Form 8-K

Current Report
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

July 8, 1998

Date of Report (Date of earliest event reported)

Palatin Technologies, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)
ITEM 5. OTHER EVENTS.

On July 8, 1998, Palatin Technologies, Inc. (the “Company”) sold 363,636 shares of common stock, $.01 par value, of the Company (the “Common Stock”) to TheraTech, Inc. ("TheraTech") (Nasdaq: THRT), for an aggregate purchase price of $2,000,000. The Common Stock was sold to TheraTech, an accredited investor, pursuant to Rule 506 of Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act"). The net proceeds will be used for research and development of the dosage form of PT-14, the Company's peptide hormone product for the treatment of sexual dysfunction. See the Stock Purchase Agreement filed as Exhibit 99.1 to this Form 8-K.

The Company has agreed to file and use its best efforts to cause to be declared effective not later than November 5, 1998, a registration statement under the Securities Act, registering for resale the Common Stock issued to TheraTech. See the Registration Rights Agreement filed as Exhibit 99.2 to this Form 8-K.

The Company and TheraTech previously announced they had entered into an agreement, including a license to certain patents owned by TheraTech, to collaboratively develop an oral transmucosal delivery system for PT-14.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

c) Exhibits

99.1 Stock Purchase Agreement dated as of July 6, 1998,
FORT OF STOCK PURCHASE AGREEMENT

STOCK PURCHASE AGREEMENT, dated as of July 6, 1998 (this "Agreement"), between Palatin Technologies, Inc., a Delaware corporation (the "Company"), and TheraTech, Inc., a Delaware corporation (the "Purchaser").

WHEREAS, the Purchaser and the Company have entered into a License and Development Agreement dated March 18, 1998 (the "License Agreement");

WHEREAS, the Purchaser and the Company have executed a Letter of Intent, dated March 18, 1998, in connection with a proposed loan to the Company from the Purchaser which loan would be convertible into shares of the Company's Series C Convertible Preferred Stock (the "Loan Transaction");

WHEREAS, the parties to the Loan Transaction desire to void ab initio all agreements and understandings relating thereto, other than the License Agreement; and

WHEREAS, subject to the terms and conditions set forth herein, the Company desires to issue and sell to the Purchaser and the Purchaser desires to acquire shares of the Company's Common Stock, $.01 par value per share (the "Common Stock").
IN CONSIDERATION of the mutual covenants and agreements set forth herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

ARTICLE I

CERTAIN DEFINITIONS

SECTION 1.1. CERTAIN DEFINITIONS. As used in this Agreement, unless the context requires a different meaning, the following terms have the meanings indicated in this Section 1.1:

"Affiliate" means, with respect to any Person, any Person that, directly or indirectly, controls, is controlled by, or is under common control with, such Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with") shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise.

"Agreement" shall have the meaning set forth in the recitals hereto.

"Business Day" means any day except Saturday, Sunday and any day which shall be a Federal legal holiday or a day on which banking institutions in the State of New York are authorized or required by law or other government actions to close.

"Closing" shall have the meaning set forth in Section 2.1(b).

"Closing Date" shall have the meaning set forth in Section 2.1(b).

"Commission" means the Securities and Exchange Commission.

"Common Stock" means the Company's common stock, par value $.01 per share.

"Company" shall have the meaning set forth in the recitals hereto.

"Current Balance Sheet" means the unaudited balance sheet of the Company as of March 31, 1998.

"Disclosure Materials" means, collectively, the SEC Documents, the Exhibits and Schedules to this Agreement and the Registration Rights Agreement and all other information furnished in writing by or on behalf of the Company to the Purchaser or its representatives, respective agents and counsel in connection with the transactions contemplated by this Agreement.


"Governmental Agency" means any federal, state, local, foreign or other governmental agency, instrumentality, commission, authority, board or body and the Nasdaq SmallCap Market.
"Intellectual Property Rights" shall have the meaning set forth in Section 3.1(o).

"Knowledge" or "Know" when used with respect to the Company means the knowledge of the executive officers, senior management of the Company, or any other management personnel that has had significant involvement in the business and affairs of the Company.

"Legal Opinion" means the legal opinion letter of Rubin Baum Levin Constant & Friedman, outside counsel to the Company, addressed to the Purchaser, dated the Closing Date, substantially in the form attached hereto as Exhibit B.

"Liability" means any liability or obligation (whether absolute or contingent, liquidated or unliquidated or due or to become due).

"License Agreement" shall have the meaning set forth in the recitals hereto.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, right of first refusal, charge, security interest or encumbrance of any kind in or on such asset or the revenues or income thereon or therefrom.

"Loan Transaction" shall have the meaning set forth in the recitals hereto.

"Material Adverse Effect" shall have the meaning set forth in Section 3.1(a).

"Person" means an individual or a corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or political subdivision thereof) or other entity of any kind.

"Proceeding" means an action, claim, suit, investigation or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition).

"Purchaser" shall have the meaning set forth in the recitals hereto.

"Registration Rights Agreement" means the registration rights agreement, dated the Closing Date, between the Company and the Purchaser, in the form of Exhibit A, as the same may be amended, supplemented or otherwise modified in accordance with its terms.

"Required Approvals" shall have the meaning set forth in Section 3.1(f).

"SEC Documents" shall have the meaning set forth in Section 3.1(k).

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

"Securities Registration Statement" means a registration statement under
the Securities Act prepared by the Company and filed with the Commission in accordance with the Registration Rights Agreement, covering the resale of the Shares and naming the holder or holders of such Shares as “selling stockholders” thereunder.

“Shares” means the shares of Common Stock to be purchased pursuant to this Agreement.

“Transaction Documents” means, collectively, this Agreement and the Registration Rights Agreement.

ARTICLE II
PURCHASE OF SHARES

SECTION 2.1. PURCHASE OF SHARES; CLOSING

(a) Subject to the terms and conditions set forth in this Agreement, the Company shall issue and sell to the Purchaser and the Purchaser shall purchase 363,636 Shares for an aggregate purchase price of $2,000,000.

(b) The closing of the purchase and sale of the Shares (the "Closing") shall take place on such date as the parties shall agree at the offices of Kirkland & Ellis, 153 East 53rd Street, 39th Floor, New York, New York 10022. The date of the Closing is hereinafter referred to as the "Closing Date."

(c) At the Closing the Company shall (i) issue and deliver one or more stock certificates representing the Shares to be acquired hereunder by the Purchaser, duly registered in the name of the Purchaser, (ii) deliver or cause to be delivered the Legal Opinion, (iii) deliver or cause to be delivered a certificate executed by the Chief Executive Officer dated the Closing Date stating that (a) all of the representations and warranties of the Company contained in this Agreement are true and correct in all material respects at and as of the Closing Date except to the extent of changes caused by the transactions contemplated hereby, and (b) all of the covenants and agreements of the Company contained in this Agreement and required to be performed on or prior to the Closing Date have been performed in a manner reasonably satisfactory to the Purchaser, (iv) deliver or cause to be delivered a certificate of the Secretary or the Assistant Secretary of the Company, dated the Closing Date, as to the continued and valid existence of the Company, certifying the By-laws of the Company and the resolutions adopted by the Board of Directors of the Company authorizing the actions to be taken by the Company under this Agreement, (v) deliver or cause to be delivered a certificate of the Secretary of the State of Delaware, dated a recent date, to the effect that the Company is in good standing in the State of Delaware and that all annual reports, if any, have been filed as required and that all taxes and fees have been paid in connection therewith, (vi) deliver or cause to be delivered a certified copy of the Certificate of Incorporation of the Company as filed with the Secretary of State of Delaware and any amendments thereto, and (vii) deliver or cause to be delivered all other executed instruments, agreements and certificates as are
required to be delivered by or on their behalf at the Closing, including without
limitation, this Agreement and the Registration Rights Agreement. The Closing
shall be conditioned on the prior compliance with this paragraph and paragraph
(d) of this Section 2.1.

(d) At the Closing the Purchaser shall deliver or cause to be delivered to
the Company (i) immediately available funds equal to $2,000,000 in United States
dollars; and (ii) all other executed instruments, agreements and certificates as
are required to be delivered by or on their behalf at the Closing, including
without limitation, this Agreement and the Registration Rights Agreement.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

SECTION 3.1 REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company
hereby represents and warrants to the Purchaser as follows:

(a) ORGANIZATION AND QUALIFICATION. The Company has no subsidiaries other
than as set forth in Schedule 3.1(a) (collectively the "Subsidiaries"). The
company and each of the Subsidiaries is a corporation, duly incorporated,
validly existing and in good standing under the laws of the jurisdiction of its
incorporation, with the requisite corporate power and authority to own and use
its properties and assets and to carry on its business as currently conducted.
The Company and each of the Subsidiaries is duly licensed or qualified to do
business and is in good standing as a foreign corporation in each jurisdiction
in which the nature of the business conducted or property owned by it makes such
license or qualification necessary, except where the failure to be so licensed
or qualified or in good standing, as the case may be, could not, individually or
in the aggregate, (x) adversely affect the legality, validity or enforceability
of the Shares or any Transaction Documents or the transactions contemplated
thereby, (y) have a material adverse effect on the business, results of
operations, assets, prospects, or condition (financial or otherwise) of the
Company and its Subsidiaries taken as a whole or (z) adversely impair the
Company’s ability to perform fully on a timely basis its obligations under any
Transaction Documents (any of (x), (y) or (z), a "Material Adverse Effect").

(b) AUTHORIZATION; ENFORCEMENT. The Company has the requisite corporate
power and authority to execute and deliver the Transaction Documents, to
consummate the transactions contemplated by the Transaction Documents and to
otherwise carry out its obligations thereunder. The execution and delivery of
each Transaction Document by the Company and the consummation by it of the
transactions contemplated thereby have been duly authorized by all necessary
action on the part of the Company. Each Transaction Document has been duly
executed by the Company and, when delivered in accordance with the terms hereof,
each Transaction Document shall constitute the legal, valid and binding
obligation of the Company enforceable against the Company in accordance with its
terms.

(c) CAPITALIZATION. The authorized, issued and outstanding capital stock of
the Company is as set forth in Schedule 3.1(c). Neither the issuance nor the
delivery of the Shares is subject to any preemptive or similar rights of any
stockholder of the Company or to any right of first refusal or other similar right in favor of any Person which has not been waived. Except as specifically disclosed in Schedule 3.1(c), there are no outstanding pledges, Liens, options, warrants, rights to subscribe to, calls or commitments of any character whatsoever relating to, or, except as a result of the purchase and sale of the Shares hereunder, securities, rights or obligations convertible into or exchangeable for, or giving any Person any right to subscribe for or acquire, any shares of Common Stock, or contracts, commitments, understandings, or arrangements by which the Company is or may become bound to issue additional shares of Common Stock or securities or rights convertible or exchangeable into shares of Common Stock.

(d) ISSUANCE OF SECURITIES. The Shares are duly authorized and, when issued and delivered in accordance with the terms hereof, shall be validly issued, fully paid and nonassessable, free and clear of all Liens.

(e) NO CONFLICTS. The execution, delivery and performance of the Transaction Documents by the Company and the consummation by the Company of the transactions contemplated thereby do not and will not (i) conflict with or violate any provision of its Certificate of Incorporation, By-laws or other charter documents (each as amended through the date hereof), (ii) subject to obtaining the consents referred to in Section 3.1(f), conflict with, result in a breach, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument (evidencing a Company debt or otherwise) to which the Company is a party or by which any property or asset of the Company is bound or affected, or (iii) result in a violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which the Company is subject (including federal and state securities laws and regulations), or by which any property or asset of the Company is bound or affected; except in the case of each of clauses (ii) and (iii), as could not, individually or in the aggregate, have or result in a Material Adverse Effect. The business of the Company is not being conducted in violation of any law, ordinance or regulation of any governmental authority, except for violations which, individually and in the aggregate, could not have or result in a Material Adverse Effect.

(f) CONSENTS AND APPROVALS. The Company is not required to obtain any consent, waiver, authorization or order of, or make any filing or registration with, any court or other federal, state, local, foreign or other governmental authority or other Person in connection with the execution, delivery and performance by the Company of the Transaction Documents and the transactions contemplated thereby, other than (i) the filing of one or more Securities Registration Statements with the Commission and the making of applicable blue-sky filings under state securities laws with respect to the Shares and the transactions contemplated hereby, each as contemplated hereby and by the Registration Rights Agreement, (ii) the application for the listing of the Shares on the Nasdaq SmallCap Market (and on each other national securities exchange, market or trading facility on which the Common Stock is then listed), and (iii) other than, in all other cases, where the failure to obtain such consent, waiver, authorization or order, or to give or make such notice or
filing, could not, individually or in the aggregate, have or result in a Material Adverse Effect (the "Required Approvals").

(g) LITIGATION; PROCEEDINGS. Except as specifically disclosed in the Disclosure Materials, there is no claim, action, suit, notice of violation, proceeding or investigation pending or, to the best knowledge of the Company, threatened against or affecting the Company or any of its Subsidiaries or any of their respective properties before or by any court, governmental or administrative agency or regulatory authority (federal, state, county, local or foreign) which if decided adversely to any such Person could (i) adversely affect or challenge the legality, validity or enforceability of any Transaction Document or the Shares or (ii) could, individually or in the aggregate, have or result in a Material Adverse Effect.

(h) NO DEFAULT OR VIOLATION. Neither the Company nor any of its Subsidiaries (i) is in default under or in violation of (or has received notice of a claim that it is in default under or that it is in violation of) any indenture, loan or credit agreement or any other agreement or instrument to which it is a party or by which it or any of its properties is bound, (ii) is in violation of any order of any court, arbitrator or governmental body, or (iii) is in violation of any statute, rule or regulation of any governmental authority, except as could, individually or in the aggregate, have or result in a Material Adverse Effect.

(i) PRIVATE OFFERING. Assuming the accuracy of the representations and warranties of the Purchaser contained in Sections 3.2(b)-3.2(f), the offering, issuance or sale of the Shares as contemplated hereunder are exempt from the registration requirements of the Securities Act and state securities laws.

(j) CERTAIN FEES. No fees or commissions will be payable by the Company to any broker, financial advisor or consultant, finder, investment banker or Person performing a similar function, placement agent, or bank with respect to the transactions contemplated hereby.

(k) SEC DOCUMENTS; DISCLOSURE. The Company has filed all reports required to be filed by it under the Exchange Act, including pursuant to Section 13(a) or 15(d) thereof, since July 1, 1996 (the foregoing materials being collectively referred to herein as the "SEC Documents") on a timely basis or has received a valid extension of such time of filing and has filed any such SEC Documents prior to the expiration of any such extension. As of their respective filing dates, each SEC Document filed with the Commission complied in all material respects with the requirements of the Securities Act and the Exchange Act and the rules and regulations of the Commission promulgated thereunder, and none of the SEC Documents, when filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. To the Company's knowledge, each final registration statement filed with the Commission by the Company pursuant to the Securities Act since July 1, 1996, as of the date such statement became effective complied in all material respects with the requirements of the Securities Act and did not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to
make the statements therein, in light of the circumstances under which they were made, not misleading. This Agreement together with the Schedules, Exhibits, written statements and certificates supplied to the Purchaser by or on behalf of the Company with respect to the transactions contemplated hereby does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained herein or therein, in the light of the circumstances in which they were made, not misleading.

(l) FORM S-3 ELIGIBILITY. The Company is eligible to register the Shares for resale with the Commission under Form S-3 promulgated under the Securities Act.

(m) LISTING AND MAINTENANCE REQUIREMENTS COMPLIANCE. Since the date that the listing of the Common Stock was initially approved for trading on the Nasdaq SmallCap Market, the Company has not received notice (written or oral) from any stock exchange, market or trading facility on which the Common Stock is or has been listed (or on which it is or has been quoted) to the effect that the Company is not in compliance with the listing or maintenance requirements of such exchange, market or trading facility. The Company is in compliance with all such listing and maintenance requirements.

(n) INVESTMENT COMPANY. The Company is not, and is not controlled by or under common control with an Affiliate of, and "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(o) PATENTS AND TRADEMARKS. The Company has, or has rights to use, all patents, patent applications, trademarks, trademark applications, service marks, trade names, copyrights, licenses, trade secrets and other intellectual property rights which are necessary for use in connection with its business or which the failure to so have would have a Material Adverse Effect (collectively, the "Intellectual Property Rights"). To the best knowledge of the Company, none of the Intellectual Property Rights infringe on any rights of any other Person, and the Company either owns or has duly licensed or otherwise acquired all necessary rights with respect to the Intellectual Property Rights. The Company has not received any notice from any third party of any claim of infringement by the Company of any of the Intellectual Property Rights, and has no reason to believe there is any basis for any such claim. To the best knowledge of the Company, there is no existing infringement by another Person on any of the Intellectual Property Rights.

(p) NO UNDISCLOSED LIABILITIES. To the Company's knowledge, neither the Company nor any of its Subsidiaries has any liabilities except (i) as and to the extent of the amounts reflected or reserved against on the Current Balance Sheet (including footnotes thereto), (ii) liabilities and obligations incurred in the ordinary course of business since the date thereof, and (iii) such other liabilities that in the aggregate will not result in a Material Adverse Effect.

SECTION 3.2 REPRESENTATIONS AND WARRANTIES OF THE PURCHASER. The Purchaser hereby represents and warrants to the Company as follows:

(a) ORGANIZATION; AUTHORITY. The Purchaser is an entity organized, validly existing and in good standing under the laws of the jurisdiction of its
organization with the requisite power and authority to enter into and to consummate the transactions contemplated by the Transaction Documents to which it is a party and to carry out its obligations thereunder. The purchase of the Shares by the Purchaser hereunder has been duly authorized by all necessary action on the part of the Purchaser. Each of this Agreement and the Registration Rights Agreement has been duly executed by the Purchaser and, when delivered by the Purchaser in accordance with the terms hereof shall constitute the valid and legally binding obligation of the Purchaser, enforceable against it in accordance with its terms.

(b) INVESTMENT INTENT. The Purchaser is acquiring the Shares for its own account for investment purposes only and not with a view to or for distributing or reselling such Shares or any part thereof or interest therein, without prejudice, however, to the Purchaser's right, subject to the provisions of this Agreement and the Registration Rights Agreement, at all times to sell or otherwise dispose of all or any part of such Shares pursuant to an effective registration statement under the Securities Act and in compliance with applicable state securities laws or under an exemption from such registration.

(c) PURCHASER STATUS. At the time the Purchaser was offered the Shares to be acquired by it hereunder, it was, at the date hereof, it is, and at the Closing Date, it will be, an "accredited investor" as defined in Rule 501(a) under the Securities Act.

(d) EXPERIENCE OF PURCHASER. The Purchaser has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Shares, and has so evaluated the merits and risks of such investment.

(e) ABILITY OF PURCHASER TO BEAR RISK OF INVESTMENT. The Purchaser acknowledges that an investment in the Shares to be acquired by it hereunder is speculative and involves a high degree of risk. The Purchaser is able to bear the economic risk of an investment in the Shares and, at the present time, is able to afford a complete loss of such investment.

(f) ACCESS TO INFORMATION. The Purchaser acknowledges receipt of the Disclosure Materials and further acknowledges that it has been afforded (i) the opportunity to ask such questions as it has deemed necessary of, and to receive answers from, representatives of the Company concerning the terms and conditions of the offering of the Shares, and the merits and risks of investing in the Shares, (ii) access to information about the Company and the Company's financial condition, results of operations, business, properties, management and prospects sufficient to enable it to evaluate its investment; and (iii) the opportunity to obtain such additional information which the Company possesses or can acquire without unreasonable effort or expense that is necessary to make an informed investment decision with respect to the investment and to verify the accuracy and completeness of the information contained in the Disclosure Materials.

(g) RELIANCE. The Purchaser understands and acknowledges that (i) the Shares to be acquired by it hereunder are being offered and sold to it without registration under the Securities Act in a private placement that is exempt from
the registration provisions of the Securities Act and (ii) the availability of such exemption, depends in part on, and the Company will rely upon the accuracy and truthfulness of, the foregoing representations and the Purchaser hereby consents to such reliance.

ARTICLE IV

OTHER AGREEMENTS OF THE PARTIES

SECTION 4.1. TRANSFER RESTRICTIONS. (a) The Shares may only be disposed of pursuant to (i) an effective registration statement under the Securities Act, (ii) an available exemption from or in a transaction not subject to the registration requirements of the Securities Act; or (iii) subject to the conditions set forth herein, any other legally available means of transfer. In connection with any transfer of any Shares other than pursuant to an effective registration statement or to the Company, the Company may require the transferor thereof to provide to the Company an opinion of counsel selected and paid for by the transferor, the form and substance of which opinion shall be reasonably satisfactory to the Company, to the effect that such transfer does not require registration under the Securities Act.

(b) The Purchaser agrees to the imprinting, so long as is required, of the following legend on the certificates representing the Shares:

THESE SHARES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS.

SECTION 4.2. USE OF PROCEEDS. The Company shall use all of the proceeds from the sale of the Shares solely for the research and development of the dosage form of PT-14 or other peptide, including, but not limited to, metallopeptide, for sexual dysfunction in any and all drug delivery systems whether existing now or in the future including OTM, pulmonary, transdermal, controlled-release injections, and oral drug delivery systems.

SECTION 4.3. LISTING OF SHARES. The Company shall (a) not later than the fifth Business Day following the Closing Date prepare and file with the Nasdaq SmallCap Market (as well as any other national securities exchange, market or trading facility on which the Common Stock is then listed) an additional shares listing application covering the Shares, (b) take all steps necessary to cause such Shares to be approved for listing on the Nasdaq SmallCap Market (as well as on any other national securities exchange, market or trading facility on which the Common Stock is then listed) as soon as possible thereafter, and (c) provide to the Purchaser evidence of such listing, and the Company shall maintain the listing of its Common Stock on such exchange or market.
SECTION 4.4. INTEGRATION. The Company shall not and shall use its best efforts to ensure that no Affiliate of the Company shall sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in Section 2 of the Securities Act) that would be integrated with the offer or sale of the Shares in a manner that would require the registration under the Securities Act of the issue, offer or sale of the Shares to the Purchaser.

SECTION 4.5. BREACHES. Each of the Company and the Purchaser shall give prompt written notice to the other of any breach by it of any representation, warranty or other agreement contained in any Transaction Document, as well as any events or occurrences arising after the date hereof and prior to the Closing Date, which would reasonably be likely to cause any representation or warranty or other agreement of such party, as the case may be, contained in the Transaction Documents to be incorrect or breached as of such Closing Date. However, no disclosure by a party pursuant to this Section shall be deemed to cure any breach of any representation, warranty or other agreement contained in any Transaction Document.

ARTICLE V

MISCELLANEOUS

SECTION 5.1. FEES AND EXPENSES. Each party shall pay the fees and expenses of its advisers, counsel, accountants and other experts, if any, and all other expenses incurred by such party incident to the negotiation, preparation, execution, delivery and performance of this Agreement. The Purchaser shall be responsible for its own tax liability that may arise as a result of the investment hereunder or the transactions contemplated by this Agreement.

SECTION 5.2. ENTIRE AGREEMENT; AMENDMENTS, EXHIBITS AND SCHEDULES. This Agreement, together with the Exhibits and Schedules hereto contain the entire understanding of the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, oral or written, with respect to such matters, including, without limitation, any and all agreements and understandings with respect to the Loan Transaction other than the License Agreement. The Exhibits and Schedules to this Agreement are hereby incorporated herein and made a part hereof for all purposes as if fully set forth herein.

SECTION 5.3. NOTICES. Any notice or other communication or delivery required or permitted to be provided hereunder shall be in writing and shall be deemed to have been received on the earliest of (i) the date of transmission, if such notice or communication is delivered to the address or to the facsimile telephone number (as the case may be) specified in this Section prior to 8:00 p.m. (Eastern Standard time) on a Business Day, (ii) the Business Day after the date of transmission or hand delivery, if such notice or communication is delivered to the address or the at the facsimile telephone number (as the case may be) specified in this Section later than 8:00 p.m. (Eastern Standard time) on any date and earlier than 11:59 p.m. (Eastern Standard time) on such date, (iii) the Business Day following the date of mailing, if sent by nationally
recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given. The address for such notices and communications to the Purchaser and the Company shall be to the following addresses:

TheraTech, Inc.
417 Wakara Way
Salt Lake City, UT 84108
Facsimile No.: (801) 583-0050
Attn: Dinesh C. Patel, Ph.D., President, Chairman and Chief Executive Officer

With copies to Kirkland & Ellis & Co.
153 East 53rd Street, 39th Floor
New York, NY 10022
Facsimile No.: (212) 446-4900
Attn: Stephen P. Johnson

-11-

Palatin Technologies, Inc.
214 Carnegie Center
Princeton, NJ 08540
Facsimile No.: (609) 452-0880
Attn: Edward J. Quilty, Chairman and Chief Executive Officer

With copies to: Rubin Baum Levin Constant & Friedman
30 Rockefeller Plaza
New York, NY 10112
Facsimile No.: (212) 698-7700

or such other address as may be designated in writing hereafter, in the same manner, by such Person.

SECTION 5.4. AMENDMENTS; WAIVERS. No provision of this Agreement may be waived or amended except in a written instrument signed, in the case of an amendment, by the Company and the Purchaser, or, in the case of a waiver, by the party against whom enforcement of any such waiver is sought. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of either party to exercise any right hereunder in any manner impair the exercise of any such right accruing to it thereafter.

SECTION 5.5. HEADINGS. The headings herein are for convenience only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

SECTION 5.6. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns, including any Persons to whom the Purchaser transfers Shares. The assignment by a party of this Agreement or any rights hereunder shall not affect the obligations of such party under this Agreement.
SECTION 5.7. NO THIRD-PARTY BENEFICIARIES. This Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns and, other than with respect to permitted assignees under Section 5.6, is not for the benefit of, nor may any provision hereof be enforced by, any other Person.

SECTION 5.8. GOVERNING LAW. This Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of New York without regard to the principles of conflicts of law thereof.

SECTION 5.9. WAIVER OF JURY TRIAL. The parties to this Agreement each hereby waives to the fullest extent permitted by law, any right to trial by jury of any claim, demand, action, or cause of action arising under this Agreement, whether now existing or hereafter arising, and whether in contract, tort, equity, or otherwise. Each of the parties to this Agreement hereby agrees and consents that any claim, demand, action, or cause of action shall be decided by court trial without a jury and that the parties to this Agreement may file an original counterpart of a copy of this Agreement with any court as written evidence of the consent of the parties hereto to the waiver of their right to trial by jury.

SECTION 5.10. EXECUTION. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement, and shall become effective when counterparts have been signed by each party and delivered to the other parties, it being understood that all parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile signature page were an original thereof.

SECTION 5.11. PUBLICITY. The Company and the Purchaser shall consult with each other in issuing any press releases or otherwise making public statements with respect to the transactions contemplated hereby and neither the Purchaser nor the Company shall issue any such press release or otherwise make any such public statement without the prior written consent of the other, which consent shall not be unreasonably withheld or delayed, except that no prior consent shall be required if such disclosure is required by law or any Governmental Agency, in which such case the disclosing party shall provide the other party with prior notice of such public statement. The Purchaser shall not make any public statement or issue any press release regarding the transactions contemplated hereby without the prior written consent of the Company.

SECTION 5.12. SEVERABILITY. In case any one or more of the provisions of this Agreement shall be invalid or unenforceable in any respect, the validity and enforceability of the remaining terms and provisions of this Agreement shall not in any way be affected or impaired thereby and the parties will attempt to agree upon a valid and enforceable provision which shall be a reasonable substitute therefor, and upon so agreeing, shall incorporate such substitute provision in this Agreement.
SECTION 5.13. REMEDIES CUMULATIVE. Except as otherwise provided herein, the remedies provided herein shall be cumulative and shall not preclude the assertion by any party hereto of any other rights or the seeking of any other remedies against any other party hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first indicated above.

The Company:

PALATIN TECHNOLOGIES, INC.

By: ________________________________
    Name: Edward J. Quilty
    Title: Chairman, President and Chief Executive Officer

The Purchaser:

THERATECH, INC.

By: ________________________________
    Name: Dinesh C. Patel, Ph.D.
    Title: Chairman, President and Chief Executive Officer
REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (the "Agreement") is made and entered into as of July 8, 1998, by and between Palatin Technologies, Inc., a Delaware corporation (the "Company"), and TheraTech, Inc., a Delaware corporation (the "Purchaser").

This Agreement is made pursuant to the Stock Purchase Agreement, dated as of July 6, 1998, between the Company and the Purchaser (the "Purchase Agreement"). In order to induce the Purchaser to enter into the Purchase Agreement, the Company has agreed to provide for the benefit of the Purchaser, and any subsequent holders of Registrable Securities (as defined below), the registration rights set forth in this Agreement.

The parties hereby agree as follows:

1. DEFINITIONS

As used in this Agreement, the following capitalized terms shall have the following meanings:

Common Stock: Collectively, the shares of common stock, par value $.01 per share of the Company and any capital stock of the Company listed or issuable by way of stock split or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization.

Effective Date: The date that the Resale Registration Statement is declared effective by the SEC.


Holder: Each beneficial holder from time to time of Registrable Securities.

Indemnified Holder: See Section 6(a).

NASD: National Association of Securities Dealers, Inc.

Person: An individual, partnership, corporation, trust or unincorporated organization, or a government or agency or political subdivision thereof.

Prospectus: The prospectus included in any Registration Statement, as supplemented by any prospectus supplement and as amended by all amendments, including post-effective amendments and all material incorporated by reference in such prospectus.

Registrable Securities: The shares of Common Stock purchased pursuant to
the Purchase Agreement; provided, however, that a share of Common Stock ceases to be a Registrable Security when it (i) has been effectively registered under Section 5 of the Securities Act and disposed of in accordance with any Registration Statement, (ii) has been distributed to the public pursuant to Rule 144 under the Securities Act ("Rule 144") (or any similar provisions then in force) or (iii) is eligible for distribution to the public by the Holder pursuant to Rule 144(k) (or any similar provisions then in force).

Registration Expenses: See Section 5.

Registration Statement: Any registration statement of the Company which, in accordance with Section 3 hereof, covers any of the Registrable Securities pursuant to the provisions of this Agreement, including the Prospectus, amendments and supplements to such Registration Statement, including post-effective amendments, and all exhibits and all material incorporated by reference in such Registration Statement.

Resale Registration Statement: See Section 3.

Securities Act: The Securities Act of 1933, as amended from time to time.


2. SECURITIES SUBJECT TO THIS AGREEMENT

Each Holder from time to time of Registrable Securities shall be entitled to the benefits of this Agreement. A Person is deemed to be a Holder of Registrable Securities whenever such Person is the beneficial owner of Registrable Securities. The Company is entitled to treat the record holder of Registrable Securities as beneficial owner of Registrable Securities unless otherwise notified by such holder.

3. RESALE REGISTRATION: TIMING OF FILING, EFFECTIVENESS AND PERIOD OF USABILITY

Subject to the provisions of Section 4 hereof, the Company shall file and use its best efforts to cause to be declared effective not later than 120 days from the date hereof, a "resale" Registration Statement (a "Resale Registration") on any appropriate form pursuant to Rule 415 under the Securities Act for all the Registrable Securities, which form shall be available for the sale of the Registrable Securities in accordance with the untraded methods of distribution thereof provided that any delay not attributable to acts or omissions of the Company shall extend such 120 day period accordingly.

The Company shall use its best efforts to keep the Registration Statement continuously effective and usable for resale of Registrable Securities until the earlier of: (i) the second anniversary of the Effective Date (the "Effectiveness Period") or (ii) the date on which all the Registrable Securities covered by such Registration Statement have been sold pursuant to such Registration Statement or (iii) when all Registrable Securities otherwise have been sold pursuant to Rule 144 or are freely tradeable in essentially the same manner as contemplated in Section 4 below.
4. REGISTRATION PROCEDURES

In connection with the Company’s obligation to file a Registration Statement as provided in Section 3 hereof, the Company will as expeditiously as possible:

(a) before filing a Registration Statement or Prospectus (including each preliminary prospectus) or any amendments or supplements thereto, furnish to the Holders of the Registrable Securities covered by such Registration Statement and to counsel selected by such Holders a copy of all such documents proposed to be filed, which documents will be subject to the review of such Holders with respect to any information regarding such Holders (provided that the Company may assume, for the purposes of the foregoing that any Holder of Registrable Securities has no objection to any information regarding such Holder of the Company if the Company has not received notice from such Holder within three business days after delivery of such documents to such Holder);

(b) prepare and file with the SEC a Registration Statement with respect to the Registrable Securities and such amendments and post-effective amendments to the Registration Statement, and such supplements to the Prospectus, as may be required by the rules, regulations or instructions applicable to the registration form utilized by the Company or by the Securities Act or rules and regulations thereunder or otherwise necessary to keep the Registration Statement effective for the applicable Effectiveness Period and cause the Prospectus as so supplemented to be filed pursuant to Rule 424 under the Securities Act; and comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement during the applicable period in accordance with the intended methods of disposition by the sellers thereof set forth in such Registration Statement or supplement to the Prospectus;

(c) notify Purchaser and the Holders of Registrable Securities promptly, and confirm such advice in writing:

(1) when the Prospectus or any Prospectus supplement or post-effective amendment has been filed, and, with respect to the Registration Statement or any post-effective amendment, when the same has become effective,

(2) of the issuance by the SEC of any stop order suspending the effectiveness of the Registration Statement or the initiation of any proceedings for that purpose, and,

(3) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose;
(d) make every reasonable effort to obtain the withdrawal of any order suspending the effectiveness of the Registration Statement at the earliest possible moment;

(e) furnish, without charge, to each Holder of Registrable Securities, one conformed copy of the Registration Statement and any post-effective amendment thereto, including financial statements and schedules, all documents incorporated therein by reference and all exhibits (including those incorporated by reference);

(f) deliver to Purchaser and each Holder of Registrable Securities without charge, two copies of the Prospectus (including each preliminary prospectus) and any amendment or supplement thereto;

(g) use its reasonable efforts to cause the Registrable Securities covered by the Registration Statement to be registered under such other securities or blue sky laws with or approved by such governmental agencies or authorities as may be necessary to enable the Holders thereof to consummate the disposition of such Registrable Securities in such jurisdictions as the Holders may reasonably specify in response to inquiries to be made by the Company and do all other acts and things reasonably necessary or advisable to enable the Holders to consummate the disposition of such Registrable Securities in such jurisdictions, provided that the Company will not be required to qualify generally to do business in any jurisdiction where it is not then so qualified or to take any action which would subject it to general service of process in any such jurisdiction where it is not then so subject;

(h) if any event shall occur as a result of which it is necessary, in the opinion of counsel for the Company, to amend or supplement the Prospectus in order to make the Prospectus not misleading in the light of the circumstances existing at the time it is delivered by a Holder, prepare a supplement or post-effective amendment to the Registration Statement or the related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the Holders of the Registrable Securities, the Prospectus will not contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading;

(i) if at any time an event of the kind described in Section 4(h) shall occur, notify Purchaser and the Holders of Registrable Securities that the use of the Prospectus must be discontinued;

(j) on or prior to the date the Registration Statement is declared effective by the SEC, cause all of the Registrable Securities to be listed for trading on the national securities exchange or the Nasdaq SmallCap Market on which the Company’s shares of Common Stock are then listed; and

(k) maintain a transfer agent and registrar for all Registrable
Securities not later than the Effective Date.

Each Holder of Registrable Securities as to which any registration is being effected agrees, as a condition to the registration obligations with respect to such Holder provided herein, to furnish to the Company such information regarding the distribution of such Registrable Securities as the Company may reasonably from time to time request in writing.

Each Holder of Registrable Securities agrees by acquisition of such Registrable Securities that, upon receipt of notice from the Company, such Holder will forthwith discontinue disposition of Registrable Securities until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated hereby, or until it is advised in writing by the Company, that the use of the Prospectus may be resumed, and has received copies of any additional or supplemental filings which are incorporated by reference in the Prospectus, and, if so directed by the Company, such Holder will deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Registrable Securities current at the time of receipt of such notice.

5. REGISTRATION EXPENSES

All expenses incident to the Company's performance of or compliance with this Agreement, including without limitation:

1. all registration, filing and listing fees;
2. the Company's printing, messenger, telephone and delivery expenses;
3. fees and disbursements of counsel for the Company; and
4. fees and disbursements of all independent certified public accountants of the Company (including the expenses of any special audit necessary to satisfy the requirements of the Securities Act) and other Persons retained by the Company.

(all such expenses being herein called registration expenses) will be borne by the Company, regardless of whether the Registration Statement becomes effective.

The Company will, in any event, pay its internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit, the fees and expenses incurred in connection with the listing of the securities to be registered on a securities exchange or the Nasdaq SmallCap Market.

6. INDEMNIFICATION AND CONTRIBUTION

(a) Indemnification by the Company. The Company agrees to indemnify and hold harmless each Holder of Registrable Securities, its officers, directors, employees and agents and each Person who controls such Holder within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act.
(each such person being sometimes hereinafter referred to as an "Indemnified Holder") from and against all losses, claims, damages, liabilities and expenses (including reasonable costs of investigation and legal expenses) arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement or Prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that the Company will not be liable in any such case to the extent that any such losses, claims, damages, liabilities or expenses arise out of or are based upon any untrue statement or alleged untrue statement or omission or alleged omission thereof based upon information furnished in writing to the Company by such Holder or its agent expressly for use therein; provided further, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage, liability or expense arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission in the Prospectus, if such untrue statement or alleged omission was completely corrected in an amendment or supplement to the Prospectus and if, having previously been furnished by or on behalf of the Company with copies of the Prospectus as so amended or supplemented, such Holder thereafter fails to deliver such Prospectus as so amended or supplemented, prior to or concurrently with the sale of a Registrable Security to the person asserting such loss, claim, damage, liability or expense who purchased such Registrable Security which is the subject thereof from such Holder. This indemnity will be in addition to any liability which the Company may otherwise have.

If any action or proceeding (including any governmental investigation or inquiry) shall be brought or asserted against any Indemnified Holder in respect of which indemnity may be sought from the Company, such Indemnified Holder shall promptly notify the Company in writing (but the omission to so notify the Company shall not relieve it of any liability that it may have against any Indemnified Holder otherwise than under this subsection), and the Company shall assume the defense thereof, including the employment of counsel reasonably satisfactory to such Indemnified Holder and the payment of all reasonable, documented expenses. Indemnified Holders shall have the right, collectively, to employ their own counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be the expense of the Indemnified Holders unless the named parties to any such action or proceeding (including any impleaded parties) include the Indemnified Holders and the Company, and the Indemnified Holders shall have been advised by counsel that there may be one or more legal defenses available to the Indemnified Holders which are different from or additional to those available to the Company (in which case, if the Indemnified Holders notify the Company in writing that they elect to employ their own counsel at the expense of the Company, the Company shall not have the right to assume the defense of such action or proceeding on behalf of the Indemnified Holders, it being understood, however, that the Company shall not, in connection with any one such action or proceeding or separate but substantially similar or related actions or proceedings in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of
(b) Indemnification by Holder of Registrable Securities. Each Holder of Registrable Securities agrees to indemnify and hold harmless the Company, its respective directors and officers and each Person, if any, who controls the Company within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the foregoing indemnity from the Company to such Holder, but only with respect to information relating to such Holder furnished in writing by such Holder expressly for use in any Registration Statement or Prospectus, or any amendment or supplement thereto, or any preliminary prospectus. In case any action or proceeding shall be brought against the Company or its respective directors or officers or any such controlling person, in respect of which indemnity may be sought against a Holder of Registrable Securities, such Holder shall have the rights and duties given the Company, and the Company or its respective directors or officers or such controlling person shall have the rights and duties given to each holder by the preceding paragraph. In no event shall the liability of any Holder of Registrable Securities hereunder be greater in amount than the dollar amount of the proceeds received by such Holder upon the sale of the Registrable Securities giving rise to such indemnification obligation.

(c) Contribution. If the indemnification provided for in this Section 6 is unavailable to an indemnified party under Section 6(a) or Section 6(b) hereof (other than by reason of exceptions provided in those Sections) in respect of any losses, claims, damages, liabilities or expenses referred to therein, then each applicable indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or expenses, (i) in such proportion as is appropriate to reflect the relative benefits received by the Company from the sale of the Preferred Shares to Purchaser pursuant to the Purchase Agreement on the one hand and each Holder of Registrable Securities from the offering of the Registrable Securities by such Holder, on the other hand, or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and each Holder of Registrable Securities on the other in connection with the statements or omissions that resulted in such losses, claims, damages, or liabilities, as well as the other relevant equitable considerations. The relative benefits received by the Company on the one hand and each Holder of Registrable Securities on the other shall be deemed to be in the same proportion as the aggregate amount paid by Purchaser to the Company.
pursuant to the Purchase Agreement for the Registrable Securities purchased by such Holder that were sold pursuant to the Registration Statement bears to the difference (the "Difference") between the amount such Holder paid for the Registrable Securities that were sold pursuant to the Registration Statement and the amount received by such Holder from such sale. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or the particular Holder and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The Company and the Holders of Registrable Securities agree that it would not be just and equitable if contributions pursuant to this subsection (c) were to be determined by pro rata allocation or by any other method of allocation that does not take account of the equitable consideration referred to in the first sentence of this subsection (c). The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this subsection (c) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigation or defending against any action or claim that is the subject of this subsection (c). Notwithstanding the provisions of this subsection (c), each Holder of Registrable Securities shall not be required to contribute any amount in excess of the amount by which the Difference exceeds the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act), shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

7. RULE 144 AND RULE 144A

With a view to making available to the Holders of Registrable Securities the benefits of certain rules and regulations of the SEC which may permit the sale of the Registrable Securities to the public without registration, the Company agrees to use its best efforts to, for so long as the Company is subject to the reporting requirements of Section 13 or 15 of the Exchange Act, the Company covenants that it will file the reports required to be filed by it under the Securities Act and Section 13(a) or 15(d) of the Exchange Act and the rules and regulations adopted by the SEC thereunder and make and keep current public information available, within the meaning of Rule 144 or similar or analogous rule promulgated under the Securities Act. If the Company is not subject to the reporting requirements of Section 13 or 15 of the Exchange Act, the Company also covenants that it will provide the information required pursuant to Rule 144A(d)(4) under the Securities Act upon the request of any Holder of Registrable Securities which continue to be "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and it will take such further action as any holder of such Registrable Securities may reasonably request, all to the extent required from time to time to enable such holder to sell its Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by (a) Rule 144 under the Securities Act, as such Rule may be amended from time to time, so long as such provision does not require the public filing of information relating to the Company which the
Company is not otherwise required to file, (b) Rule 144A under the Securities Act, as such Rule may be amended from time to time, or (c) any similar rule or regulation hereafter adopted by the SEC that does not require the public filing of information relating to the Company. Upon the request of any Holder of Registrable Securities, the Company will deliver to such Holder a written statement as to whether it has complied with such requirements; and such other reports and documents as such Holder may reasonably request in availing itself of any rule or regulation of the SEC allowing it to sell any such securities without registration.

8. MISCELLANEOUS

(a) Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given unless the Company has obtained the written consent of Holders of a majority of the Registrable Securities.

(b) Notices. All notices, requests, consents and other communications hereunder shall be by telex, with a copy being mailed by a nationally recognized overnight express courier, and shall be deemed given when receipt is acknowledged by transmit confirmation report, and shall be delivered as addressed as follows:

(1) if to the Purchaser, initially at its address set forth in the Purchase Agreement and thereafter at such other addresses, notice of which is given in accordance with the provisions of this Section 8(b);

(2) if to a Holder of Registrable Securities, at its address of record as indicated on the books of the transfer agent and registrar for the Registrable Securities; and

(3) if to the Company, initially at its address set forth in the Purchase Agreement and thereafter at such other addresses, notice of which is given in accordance with the provisions of this Section 8(b).

(c) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties, including, without limitation, subsequent Holders of Registrable Securities.

(d) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(e) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(f) GOVERNING LAW AND JURISDICTION. THIS AGREEMENT AND ITS EXECUTION, VALIDITY AND INTERPRETATION SHALL BE GOVERNED IN ALL RESPECTS IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.
(g) Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

(h) Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein with respect to the registration rights granted by the Company with respect to the securities sold pursuant to the Purchase Agreement. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

(i) Waiver of Jury Trial. The parties to this Agreement each hereby waives to the fullest extent permitted by law, any right to trial by jury of any claim, demand, action, or cause of action arising under this Agreement, whether now existing or hereafter arising, and whether in contract, tort, equity, or otherwise. Each of the parties to this Agreement hereby agrees and consents that any claim, demand, action, or cause of action shall be decided by court trial without a jury and that the parties to this Agreement may file an original counterpart of a copy of this Agreement with any court as written evidence of the consent of the parties hereto to the waiver of their right to trial by jury.

(j) No Inconsistent Agreements. The Company shall not enter into any agreement which is inconsistent with or violates the rights granted to Holders of Registrable Securities in this Agreement.

[REMAINDER OF THE PAGE LEFT BLANK INTENTIONALLY]
By: _________________________________
Dinesh C. Patel
President, Chairman and Chief Executive Officer

-----END PRIVACY-ENHANCED MESSAGE-----