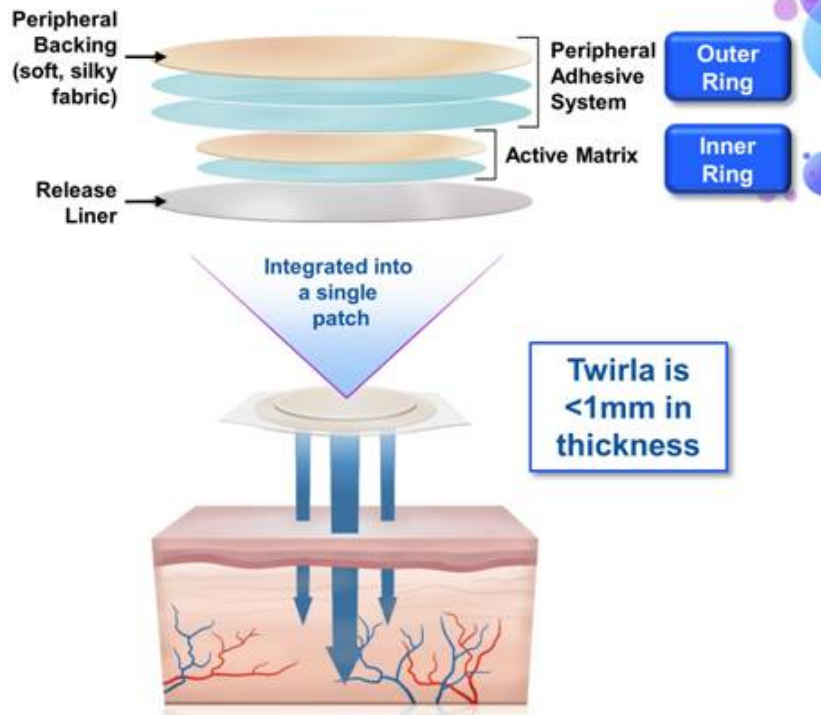
Ortho Evra Package Insert and van den Heuvel, Contraception 2005;72:168-174

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# Twirla® will be the Only Low-Dose Contraceptive Patch

- Contains the active ingredients levonorgestrel (LNG) and ethinyl estradiol (EE), which have over 25 years of history of use in contraceptives
  - LNG is used as a standard for comparison of VTE risk among progestins
  - EE is the synthetic estrogen in most currently marketed contraceptives
- Agile's proprietary Skinfusion® technology provides hormone delivery in an appealing form



Agile®  
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# How Would Women use Twirla?

- **Well-established 21/7 regimen**
  - Women apply a patch once-a-week for three weeks followed by a 4th week without a patch
- **Can be applied to abdomen, buttock, or upper torso**

SUN	MON	TUE	WED	THU	FRI	SAT
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

Diagram illustrating the 21/7 regimen: Patch 1 (SUN 1 - SAT 7), Patch 2 (MON 8 - SUN 14), Patch 3 (MON 15 - SUN 21), 7 days no patch (MON 22 - SUN 28), and Patch 1 (MON 29 - SUN 31).



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Source: Data on File, Agile Therapeutics

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Extensive  
Experience

## Twirla Product Development Summary

- ✓ Completed Phase 2 and 3 studies have enrolled over 2,100 women
  - Over 1,500 women have received Twirla
  - 485 women have received Twirla for 12 months

### Results from prior studies have shown:

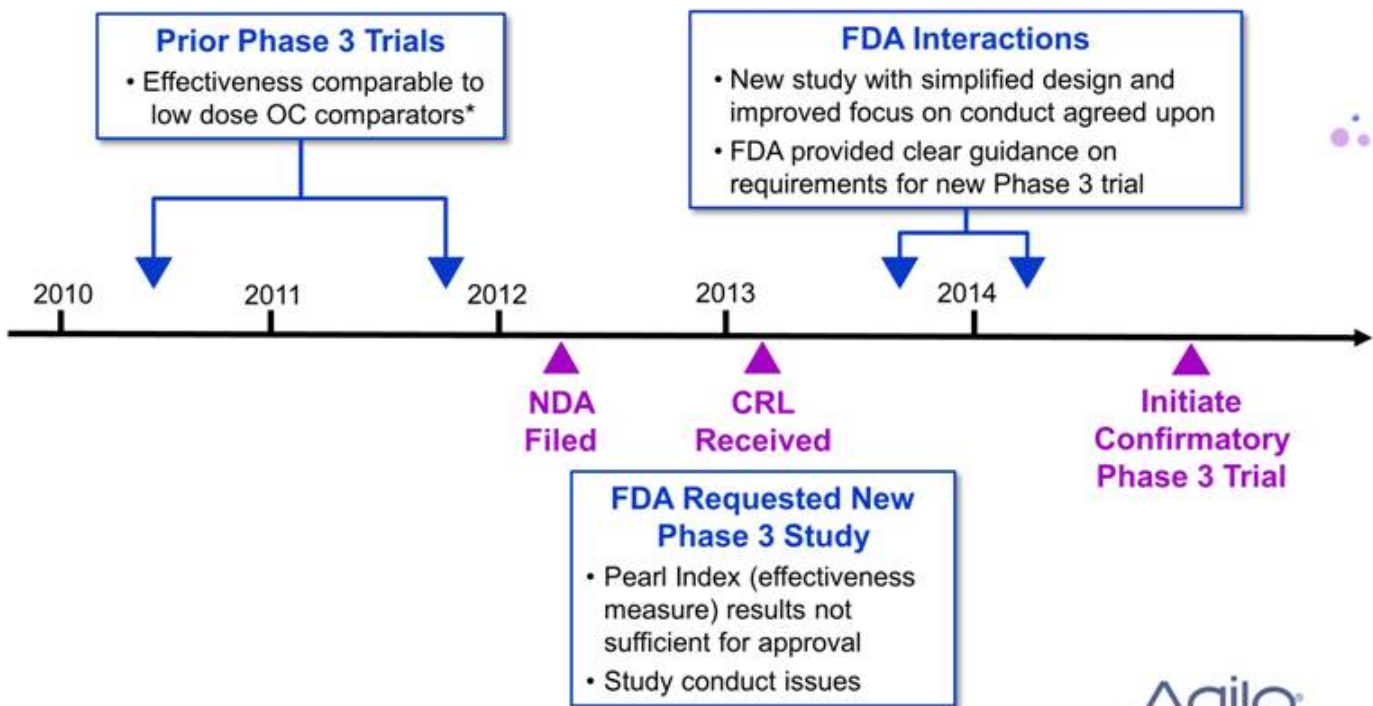
- ✓ Pharmacokinetic profile is consistent with a low-dose contraceptive\*
- ✓ Twirla was well-tolerated with low rate of estrogen-associated adverse events\*\*
- ✓ The Skinfusion technology performed well with daily activities and conditions, including showering, exercise, swimming, and heat/humidity
- ✓ Effectiveness in prior Phase 3 studies generally comparable to approved low-dose oral contraceptive (OC) comparators\*\*

\*Archer DF, et al, Contraception 2012 Jun;85(6):595-601  
 \*\*Kaunitz A, et al, Obstetrics and Gynecology 2014 Feb;123(2):1-10

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# Twirla Regulatory Interactions and Clear Path Forward



\*Pooled data from 2 clinical trials, CL-12 and CL-13. Data on File, Agile Therapeutics, CRL response to FDA, Aug 2013



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## Impact of New Users and Minorities on Twirla Pearl Index

- The Pearl Index (PI) is the primary measure of effectiveness for contraceptives
  - The highest approved PI in the US is 3.2, and the highest approved upper bound of the 95% confidence interval is ~5.0
- We believe clinical results were affected by study conduct issues at several sites, including rapid enrollment, high discontinuation and loss to follow-up rates
  - 36% of on-drug pregnancies reported at 4 of 96 sites\*
- Study population comprised high proportion of new users of hormonal contraception and minorities who are known to be at higher risk of non-compliance and pregnancy\*\*

Twirla PI Stratified by New Users and Minority Subjects	
Current users <sup>a</sup>	0.0
Experienced users <sup>b</sup>	3.0
New users <sup>c</sup>	8.7
Black subjects who were new users	16.0

(a) Current users = subjects who used a hormonal contraceptive within seven days of enrollment  
 (b) Experienced users = recent (used a hormonal contraceptive within 6 months of enrollment) and current users  
 (c) New users = never used hormonal contraception (HC) or had not used HC in the 6 months prior to enrollment

\*These 4 sites represented 15% of the randomized subject population

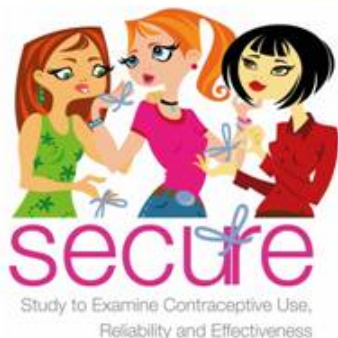
\*\*Hatcher, et al. Contraceptive Technology 20<sup>th</sup> Ed, 2011, page 50 and Pooled data from 2 clinical trials, CL-12 and CL-13. Data on File, Agile Therapeutics, CRL response to FDA, Aug 2013



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## New Phase 3 Confirmatory Trial Initiated

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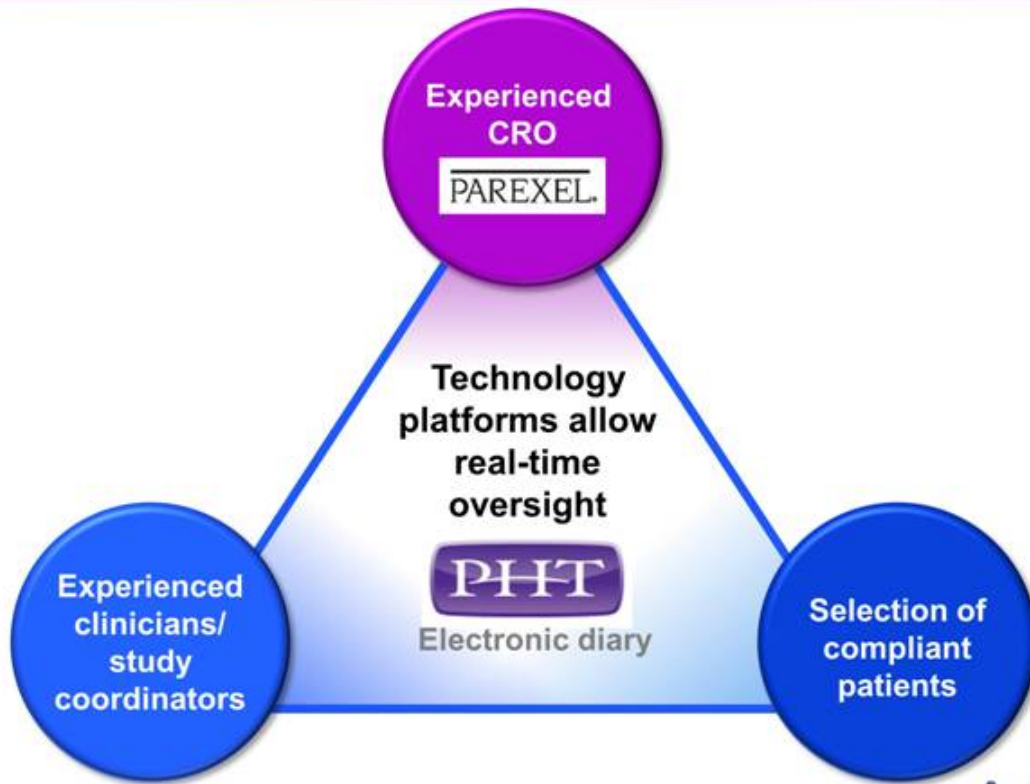
### Simplified Study Design:

- Single-arm, open-label study
- ~2,100 subjects treated for up to 1 year

- Two Investigator meetings conducted
- 74 experienced sites selected and trained
- Subject screening, eDiary run-in commenced Sep 2014
- Active treatment phase ongoing



# Why We Think the SECURE Study Will Be Successful



Agile<sup>®</sup>  
THERAPEUTICS

# secure Materials to Aid Compliance

Agile<sup>®</sup>  
THERAPEUTICS

Brands Dominate

# The CHC Market is Dominated by Branded Products

**Pills**



**Ring**



**Patches**



**Combination Hormonal Contraceptive Market**  
**\$4.1 Billion**

twirla

AG200-ER  
AG200-SP

## 8 Brands account for ~ 50% of sales

Leading Brands	Form	2014 Sales* (\$Millions)
<b>Nuvaring</b> (Merck)	Ring	\$634
<b>Tri-Cyclen-Lo</b> (Johnson & Johnson)	Pill	\$481
<b>LoLoestrin</b> (Actavis/Warner Chilcott)	Pill	\$330
<b>Loestrin 24/Minestrin 24</b> (Actavis/Warner Chilcott)	Pill	\$285
<b>Beyaz</b> (Bayer)	Pill	\$110
<b>Ortho Evra</b> (Johnson & Johnson)	Patch	\$109
<b>Generess</b> (Actavis)	Pill	\$103
<b>Yaz</b> (Bayer)	Pill	\$51
<b>Total Sales</b>		<b>\$2.1 Billion</b>

\*Source: IMS sales retail + non-retail, MAT through Sept 2014  
Loestrin and Minestrin a registered trademarks of Actavis (formerly Warner-Chilcott), Ortho Evra and Tri-Cyclen are registered trademarks of J&J, Yaz is a registered trademark of Bayer, Nuvaring is a registered trademark of Merck

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Branded Potential

# Branded Contraceptives Continue to Take Aggressive Price Increases

## Avg. Price/Cycle for Branded Contraceptives (\$WAC)



Avg. Annual Price Increase	2006	2007	2008	2009	2010	2011	2012	2013	2014*
	12.2%	9.7%	10.3%	17.3%	13.5%	11.6%	7.7%	8.5%	11.3%

Source: Price Rx Select, as of Dec 2014. \*includes price increases which occurred through Dec 15, 2014  
Avg. Price/cycle calculation includes 13 leading branded contraceptive products. Xulane launch price \$95.12 Apr 2014.

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**Significant  
Potential**

# Twirla has Significant Peak Revenue Potential

**Revenue Potential for each Market Share Point is Significant**

$$\begin{matrix} \boxed{89.5 \text{ Million TRx} \\ \text{(Total Market, 2014)}} & \times & \boxed{\$100 \text{ per cycle} \\ \text{(Avg. WAC, 2014)}} & \times & \boxed{1.4 \text{ cycles/TRx} \\ \text{(Avg. Rx size, 2014)}} & \times & \boxed{1\%} = \boxed{\$126 \text{ Million} \\ & & & & & & \text{per 1\% TRx} \\ & & & & & & \text{share}} \end{matrix}$$

Twirla Annual Peak Sales Projection Based on Market Share Potential	
9% TRx Share (based on market research)	\$1,134 Million

Sources: IMS NPA Sept 2014 and Wolters Kluwer Price Rx Select, Dec 2014

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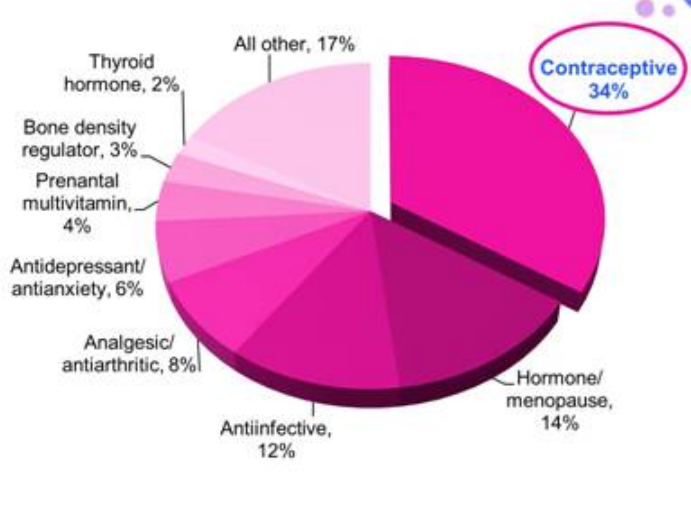
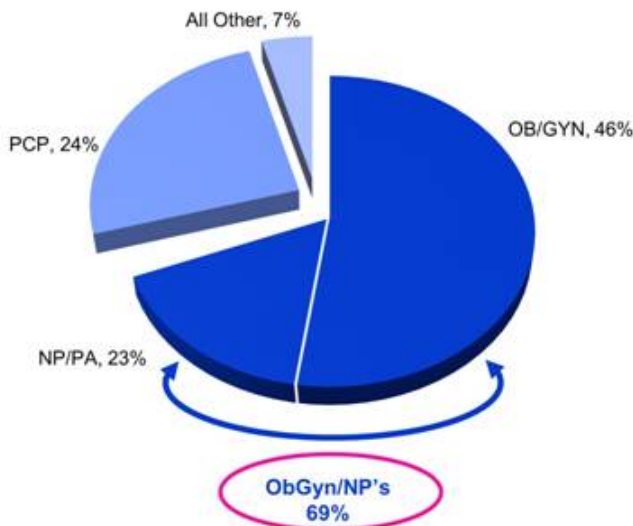
# ObGyn Focus on Contraceptives Allows for Small Sales Force of ~70 to 100 Reps

**ObGyns and NP/PAs Account for ~70% of U.S. Contraceptive Prescriptions**

**ObGyns and NP/PAs Prescribe Contraceptives More than any Other Therapy**

Contraceptive TRx Volume by Prescriber Type

ObGyn TRx Volume by Category








Source: IMS NPA, TRx Volume by Prescriber Type, 2013  
 Source: IMS NPA, TRX Volume by Category, 2010

## Agile Has Additional Products in Development

Product	Rationale	Development
<i>twirla</i>	<ul style="list-style-type: none"> <li>Standard contraceptive regimen</li> <li>Validated market opportunity</li> </ul>	<ul style="list-style-type: none"> <li>Currently in Phase 3</li> <li>CRL response planned</li> </ul>
<b>AG200-ER</b> Extended Cycle Regimen	<ul style="list-style-type: none"> <li><b>Fewer periods per year</b></li> <li>Potential advantage over OC regimens</li> </ul>	<ul style="list-style-type: none"> <li>No new product development required</li> <li>Potential to progress into Phase 3 in 2015</li> </ul>
<b>AG200-SP</b> Shortened Hormone-Free Interval (SHFI)	<ul style="list-style-type: none"> <li><b>Shorter, lighter periods</b></li> <li>Potential to improve contraceptive effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>Requires product development</li> <li>Potential to initiate Phase I in 2015</li> </ul>
<b>AG890</b> Progestin-Only Regimen	<ul style="list-style-type: none"> <li>Designed for women who are unable or unwilling to take estrogen</li> </ul>	<ul style="list-style-type: none"> <li>Initial Phase 1/2 trial conducted</li> <li>Additional product development required</li> </ul>

## Agile Exclusivity Strategies for Twirla

	Expected Hatch-Waxman exclusivity (3 years)
	7 issued patents to list in Orange Book <ul style="list-style-type: none"> <li>• Issued patents expire in 2021 (5) &amp; 2028 (2)</li> <li>• Additional patents under prosecution</li> </ul>
	Limited patch manufacturers <ul style="list-style-type: none"> <li>• Transdermal know-how</li> </ul>
	Specialized equipment
	Agile pipeline / line extensions

## Agile Corporate Accomplishments

- ✓ Feb 2014 Dan Shames, MD joined Scientific Advisory Board (SAB)  
*Former FDA Director, Division of Reproductive and Urologic Products/CDER*
- ✓ Mar 2014 William McKee appointed to Board of Directors  
*Former CFO, Barr Pharmaceuticals, LLC*
- ✓ May 2014 Completed initial public offering (IPO) for \$55 Million
- ✓ Jun 2014 Sixth U.S. patent granted on Skinfusion<sup>®</sup> transdermal technology – to list in Orange Book
- ✓ Jun 2014 Agile joins Russell Microcap<sup>®</sup> Index
- ✓ Jul 2014 Seventh U.S. patent - additional claims allowed for Skinfusion
- ✓ Aug 2014 **secure** clinical trial initiated
- ✓ Oct 2014 James Tursi, MD appointed to Board of Directors  
*Chief Medical Officer, Auxilium Pharmaceuticals*
- ✓ Nov 2014 John Hubbard, Ph.D. appointed to Board of Directors  
*Former Head of Development Operations, Pfizer, Inc.*
- ✓ Jan 2015 Completed Private Placement for \$20 Million

# Financial Profile

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## Background and Recent Financings

- Initial Public Offering (IPO)
  - Completed in May 2014
  - **\$55.0 Million** gross proceeds (~**\$49.7 Million** net proceeds)
- Private Placement
  - Completed in January 2015
  - **\$20.0 Million** gross proceeds (~**\$19.3 Million** net proceeds)
- Debt Facility of up to \$25.0 Million (Hercules Technology Growth Capital)
  - Completed in February 2015
  - **\$16.5 Million** funded at loan closing (primarily to repay prior debt)
- Balance Sheet Data
  - **\$45.7 Million** cash on hand at September 30, 2014
  - 18.6 Million common shares outstanding at September 30, 2014
  - 3.4 Million common shares issued in January 2015 Private Placement

# Development Milestones

Agile Milestones	2014		2015				2016			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Twirla Phase 3 Trial					1				2	3
Qualification of Commercial Manufacturing										4
AG200-ER/AG200-SP Program Design				5						

- 1 2H 2015: Expected completion of patient enrollment
- 2 2H 2016: Expected last patient, last visit
- 3 2H 2016: Potential submission of CRL response
- 4 2H 2016: Qualification of commercial manufacturing line
- 5 1H 2015: Select product regimen(s); potential to initiate development of pipeline product

# Agile Investment Thesis

## Significant Market Opportunity

- \$4.1 Billion US market for combined hormonal contraceptives (CHC)
- Twirla will be the only low dose CHC patch

## Twirla<sup>®</sup> is a Late-Stage Asset That We Continue to De-risk

- One successful Pre-approval Inspection (PAI) completed
- Pharmacokinetic profile confirms low estrogen dose
- Significant clinical experience in over 1,500 women that showed favorable safety and tolerability

## Agile has Generated Significant Momentum

- Confirmatory Phase 3 trial initiated
- Continued market development and commercial launch planning
- Additional products in development
- 7 patents, expected protection to 2028
- Continuing to expand intellectual property portfolio



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