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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

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**FORM 10-Q**

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(Mark One)

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

For the quarterly period ended March 31, 2017  
OR

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

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

Commission file number: 001-34962

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**Zogenix, Inc.**

(Exact Name of Registrant as Specified in its Charter)

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Delaware  
(State or Other Jurisdiction of  
Incorporation or Organization)

5858 Horton Street, Suite 455  
Emeryville, California  
(Address of Principal Executive Offices)

20-5300780  
(I.R.S. Employer  
Identification No.)

94608  
(Zip Code)

510-550-8300  
(Registrant's Telephone Number, Including Area Code)

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

The number of outstanding shares of the registrant's common stock, par value \$0.001 per share, as of April 28, 2017 was 24,813,544.

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[Table of Contents](#)

**ZOGENIX, INC.**  
**FORM 10-Q**  
**For the Quarterly Period Ended March 31, 2017**  
**Table of Contents**

	<u>Page</u>
<b><u>PART I. FINANCIAL INFORMATION</u></b>	
Item 1	<a href="#">Condensed Consolidated Financial Statements:</a>
	<a href="#">Condensed Consolidated Balance Sheets as of March 31, 2017 and December 31, 2016 (unaudited)</a> <span style="float: right;"><a href="#">3</a></span>
	<a href="#">Condensed Consolidated Statements of Operations and Comprehensive Loss for the three months ended March 31, 2017 and 2016 (unaudited)</a> <span style="float: right;"><a href="#">4</a></span>
	<a href="#">Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2017 and 2016 (unaudited)</a> <span style="float: right;"><a href="#">5</a></span>
	<a href="#">Notes to the Condensed Consolidated Financial Statements (unaudited)</a> <span style="float: right;"><a href="#">6</a></span>
Item 2	<a href="#">Management's Discussion and Analysis of Financial Condition and Results of Operations</a> <span style="float: right;"><a href="#">13</a></span>
Item 3	<a href="#">Quantitative and Qualitative Disclosures about Market Risk</a> <span style="float: right;"><a href="#">19</a></span>
Item 4	<a href="#">Controls and Procedures</a> <span style="float: right;"><a href="#">19</a></span>
<b><u>PART II. OTHER INFORMATION</u></b>	
Item 1	<a href="#">Legal Proceedings</a> <span style="float: right;"><a href="#">21</a></span>
Item 1A	<a href="#">Risk Factors</a> <span style="float: right;"><a href="#">21</a></span>
Item 2	<a href="#">Unregistered Sales of Equity Securities and Use of Proceeds</a> <span style="float: right;"><a href="#">21</a></span>
Item 3	<a href="#">Defaults Upon Senior Securities</a> <span style="float: right;"><a href="#">21</a></span>
Item 4	<a href="#">Mine Safety Disclosures</a> <span style="float: right;"><a href="#">21</a></span>
Item 5	<a href="#">Other Information</a> <span style="float: right;"><a href="#">21</a></span>
Item 6	<a href="#">Exhibits</a> <span style="float: right;"><a href="#">22</a></span>
	<a href="#">Signatures</a> <span style="float: right;"><a href="#">23</a></span>

## PART I – FINANCIAL INFORMATION

## Item 1. Condensed Consolidated Financial Statements

**Zogenix, Inc.**  
**Condensed Consolidated Balance Sheets**  
**(Unaudited)**  
**(In Thousands)**

	March 31, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 80,108	\$ 91,551
Trade accounts receivable	1,027	12,577
Inventory	9,099	7,047
Prepaid expenses and other current assets	8,584	8,739
Total current assets	98,818	119,914
Property and equipment, net	710	1,710
Intangible assets	102,500	102,500
Goodwill	6,234	6,234
Other assets	1,076	1,147
Total assets	<u>\$ 209,338</u>	<u>\$ 231,505</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 2,625	\$ 4,549
Accrued expenses	7,427	6,374
Accrued compensation	1,941	3,652
Common stock warrant liabilities	222	809
Working capital advance note payable, net of discount of \$3,615 and \$3,733 at March 31, 2017 and December 31, 2016, respectively	3,385	3,267
Current portion of long-term debt	1,333	—
Deferred revenue	972	1,245
Current liabilities of discontinued operations	439	414
Total current liabilities	18,344	20,310
Long term debt	17,625	18,824
Contingent consideration	53,400	52,800
Deferred income taxes	17,425	17,425
Other long-term liabilities	1,422	1,390
Stockholders' equity:		
Common stock, \$0.001 par value; 50,000 shares authorized; 24,813 shares issued and outstanding at both March 31, 2017 and December 31, 2016	25	25
Additional paid-in capital	567,627	565,954
Accumulated deficit	(466,530)	(445,223)
Total stockholders' equity	101,122	120,756
Total liabilities and stockholders' equity	<u>\$ 209,338</u>	<u>\$ 231,505</u>

See accompanying notes to the unaudited condensed consolidated financial statements.

[Table of Contents](#)

**Zogenix, Inc.**  
**Condensed Consolidated Statements of Operations and Comprehensive Loss**  
**(In Thousands, except Per Share Amounts)**  
**(Unaudited)**

	Three Months Ended March 31,	
	2017	2016
Contract manufacturing revenue	\$ 2,696	\$ 9,206
Costs and expenses:		
Cost of contract manufacturing	2,487	7,804
Royalty expense	—	71
Research and development	13,341	7,987
Selling, general and administrative	6,554	6,124
Impairment charges	813	—
Change in fair value of contingent consideration	600	1,300
Total costs and expenses	23,795	23,286
Loss from operations	(21,099)	(14,080)
Other income (expense):		
Interest expense, net	(577)	(598)
Change in fair value of common stock warrant liabilities	587	4,527
Other expense	(20)	(7)
Total other (expense) income	(10)	3,922
Loss from continuing operations before income taxes	(21,109)	(10,158)
Income tax expense	(17)	(62)
Net loss from continuing operations	(21,126)	(10,220)
Net loss from discontinued operations	(181)	(169)
Net loss	\$ (21,307)	\$ (10,389)
Net loss per share, basic and diluted:		
Continuing operations	\$ (0.85)	\$ (0.41)
Discontinued operations	\$ (0.01)	\$ (0.01)
Total	\$ (0.86)	\$ (0.42)
Weighted average shares outstanding, basic and diluted	24,813	24,722
Comprehensive loss	\$ (21,307)	\$ (10,389)

See accompanying notes to the unaudited condensed consolidated financial statements.

[Table of Contents](#)

**Zogenix, Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
**(In Thousands)**  
**(Unaudited)**

	Three Months Ended March 31,	
	2017	2016
<b>Operating activities:</b>		
Net loss	\$ (21,307)	\$ (10,389)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	1,673	1,488
Depreciation and amortization	213	378
Amortization of debt issuance costs and debt discount	252	257
Impairment charges	813	—
Change in fair value of common stock warrant liabilities	(587)	(4,527)
Change in fair value of contingent consideration	600	1,300
Changes in operating assets and liabilities:		
Trade accounts receivable	11,550	(3,504)
Inventory	(2,052)	2,586
Prepaid expenses and other current assets	155	(851)
Other assets	71	(2,530)
Accounts payable, accrued expenses and other liabilities	(2,525)	(4,298)
Deferred revenue	(273)	(1,326)
Net cash used in operating activities	(11,417)	(21,416)
<b>Investing activities:</b>		
Purchases of property and equipment	(26)	(83)
Net cash used in investing activities	(26)	(83)
<b>Financing activities:</b>		
Repayments of debt	—	(1,666)
Net cash used in financing activities	—	(1,666)
Net decrease in cash and cash equivalents	(11,443)	(23,165)
Cash and cash equivalents, beginning of the period	91,551	155,349
Cash and cash equivalents, end of the period	\$ 80,108	\$ 132,184

See accompanying notes to the unaudited condensed consolidated financial statements.

**Zogenix, Inc.**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

**Note 1 – Organization, Basis of Presentation and Going Concern**

**Organization**

Zogenix, Inc. and its wholly-owned subsidiaries (the “Company”) is a pharmaceutical company committed to developing and commercializing central nervous system (CNS) therapies. The Company’s current primary area of focus is orphan or rare childhood-onset epilepsy disorders and its lead product candidate is ZX008. ZX008 is currently being developed for the treatment of seizures associated with Dravet syndrome and Lennox-Gastaut Syndrome, or LGS. The Company is working to identify a partner for its other product candidate, Relday, a proprietary subcutaneously-injected formulation of once-monthly risperidone for the treatment of schizophrenia. In addition, the Company currently performs contract manufacturing services under a supply agreement (see Note 5). The Company operates in one business segment—the research, development and commercialization of pharmaceutical products and its headquarters are located in Emeryville, California.

In April 2015, the Company divested its Zohydro ER® business. Zohydro ER activity has been excluded from continuing operations for all periods herein and reported as discontinued operations.

**Basis of Presentation**

The accompanying condensed consolidated financial statements include the accounts of Zogenix, Inc. and its wholly-owned subsidiaries. Intercompany accounts and transactions have been eliminated. The condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”) for interim financial reporting. In the opinion of management, the condensed consolidated financial statements reflect all adjustments, which are normal and recurring in nature, necessary for fair financial statement presentation. The results of operations for any interim period are not necessarily indicative of results of operations for any future period. Certain information and footnote disclosures normally included in annual consolidated financial statements prepared in accordance with generally accepted accounting principles in the United States (“GAAP”) have been condensed or omitted. Accordingly, these unaudited interim condensed consolidated financial statements and accompanying notes should be read in conjunction with the consolidated financial statements and related notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2016 as filed with the SEC on March 9, 2017.

**Going Concern**

The accompanying condensed consolidated financial statements have been prepared under the assumption that the Company will continue as a going concern. Such assumption contemplates the realization of assets and satisfaction of liabilities in the normal course of business.

Excluding gains from two discrete business divestitures—Sumavel DosePro and Zohydro ER, the Company has incurred recurring net losses and continuing negative cash flows from its operations resulting in an accumulated deficit of \$466.5 million as of March 31, 2017. At March 31, 2017, the Company had cash and cash equivalents of \$80.1 million. Management anticipates further operating losses and negative cash flows for at least the next year as the Company continues to incur costs related to its ongoing Phase 3 program in Dravet syndrome in North America and the European Union (EU) for ZX008. Additionally, upon acceptance of the Company’s regulatory submissions for ZX008 by the U.S. Food and Drug Administration (FDA) or the European Medicines Agency (EMA), each a milestone event, the Company will owe milestone payments under an existing agreement in connection with the Company’s prior acquisition of ZX008. Based on the Company’s current operating plans, management believes that the Company’s existing cash and cash equivalents will not be sufficient to meet the Company’s anticipated operating needs beyond the first half of 2018. As a result, management has concluded there is substantial doubt about the Company’s ability to continue as a going concern within one year after the date that the accompanying financial statements are issued. The accompanying condensed consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or amounts and classification of liabilities that may result from the outcome of this uncertainty.

The Company’s ability to continue as a going concern is dependent upon its ability to raise additional funding. Management intends to raise additional capital through public or private equity and potentially, debt financings. However, the Company may not be able to secure such financing in a timely manner or on favorable terms, if at all. Furthermore, if the Company issues equity or debt securities to raise additional funds, its existing stockholders may experience dilution, and the new equity or debt securities may have rights, preferences and privileges senior to those of the Company’s existing stockholders. If the Company raises additional funds through collaboration, licensing or other similar arrangements, it may be necessary to relinquish valuable rights to its potential products or proprietary technologies, or grant licenses on terms that are not favorable to the Company. Without additional funds, the Company may be forced to delay, scale back or eliminate some of its research and development activities, or other operations and potentially delay product development in an effort to provide

## [Table of Contents](#)

sufficient funds to continue its operations. If any of these events occur, the Company's ability to achieve the development and commercialization goals could be adversely affected.

### **Note 2 – Summary of Significant Accounting Policies**

#### **Use of Estimates**

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Actual results may differ from those estimates.

#### **Accounting Pronouncements Recently Adopted**

Accounting Standards Updated ("ASU") 2016-09, *Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting* changes how companies account for certain aspects of stock-based awards to employees. Under the guidance, entities will no longer record excess tax benefits and certain tax deficiencies in additional paid-in capital. Instead, they will record all excess tax benefits and tax deficiencies as income tax expense or benefit in the income statement. In addition, entities will recognize excess tax benefits regardless of whether the benefit reduces taxes payable in the current period. Under current guidance, excess tax benefits are not recognized until the deduction reduces taxes payable. Further, the new guidance allows entities to make an accounting policy election to either estimate forfeitures or recognize forfeitures as they occur. If an election is made, the change to recognize forfeitures as they occur must be adopted using a modified retrospective approach with a cumulative effect adjustment recorded to retained earnings or accumulated deficit.

The Company adopted ASU 2016-09 on January 1, 2017. Upon adoption, the Company recorded a deferred tax asset of \$0.2 million for previously unrecognized excess tax benefits from stock-based compensation, which was fully offset by an equal increase to its valuation allowance resulting in no impact to opening accumulated deficit. In addition and as provided for under this guidance, the Company made an accounting policy election to recognize forfeitures as they occur. The adoption of this aspect of the guidance did not have a material impact on the Company's condensed consolidated financial statements.

ASU 2015-11, *Inventory (Topic 330): Simplifying the Measurement of Inventory* simplifies current accounting treatments by requiring entities to measure most inventories at "the lower of cost and net realizable value" rather than using lower of cost or market. This guidance does not apply to inventories measured using the last-in, first-out method or the retail inventory method. The Company adopted ASU 2015-11 on January 1, 2017. The adoption of this new guidance did not have any impact on the Company's condensed consolidated financial statements.

#### **Accounting Pronouncements Issued But Not Yet Effective**

ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* and subsequent amendments to the initial guidance (collectively, "Topic 606") will replace all current GAAP guidance on this topic and eliminate all industry-specific guidance. The new revenue recognition standard provides a unified model to determine when and how revenue is recognized. The core principle of Topic 606 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. Topic 606 defines a five-step process to achieve this core principle and, in doing so, it is possible more judgment and estimates may be required within the revenue recognition process than are required under existing GAAP, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation, among others. This guidance will be effective for the Company beginning January 1, 2018. The guidance permits two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (the modified retrospective method). The Company plans to adopt this guidance as of January 1, 2018, using the modified retrospective method. The Company currently generates all its revenue from a manufacturing and supply agreement (the "supply agreement") with Endo International Plc ("Endo"), which is expected to be terminated by mid-2017. Considering resolution of this contract, the Company is currently assessing the impact of adopting this guidance on its condensed consolidated financial statements and disclosures. The Company will continue to monitor any new contracts it enters into with customers for evaluation under ASU 2014-09.

ASU 2016-02, *Leases (Topic 842)* requires lessees to recognize the lease assets and lease liabilities that arise from both capital and operating leases with lease terms of more than 12 months and to disclose qualitative and quantitative information about lease transactions. The guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company is currently evaluating the timing and impact of adopting this new accounting standard on its condensed consolidated financial statements and related disclosures.

ASU 2017-04, *Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* simplifies how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. Step 2 measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. Under the amendments in ASU 2017-04, an entity should recognize an impairment charge for the amount by which the carrying amount of a reporting unit exceeds its fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. The updated guidance requires a prospective adoption. ASU 2017-04 is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted for goodwill impairment tests performed on testing dates after January 1, 2017. The Company is currently evaluating the timing and impact of adopting this new accounting standard on its condensed consolidated financial statements and related disclosures.

**Note 3 – Inventory**

Inventory consists of the following (in thousands):

	March 31, 2017	December 31, 2016
Raw materials	\$ 3,423	\$ 4,397
Work in process	5,676	2,650
<b>Total</b>	<b>\$ 9,099</b>	<b>\$ 7,047</b>

**Note 4 – Fair Value Measurements**

The carrying amount of the Company's financial instruments, including cash and cash equivalents, trade accounts receivable, prepaid expenses and other assets, accounts payable, accrued expenses, accrued compensation and the current liabilities of the Company's discontinued operations approximate their fair value due to their short maturities. The carrying amount of the Company's Term Loan approximates fair value, considering level 2 inputs, because it has a variable interest rate. At March 31, 2017 and December 31, 2016, the estimated fair value of the Company's working capital advance note payable approximated its face amount, considering level 2 inputs, due to its impending maturity upon finalization of the termination of the supply agreement with Endo.

Authoritative guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Observable inputs such as quoted prices in active markets;
- Level 2: Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The fair value of cash equivalents was determined based on Level 1 inputs utilizing quoted prices in active markets. The fair value of the Company's common stock warrant liabilities and contingent consideration liabilities were determined based on Level 3 inputs using valuation models with significant unobservable inputs. Assets and liabilities measured at fair value on a recurring basis at March 31, 2017 and December 31, 2016 were as follows (in thousands):

[Table of Contents](#)

Fair Value Measurements at Reporting Date Using

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<b>March 31, 2017</b>				
<b>Assets</b>				
Cash equivalents <sup>(1)</sup>	\$ 75,386	\$ —	\$ —	\$ 75,386
<b>Liabilities</b>				
Common stock warrant liabilities <sup>(2)</sup>	\$ —	\$ —	\$ 222	\$ 222
Contingent consideration liabilities <sup>(3)</sup>	\$ —	\$ —	\$ 53,400	\$ 53,400
<b>December 31, 2016</b>				
<b>Assets</b>				
Cash equivalents <sup>(1)</sup>	\$ 87,792	\$ —	\$ —	\$ 87,792
<b>Liabilities</b>				
Common stock warrant liabilities <sup>(2)</sup>	\$ —	\$ —	\$ 809	\$ 809
Contingent consideration liabilities <sup>(3)</sup>	\$ —	\$ —	\$ 52,800	\$ 52,800

- (1) Cash equivalents are comprised of money market fund shares and are included as a component of cash and cash equivalents on the condensed consolidated balance sheets.
- (2) Represents the fair value of common stock warrants outstanding that may require cash settlement under certain circumstances. The liability primarily relates to warrants sold in connection with the Company's July 2012 public offering of common stock and warrants. These warrants entitle the holders to purchase up to 1.9 million shares of common stock at an exercise price of \$20.00 per share. The warrants are set to expire in July 2017. The fair value of the warrants were estimated using the Black-Scholes option pricing model. The decrease in the fair value of the common stock warrant liabilities as of March 31, 2017, as compared to the fair value at December 31, 2016, was attributable to the warrants being out-of-the money combined with the short remaining contractual term.
- (3) In connection with certain acquisition, the Company may be required to pay future consideration that is contingent upon the achievement of specified development, regulatory approval or sales-based milestone events. The Company estimated the fair value of the contingent consideration liabilities on the acquisition date using a probability-weighted income approach, which reflects the probability and timing of future payments. This fair value measurement is based on significant Level 3 inputs such as the anticipated timelines and probability of achieving development, regulatory approval or sales-based milestone events and projected revenues. The resulting probability-weighted cash flows are discounted at risk-adjusted rates. Subsequent to the acquisition date, at each reporting period prior to settlement, the Company revalues these liabilities by performing a review of the assumptions listed above and record increases or decreases in the fair value of these contingent consideration liabilities. In the absence of any significant changes in key assumptions, the quarterly determination of fair values of these contingent consideration liabilities would primarily reflect the passage of time. Significant judgment is used in determining Level 3 inputs and fair value measurements as of the acquisition date and for each subsequent reporting period. Updates to assumptions could have a significant impact on the Company's results of operations in any given period and actual results may differ from estimates. For example, significant increases in the probability of achieving a milestone or projected revenues would result in a significantly higher fair value measurement while significant decreases in the estimated probability of achieving a milestone or projected revenues would result in a significantly lower fair value measurement. Significant increases in the discount rate or in the anticipated timelines would result in a significantly lower fair value measurement while significant decreases in the discount rate or anticipated timelines would result in a significantly higher fair value measurement. The potential contingent consideration payments required upon achievement of development, regulatory approval and sales-based milestones related to the Company's acquisition of ZX008 range from zero if none of the milestones are achieved to a maximum of \$95.0 million (undiscounted).

There were no transfers between levels during the periods presented.

## [Table of Contents](#)

The following table provides a reconciliation of liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three months ended March 31, 2017 and 2016 (in thousands):

	December 31, 2016	Change in Fair Value	March 31, 2017	December 31, 2015	Change in Fair Value	March 31, 2016
Contingent consideration liabilities	\$ 52,800	\$ 600	\$ 53,400	\$ 51,000	\$ 1,300	\$ 52,300
Common stock warrant liabilities	809	(587)	222	6,196	(4,527)	1,669

The changes in fair value of the liabilities shown in the table above are recorded through change in fair value of contingent consideration liabilities within operating expense and the change in fair value of common stock warrant liabilities within other income (expense) in the condensed consolidated statements of operations.

### **Note 5 – Contract Manufacturing Agreement with Endo**

As part of the divestiture of the Company's Sumavel DosePro business to Endo in May 2014, the Company entered into a supply agreement with Endo for the exclusive right, and contractual obligation, to manufacture and supply Sumavel DosePro to Endo for an initial term of eight years. To support the Company's Sumavel DosePro manufacturing operations, Endo provided the Company with an interest-free working capital advance of \$7.0 million under a promissory note (see Note 6). The working capital advance matures upon termination of the supply agreement.

In January 2017, the Company and Endo entered into a letter agreement acknowledging Endo's decision to have the Company discontinue the manufacturing and supply of the Sumavel DosePro product while the parties finalize termination of the supply agreement. The Company is in the process of terminating the respective agreements with its contract manufacturing organizations for Sumavel DosePro. The Company's financial statements are based on all currently available information and reflect the best estimate of the eventual outcome of these discussions; the Company may incur additional costs associated with the termination of this arrangement. In April 2017, the Company completed fulfillment of all open orders to Endo and has no further obligation to supply Endo with additional Sumavel DosePro.

In the three months ended March 31, 2017, the Company recorded an additional impairment charge of \$0.8 million for long-lived manufacturing assets associated with the production of Sumavel DosePro.

### **Note 6 – Debt Obligations**

#### **Term Loan**

Scheduled maturities of the term loan are as follows (in thousands):

2017 (remaining 9 months)	\$ —
2018	8,000
2019	8,000
2020	4,000
Principal balance outstanding	20,000
Less: unamortized debt discount and issuance costs	(1,042)
Net carrying value of debt	18,958
Less: current portion	(1,333)
Long-term debt	\$ 17,625

In December 2014, the Company entered into a Loan and Security Agreement (the "Loan Agreement") with Oxford Finance LLC ("Oxford") and Silicon Valley Bank ("SVB") (collectively, the "Lenders"), under which the Company borrowed a \$20.0 million term loan. In addition, the Loan Agreement provided for a revolving credit facility of up to \$4.0 million. The obligations under the Loan Agreement are secured by liens on the Company's personal property and the Company has agreed to not encumber any of its intellectual property. The Loan Agreement includes a material adverse change clause, which enables the Lenders to require immediate repayment of the outstanding debt if certain subjective acceleration provisions are triggered. The material adverse change clause covers provisions including a material impairment of underlying collateral, change in business operations or condition or material impairment of the Company's prospects for repayment of any portion of the remaining debt obligation. The Company does not expect the Lenders to seek remedy under this provision.

## [Table of Contents](#)

In connection with the Loan Agreement, the Lenders were issued warrants to purchase an aggregate of up to 63,559 shares of the Company's common stock at a per share exercise price of \$9.44. The warrants are exercisable for 10 years. At the time of issuance, the fair value of the warrants was estimated to be \$0.6 million using the Black-Scholes valuation model and was recorded at issuance as debt discount to the term loan with a corresponding increase to additional paid in capital in the consolidated balance sheet.

The term loan bore interest at an annual rate equal to the greater of (i) 8.75% or (ii) the sum of the prevailing prime rate (as reported by the Wall Street Journal) plus 5.25%. Payments under the loan were interest-only until January 1, 2016, followed by equal monthly payments of principal and interest through the scheduled maturity date of December 1, 2018.

On April 23, 2015, in connection with the sale of the Zohydro ER business, the Company and the Lenders entered into an amendment to the Loan Agreement, which terminated all encumbrances on the Company's personal property related to its Zohydro ER business.

On June 17, 2016, the Company entered into a second amendment (the "Second Amendment") to the Loan Agreement with the Lenders. The Second Amendment modified the loan repayment terms to be interest-only from July 1, 2016 to February 1, 2018, followed by equal monthly payments of principal and interest through a new maturity date of July 1, 2020. Under the terms of the Second Amendment, the interest rate applicable to the term loan bears interest at an annual rate equal to the greater of (i) 7.00% or (ii) the sum of the prevailing prime rate (as reported by the Wall Street Journal) plus 3.25%. In addition, the Second Amendment terminated the revolving credit facility previously available under the Loan Agreement. In connection with the Second Amendment, the Company paid (i) the end of term fee of \$1.0 million due under the Loan Agreement as a result of entering into the Second Amendment and (ii) the end of term fee of \$0.1 million with respect to the termination of the revolving credit facility. The Second Amendment also includes an end of term fee of \$1.4 million payable on July 1, 2020, or upon early repayment of the term loan. An early repayment will be subject to a prepayment penalty of \$0.2 million.

The Loan Agreement required the Company to establish a controlled deposit account with SVB containing at least 85% of the Company's account balances at all financial institutions which can be utilized by the Lenders to satisfy the obligations in the event of default. The Second Amendment permitted the Company to maintain collateral account balances exceeding the greater of (i) \$50.0 million, or (ii) 50% of the Company's total collateral account balances (other than specifically excluded accounts), with financial institutions other than the Lenders; provided that, if the Company's total collateral account balances are below \$50.0 million, all such balances will be maintained with the Lenders. Other affirmative covenants include, among others, requiring the Company to maintain legal existence and governmental approvals, deliver certain financial reports, maintain insurance coverage and satisfy certain requirements regarding accounts receivable. Negative covenants include, among others, restrictions on transferring collateral, incurring additional indebtedness, engaging in mergers or acquisitions, paying dividends or making other distributions, making investments, creating liens, selling assets and consummation of a change in control, in each case subject to certain exceptions. The Company was in compliance with these covenants at March 31, 2017 and December 31, 2016.

### **Working Capital Advance Note Payable**

In connection with entering into the supply agreement for Sumavel DosePro with Endo, Endo provided the Company with an interest-free working capital advance of \$7.0 million, which is evidenced by a promissory note. The note payable is secured by a lien on the Company's Sumavel DosePro raw materials and work in process inventory. The note payable was initially recorded on the balance sheet net of a \$4.7 million debt discount. The debt discount is being amortized as interest expense using the effective interest method over the supply agreement's initial term of eight years as the note payable matures upon termination of the related supply agreement.

As a result of the negotiations regarding the termination of the supply agreement (see Note 5), the note payable has been classified as a current liability as of March 31, 2017 and December 31, 2016 because the extinguishment of the liability is reasonably expected to require the use of existing current assets, including cash and the underlying collateral of Sumavel DosePro materials and work in process inventory. The carrying value of the note payable was \$3.4 million and \$3.3 million at March 31, 2017 and December 31, 2016, respectively.

### **Note 7 – Stock-Based Compensation**

The Company has adopted certain equity incentive and stock purchase plans as described in the consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016. Upon adopting ASU 2016-09 on January 1, 2017, the Company elected to account for forfeitures as they occur.

## [Table of Contents](#)

### *Valuation of Stock Options*

The estimated grant date fair values of the stock options were calculated using the Black Scholes valuation model, based on the following assumptions:

	Three Months Ended March 31,	
	2017	2016
Risk free interest rate	2.1% to 2.3%	1.4%
Expected term	6.0 to 6.1 years	6.0 years
Expected volatility	76.4% to 76.6%	77.8%
Expected dividend yield	—%	—%

During the three months ended March 31, 2017, the Company granted options to purchase approximately 0.7 million shares of common stock with a weighted average grant date fair value of \$6.83.

### *Restricted Stock Units with Performance Condition*

In March 2017, the Company granted approximately 0.2 million restricted stock units (RSUs) with service and performance-based conditions to employees and executives. The weighted average fair value of RSUs granted was \$10.20 per share. The RSUs vest upon the approval by the FDA of the Company's new drug application for ZX008, provided such approval occurs within five years following the grant date. Due to the uncertainties associated with the FDA approval process, approval is deemed not probable, as such term is used for accounting purposes, prior to the occurrence of the event. Accordingly, no compensation expense has been recognized as of March 31, 2017 for these awards.

### *Stock-Based Compensation Expense*

The following table summarizes the components of total stock-based compensation expense included in the condensed consolidated statements of operations (in thousands):

	Three Months Ended March 31,	
	2017	2016
Cost of contract manufacturing	\$ 77	\$ 101
Research and development	517	424
Selling, general and administrative	1,079	963
Total	\$ 1,673	\$ 1,488

### **Note 8 – Net Loss Per Share**

Basic net loss from continuing operations per share is calculated by dividing net loss from continuing operations by the weighted average number of shares outstanding for the period. Diluted net loss from continuing operations per share is calculated by dividing net loss from continuing operations by the weighted average number of shares of common stock and potential dilutive common stock equivalents outstanding during the period if the effect is dilutive. The Company's potentially dilutive shares of common stock include outstanding stock options, restricted stock units and warrants to purchase common stock.

A reconciliation of the numerators and denominators used in computing net loss from continuing operations per share is as follows (in thousands, except for share data):

[Table of Contents](#)

	Three Months Ended March 31,	
	2017	2016
Numerator:		
Net loss from continuing operations	\$ (21,126)	\$ (10,220)
Denominator:		
Shares used in per share calculation	24,813	24,722
Net loss from continuing operations per share, basic and diluted	\$ (0.85)	\$ (0.41)

The following table presents the potential shares of common stock outstanding that were excluded from the computation of diluted net loss from continuing operations per share for the periods presented because including them would have been anti-dilutive (in thousands):

	Three Months Ended March 31,	
	2017	2016
Shares subject to outstanding common stock options	3,490	2,835
Shares subject to outstanding restricted stock units	137	21
Shares subject to outstanding warrants to purchase common stock	1,975	1,975
Total	5,602	4,831

## [Table of Contents](#)

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

#### **Forward-Looking Statements**

This Quarterly Report on Form 10-Q contains forward-looking statements that involve substantial risks and uncertainties. These forward-looking statements include, but are not limited to, statements about:

- the progress and timing of clinical trials for ZX008;
- the safety and efficacy of our product candidates;
- the timing of submissions to, and decisions made by, the U.S. Food and Drug Administration, or FDA, and other regulatory agencies, including foreign regulatory agencies, with respect to our product candidates and our ability to demonstrate the safety and efficacy of our product candidates to the satisfaction of the FDA and such other regulatory agencies;
- the goals of our development activities and estimates of the potential markets for our product candidates, and our ability to compete within those markets;
- the potential termination of the supply agreement with Endo International Plc, or Endo, and the impact on our future revenues;
- our plans to establish a partnership to develop and commercialize Relday; and
- projected cash needs and our expected future revenues, operations and expenditures.

The forward-looking statements are contained principally in the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” In some cases, you can identify forward-looking statements by the following words: “may,” “will,” “could,” “would,” “should,” “expect,” “intend,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “project,” “potential,” “continue,” “ongoing” or the negative of these terms or other comparable terminology, although not all forward-looking statements contain these words. These statements relate to future events or our future financial performance or condition and involve known and unknown risks, uncertainties and other factors that could cause our actual results, levels of activity, performance or achievement to differ materially from those expressed or implied by these forward-looking statements. We discuss many of these risks, uncertainties and other factors in this Quarterly Report on Form 10-Q in greater detail under the heading “Item 1A – Risk Factors.”

Given these risks, uncertainties and other factors, we urge you not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. You should read this Quarterly Report on Form 10-Q completely and with the understanding that our actual future results may be materially different from what we expect. For all forward-looking statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. We undertake no obligation to revise or update publicly any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.

DosePro®, Relday™ and Zogenix™ are our trademarks. All other trademarks, trade names and service marks appearing in this Quarterly Report on Form 10-Q are the property of their respective owners. Use or display by us of other parties’ trademarks, trade dress or products is not intended to and does not imply a relationship with, or endorsements or sponsorship of, us by the trademark or trade dress owner.

Unless the context requires otherwise, references in this Quarterly Report on Form 10-Q to “Zogenix,” “we,” “us” and “our” refer to Zogenix, Inc., including its consolidated subsidiaries.

The condensed consolidated financial statements and this Management’s Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the consolidated financial statements and notes thereto for the year ended December 31, 2016 and the related Management’s Discussion and Analysis of Financial Condition and Results of Operations, both of which are contained in our Annual Report on Form 10-K for the year ended December 31, 2016.

#### **Overview**

We are a pharmaceutical company committed to developing and commercializing central nervous system, or CNS, therapies that address specific clinical needs for people living with orphan and other CNS disorders who need innovative treatment alternatives to help them improve their daily functioning. Our current primary area of focus is orphan or rare childhood-onset epilepsy disorders.

## [Table of Contents](#)

We have worldwide development and commercialization rights to ZX008, our lead product candidate. ZX008 is a low-dose fenfluramine for the treatment of seizures associated with Dravet syndrome. Dravet syndrome is a rare and catastrophic form of pediatric epilepsy with life threatening consequences for patients and for which current treatment options are very limited. ZX008 has received orphan drug designation in the United States and European Union, or the EU, for the treatment of Dravet syndrome. In January 2016, we received notification of Fast Track designation from the U.S. Food and Drug Administration, or FDA, for ZX008 for the treatment of Dravet syndrome. We initiated our Phase 3 clinical trials in North America (Study 1501) in January 2016 and in Europe and Australia in June 2016 (Study 1502). Study 1501 and Study 1502 are each identical randomized, double-blind placebo-controlled studies of ZX008 as adjunctive therapy for patients with uncontrolled seizures who have Dravet syndrome. In January 2017, we announced our plan to report top-line results from Study 1501 and Study 1502 via a merged study analysis approach whereby top-line results from the first half of the combined patient population of each study would be reported initially as “Study 1.” In April 2017, we completed enrollment of Study 1 and expect to report top-line results in the third quarter of 2017. In September 2016, we initiated the pharmacokinetic and safety profile portion of Study 1504, a double blind, randomized, two arm pivotal Phase 3 clinical trial of ZX008 in Dravet syndrome patients who are taking stiripentol, valproate and clobazam as part of their baseline standard care. In February 2017, we announced the initiation of the safety and efficacy portion of Study 1504, which compares a single dose of ZX008 versus placebo across the titration and 12-week maintenance periods at multiple sites, which currently includes sites in France, the Netherlands, the United States and Canada. Additional sites are anticipated to be opened in Europe.

Beginning in first quarter of 2016, we funded an open-label dose-ranging twenty-patient investigator initiated study in patients with Lennox-Gastaut Syndrome, or LGS, another rare and catastrophic form of pediatric epilepsy with life threatening consequences for patients and for which current treatment options are very limited. In December 2016, we presented initial data from an interim analysis of the first 13 patients to have completed at least 12 weeks of this Phase 2 open-label, dose-finding study at the American Epilepsy Society Meeting. These data demonstrated that ZX008 provided clinically meaningful improvement in major motor seizure frequency in patients with severe refractory LGS, despite not dosing to maximal efficacy as per protocol, with seven out of 13 patients (54%) achieving at least a 50% reduction in the number of major motor seizures. In addition, ZX008 was generally well tolerated. We believe this data indicate that ZX008 has the potential to be a safe and effective adjunctive treatment for LGS. Based on the strength of the LGS data generated, in the first quarter of 2017, we submitted an investigational new drug, or IND, application to the FDA to initiate a Phase 3 program for ZX008 in LGS, which became effective in April 2017. We intend to initiate a Phase 3 program for ZX008 in LGS in the second half of 2017. In February 2017, ZX008 received orphan drug designation for the treatment of LGS in the EU.

We have an additional product candidate, Relday™ (risperidone once-monthly long-acting injectable) for the treatment of schizophrenia. Relday is a proprietary, long-acting injectable formulation of risperidone. Risperidone is used to treat the symptoms of schizophrenia and bipolar disorder in adults and teenagers 13 years of age and older. We completed the Phase 1b multi-dose clinical study for Relday in September 2015. We are working to identify potential worldwide development and commercialization partner or partners for Relday.

### **Pending Termination of Contract Manufacturing Supply Agreement**

Our current revenue is generated from a single contract manufacturing and supply agreement entered into in connection with the divestiture of our Sumavel DosePro business in 2014 to Endo. Under the terms of the supply agreement, we manufacture and supply Sumavel DosePro to Endo for an initial term of eight years. In January 2017, we and Endo have entered into a letter agreement acknowledging Endo’s decision to have us discontinue the manufacturing and supply of the Sumavel DosePro product while the parties finalize termination of the supply agreement. In April 2017, the Company completed fulfillment of all open orders to Endo and has no further obligation to supply Endo with additional Sumavel DosePro. Once the termination agreement is finalized, we will no longer have a source of recurring revenue and expect to have limited revenue in the foreseeable future.

### **Critical Accounting Policies and Estimates**

Our management’s discussion and analysis of our financial condition and results of operations is based on our condensed consolidated financial statements, which have been prepared in conformity with generally accepted accounting principles in the United States, or GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, expenses and related disclosures. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ from those estimates.

We believe that the assumptions and estimates associated with revenue recognition, the impairment assessments related to goodwill, indefinite-lived intangible assets and other long-lived assets, business combinations, discontinued operations, fair value measurements, clinical trials expense accrual and stock-based compensation have the greatest potential impact on our condensed consolidated financial statements. Therefore, we consider these to be our critical accounting policies and estimates.

## [Table of Contents](#)

There have been no significant changes in our critical accounting policies and estimates during the three months ended March 31, 2017, as compared to the critical accounting policies and estimates disclosed in Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2016.

### Recent Accounting Pronouncements

For information with respect to recent accounting pronouncements that are of significance or potential significance to us, see Note 2 of Notes to Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report.

### Results of Operations

#### *Comparison of the Three Months Ended March 31, 2017 and 2016*

##### *Contract Manufacturing Revenue*

(Dollars in thousands)	Three Months Ended March 31,			
	2017	2016	\$ change	% change
Contract manufacturing revenue	\$ 2,696	\$ 9,206	\$ (6,510)	(71)%

Our contract manufacturing revenue was solely generated by our supply agreement with Endo. Revenue decreased in the first quarter of 2017 compared to the same quarter in 2016 due to lower demand for Sumavel DosePro. In January 2017, we and Endo entered into a letter agreement acknowledging Endo's decision to have us discontinue the manufacturing and supply of the Sumavel DosePro product under the supply agreement while the parties finalize termination of the supply agreement. In April 2017, the Company completed fulfillment of all open orders to Endo and has no further obligation to supply Endo with additional Sumavel DosePro. Once the termination agreement is finalized, we will no longer have a source of recurring revenue and expect to have limited revenue in the foreseeable future.

##### *Cost of Contract Manufacturing*

(Dollars in thousands)	Three Months Ended March 31,			
	2017	2016	\$ change	% change
Cost of contract manufacturing	\$ 2,487	\$ 7,804	\$ (5,317)	(68)%

Cost of contract manufacturing decreased in the first quarter of 2017 compared to the same quarter in 2016 due to a decrease in units delivered to Endo, consistent with the decrease in contract manufacturing revenue described above.

##### *Research and Development Expenses*

(Dollars in thousands)	Three Months Ended March 31,			
	2017	2016	\$ change	% change
Research and development	\$ 13,341	\$ 7,987	\$ 5,354	67%

Research and development expenses consist of expenses incurred in developing, testing and seeking marketing approval of our product candidates, including: license and milestone payments; payments made to third-party clinical research organizations, or CROs, and investigational sites, which conduct our clinical trials on our behalf, and consultants; expenses associated with regulatory submissions, pre-clinical development and clinical trials; payments to third-party manufacturers, which produce our active pharmaceutical ingredient and finished product; personnel related expenses, such as salaries, benefits, travel and other related expenses, including stock-based compensation; and facility, maintenance, depreciation and other related expenses.

We utilize CROs, contract laboratories and independent contractors for the conduct of pre-clinical studies and clinical trials. We track third-party costs by program. We recognize the expenses associated with the services provided by CROs based on estimated progress toward completion at the end of each reporting period. We coordinate clinical trials through a number of contracted investigational sites and recognize the associated expense based on a number of factors, including actual and estimated subject enrollment and visits, direct pass-through costs and other clinical site fees. The table below sets forth information regarding our research and development costs for our major development programs.

## [Table of Contents](#)

(Dollars in thousands)	Three Months Ended March 31,			
	2017	2016	\$ change	% change
ZX008	\$ 9,193	\$ 5,292	\$ 3,901	74%
Other <sup>(1)</sup>	4,148	2,695	1,453	54%
Total	\$ 13,341	\$ 7,987	\$ 5,354	67%

(1) Other research and development expenses include employee and infrastructure resources that are not tracked on a program-by-program basis, as well as development costs incurred for other product candidates.

We acquired ZX008 with our acquisition of Zogenix International Limited in October 2014 and have subsequently incurred expenses as we proceed with our Phase 3 clinical trials for ZX008 which commenced in January 2016. Expenses for ZX008 increased by \$3.9 million for the three months ended March 31, 2017 as compared to the same period in 2016. This increase resulted from a significant increase in clinical trial activities related to our Phase 3 program for Dravet syndrome.

We expect our research and development expenses for the remainder of 2017 to exceed amounts incurred in the same period in 2016 as we continue to conduct our Phase 3 clinical trial for ZX008 in Dravet syndrome as well as the planned commencement of a Phase 3 clinical trial in LGS in the second half of 2017.

### *Selling, General and Administrative Expenses*

(Dollars in thousands)	Three Months Ended March 31,			
	2017	2016	\$ change	% change
Selling expense	\$ 1,296	\$ 1,241	\$ 55	4%
General and administrative expense	5,258	4,883	375	8%
Total selling, general and administrative	\$ 6,554	\$ 6,124	\$ 430	7%

Selling expense consists primarily of salaries and benefits of sales and marketing management and market research expenses for product candidates that are in development. General and administrative expenses consist primarily of salaries and related costs for personnel in executive, finance, accounting, business development and internal support functions. In addition, general and administrative expenses include professional fees for legal, consulting and accounting services.

General and administrative expense increased in the first quarter of 2017 compared to the same quarter in 2016 primarily due to an increase in professional fees and other outside services.

We anticipate that our selling, general and administrative expenses in 2017 will remain relatively consistent with 2016 levels.

### *Impairment Charges*

For the three months ended March 31, 2017, we recorded an additional impairment charge of \$0.8 million for long-lived manufacturing assets associated with the production of Sumavel DosePro. There were no impairment charges recorded during the three months ended March 31, 2016.

### *Change in Fair Value of Contingent Consideration*

The contingent consideration liability relates to milestone payments under an existing agreement in connection with our prior acquisition of ZX008. At each reporting period, the estimated fair value of the liability is determined by applying the income approach which utilizes variable inputs, such as anticipated future cash flows, risk-free adjusted discount rates, and nonperformance risk. Any change in the fair value is recorded as contingent consideration (income) expense.

For the three months ended March 31, 2017, the change in fair value of contingent consideration expense was primarily due to a shorter discount period to reflect the passage of time. For the three months ended March 31, 2016, the change in fair value of contingent consideration expense resulted from a decrease in our estimated risk-free adjusted discount rate and a shorter discount period to reflect the passage of time.

## [Table of Contents](#)

### *Other Income (Expense)*

Other income (expense) primarily consists of interest expense, net, changes in fair value of our common stock warrant liabilities and foreign currency gains and losses resulting from transactions denominated in U.K. pounds sterling and euros.

Other income (expense) decreased by \$3.9 million for the three months ended March 31, 2017 as compared to the same period in 2016. The decrease was primarily attributable to the change in fair value of common stock warrant liabilities. For the three months ended March 31, 2016, we recognized \$4.5 million in income as a result of the decrease in fair value of our common stock warrant liabilities, as compared to \$0.6 million in income for the three months ended March 31, 2017. The decrease in fair value of common stock warrants in the prior year period was attributed to a substantial decline in our stock price during the three months ended March 31, 2016.

### **Liquidity and Capital Resources**

We have experienced net losses and negative cash flow from operations since inception. We expect to continue to incur net losses and negative cash flow from operating activities for at least the next year primarily as a result of the expenses incurred in connection with the clinical development of ZX008.

Since inception, our operations have been financed primarily through equity and debt financings and proceeds from two business divestitures—Sumavel DosePro and Zohydro ER. Excluding gains from the two business divestitures, we have incurred recurring net losses and continuing negative cash flows from our operations resulting in an accumulated deficit of \$466.5 million as of March 31, 2017. We held cash and cash equivalents of \$80.1 million as of March 31, 2017. Management anticipates further operating losses and negative cash flows for at least the next year as we continue to incur costs related to ongoing Phase 3 programs in Dravet syndrome in North America and EU for ZX008. Additionally, upon acceptance of our regulatory submissions for ZX008 by the FDA or the EMA, each a milestone event, we will owe milestone payments under an existing agreement in connection with our prior acquisition of ZX008. Based on our current operating plans, we believe that our existing cash and cash equivalents will not be sufficient to meet our anticipated operating needs beyond the first half of 2018. As a result, management has concluded there is substantial doubt about our ability to continue as a going concern within one year after the date that the accompanying financial statements are issued.

We intend to raise additional capital through public or private equity and potentially debt financings. However, we may not be able to secure such financing in a timely manner or on favorable terms, if at all. Furthermore, if we issue equity or debt securities to raise additional funds, our existing stockholders may experience dilution, and the new equity or debt securities may have rights, preferences and privileges senior to those of our existing stockholders. If we raise additional funds through collaboration, licensing or other similar arrangements, it may be necessary to relinquish valuable rights to our potential products or proprietary technologies, or grant licenses on terms that are not favorable to us. Without additional funds, we may be forced to delay, scale back or eliminate some of our research and development activities, or other operations and potentially delay product development in an effort to provide sufficient funds to continue its operations. If any of these events occurs, our ability to achieve the development and commercialization goals could be adversely affected.

The following table presents selected information from our statements of cash flows:

	Three Months Ended March 31,	
	2017	2016
	(In Thousands)	
Cash and cash equivalents, beginning of the period	\$ 91,551	\$ 155,349
Net cash used in operating activities	(11,417)	(21,416)
Net cash used in investing activities	(26)	(83)
Net cash used in financing activities	—	(1,666)
Net decrease in cash and cash equivalents	(11,443)	(23,165)
Cash and cash equivalents, end of the period	\$ 80,108	\$ 132,184

### *Operating Activities*

For the three months ended March 31, 2017, net cash used in operating activities consisted of a net loss of \$21.3 million, offset by non-cash charges of \$3.0 million and a net cash inflow from changes in operating assets and liabilities of \$6.9 million. Non-cash charges primarily consisted of stock-based compensation, depreciation and amortization, impairment charges for long-lived assets related to our Endo supply agreement, and changes in fair value of mark-to-market warrants and contingent consideration. The increase in cash provided by operating assets and liabilities was primarily attributable to a \$11.6 million decrease in trade accounts receivable as we received payment from Endo for previously delivered product. Cash outflows from

## [Table of Contents](#)

changes in operating assets and liabilities include inventory, accounts payable and accrued expenses due to the timing of inventory receipts and vendor payments.

For the three months ended March 31, 2016, net cash used in operating activities consisted of a net loss of \$10.4 million, adjusted for a mark-to-market gain of \$4.5 million for the change in fair value of warrant liabilities, and a net cash outflow from change in operating assets and liabilities.

### *Financing Activities*

Net cash used in financing activities decreased in the three months ended March 31, 2017, compared to the same period in 2016. The decrease was primarily attributable to an amendment of the Term Loan entered into in June 2016, which provided for an extension to the maturity date and an interest-only payment period from July 2016 to February 2018.

### **Debt Obligations**

As of March 31, 2017, we were in compliance with all covenants under our term loan and working capital advance note payable. Our term loan agreement includes a material adverse change clause, which enables the lenders to require immediate repayment of the outstanding debt if certain subjective acceleration provisions are triggered. The material adverse change clause covers provisions including a material impairment of underlying collateral, change in business operations or condition or material impairment of our prospects for repayment of any portion of the remaining debt obligation. We do not expect the lenders to seek remedy under this provision. For a detailed description of our debt obligations, see Note 6 of Notes to Condensed Consolidated Financial Statements included elsewhere in the Quarterly Report.

### **Contractual Obligations**

There were no material changes outside the ordinary course of our business during the three months ended March 31, 2017 to the information regarding our contractual obligations that was disclosed in Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2016.

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

As of March 31, 2017, we did not have any off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K.

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

There have been no material changes in market risk from the information provided in "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" in our Annual Report on Form 10-K for the year ended December 31, 2016.

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

#### **Conclusions Regarding the Effectiveness of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the timelines specified in the Securities and Exchange Commission's, or the SEC's, rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can only provide reasonable assurance of achieving the desired control objectives, and in reaching a reasonable level of assurance, management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by SEC Rule 13a-15(b), we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2017 at the reasonable assurance level.

#### **Changes in Disclosure Controls and Procedures**

[Table of Contents](#)

There were no changes in our internal control over financial reporting during the three months ended March 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

[Table of Contents](#)

**PART II – OTHER INFORMATION**

**Item 1. Legal Proceedings**

There have been no material updates to the legal proceedings as set forth in “Item 3. Legal Proceedings” in our Annual Report on Form 10-K for the year ended December 31, 2016.

**Item 1A. Risk Factors**

There have been no material changes to the risk factors described in Part 1, Item 1A in our Annual Report on Form 10-K for the year ended December 31, 2016.

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

**Unregistered Sales of Equity Securities**

None.

**Use of Proceeds**

Not applicable.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

None.

## [Table of Contents](#)

### Item 6. Exhibits

#### EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
3.1(2)	Fifth Amended and Restated Certificate of Incorporation of the Registrant
3.2(5)	Certificate of Amendment of Fifth Amended and Restated Certificate of Incorporation of the Registrant
3.3(7)	Certificate of Amendment of Fifth Amended and Restated Certificate of Incorporation of the Registrant
3.4(2)	Amended and Restated Bylaws of the Registrant
4.1(3)	Form of the Registrant's Common Stock Certificate
4.2(1)	Third Amended and Restated Investors' Rights Agreement dated December 2, 2009
4.3(1)	Amendment to Third Amended and Restated Investors' Rights Agreement dated as of July 1, 2010
4.4(4)	Second Amendment to Third Amended and Restated Investors' Rights Agreement dated June 30, 2011
4.5(1)	Warrant dated June 30, 2008 issued by the Registrant to Oxford Finance Corporation
4.6(1)	Transfer of Warrant dated March 24, 2009 from CIT Healthcare LLC to The CIT Group/Equity Investments, Inc.
4.7(4)	Warrant dated July 18, 2011 issued by the Registrant to Healthcare Royalty Partners (formerly Cowen Healthcare Royalty Partners II, L.P.)
4.8(6)	Warrant dated December 30, 2014 issued by the Registrant to Oxford Finance LLC
4.9(6)	Warrant dated December 30, 2014 issued by the Registrant to Silicon Valley Bank
10.1#	General Release of Claims dated January 16, 2017, by and between the Registrant and Ann D. Rhoads
10.2#	Employment Agreement dated January 16, 2017, by and between the Registrant and Michael P. Smith
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Public Company Accounting Reform and Investor Protection Act of 2002 (18 U.S.C. §1350, as adopted)
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Public Company Accounting Reform and Investor Protection Act of 2002 (18 U.S.C. §1350, as adopted)
32.1*	Certification of Chief Executive Officer pursuant to Section 906 of the Public Company Accounting Reform and Investor Protection Act of 2002 (18 U.S.C. §1350, as adopted)
32.2*	Certification of Chief Financial Officer pursuant to Section 906 of the Public Company Accounting Reform and Investor Protection Act of 2002 (18 U.S.C. §1350, as adopted)
101	The following financial statements from the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2017 formatted in XBRL: (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations and Comprehensive Loss, (iii) Condensed Consolidated Statements of Cash Flows, and (iv) the Notes to Condensed Consolidated Financial Statements.
(1)	Filed with the Registrant's Registration Statement on Form S-1 on September 3, 2010.
(2)	Filed with Amendment No. 2 to the Registrant's Registration Statement on Form S-1 on October 27, 2010.
(3)	Filed with Amendment No. 3 to the Registrant's Registration Statement on Form S-1 on November 4, 2010.
(4)	Filed with the Registrant's Quarterly Report on Form 10-Q on August 11, 2011.
(5)	Filed with the Registrant's Quarterly Report on Form 10-Q on November 8, 2012.
(6)	Filed with the Registrant's Current Report on Form 8-K on December 31, 2014.
(7)	Filed with the Registrant's Quarterly Report on Form 10-Q on August 10, 2015.

# Indicates management contract or compensatory plan.

\* These certifications are being furnished solely to accompany this quarterly report pursuant to 18 U.S.C. Section 1350, and are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934 and are not subject to the liability of that section. These certifications are not to be incorporated by reference into any filing of Zogenix, Inc., whether made before or after the date hereof, regardless of any general incorporation language in such filing.

[Table of Contents](#)

**SIGNATURES**

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

**ZOGENIX, INC.**

Date: May 4, 2017

By: /s/ Stephen J. Farr  
President and Chief Executive Officer  
(Principal Executive Officer)

Date: May 4, 2017

By: /s/ Michael P. Smith  
Executive Vice President, Chief Financial Officer, Treasurer and Secretary  
(Principal Financial and Accounting Officer)

GENERAL RELEASE OF CLAIMS

THIS GENERAL RELEASE OF CLAIMS (this “Release”) is entered into by and between Zogenix, Inc., a Delaware corporation (the “Company”), and Ann Rhoads (“Executive”), as of the Effective Date (as defined below).

WHEREAS, the Company and Executive are parties to that certain Employment Agreement dated as of March 1, 2010 (the “Employment Agreement”);

WHEREAS, the parties agree that Executive is entitled to certain severance benefits under the Employment Agreement, subject to Executive’s execution of this Release; and

WHEREAS, the Company and Executive now wish to fully and finally resolve all matters between them.

NOW, THEREFORE, in consideration of, and subject to, the severance benefits payable to Executive described in Section 2(d) below, the adequacy of which is hereby acknowledged by Executive, and which Executive acknowledges that she would not otherwise be entitled to receive, Executive and the Company hereby agree as follows:

1. Effective Date; Termination of Employment.

(a) Effective Date. This Release shall become effective upon the occurrence of both of the following events: (i) execution of the Release by the parties; and (ii) expiration of the revocation period applicable under Section 3(d) below without Executive having given notice of revocation. The date of the last to occur of the foregoing events shall be referred to in this Release as the “Effective Date.” Until and unless both of the foregoing events occur, this Release shall be null and void. Executive understands that Executive will not be given any severance benefits under this Release unless the Effective Date occurs on or before the date that is thirty (30) days following the Termination Date (as defined below).

(b) Termination of Employment. Executive’s employment by the Company will terminate effective as of January 16, 2017 (the “Termination Date”). Executive hereby resigns from her position as Executive Vice President and Chief Executive Officer, Treasurer and Secretary (and any other officer titles or officer positions she may hold) of the Company (and any of its affiliates and subsidiaries) effective as of the Termination Date. Executive shall execute any additional documentation necessary to effectuate such resignations. Executive’s “separation from service” for purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), shall be the Termination Date.

( c ) Consulting Relationship. Executive shall continue to serve as a consultant to the Company following the Termination Date pursuant to the terms and conditions of the Consulting Agreement attached hereto as Exhibit A (the “Consulting Agreement”).

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## 2. Compensation.

(a) Compensation Through Termination Date. On the Termination Date, the Company shall issue to Executive her final paycheck, reflecting (i) Executive's fully earned but unpaid base salary, through the Termination Date at the rate then in effect, and (ii) all accrued, unused paid time off due Executive through the Termination Date. Subject to Sections 2(b) and (d) below, Executive acknowledges and agrees that with her final check, Executive received all monies, bonuses, commissions, expense reimbursements, paid time off, or other compensation she earned or was due during her employment by the Company.

(b) Expense Reimbursements. The Company, within thirty (30) days after the Termination Date, will reimburse Executive for any and all reasonable and necessary business expenses incurred by Executive in connection with the performance of her job duties prior to the Termination Date, which expenses shall be submitted to the Company with supporting receipts and/or documentation no later than thirty (30) days after the Termination Date.

(c) Benefits. Subject to Section 2(d)(iii) below, Executive's entitlement to benefits from the Company, and eligibility to participate in the Company's benefit plans, shall cease on the Termination Date, except to the extent Executive elects to and is eligible to receive continued healthcare coverage pursuant to the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), for herself and any covered dependents, in accordance with the provisions of COBRA.

(d) Severance. In exchange for Executive's agreement to be bound by the terms of this Release, including, but not limited to, the release of claims in Section 3, Executive shall be entitled to receive the following, which shall be the exclusive severance benefits to which Executive is entitled, unless Executive has materially breached the provisions of this Release, in which case the last sentence of Section 4 shall apply:

(i) A cash payment in the amount of \$382,000, payable in a lump sum within ten (10) days following the Effective Date; plus

(ii) A cash payment in the amount of Executive's annual bonus for 2016, as determined under the Company's annual incentive plan by the Compensation Committee of the Board based on the Company's and Executive's performance for 2016 against the performance objectives established thereunder for 2016, payable in a lump sum prior to March 15, 2017;

(iii) for the period beginning on the Termination Date and ending on the date which is twelve (12) full months following the Termination Date (or, if earlier, (1) the date on which the applicable continuation period under COBRA expires or (2) the date Executive becomes eligible to receive the equivalent or increased healthcare coverage from a subsequent employer) (such period, the "COBRA Coverage Period"), if Executive and her eligible dependents who were covered under the Company's health insurance plans as of the Termination Date elect to have COBRA coverage and are eligible for such coverage, the Company shall pay reimburse Executive on a monthly basis for an amount equal to (A) the monthly premium Executive is required to pay for continuation coverage pursuant to COBRA for Executive and her eligible dependents who were covered under the Company's health plans as of the Termination Date (calculated by reference to the premium as of the Termination Date) less (2) the amount Executive would have had to pay to receive group health coverage for Executive and her covered dependents based on the cost sharing levels in effect on the Termination Date. If any of the Company's health benefits are self-funded as of the Termination Date, or if the Company cannot provide the foregoing benefits in a manner that is exempt from Section 409A (as defined below) or that is otherwise compliant with applicable law (including, without limitation, Section 2716 of the Public Health Service Act), instead of providing the reimbursements as set forth above, the Company shall instead pay to Executive the foregoing monthly amount as a taxable monthly payment for the COBRA Coverage Period (or any remaining portion thereof). Executive shall be solely responsible for all matters relating to continuation of coverage pursuant to COBRA, including, without limitation, the election of such coverage and the timely payment of premiums; plus

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(iv) In the event of a Change in Control (as defined in the Employment Agreement) on or before the date that is sixty (60) days following the Termination Date, Executive shall be entitled to receive, in addition to the foregoing, an amount equal to Executive's "Bonus" (as defined in the Employment Agreement), payable in a lump sum within ten (10) days following the date of the Change in Control; plus

(v) On the Effective Date, the vesting and/or exercisability of each of Executive's outstanding Stock Awards (as defined below) (other than the Stock Awards granted to Executive on October 5, 2015) shall be automatically accelerated as to the number of shares subject to such Stock Awards that would have vested over the twelve (12) month period following the Termination Date had Executive remained continuously employed by the Company during such period. In addition, in the event of a Change in Control (as defined in the Employment Agreement) on or before the date that is three (3) months following the Termination Date, the vesting and/or exercisability of all of Executive's Stock Awards (including, for the avoidance of doubt, the Stock Awards granted to Executive on October 5, 2015) shall be automatically accelerated in full on the date of the Change in Control. Executive's remaining unvested Stock Awards (including, for the avoidance of doubt, the Stock Awards granted to Executive on October 5, 2015) shall continue to vest during the term of her services pursuant to the Consulting Agreement in accordance with the terms of such Stock Awards (and, for the avoidance of doubt, such continued vesting shall consist of monthly vesting of the same number of shares as was vesting monthly pursuant to such Stock Awards prior to the Effective Date on the same monthly vesting date(s) as set forth in the applicable Stock Award agreements or, if such Stock Awards were subject to performance-based vesting, upon the occurrence of such performance objectives). In addition, Executive's vested Stock Awards at the time of her termination of services under the Consulting Agreement may be exercised by Executive (or Executive's legal guardian or legal representative) until the latest of (i) three (3) months after the termination of Executive's services under the Consulting Agreement, (ii) December 31, 2017, or (iii) such longer period as may be specified in the applicable Stock Award agreement; provided, however, that in no event shall any Stock Award remain exercisable beyond the original outside expiration date of such Stock Award. Except as modified above, Executive's Stock Awards shall continue to be governed by the terms and conditions of the Stock Award agreements and the Company's equity plan pursuant to which such Stock Awards were granted.

( e ) Return of the Company's Property. On the Termination Date, and prior to the payment of any amounts to Executive under Section 2(d) above, Executive shall immediately surrender to the Company all lists, books and records of, or in connection with, the Company's business, and all other property belonging to the Company, it being distinctly understood that all such lists, books and records, and other documents, are the property of the Company.

### 3. General Release of Claims by Executive.

(a) Executive, on behalf of herself and her executors, heirs, administrators, representatives and assigns, hereby agrees to release and forever discharge the Company and all predecessors, successors and their respective parent corporations, affiliates, related, and/or subsidiary entities, and all of their past and present investors, directors, shareholders, officers, general or limited partners, employees, attorneys, agents and representatives, and the employee benefit plans in which Executive is or has been a participant by virtue of her employment with or service to the Company (collectively, the "Company Releasees"), from any and all claims, debts, demands, accounts, judgments, rights, causes of action, equitable relief, damages, costs, charges, complaints, obligations, promises, agreements, controversies, suits, expenses, compensation, responsibility and liability of every kind and character whatsoever (including attorneys' fees and costs), whether in law or equity, known or unknown, asserted or unasserted, suspected or unsuspected (collectively, "Claims"), which Executive has or may have had against such entities based on any events or circumstances arising or occurring on or prior to the date hereof, arising directly or indirectly out of, relating to, or in any other way involving in any manner whatsoever Executive's employment by or service to the Company or the termination thereof, including any and all claims arising under federal, state, or local laws relating to employment, including without limitation claims of wrongful discharge, breach of express or implied contract, fraud, misrepresentation, defamation, or liability in tort, and claims of any kind that may be brought in any court or administrative agency including, without limitation, claims under Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. Section 2000, et seq.; the Americans with Disabilities Act, as amended, 42 U.S.C. § 12101 et seq.; the Rehabilitation Act of 1973, as amended, 29 U.S.C. §

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701 et seq.; the Civil Rights Act of 1866, and the Civil Rights Act of 1991; 42 U.S.C. Section 1981, et seq.; the Age Discrimination in Employment Act, as amended, 29 U.S.C. Section 621, et seq. (the "ADEA"); the Equal Pay Act, as amended, 29 U.S.C. Section 206(d); regulations of the Office of Federal Contract Compliance, 41 C.F.R. Section 60, et seq.; the Family and Medical Leave Act, as amended, 29 U.S.C. § 2601 et seq.; the Fair Labor Standards Act of 1938, as amended, 29 U.S.C. § 201 et seq.; the Employee Retirement Income Security Act, as amended, 29 U.S.C. § 1001 et seq.; and the California Fair Employment and Housing Act, California Government Code Section 12940, et seq.

Notwithstanding the generality of the foregoing, Executive does not release the following claims:

- (i) Claims for unemployment compensation or any state disability insurance benefits pursuant to the terms of applicable state law;
- (ii) Claims for workers' compensation insurance benefits under the terms of any worker's compensation insurance policy or fund of the Company;
- (iii) Claims pursuant to the terms and conditions of the federal law known as COBRA;
- (iv) Claims for indemnity under the bylaws of the Company, as provided for by California law (including California Labor Code Section 2802) or under any applicable insurance policy with respect to Executive's liability as an employee, director or officer of the Company;
- (v) Claims based on any right Executive may have to enforce the Company's executory obligations under this Release;
- (vi) Executive's right to bring to the attention of the Equal Employment Opportunity Commission or the California Department of Fair Employment and Housing claims of discrimination; provided, however, that Executive does release her right to secure any damages for alleged discriminatory treatment; and
- (vii) Any other Claims that cannot be released as a matter of law.

(b) EXECUTIVE ACKNOWLEDGES THAT SHE HAS BEEN ADVISED OF AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH, IF KNOWN BY HIM OR HER, MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

BEING AWARE OF SAID CODE SECTION, EXECUTIVE HEREBY EXPRESSLY WAIVES ANY RIGHTS SHE MAY HAVE THEREUNDER, AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT.

(c) Executive acknowledges that this Release was presented to her on December \_\_, 2016, and that Executive is entitled to have twenty-one (21) days' time in which to consider it. Executive further acknowledges that the Company has advised her that she is waiving her rights under the ADEA, and that Executive should consult with an attorney of her choice before signing this Release, and Executive has had sufficient time to consider the terms of this Release. Executive represents and acknowledges that if Executive executes this Release before twenty-one (21) days have elapsed, Executive does so knowingly, voluntarily, and upon the advice and with the approval of Executive's legal counsel (if any), and that Executive voluntarily waives any remaining consideration period.

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(d) Executive understands that after executing this Release, Executive has the right to revoke it within seven (7) days after her execution of it. Executive understands that this Release will not become effective and enforceable unless the seven (7) day revocation period passes and Executive does not revoke the Release in writing. Executive understands that this Release may not be revoked after the seven (7) day revocation period has passed. Executive also understands that any revocation of this Release must be made in writing and delivered to the Company at its principal place of business within the seven (7) day period.

(e) Executive understands that this Release shall become effective, irrevocable, and binding upon Executive on the eighth (8th) day after her execution of it, so long as Executive has not revoked it within the time period and in the manner specified in clause (d) above.

4. Confirmation of Continuing Obligations.

(a) Executive hereby expressly reaffirms her obligations under Section 5 of the Employment Agreement, a copy of which is attached to this Release as Exhibit B and incorporated herein by reference, and under the Company's standard employee proprietary information and inventions agreement (the "Employee Proprietary Information and Inventions Agreement"), a copy of which is attached to this Release as Exhibit C and incorporated herein by reference, and agrees that such obligations shall survive the Termination Date and any termination of her services to the Company. The Company shall be entitled to cease all severance payments to Executive in the event of her material breach of this Section 4.

(b) Nothing herein is intended to or shall (i) prevent Executive from communicating directly with, cooperating with, or providing information to, any federal, state or local government regulator, including, but not limited to, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, or the U.S. Department of Justice, or (ii) be deemed to restrict Executive's right to report possible violations of federal law or regulation to any governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or any other whistleblower protection provisions of state or federal law or regulation.

5 . Nondisparagement; Confidentiality. Executive agrees that she shall not disparage or otherwise communicate negative statements or opinions about the Company, its board members, officers, employees, shareholders or agents; provided, however, that Executive shall not be prohibited from making such statements or opinions to her immediate family so long as such statements or opinions are not likely to be harmful to the Company, its board members, officers, employees, shareholders or agents or its or their businesses, business reputations, or personal reputations. The Company agrees that neither its board members nor officers shall disparage or otherwise communicate negative statements or opinions about Executive. Except as may be required by law, neither Executive, nor any member of Executive's family, nor anyone else acting by, through, under or in concert with Executive will disclose to any individual or entity (other than Executive's legal or tax advisors) the terms of this Release. Nothing in this Section 5 shall prohibit Executive from testifying in any legal proceeding in which her testimony is compelled by law or court order and no breach of this provision shall occur due to any accurate, legally compelled testimony.

6. Agreed-Upon Statement; Employment References. Any inquiries regarding Executive from prospective employers shall be forwarded to the Chief Executive Officer, who shall confirm that Executive resigned from her position. Except as required by law or court order, the Company shall not make any additional or inconsistent internal or public statements regarding Executive's termination.

7 . Arbitration. Any dispute, claim or controversy based on, arising out of or relating to Executive's employment or this Release shall be settled by final and binding arbitration in San Diego, California, before a single neutral arbitrator in accordance with the National Rules for the Resolution of Employment Disputes (the "Rules") of the American Arbitration Association, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction. The Rules may be found online at [www.adr.org](http://www.adr.org). Arbitration may be compelled pursuant to the California Arbitration Act (Code of Civil Procedure §§ 1280 et seq.). If the parties are unable to agree upon an arbitrator, one shall be appointed by the AAA in accordance with its Rules. Each party

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shall pay the fees of its own attorneys, the expenses of its witnesses and all other expenses connected with presenting its case; however, Executive and the Company agree that, to the extent permitted by law, the arbitrator may, in his or her discretion, award reasonable attorneys' fees to the prevailing party; provided, further, that the prevailing party shall be reimbursed for such fees, costs and expenses within forty-five (45) days following any such award, but in no event later than the last day of Executive's taxable year following the taxable year in which the fees, costs and expenses were incurred; provided, further, that the parties' obligations pursuant to this sentence shall terminate on the tenth (10<sup>th</sup>) anniversary of the Termination Date. Other costs of the arbitration, including the cost of any record or transcripts of the arbitration, AAA's administrative fees, the fee of the arbitrator, and all other fees and costs, shall be borne by the Company. This Section 7 is intended to be the exclusive method for resolving any and all claims by the parties against each other for payment of damages under this Release or relating to Executive's employment; provided, however, that Executive shall retain the right to file administrative charges with or seek relief through any government agency of competent jurisdiction, and to participate in any government investigation, including but not limited to (i) claims for workers' compensation, state disability insurance or unemployment insurance; (ii) claims for unpaid wages or waiting time penalties brought before the California Division of Labor Standards Enforcement; provided, however, that any appeal from an award or from denial of an award of wages and/or waiting time penalties shall be arbitrated pursuant to the terms of this Release; and (iii) claims for administrative relief from the United States Equal Employment Opportunity Commission and/or the California Department of Fair Employment and Housing (or any similar agency in any applicable jurisdiction other than California); provided, further, that Executive shall not be entitled to obtain any monetary relief through such agencies other than workers' compensation benefits or unemployment insurance benefits. This Release shall not limit either party's right to obtain any provisional remedy, including, without limitation, injunctive or similar relief, from any court of competent jurisdiction as may be necessary to protect their rights and interests pending the outcome of arbitration, including without limitation injunctive relief, in any court of competent jurisdiction pursuant to California Code of Civil Procedure § 1281.8 or any similar statute of an applicable jurisdiction. Seeking any such relief shall not be deemed to be a waiver of such party's right to compel arbitration. Both Executive and the Company expressly waive their right to a jury trial.

#### 8. Miscellaneous.

(a) Assignment; Assumption by Successor. The rights of the Company under this Release may, without the consent of Executive, be assigned by the Company, in its sole and unfettered discretion, to any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly, acquires all or substantially all of the assets or business of the Company. The Company will require any successor (whether direct or indirect, by purchase, merger or otherwise) to all or substantially all of the business or assets of the Company expressly to assume and to agree to perform this Release in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place; provided, however, that no such assumption shall relieve the Company of its obligations hereunder. As used in this Release, the "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Release by operation of law or otherwise.

(b) Survival. The covenants, agreements, representations and warranties contained in or made in Sections 2, 3, 4, 5, 6, 7 and 8 of this Release shall survive Executive's termination of employment or any termination of this Release.

(c) Severability. In the event any provision of this Release is found to be unenforceable by an arbitrator or court of competent jurisdiction, such provision shall be deemed modified to the extent necessary to allow enforceability of the provision as so limited, it being intended that the Parties shall receive the benefit contemplated herein to the fullest extent permitted by law. If a deemed modification is not satisfactory in the judgment of such arbitrator or court, the unenforceable provision shall be deemed deleted, and the validity and enforceability of the remaining provisions shall not be affected thereby.

(d) Interpretation; Construction. The headings set forth in this Release are for convenience only and shall not be used in interpreting this Release. This Release has been drafted by legal counsel representing the Company, but Executive has participated in the negotiation of its terms. Furthermore, Executive acknowledges

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that Executive has had an opportunity to review and revise the Release and have it reviewed by legal counsel, if desired, and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Release. Either party's failure to enforce any provision of this Release shall not in any way be construed as a waiver of any such provision, or prevent that party thereafter from enforcing each and every other provision of this Release.

(e) Governing Law and Venue. This Release is to be governed by and construed in accordance with the laws of the United States of American and the State of California applicable to contracts made and to be performed wholly within such State, and without regard to the conflicts of laws principles thereof. Except as provided in Section 7, any suit brought hereon shall be brought in the state or federal courts sitting in San Diego, California, the parties hereto hereby waiving any claim or defense that such forum is not convenient or proper. Each party hereby agrees that any such court shall have in personam jurisdiction over it and consents to service of process in any manner authorized by California law.

(f) Entire Agreement; Modification. This Release, the Employee Proprietary Information and Inventions Agreement, the Consulting Agreement and Section 5 of the Employment Agreement set forth the entire understanding of the parties with respect to the subject matter hereof, supersedes all existing agreements between them concerning such subject matter. Except as provided in Section 4 hereof with respect to Section 5 of the Employment Agreement, the Employment Agreement shall be superseded entirely by this Release and the Employment Agreement shall be terminated and be of no further force or effect. This Release may be amended or modified only with the written consent of Executive and an authorized representative of the Company. No oral waiver, amendment or modification will be effective under any circumstances whatsoever.

(g) Counterparts. This Release may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Release.

(h) Withholding and other Deductions. All compensation payable to Executive hereunder shall be subject to such deductions as the Company is from time to time required to make pursuant to law, governmental regulation or order.

(i) Code Section 409A Exempt.

(i) This Release is not intended to provide for any deferral of compensation subject to Section 409A of the Code, and, accordingly, the amounts payable hereunder shall be paid no later than the later of: (A) the fifteenth (15th) day of the third month following Executive's first taxable year in which such amounts are no longer subject to a substantial risk of forfeiture, and (B) the fifteenth (15th) day of the third month following first taxable year of the Company in which such amounts are no longer subject to substantial risk of forfeiture, as determined in accordance with Code Section 409A and any Treasury Regulations and other guidance issued thereunder. Each series of installment payments made under this Release is hereby designated as a series of "separate payments" within the meaning of Section 409A of the Code.

(ii) To the extent applicable, this Release shall be interpreted in accordance with the applicable exemptions from Section 409A of the Code. To the extent that any provision of the Release is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner that no payments payable under this Agreement shall be subject to an "additional tax" as defined in Section 409A(a)(1)(B) of the Code.

(iii) Any reimbursement of expenses or in-kind benefits payable under this Release shall be made in accordance with Treasury Regulation Section 1.409A-3(i)(1)(iv) and shall be paid on or before the last day of Executive's taxable year following the taxable year in which Executive incurred the expenses. The amount of expenses reimbursed or in-kind benefits payable during any taxable year of Executive's will not affect the amount eligible for reimbursement or in-kind benefits payable in any other taxable year of Executive's, and Executive's right to reimbursement for such amounts shall not be subject to liquidation or exchange for any other benefit.

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(j) RIGHT TO ADVICE OF COUNSEL. EXECUTIVE ACKNOWLEDGES THAT SHE HAS THE RIGHT, AND IS ENCOURAGED, TO CONSULT WITH HER LAWYER; BY HER SIGNATURE BELOW, EXECUTIVE ACKNOWLEDGES THAT SHE HAS CONSULTED, OR HAS ELECTED NOT TO CONSULT, WITH HER LAWYER CONCERNING THIS RELEASE.

(Signature Page Follows)

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IN WITNESS WHEREOF, the parties have executed this Release as of the dates set forth below.

**ZOGENIX, INC.**

Date: January 16, 2017 By: /s/ Stephen J. Farr, Ph.D.  
Name: Stephen J. Farr, Ph.D.  
Title: Chief Executive Officer

**EXECUTIVE**

Date: January 16, 2017 /s/ Ann Rhoads  
Ann Rhoads

**EXHIBIT A**  
**CONSULTING AGREEMENT**  
**[ATTACHED]**

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## CONSULTING AGREEMENT

This Consulting Agreement (this "**Agreement**") is effective as of January 16, 2017 (the "**Effective Date**"), by and between Zogenix Inc., located at 5858 Horton Street, Suite 455, Emeryville, California 94608 (the "**Company**"), and Ann Rhoads (the "**Consultant**").

### Section 1. Services

The Company hereby retains the Consultant and the Consultant hereby agrees to render consulting services ("**Services**") to the Company for the term of this Agreement. The Services shall include, but are not limited to, those duties set forth in **Exhibit A** hereto. The Consultant will not perform any Services for the Company except as authorized or requested by the Company. The Consultant agrees to complete the Services in a satisfactory and workmanlike manner.

### Section 2. TERM AND TERMINATION

- a. This Agreement is effective as of the Effective Date, and will terminate on the date that is sixty (60) days following the Effective Date (the "**Termination Date**"), unless terminated earlier pursuant to subsection (b) below or extended by mutual consent of the Consultant and the Company.
  - b. This Agreement may be terminated (i) for any reason by the Company at any time prior to the Termination Date by giving thirty (30) days' written notice of termination to the Consultant, (ii) for cause by the Consultant at any time prior to the Termination Date by giving written notice of termination setting forth in reasonable detail the basis for the termination and providing the Company with thirty (30) days' opportunity to cure, and (iii) automatically by the Company upon the death or disability of the Consultant.
  - c. Termination of this Agreement shall not affect (i) the Company's obligation to pay for Services previously rendered by the Consultant or expenses reasonably incurred by the Consultant for which the Consultant is entitled to reimbursement under Section 3 of this Agreement, or (ii) the Consultant's continuing obligations to the Company under Section 5 of this Agreement.
  - d. In connection with the Consultant's Services to the Company, the Consultant agrees to: (i) devote her efforts to the performance of Services not less than three business days per week, (ii) be available for consultation by telephone, fax or e-mail on a regular basis on reasonable prior notice; and (iii) be available to attend meetings with the CEO, CFO or Board of Directors of the Company at the Company's headquarters on reasonable prior notice. In connection with the Consultant's Services to the Company, the Consultant agrees to devote her efforts to the performance of Services described in Exhibit A.
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### Section 3. COMPENSATION

- a. As compensation for the Services to be rendered pursuant to this Agreement, the Company shall pay to Consultant the sum of \$20,000 per month, to be paid in accordance with the Company's standard payroll procedures, for Services rendered.
  - b. There shall be no break in service as a result of the Consultant's conversion from an employee to an independent contractor and consultant for purposes of the Consultant's outstanding Stock Awards (as defined below) granted to the Consultant by the Company in connection with her employment with the Company. As further compensation for the Services to be rendered pursuant to this Agreement, the Consultant's remaining unvested Stock Awards (after giving effect to the acceleration of vesting described in that certain General Release of Claims dated as of the Effective Date between the Company and the Consultant (the "**Release**")) shall continue to be eligible to vest during the term of her Services pursuant to this Agreement in accordance with the terms of such Stock Awards (and, for the avoidance of doubt, such continued vesting shall consist of monthly vesting of the same number of shares as was vesting monthly pursuant to such Stock Awards prior to the Effective Date on the same monthly vesting date(s) as set forth in the applicable Stock Award agreements or, if such Stock Awards were subject to performance-based vesting, upon the occurrence of such performance objectives). In addition, the Consultant's vested Stock Awards at the time of her termination of Services under this Agreement may be exercised by the Consultant (or the Consultant's legal guardian or legal representative) until the latest of (i) three (3) months after the termination of the Consultant's Services under this Agreement, (ii) December 31, 2017, or (iii) such longer period as may be specified in the applicable Stock Award agreement; provided, however, that in no event shall any Stock Award remain exercisable beyond the original outside expiration date of such Stock Award. Except as modified above, the Consultant's Stock Awards shall continue to be governed by the terms and conditions of the Stock Award agreements and the Company's equity plan pursuant to which such Stock Awards were granted. For purposes of this Agreement, "**Stock Awards**" means all stock options, restricted stock and such other awards granted pursuant to the Company's stock option and equity incentive award plans or agreements and any shares of stock issued upon exercise thereof.
  - c. The Company shall reimburse the Consultant for actual business travel and other out-of-pocket expenses performed pursuant to the Company's express written request, reasonably incurred up to a pre-approved amount, after submission of reasonably detailed invoices documenting such expenses. The Consultant is responsible for all other travel and other out of pocket expenses incurred in connection with this agreement. Any amounts payable under this Section 3(b) shall be made in accordance with Treasury Regulation Section 1.409A-3(i)(1)(iv) and shall be paid on or before the last day of the Consultant's taxable year following the taxable year in which the Consultant incurred the expenses. The amounts provided under this Section 3(b) during any taxable year of the Consultant's will not affect such amounts provided in any other taxable year of the Consultant's, and the Consultant's right to reimbursement for such amounts shall not be subject to liquidation or exchange for any other benefit.
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- d. Except as set forth in any amendment to this Agreement, the Consultant shall not be entitled to any other compensation or benefits for the Services, including any additional grants of Stock Awards.
- e. The Consultant shall disclose if they are a covered recipient under the Federal Physician Sunshine Act and agrees as required under the law that any compensation including travel, meals and other expenses may be reportable under the law. In addition, if the Consultant has or will be provided with any ownership interest in the Company, the Consultant agrees that such interest may be disclosable under the law.

#### Section 4. RELATIONSHIP OF THE PARTIES; NO CONFLICTS

- a. Notwithstanding any provision of this Agreement to the contrary, the Consultant is and shall at all times be an independent contractor and not an employee, agent, partner, or joint venturer of the Company. The Consultant shall have no right under this Agreement, or as a result of her consulting services to the Company, to participate in any other employee, retirement, insurance or other benefit program of the Company, nor will the Company make any deductions from the Consultant's compensation for taxes, the payment of which shall be solely the Consultant's responsibility. The Consultant shall have exclusive control over the means, manner, methods and processes by which the Services are performed. The Consultant may engage in such other consulting, business and/or commercial activities as desired during the term of this Agreement.
  - b. The Consultant shall pay, when and as due, any and all taxes incurred as a result of her compensation hereunder, including estimated taxes, and if requested by the Company, provide the Company with proof of said payments. The Consultant further agrees to indemnify the Company and hold it harmless to the extent of any obligation imposed on the Company: (i) to pay withholding taxes or similar items; or (ii) resulting from the Consultant being determined not to be an independent contractor. The Consultant understands and agrees that all compensation to which he/she is entitled under the Agreement shall be reported on an IRS Form 1099, and that he/she is solely responsible for all income and/or other tax obligations, if any, including but not limited to all reporting and payment obligations, if any, which may arise as a consequence of any payment under this Agreement.
  - c. The Consultant represents and warrants that (i) neither this Agreement nor the performance thereof will conflict with or violate any obligation of the Consultant or right of any third party; (ii) the Consultant is responsible for providing workers' compensation coverage for herself and any employees of the Consultant assisting with the Services; (iii) the Consultant is solely responsible for compensating such employees, if any; (iv) the Consultant has obtained all licenses or certifications necessary to perform the Services; (v) the Consultant shall comply with all applicable laws in the performance of the Services; and (vi) the Consultant shall comply with all applicable laws, statutes, regulations and codes relating to anti-bribery and anti-corruption including but not limited to the Foreign Corrupt Practices Act and the UK Bribery Act 2010.
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- d. The Consultant represents and warrants that no payments of money or anything of value have been or will be offered, promised, or paid, whether directly or indirectly, by any of its directors, officers, employees, or agents, to any person, including any government official: (i) to influence any official act or decision of that person; (ii) to induce that person to do or omit to do any act in violation of a lawful duty; (iii) to secure any improper business advantage; or (iv) to obtain or retain business for, or otherwise direct business to, the Company or in any way related to this Agreement.
- e. The Consultant may be provided with a Company email address if necessary to facilitate the performance of the Services. The Consultant understands and agrees that although normally she would not be provided with a regular office and access to telephone, clerical support and facsimile and internet services at the Company, such services will be provided because they are necessary to perform her particular role for the Company. However the Consultant shall at her own expense acquire, operate, maintain and repair or replace any home office, equipment and supplies as maybe required for the performance of consulting services under this Agreement. At all times under the services provided under this agreement the Consultant shall identify herself as a consultant or advisor to the Company and not as an employee.

#### Section 5. RESTRICTIVE COVENANTS

- a. The Consultant hereby expressly reaffirms her obligations under Section 5 of that certain Employment Agreement dated March 1, 2010, between the Company and the Consultant (the "**Employment Agreement**"), which is incorporated herein by reference, under the Company's standard employee proprietary information and inventions agreement (the "**Employee Proprietary Information and Inventions Agreement**"), which is incorporated herein by reference, and under Sections 4 and 5 of the Release, which are incorporated herein by reference, and agrees that the Consultant shall continue to be subject to the terms and conditions of such agreements during the term of this Agreement and that such obligations shall survive the termination of this Agreement and any termination of her Services to the Company.
  - b. Upon termination of her Services hereunder, the Consultant agrees to promptly deliver to the Company, all confidential information of the Company in her possession that is written or other tangible form (together with all copies or duplicates thereof, including computer files), and all other property, materials or equipment that belong to the Company, its customers, its prospects or its suppliers.
  - c. If the Consultant breaches or threatens to commit a breach of any of the provisions of this Section 5, the Consultant agrees that such breach or threatened breach of the Protective Covenants would cause irreparable injury to the Company and that money damages would not provide an adequate remedy to the Company. The Company shall also have any other rights and remedies available to the Company under law or in equity.
  - d. Nothing herein is intended to or shall prevent the Consultant from communicating directly with, cooperating with, or providing information to, any federal, state or local government regulator, including, but not limited to, the U.S. Securities and Exchange
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Commission, the U.S. Commodity Futures Trading Commission, or the U.S. Department of Justice.

## Section 6. INDEMNIFICATION

- a. To the fullest extent permitted by the Company's bylaws and applicable law, the Company shall indemnify, defend and hold harmless the Consultant from and against losses and expenses (including reasonable attorneys' fees, judgments, settlements and all other costs, direct or indirect) actually and reasonably incurred by reason of, or based upon, any threatened, pending or completed action, suit, proceeding, investigation or other dispute relating or pertaining to any alleged act or failure to act within the course and scope of the Services, *provided* that the Consultant was not in breach of this Agreement, acted in good faith and in a manner the Consultant reasonably believed to be in the best interests of the Company and, if any criminal proceedings are involved, had no reasonable cause to believe the Consultant's conduct was unlawful. The Company's obligations under the foregoing sentence are conditioned upon the Consultant: (i) providing the Company with prompt notice of any such claims; (ii) allowing the Company to control the defense and settlement of such claims; (iii) providing the Company with the information and assistance necessary for such defense and settlement of the claims; and (iv) not entering into any settlement with respect to such claims without the express consent of the Company. The Company's obligation to advance expenses or provide indemnity hereunder shall be deemed satisfied to the extent of any payments made by an insurer on behalf of the Company or Consultant.
- b. The Consultant also agrees and undertakes to repay defense costs and expenses, including attorneys' fees, reasonably incurred in defending against any such claim which may be advanced by the Company prior to the final disposition of any proceeding relating to such claim, if a court of competent jurisdiction ultimately shall determine that the Consultant is not entitled to indemnification pursuant to this Agreement or the indemnification is not consistent with any applicable law or regulation.
- c. The foregoing indemnification by the Company shall be in addition to, and not in any way in limitation of, any rights to indemnification the Consultant may have from the Company under Delaware or California law or the terms of any indemnification agreement between the Consultant and the Company.

## Section 7. MISCELLANEOUS

- a. This Agreement will be governed by and construed in accordance with the laws of the United States of America and the State of California applicable to contracts made and to be performed wholly within such State, and without regard to the conflicts of laws principles thereof. Any suit brought hereon shall be brought in the state or federal courts sitting in San Diego County, California, the parties hereby waiving any claim or defense that such forum is not convenient or proper. Each party hereby agrees that any such court shall have in personam jurisdiction over it and consents to service of process in any manner authorized by California law
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- b. Any dispute, claim or controversy based on, arising out of or relating to the Consultant's Services or this Agreement shall be settled by final and binding arbitration in San Diego, California, before a single neutral arbitrator in accordance with the National Rules for the Resolution of Employment Disputes (the "**Rules**") of the American Arbitration Association, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction. The Rules may be found online at [www.adr.org](http://www.adr.org). Arbitration may be compelled pursuant to the California Arbitration Act (Code of Civil Procedure §§ 1280 et seq.). If the parties are unable to agree upon an arbitrator, one shall be appointed by the AAA in accordance with its Rules. Each party shall pay the fees of its own attorneys, the expenses of its witnesses and all other expenses connected with presenting its case; however, the Consultant and the Company agree that, to the extent permitted by law, the arbitrator may, in his or her discretion, award reasonable attorneys' fees to the prevailing party; provided, further, that the prevailing party shall be reimbursed for such fees, costs and expenses within forty-five (45) days following any such award, but in no event later than the last day of the Consultant's taxable year following the taxable year in which the fees, costs and expenses were incurred; provided, further, that the parties' obligations pursuant to this sentence shall terminate on the tenth (10<sup>th</sup>) anniversary of the termination of the Consultant's services hereunder. Other costs of the arbitration, including the cost of any record or transcripts of the arbitration, AAA's administrative fees, the fee of the arbitrator, and all other fees and costs, shall be borne by the Company. This Section 7(b) is intended to be the exclusive method for resolving any and all claims by the parties against each other for payment of damages under this Agreement or relating to the Consultant's Services; provided, however, that the Consultant shall retain the right to file administrative charges with or seek relief through any government agency of competent jurisdiction, and to participate in any government investigation, including but not limited to (i) claims for workers' compensation, state disability insurance or unemployment insurance; (ii) claims for unpaid wages or waiting time penalties brought before the California Division of Labor Standards Enforcement; provided, however, that any appeal from an award or from denial of an award of wages and/or waiting time penalties shall be arbitrated pursuant to the terms of this Release; and (iii) claims for administrative relief from the United States Equal Employment Opportunity Commission and/or the California Department of Fair Employment and Housing (or any similar agency in any applicable jurisdiction other than California); provided, further, that the Consultant shall not be entitled to obtain any monetary relief through such agencies other than workers' compensation benefits or unemployment insurance benefits. This Release shall not limit either party's right to obtain any provisional remedy, including, without limitation, injunctive or similar relief, from any court of competent jurisdiction as may be necessary to protect their rights and interests pending the outcome of arbitration, including without limitation injunctive relief, in any court of competent jurisdiction pursuant to California Code of Civil Procedure § 1281.8 or any similar statute of an applicable jurisdiction. Seeking any such relief shall not be deemed to be a waiver of such party's right to compel arbitration. Both the Consultant and the Company expressly waive their right to a jury trial.
- c. This Agreement, together with the other agreements referenced herein, is the entire agreement of the parties with respect to the Services to be provided by the Consultant and supersedes any prior agreements between the parties with respect
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to the subject matter of this Agreement. This Agreement may only be amended in writing by the Company and the Consultant and their respective permitted successors and assigns.

- d. The Consultant may not assign, subcontract or otherwise delegate her obligations under this Agreement without the Company's prior written consent. Subject to the foregoing, this Agreement will be binding upon and inure to the benefit of the parties and their respective heirs, legal representatives, successors and assigns.
- e. Either party's failure to enforce any right resulting from a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other or subsequent breach by the other party.
- f. All notices required or permitted to be given by one party to the other under this Agreement shall be sufficient if sent by either certified mail return receipt requested, nationally recognized courier, facsimile or hand delivery to the Company, at its principal executive offices, and to the Consultant, at her address on the payroll records of the Company, or to such other address as the party to receive the notice has designated by notice to the other party. All notices shall be effective (i) when delivered personally, (ii) when transmitted by telecopy, electronic or digital transmission with receipt confirmed, (iii) the business day when delivered by a nationally recognized courier, or (iv) upon receipt if sent by certified or registered mail.
- g. If any of the provisions of this Agreement are found to be invalid under an applicable statute or rule of law, they are to be enforced to the maximum extent permitted by law and beyond such extent are to be deemed omitted from this Agreement, without affecting the validity of any other provision of this Agreement.
- h. This Agreement may be executed in counterparts, each of which will be deemed an original and all of which together shall constitute one and the same instrument.
- i. The covenants, representations and warranties in this Agreement shall survive the termination of this Agreement.
- j. The Consultant hereby acknowledges that the Consultant has been encouraged to consult with legal counsel (at the Consultant's own expense) prior to executing this Agreement.

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Having understood and agreed to the foregoing, the Company and the Consultant have signed this Agreement as of the day and year written above.

**CONSULTANT**

**ZOGENIX, INC.**

By:           /s/ Ann Rhoads            
Name:           Ann Rhoads            
Title:           Consultant            
  
Dated:           January 16, 2017          

By:           /s/ Stephen J. Farr, Ph.D.            
Name:           Stephen J. Farr, Ph.D.            
Title:           Chief Executive Officer            
  
Dated:           January 16, 2017          

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## **Exhibit A**

### **DUTIES OF CONSULTANT**

The Consultant shall provide transitional services in connection with the integration of the Company's new Chief Financial Officer, the completion of the year-end audit and related filings for the calendar year ended December 31, 2016 and the preparation and filing of the Company's Annual Report on Form 10-K for the calendar year ended December 31, 2016.

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**EXHIBIT B**

**[EMPLOYMENT AGREEMENT]**

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**EXHIBIT C**

**[EMPLOYEE PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT]**

## EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this “*Agreement*”) is entered into by and between Zogenix, Inc., a Delaware corporation (the “*Company*”), and Michael Smith (“*Executive*”), and shall be effective as of January 16, 2017 (the “*Effective Date*”).

WHEREAS, the Company desires to employ Executive, and Executive desires to accept employment with the Company, on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises herein contained, the parties agree as follows:

1. Definitions. As used in this Agreement, the following terms shall have the following meanings:

(a) “*Board*” means the Board of Directors of the Company.

(b) “*Bonus*” means an amount equal to the average of the bonuses awarded to Executive for each of the three (3) fiscal years prior to the date of Executive’s termination of employment, or such lesser number of years as may be applicable if Executive has not been employed for three (3) full years on the date of Executive’s termination of employment; provided, that to the extent Executive has not received any bonus prior to the date of his termination of employment due to the fact that his employment commenced during the fiscal year in which his termination of employment occurs, his “*Bonus*” for purposes of Section 4 shall be equal to his target bonus for the fiscal year in which such termination occurs (calculated by reference to the target bonus level in effect on the date of termination). For purposes of determining Executive’s “*Bonus*,” (i) to the extent Executive received no bonus in any year due to a failure to meet the applicable performance objectives, such year will still be taken into account (using zero (0) as the applicable bonus) in determining Executive’s “*Bonus*,” and (ii) to the extent Executive was not employed for an entire fiscal year, the bonus received by Executive for such fiscal year for purposes of the preceding calculation shall be annualized. If any portion of the bonuses awarded to Executive consisted of securities or other property, the fair market value thereof shall be determined in good faith by the Board.

(c) “*California WARN Act*” means California Labor Code Sections 1400 et seq.

(d) “*Cause*” means any of the following:

(i) the commission of an act of fraud, embezzlement or dishonesty by Executive, or the commission of some other illegal act by Executive, that has a material adverse impact on the Company or any successor or affiliate thereof;

(ii) a conviction of, or plea of “guilty” or “no contest” to, a felony by Executive;

(iii) any unauthorized use or disclosure by Executive of confidential information or trade secrets of the Company or any successor or affiliate thereof that has, or may reasonably be expected to have, a material adverse impact on any such entity;

(iv) Executive’s gross negligence, insubordination or material violation of any duty of loyalty to the Company or any successor or affiliate thereof, or any other material misconduct on the part of Executive;

(v) Executive’s ongoing and repeated failure or refusal to perform or neglect of Executive’s duties as required by this Agreement, which failure, refusal or neglect continues for fifteen (15) days following Executive’s receipt of written notice from the Board or the Company’s Chief Executive Officer (the “*CEO*”) stating with specificity the nature of such failure, refusal or neglect; or

(vi) Executive’s breach of any Company policy or any material provision of this Agreement;

provided, however, that prior to the determination that “Cause” under this Section 1(d) has occurred, the Company shall (A) provide to Executive in writing, in reasonable detail, the reasons for the determination that such “Cause” exists, (B) other than with respect to clause (v) above which specifies the applicable period of time for Executive to remedy his breach, afford Executive a reasonable opportunity to remedy any such breach, (C) provide Executive an opportunity to be heard prior to the final decision to terminate Executive’s employment hereunder for such “Cause” and (D) make any decision that such “Cause” exists in good faith.

The foregoing definition shall not in any way preclude or restrict the right of the Company or any successor or affiliate thereof to discharge or dismiss Executive for any other acts or omissions, but such other acts or omissions shall not be deemed, for purposes of this Agreement, to constitute grounds for termination for Cause.

(e) “**Change in Control**” means and includes each of the following:

(i) a transaction or series of transactions (other than an offering of the Company’s common stock to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any “person” or related “group” of “persons” (as such terms are used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”)) (other than the Company, any of its subsidiaries, an employee benefit plan maintained by the Company or any of its subsidiaries or a “person” that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act), of securities of the Company possessing more than fifty percent (50%) of the total combined voting power of the Company’s securities outstanding immediately after such acquisition; or

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(ii) the consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (A) a merger, consolidation, reorganization, or business combination or (B) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (C) the acquisition of assets or stock of another entity, in each case other than a transaction:

(1) which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "**Successor Entity**") directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(2) after which no person or group beneficially owns voting securities representing fifty percent (50%) or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (2) as beneficially owning fifty percent (50%) or more of combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction.

Notwithstanding the foregoing, a transaction shall not constitute a "**Change in Control**" if: (i) its sole purpose is to change the state of the Company's incorporation; (ii) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction; (iii) it constitutes the Company's initial public offering of its securities; or (iv) it is a transaction effected primarily for the purpose of financing the Company with cash (as determined by the Board in its discretion and without regard to whether such transaction is effectuated by a merger, equity financing or otherwise). The Board shall have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a Change in Control of the Company has occurred pursuant to the above definition, and the date of the occurrence of such Change in Control and any incidental matters thereto.

(f) "**Code**" means the Internal Revenue Code of 1986, as amended from time to time, and the Treasury Regulations and other interpretive guidance issued thereunder.

(g) "**Good Reason**" means the occurrence of any of the following events or conditions without Executive's written consent:

(i) a material diminution in Executive's authority, duties or responsibilities;

(ii) a material diminution in Executive's base compensation, unless such a reduction is imposed across-the-board to senior management of the Company;

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(iii) a material change in the geographic location at which Executive must perform his duties (and the parties agree that any involuntary change in the geographic location at which Executive must perform his duties to a location that requires a one-way drive from Executive's principal residence as of the Effective Date in excess of forty (40) miles shall constitute a material change); or

(iv) any other action or inaction that constitutes a material breach by the Company or any successor or affiliate of its obligations to Executive under this Agreement.

Executive must provide written notice to the Company of the occurrence of any of the foregoing events or conditions without Executive's written consent within ninety (90) days of the occurrence of such event. The Company or any successor or affiliate shall have a period of thirty (30) days to cure such event or condition after receipt of written notice of such event from Executive.

(h) "**Involuntary Termination**" means (i) Executive's Separation from Service by reason of Executive's discharge by the Company other than for Cause, or (ii) Executive's Separation from Service by reason of Executive's resignation of employment with the Company for Good Reason. Executive's Separation from Service by reason of Executive's death or discharge by the Company following Executive's Permanent Disability shall not constitute an Involuntary Termination. Executive's Separation from Service by reason of resignation from employment with the Company for Good Reason shall be an "Involuntary Termination" only if such Separation from Service occurs within two (2) years following the initial existence of the act or failure to act constituting Good Reason. Executive's Separation from Service by reason of resignation from employment with the Company for Good Reason shall be treated as involuntary.

(i) Executive's "**Permanent Disability**" shall be deemed to have occurred if Executive shall become physically or mentally incapacitated or disabled or otherwise unable fully to discharge his duties hereunder for a period of ninety (90) consecutive calendar days or for one hundred twenty (120) calendar days in any one hundred eighty (180) calendar-day period. The existence of Executive's Permanent Disability shall be determined by the Company on the advice of a physician chosen by the Company and the Company reserves the right to have Executive examined by a physician chosen by the Company at the Company's expense.

(j) "**Separation from Service,**" with respect to Executive, means Executive's "separation from service," as defined in Treasury Regulation Section 1.409A-1(h).

(k) "**Stock Awards**" means all stock options, restricted stock and such other awards granted pursuant to the Company's stock option and equity incentive award plans or agreements and any shares of stock issued upon exercise thereof.

(l) "**WARN Act**" shall mean the Worker Adjustment and Retraining Notification Act, 29 U.S.C. Sections 2101 et seq., and the Department of Labor regulations thereunder.

2. Services to Be Rendered.

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(a) Duties and Responsibilities. Executive shall serve as Executive Vice President and Chief Financial Officer of the Company. In the performance of such duties, Executive shall report directly to the CEO and shall be subject to the direction of the CEO and to such limits upon Executive's authority as the CEO may from time to time impose. In the event of the CEO's incapacity or unavailability, Executive shall be subject to the direction of the Board. Executive hereby consents to serve as an officer and/or director of the Company or any subsidiary or affiliate thereof without any additional salary or compensation, if so requested by the CEO. Executive shall be employed by the Company on a full time basis. Executive's primary place of work shall be the Company's facility in Emeryville, California, or such other locations designated by the CEO from time to time. Executive shall also render services at such other places within or outside the United States as the CEO may direct from time to time. Executive shall be subject to and comply with the policies and procedures generally applicable to senior executives of the Company to the extent the same are not inconsistent with any term of this Agreement.

(b) Exclusive Services. Executive shall at all times faithfully, industriously and to the best of his ability, experience and talent perform to the satisfaction of the Board and the CEO all of the duties that may be assigned to Executive hereunder and shall devote substantially all of his productive time and efforts to the performance of such duties. Subject to the terms of the Proprietary Information and Inventions Agreement referred to in Section 5(b), this shall not preclude Executive from devoting time to personal and family investments or serving on community and civic boards, or participating in industry associations, provided such activities do not interfere with his duties to the Company, as determined in good faith by the CEO. Executive agrees that he will not join any boards, other than community and civic boards (which do not interfere with his duties to the Company), without the prior approval of the CEO.

3. Compensation and Benefits. The Company shall pay or provide, as the case may be, to Executive the compensation and other benefits and rights set forth in this Section 3.

(a) Base Salary. The Company shall pay to Executive a base salary of \$385,000 per year, payable in accordance with the Company's usual pay practices (and in any event no less frequently than monthly). Executive's base salary shall be subject to review annually by and at the sole discretion of the Compensation Committee of the Board or its designee.

(b) Bonus. Commencing in 2017, Executive shall participate in any bonus plan that the Board or its designee may approve for the senior executives of the Company. Executive's target bonus under the Company's annual bonus plan shall be forty-five percent (45%) of Executive's base salary.

( c ) Benefits. Executive shall be entitled to participate in benefits under the Company's benefit plans and arrangements, including, without limitation, any employee benefit plan or arrangement made available in the future by the Company to its senior executives, subject to and on a basis consistent with the terms, conditions and overall administration of such plans and arrangements. The Company shall have the right to amend or delete any such benefit plan or arrangement made available by the Company to its senior executives and not otherwise specifically provided for herein; provided, that any reduction of Executive's benefits such that Executive's benefits are, in the aggregate, materially less favorable to Executive than those benefits offered

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to Executive as of the Effective Date shall be considered a material breach of this Agreement by the Company.

(d) Expenses. The Company shall reimburse Executive for reasonable out-of-pocket business expenses incurred in connection with the performance of his duties hereunder, subject to (i) such policies as the Company may from time to time establish, (ii) Executive furnishing the Company with evidence in the form of receipts satisfactory to the Company substantiating the claimed expenditures, (iii) Executive receiving advance approval from the CEO in the case of expenses for travel outside of North America, and (iv) Executive receiving advance approval from the CEO in the case of expenses (or a series of related expenses) in excess of \$5,000.

(e) Paid Time Off. Executive shall be entitled to such periods of paid time off (“PTO”) each year as provided from time to time under the Company’s PTO policy and as otherwise provided for senior executive officers.

(f) Equity Plans. Executive shall be entitled to participate in any equity or other employee benefit plan that is generally available to senior executive officers, as distinguished from general management, of the Company. Except as otherwise provided in this Agreement, Executive’s participation in and benefits under any such plan shall be on the terms and subject to the conditions specified in the governing document of the particular plan.

(g) Stock Award Acceleration.

(i) In the event of a Change in Control, the vesting and exercisability of fifty percent (50%) of Executive’s outstanding unvested Stock Awards shall be automatically accelerated effective immediately prior to the consummation of such Change in Control.

(ii) In the event of Executive’s Involuntary Termination or Executive’s Separation from Service by reason of Executive’s death or discharge by the Company following Executive’s Permanent Disability, the vesting and/or exercisability of each of Executive’s outstanding unvested Stock Awards shall be automatically accelerated on the date of Executive’s Separation from Service as to the number of Stock Awards that would vest over the twelve (12) month period following the date of Executive’s Separation from Service had Executive remained continuously employed by the Company during such period.

(iii) In the event of Executive’s Involuntary Termination within three (3) months prior to or twelve (12) months following a Change in Control, the vesting and/or exercisability of any outstanding unvested portions of such Stock Awards shall be automatically accelerated on the later of (A) the date of Executive’s Separation from Service and (B) the date of the Change in Control. In addition, with respect to Stock Awards granted to Executive on or after the Effective Date, such Stock Awards may be exercised by Executive (or Executive’s legal guardian or legal representative) until the latest of (A) three (3) months after the date of Executive’s Separation from Service, (B) with respect to any portion of the Stock Awards that become exercisable on the date of a Change in Control pursuant to this Section 3(g)(iii), three (3) months after the date of the Change in Control, or (C) such longer period as may be specified in the

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applicable Stock Award agreement; provided, however, that in no event shall any Stock Award remain exercisable beyond the original outside expiration date of such Stock Award.

(iv) The vesting pursuant to clauses (i), (ii) and (iii) of this Section 3(g) shall be cumulative. The foregoing provisions are hereby deemed to be a part of each Stock Award and to supersede any less favorable provision in any agreement or plan regarding such Stock Award.

4. Severance. Executive shall be entitled to receive benefits upon a Separation from Service only as set forth in this Section 4:

(a) At-Will Employment; Termination. The Company and Executive acknowledge that Executive's employment is and shall continue to be at-will, as defined under applicable law, and that Executive's employment with the Company may be terminated by either party at any time for any or no reason, with or without notice. If Executive's employment terminates for any reason, Executive shall not be entitled to any payments, benefits, damages, awards or compensation other than as provided in this Agreement. Executive's employment under this Agreement shall be terminated immediately on the death of Executive.

(b) Separation from Service by Death or Following Permanent Disability. Subject to Sections 4(e) and 9(o) and Executive's continued compliance with Section 5, in the event of Executive's Separation from Service as a result of Executive's death or discharge by the Company following Executive's Permanent Disability, Executive or Executive's estate, as applicable, shall be entitled to receive, in lieu of any severance benefits to which Executive or Executive's estate may otherwise be entitled under any severance plan or program of the Company, the benefits provided below, which, with respect to clause (ii) below will be payable in a lump sum within ten (10) days following the effective date of Executive's Release (or, in the event of Executive's incapacity as a result of his Permanent Disability, the Release executed by Executive's legal representative) (or, in the event of Executive's death, within ten (10) days following the date of Executive's death):

(i) the Company shall pay to Executive or Executive's estate, as applicable, Executive's fully earned but unpaid base salary, when due, through the date of Executive's Separation from Service at the rate then in effect, plus all other benefits, if any, under any Company group retirement plan, nonqualified deferred compensation plan, equity award plan or agreement (other than any such plan or agreement pertaining to Stock Awards whose treatment is prescribed by Section 3(g) above), health benefits plan or other Company group benefit plan to which Executive or Executive's estate may be entitled pursuant to the terms of such plans or agreements at the time of Executive's Separation from Service;

(ii) Executive or Executive's estate, as applicable, shall be entitled to receive severance pay in an amount equal to twelve (12) multiplied by Executive's monthly base salary as in effect immediately prior to the date of Executive's Separation from Service; and

(iii) for the period beginning on the date of Executive's Separation from Service and ending on the date which is twelve (12) full months following the date of Executive's

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Separation from Service (or, if earlier, (1) the date on which the applicable continuation period under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (“**COBRA**”) expires or (2) the date Executive becomes eligible to receive the equivalent or increased healthcare coverage from a subsequent employer) (such period, the “**COBRA Coverage Period**”), if Executive and/or his eligible dependents who were covered under the Company’s health insurance plans as of the date of Executive’s Separation from Service elect to have COBRA coverage and are eligible for such coverage, the Company shall reimburse Executive or his estate, as applicable, on a monthly basis for an amount equal to (A) the monthly premium Executive and/or his covered dependents, as applicable, are required to pay for continuation coverage pursuant to COBRA for Executive and/or his eligible dependents, as applicable, who were covered under the Company’s health plans as of the date of Executive’s Separation from Service (calculated by reference to the premium as of the date of Executive’s Separation from Service) less (B) the amount Executive would have had to pay to receive group health coverage for Executive and/or his covered dependents, as applicable, based on the cost sharing levels in effect on the date of Executive’s Separation from Service. If any of the Company’s health benefits are self-funded as of the date of Executive’s Separation from Service, or if the Company cannot provide the foregoing benefits in a manner that is exempt from Section 409A (as defined below) or that is otherwise compliant with applicable law (including, without limitation, Section 2716 of the Public Health Service Act), instead of providing the reimbursements as set forth above, the Company shall instead pay to Executive or his estate, as applicable, the foregoing monthly amount as a taxable monthly payment for the COBRA Coverage Period (or any remaining portion thereof). Executive or his estate, as applicable, shall be solely responsible for all matters relating to continuation of coverage pursuant to COBRA, including, without limitation, the election of such coverage and the timely payment of premiums.

( c ) Severance Upon Involuntary Termination. Subject to Sections 4(e) and 9(o) and Executive’s continued compliance with Section 5, if Executive’s employment is Involuntarily Terminated, Executive shall be entitled to receive, in lieu of any severance benefits to which Executive may otherwise be entitled under any severance plan or program of the Company, the benefits provided below, which, with respect to clause (ii) below will be payable in a lump sum within ten (10) days following the effective date of Executive’s Release:

(i) the Company shall pay to Executive his fully earned but unpaid base salary, when due, through the date of Executive’s Involuntary Termination at the rate then in effect, plus all other benefits, if any, under any Company group retirement plan, nonqualified deferred compensation plan, equity award plan or agreement (other than any such plan or agreement pertaining to Stock Awards whose treatment is prescribed by Section 3(g) above), health benefits plan or other Company group benefit plan to which Executive may be entitled pursuant to the terms of such plans or agreements at the time of Executive’s Involuntary Termination;

(ii) Executive shall be entitled to receive severance pay in an amount equal to twelve (12) multiplied by Executive’s monthly base salary as in effect immediately prior to the date of Executive’s Involuntary Termination; and

(iii) for the COBRA Coverage Period, if Executive and his eligible dependents who were covered under the Company’s health insurance plans as of the date of

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Executive's Involuntary Termination elect to have COBRA coverage and are eligible for such coverage, the Company shall reimburse Executive on a monthly basis for an amount equal to (A) the monthly premium Executive is required to pay for continuation coverage pursuant to COBRA for Executive and his eligible dependents who were covered under the Company's health plans as of the date of Executive's Involuntary Termination (calculated by reference to the premium as of the date of Executive's Involuntary Termination) less (B) the amount Executive would have had to pay to receive group health coverage for Executive and his covered dependents based on the cost sharing levels in effect on the date of Executive's Involuntary Termination. If any of the Company's health benefits are self-funded as of the date of Executive's Involuntary Termination, or if the Company cannot provide the foregoing benefits in a manner that is exempt from Section 409A (as defined below) or that is otherwise compliant with applicable law (including, without limitation, Section 2716 of the Public Health Service Act), instead of providing the reimbursements as set forth above, the Company shall instead pay to Executive the foregoing monthly amount as a taxable monthly payment for the COBRA Coverage Period (or any remaining portion thereof). Executive shall be solely responsible for all matters relating to continuation of coverage pursuant to COBRA, including, without limitation, the election of such coverage and the timely payment of premiums.

(iv) Notwithstanding anything to the contrary in this Section 4(c), and subject to Sections 4(e) and 9(o) and Executive's continued compliance with Section 5, in the event of Executive's Involuntary Termination during the period commencing sixty (60) days prior to a Change in Control and continuing until twelve (12) months following a Change in Control, Executive shall be entitled to receive, in addition to the severance benefits described in clauses (i), (ii) and (iii) above, an amount equal to Executive's Bonus for the year in which Executive's Involuntary Termination occurs, which amount shall be payable in a lump sum within ten (10) days following the later of (A) the effective date of Executive's Release and (B) the date of the Change in Control.

(d) Termination for Cause or Voluntary Resignation Without Good Reason. In the event of Executive's termination of employment as a result of Executive's discharge by the Company for Cause or Executive's resignation without Good Reason (other than as a result of Executive's death or Separation of Service by reason of discharge by the Company following Executive's Permanent Disability), the Company shall not have any other or further obligations to Executive under this Agreement (including any financial obligations) except that Executive shall be entitled to receive (i) Executive's fully earned but unpaid base salary, through the date of termination at the rate then in effect, and (ii) all other amounts or benefits to which Executive is entitled under any compensation, retirement or benefit plan or practice of the Company at the time of termination in accordance with the terms of such plans or practices, including, without limitation, any continuation of benefits required by COBRA or applicable law. In addition, in the event of Executive's Separation from Service as a result of Executive's discharge by the Company for Cause or Executive's resignation without Good Reason (other than as a result of Executive's death or Separation of Service by reason of discharge by the Company following Executive's Permanent Disability), all vesting of Executive's unvested Stock Awards previously granted to him by the Company shall cease and none of such unvested Stock Awards shall be exercisable following the date of such termination. The foregoing shall be in addition to, and not in lieu of, any and all other

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rights and remedies which may be available to the Company under the circumstances, whether at law or in equity.

(e) Release. As a condition to Executive's receipt of any post-termination benefits pursuant to Sections 4(b) and (c) above, Executive (or, in the event of Executive's incapacity as a result of his Permanent Disability, Executive's legal representative) shall execute and not revoke a general release of all claims in favor of the Company (the "**Release**") in the form attached hereto as Exhibit A. In the event the Release does not become effective within the fifty-five (55) day period following the date of Executive's Separation from Service, Executive shall not be entitled to the aforesaid payments and benefits.

(f) Exclusive Remedy. Except as otherwise expressly required by law (e.g., COBRA) or as specifically provided herein, all of Executive's rights to salary, severance, benefits, bonuses and other amounts hereunder (if any) accruing after the termination of Executive's employment shall cease upon such termination. In the event of Executive's termination of employment with the Company, Executive's sole remedy shall be to receive the payments and benefits described in this Section 4. In addition, Executive acknowledges and agrees that he is not entitled to any reimbursement by the Company for any taxes payable by Executive as a result of the payments and benefits received by Executive pursuant to this Section 4, including, without limitation, any excise tax imposed by Section 4999 of the Code. Any payments made to Executive under this Section 4 shall be inclusive of any amounts or benefits to which Executive may be entitled pursuant to the WARN Act or the California WARN Act.

(g) No Mitigation. Except as otherwise provided in Section 4(b)(iii) or 4(c)(iii) above, Executive shall not be required to mitigate the amount of any payment provided for in this Section 4 by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in this Section 4 be reduced by any compensation earned by Executive as the result of employment by another employer or self-employment or by retirement benefits; provided, however, that loans, advances or other amounts owed by Executive to the Company may be offset by the Company against amounts payable to Executive under this Section 4.

(h) Return of the Company's Property. In the event of Executive's termination of employment for any reason, the Company shall have the right, at its option, to require Executive to vacate his offices prior to or on the effective date of separation and to cease all activities on the Company's behalf. Upon Executive's termination of employment in any manner, as a condition to Executive's receipt of any severance benefits described in this Agreement, Executive shall immediately surrender to the Company all lists, books and records of, or in connection with, the Company's business, and all other property belonging to the Company, it being distinctly understood that all such lists, books and records, and other documents, are the property of the Company. Executive shall deliver to the Company a signed statement certifying compliance with this Section 4(h) prior to the receipt of any severance benefits described in this Agreement.

(i) Waiver of the Company's Liability. Executive recognizes that his employment is subject to termination with or without Cause for any reason and therefore Executive agrees that Executive shall hold the Company harmless from and against any and all liabilities, losses, damages, costs and expenses, including but not limited to, court costs and reasonable

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attorneys' fees, which Executive may incur as a result of Executive's termination of employment. Executive further agrees that Executive shall bring no claim or cause of action against the Company for damages or injunctive relief based on a wrongful termination of employment. Executive agrees that the sole liability of the Company to Executive upon termination of this Agreement shall be that determined by this Section 4. In the event this covenant is more restrictive than permitted by laws of the jurisdiction in which the Company seeks enforcement thereof, this covenant shall be limited to the extent permitted by law.

5. Certain Covenants.

(a) Noncompetition. Except as may otherwise be approved by the Board, during the term of Executive's employment, Executive shall not have any ownership interest (of record or beneficial) in, or have any interest as an employee, salesman, consultant, officer or director in, or otherwise aid or assist in any manner, any firm, corporation, partnership, proprietorship or other business that engages in any county, city or part thereof in the United States and/or any foreign country in a business which competes directly or indirectly with the Company's business in such county, city or part thereof, so long as the Company, or any successor in interest of the Company to the business and goodwill of the Company, remains engaged in such business in such county, city or part thereof or continues to solicit customers or potential customers therein; provided, however, that Executive may own, directly or indirectly, solely as an investment, securities of any entity which are traded on any national securities exchange if Executive (i) is not a controlling person of, or a member of a group which controls, such entity; or (ii) does not, directly or indirectly, own one percent (1%) or more of any class of securities of any such entity.

(b) Confidential Information. Executive and the Company have entered into the Company's standard employee proprietary information and inventions agreement (the "***Employee Proprietary Information and Inventions Agreement***"). Executive agrees to perform each and every obligation of Executive therein contained.

(c) Solicitation of Employees. Executive shall not during the term of Executive's employment and for the applicable severance period for which Executive receives severance benefits following any termination hereof pursuant to Section 4(b) or (c) above (regardless of whether Executive receives payment of severance amounts payable thereunder in a lump sum) (the "***Restricted Period***"), directly or indirectly, solicit or encourage to leave the employment of the Company or any of its affiliates, any employee of the Company or any of its affiliates.

(d) Solicitation of Consultants. Executive shall not during the term of Executive's employment and for the Restricted Period, directly or indirectly, hire, solicit or encourage to cease work with the Company or any of its affiliates any consultant then under contract with the Company or any of its affiliates within one year of the termination of such consultant's engagement by the Company or any of its affiliates.

(e) Rights and Remedies Upon Breach. If Executive breaches or threatens to commit a breach of any of the provisions of this Section 5 (the "***Restrictive Covenants***"), the Company shall have the following rights and remedies, each of which rights and remedies shall

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be independent of the other and severally enforceable, and all of which rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to the Company under law or in equity:

(i) Specific Performance. The right and remedy to have the Restrictive Covenants specifically enforced by any court having equity jurisdiction, all without the need to post a bond or any other security or to prove any amount of actual damage or that money damages would not provide an adequate remedy, it being acknowledged and agreed that any such breach or threatened breach will cause irreparable injury to the Company and that money damages will not provide adequate remedy to the Company; and

(ii) Accounting and Indemnification. The right and remedy to require Executive (A) to account for and pay over to the Company all compensation, profits, monies, accruals, increments or other benefits derived or received by Executive or any associated party deriving such benefits as a result of any such breach of the Restrictive Covenants; and (B) to indemnify the Company against any other losses, damages (including special and consequential damages), costs and expenses, including actual attorneys' fees and court costs, which may be incurred by them and which result from or arise out of any such breach or threatened breach of the Restrictive Covenants.

(f) Severability of Covenants/Blue Pencilling. If any court determines that any of the Restrictive Covenants, or any part thereof, is invalid or unenforceable, the remainder of the Restrictive Covenants shall not thereby be affected and shall be given full effect, without regard to the invalid portions. If any court determines that any of the Restrictive Covenants, or any part thereof, are unenforceable because of the duration of such provision or the area covered thereby, such court shall have the power to reduce the duration or area of such provision and, in its reduced form, such provision shall then be enforceable and shall be enforced. Executive hereby waives any and all right to attack the validity of the Restrictive Covenants on the grounds of the breadth of their geographic scope or the length of their term.

(g) Enforceability in Jurisdictions. The Company and Executive intend to and do hereby confer jurisdiction to enforce the Restrictive Covenants upon the courts of any jurisdiction within the geographical scope of such covenants. If the courts of any one or more of such jurisdictions hold the Restrictive Covenants wholly unenforceable by reason of the breadth of such scope or otherwise, it is the intention of the Company and Executive that such determination not bar or in any way affect the right of the Company to the relief provided above in the courts of any other jurisdiction within the geographical scope of such covenants, as to breaches of such covenants in such other respective jurisdictions, such covenants as they relate to each jurisdiction being, for this purpose, severable into diverse and independent covenants.

(h) Definitions. For purposes of this Section 5, the term "Company" means not only Zogenix, Inc., but also any company, partnership or entity which, directly or indirectly, controls, is controlled by or is under common control with Zogenix, Inc.

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(i) Whistleblower Provision. Nothing herein is intended to or shall prevent Executive from communicating directly with, cooperating with, or providing information to, any federal, state or local government regulator, including, but not limited to, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, or the U.S. Department of Justice.

6. Insurance; Indemnification.

(a) Insurance. The Company shall have the right to take out life, health, accident, “key-man” or other insurance covering Executive, in the name of the Company and at the Company’s expense in any amount deemed appropriate by the Company. Executive shall assist the Company in obtaining such insurance, including, without limitation, submitting to any required examinations and providing information and data required by insurance companies.

(b) Indemnification. Executive will be provided with indemnification against third party claims related to his work for the Company as required by Delaware law. The Company shall provide Executive with directors and officers liability insurance coverage at least as favorable as that which the Company may maintain from time to time for members of the Board and other executive officers.

7. Arbitration. Any dispute, claim or controversy based on, arising out of or relating to Executive’s employment or this Agreement shall be settled by final and binding arbitration in Alameda County, California, before a single neutral arbitrator in accordance with the National Rules for the Resolution of Employment Disputes (the “**Rules**”) of the American Arbitration Association, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction. The Rules may be found online at [www.adr.org](http://www.adr.org). Arbitration may be compelled pursuant to the California Arbitration Act (Code of Civil Procedure §§ 1280 et seq.). If the parties are unable to agree upon an arbitrator, one shall be appointed by the AAA in accordance with its Rules. Each party shall pay the fees of its own attorneys, the expenses of its witnesses and all other expenses connected with presenting its case; however, Executive and the Company agree that, to the extent permitted by law, the arbitrator may, in his or her discretion, award reasonable attorneys’ fees to the prevailing party; provided, further, that the prevailing party shall be reimbursed for such fees, costs and expenses within forty-five (45) days following any such award, but in no event later than the last day of Executive’s taxable year following the taxable year in which the fees, costs and expenses were incurred; provided, further, that the parties’ obligations pursuant to this sentence shall terminate on the tenth (10<sup>th</sup>) anniversary of the date of Executive’s termination of employment. Other costs of the arbitration, including the cost of any record or transcripts of the arbitration, AAA’s administrative fees, the fee of the arbitrator, and all other fees and costs, shall be borne by the Company. This Section 7 is intended to be the exclusive method for resolving any and all claims by the parties against each other for payment of damages under this Agreement or relating to Executive’s employment; provided, however, that Executive shall retain the right to file administrative charges with or seek relief through any government agency of competent jurisdiction, and to participate in any government investigation, including but not limited to (i) claims for workers’ compensation, state disability insurance or unemployment insurance; (ii) claims for unpaid wages or waiting time penalties brought before the California

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Division of Labor Standards Enforcement; provided, however, that any appeal from an award or from denial of an award of wages and/or waiting time penalties shall be arbitrated pursuant to the terms of this Agreement; and (iii) claims for administrative relief from the United States Equal Employment Opportunity Commission and/or the California Department of Fair Employment and Housing (or any similar agency in any applicable jurisdiction other than California); provided, further, that Executive shall not be entitled to obtain any monetary relief through such agencies other than workers' compensation benefits or unemployment insurance benefits. This Agreement shall not limit either party's right to obtain any provisional remedy, including, without limitation, injunctive or similar relief, from any court of competent jurisdiction as may be necessary to protect their rights and interests pending the outcome of arbitration, including without limitation injunctive relief, in any court of competent jurisdiction pursuant to California Code of Civil Procedure § 1281.8 or any similar statute of an applicable jurisdiction. Seeking any such relief shall not be deemed to be a waiver of such party's right to compel arbitration. Both Executive and the Company expressly waive their right to a jury trial.

8. General Relationship. Executive shall be considered an employee of the Company within the meaning of all federal, state and local laws and regulations including, but not limited to, laws and regulations governing unemployment insurance, workers' compensation, industrial accident, labor and taxes.

9. Miscellaneous.

(a) Modification; Prior Claims. This Agreement and the Employee Proprietary Information and Inventions Agreement set forth the entire understanding of the parties with respect to the subject matter hereof, supersedes all existing agreements between them concerning such subject matter, including any offer letter provided to Executive by the Company. This Agreement may be amended or modified only with the written consent of Executive and an authorized representative of the Company. No oral waiver, amendment or modification will be effective under any circumstances whatsoever.

(b) Assignment; Assumption by Successor. The rights of the Company under this Agreement may, without the consent of Executive, be assigned by the Company, in its sole and unfettered discretion, to any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly, acquires all or substantially all of the assets or business of the Company. The Company will require any successor (whether direct or indirect, by purchase, merger or otherwise) to all or substantially all of the business or assets of the Company expressly to assume and to agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place; provided, however, that no such assumption shall relieve the Company of its obligations hereunder. As used in this Agreement, the "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law or otherwise.

(c) Survival. The covenants, agreements, representations and warranties contained in or made in Sections 3(g), 4, 5, 6, 7 and 9 of this Agreement shall survive any Executive's termination of employment.

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(d) Third-Party Beneficiaries. This Agreement does not create, and shall not be construed as creating, any rights enforceable by any person not a party to this Agreement.

(e) Waiver. The failure of either party hereto at any time to enforce performance by the other party of any provision of this Agreement shall in no way affect such party's rights thereafter to enforce the same, nor shall the waiver by either party of any breach of any provision hereof be deemed to be a waiver by such party of any other breach of the same or any other provision hereof.

(f) Section Headings. The headings of the several sections in this Agreement are inserted solely for the convenience of the parties and are not a part of and are not intended to govern, limit or aid in the construction of any term or provision hereof.

(g) Notices. Any notice required or permitted by this Agreement shall be in writing and shall be delivered as follows with notice deemed given as indicated: (i) by personal delivery when delivered personally; (ii) by overnight courier upon written verification of receipt; (iii) by email, telecopy or facsimile transmission upon acknowledgment of receipt of electronic transmission; or (iv) by certified or registered mail, return receipt requested, upon verification of receipt. Notice shall be sent to Executive at the address listed on the Company's personnel records and to the Company at its principal place of business, or such other address as either party may specify in writing.

(h) Severability. All Sections, clauses and covenants contained in this Agreement are severable, and in the event any of them shall be held to be invalid by any court, this Agreement shall be interpreted as if such invalid Sections, clauses or covenants were not contained herein.

(i) Governing Law and Venue. This Agreement is to be governed by and construed in accordance with the laws of the State of California applicable to contracts made and to be performed wholly within such State, and without regard to the conflicts of laws principles thereof. Except as provided in Sections 5 and 7, any suit brought hereon shall be brought in the state or federal courts sitting in Alameda County, California, the parties hereto hereby waiving any claim or defense that such forum is not convenient or proper. Each party hereby agrees that any such court shall have in personam jurisdiction over it and consents to service of process in any manner authorized by California law.

(j) Non-transferability of Interest. None of the rights of Executive to receive any form of compensation payable pursuant to this Agreement shall be assignable or transferable except through a testamentary disposition or by the laws of descent and distribution upon the death of Executive. Any attempted assignment, transfer, conveyance, or other disposition (other than as aforesaid) of any interest in the rights of Executive to receive any form of compensation to be made by the Company pursuant to this Agreement shall be void.

(k) Gender. Where the context so requires, the use of the masculine gender shall include the feminine and/or neuter genders and the singular shall include the plural, and vice

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versa, and the word “person” shall include any corporation, firm, partnership or other form of association.

(l) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

(m) Construction. The language in all parts of this Agreement shall in all cases be construed simply, according to its fair meaning, and not strictly for or against any of the parties hereto. Without limitation, there shall be no presumption against any party on the ground that such party was responsible for drafting this Agreement or any part thereof.

(n) Withholding and other Deductions. All compensation payable to Executive hereunder shall be subject to such deductions as the Company is from time to time required to make pursuant to law, governmental regulation or order.

(o) Code Section 409A.

(i) This Agreement is not intended to provide for any deferral of compensation subject to Section 409A of the Code, and, accordingly, the severance payments payable under Sections 4(b)(ii) and 4(c)(ii) and (iv) shall be paid no later than the later of: (A) the fifteenth (15th) day of the third month following Executive’s first taxable year in which such amounts are no longer subject to a substantial risk of forfeiture, and (B) the fifteenth (15th) day of the third month following first taxable year of the Company in which such amounts are no longer subject to substantial risk of forfeiture, as determined in accordance with Code Section 409A and any Treasury Regulations and other guidance issued thereunder. To the extent applicable, this Agreement shall be interpreted in accordance with Code Section 409A and Department of Treasury regulations and other interpretive guidance issued thereunder. Each series of installment payments made under this Agreement is hereby designated as a series of “separate payments” within the meaning of Section 409A of the Code. For purposes of this Agreement, all references to Executive’s “termination of employment” shall mean Executive’s Separation from Service.

(ii) If Executive is a “specified employee” (as defined in Section 409A of the Code), as determined by the Company in accordance with Section 409A of the Code, on the date of Executive’s Separation from Service, to the extent that the payments or benefits under this Agreement are subject to Section 409A of the Code and the delayed payment or distribution of all or any portion of such amounts to which Executive is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, then such portion deferred pursuant to this Section 9(o)(ii) shall be paid or distributed to Executive in a lump sum on the earlier of (A) the date that is six (6)-months following Executive’s Separation from Service, (B) the date of Executive’s death or (C) the earliest date as is permitted under Section 409A of the Code. Any remaining payments due under the Agreement shall be paid as otherwise provided herein.

(iii) To the extent applicable, this Agreement shall be interpreted in accordance with the applicable exemptions from Section 409A of the Code. If Executive and the

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Company determine that any payments or benefits payable under this Agreement intended to comply with Sections 409A(a)(2), (3) and (4) of the Code do not comply with Section 409A of the Code, Executive and the Company agree to amend this Agreement, or take such other actions as Executive and the Company deem reasonably necessary or appropriate, to comply with the requirements of Section 409A of the Code and the Treasury Regulations thereunder (and any applicable transition relief) while preserving the economic agreement of the parties. To the extent that any provision in this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner that no payments payable under this Agreement shall be subject to an “additional tax” as defined in Section 409A(a)(1)(B) of the Code.

(iv) Any reimbursement of expenses or in-kind benefits payable under this Agreement shall be made in accordance with Treasury Regulation Section 1.409A-3(i)(1)(iv) and shall be paid on or before the last day of Executive’s taxable year following the taxable year in which Executive incurred the expenses. The amount of expenses reimbursed or in-kind benefits payable during any taxable year of Executive’s shall not affect the amount eligible for reimbursement or in-kind benefits payable in any other taxable year of Executive’s, and Executive’s right to reimbursement for such amounts shall not be subject to liquidation or exchange for any other benefit.

(v) In the event that the amounts payable under Sections 4(b)(ii) and 4(c)(ii) and (iv) are subject to Section 409A of the Code and the timing of the delivery of Executive’s Release could cause such amounts to be paid in one or another taxable year, then notwithstanding the payment timing set forth in such sections, such amounts shall not be payable until the later of (A) the payment date specified in such section or (B) the first business day of the taxable year following Executive’s Separation from Service.

(Signature Page Follows)

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IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

**ZOGENIX, INC.**

By: /s/ Stephen J. Farr, Ph.D.  
Name: Stephen J. Farr, Ph.D.  
Title: Chief Executive Officer

**EXECUTIVE**

/s/ Michael Smith  
Michael Smith

## EXHIBIT A

### GENERAL RELEASE OF CLAIMS

*[The language in this Release may change based on legal developments and evolving best practices; this form is provided as an example of what will be included in the final Release document.]*

This General Release of Claims ("**Release**") is entered into as of this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_, between Michael Smith ("**Executive**"), and Zogenix, Inc., a Delaware corporation (the "**Company**") (collectively referred to herein as the "**Parties**").

WHEREAS, Executive and the Company are parties to that certain Employment Agreement dated as of January 16, 2017 (the "**Agreement**");

WHEREAS, the Parties agree that Executive is entitled to certain severance benefits under the Agreement, subject to Executive's execution of this Release; and

WHEREAS, the Company and Executive now wish to fully and finally to resolve all matters between them.

NOW, THEREFORE, in consideration of, and subject to, the severance benefits payable to Executive pursuant to the Agreement, the adequacy of which is hereby acknowledged by Executive, and which Executive acknowledges that he would not otherwise be entitled to receive, Executive and the Company hereby agree as follows:

1. General Release of Claims by Executive.

(a) Executive, on behalf of himself and his executors, heirs, administrators, representatives and assigns, hereby agrees to release and forever discharge the Company and all predecessors, successors and their respective parent corporations, affiliates, related, and/or subsidiary entities, and all of their past and present investors, directors, shareholders, officers, general or limited partners, employees, attorneys, agents and representatives, and the employee benefit plans in which Executive is or has been a participant by virtue of his employment with or service to the Company (collectively, the "**Company Releasees**"), from any and all claims, debts, demands, accounts, judgments, rights, causes of action, equitable relief, damages, costs, charges, complaints, obligations, promises, agreements, controversies, suits, expenses, compensation, responsibility and liability of every kind and character whatsoever (including attorneys' fees and costs), whether in law or equity, known or unknown, asserted or unasserted, suspected or unsuspected (collectively, "**Claims**"), which Executive has or may have had against such entities based on any events or circumstances arising or occurring on or prior to the date hereof or on or prior to the date hereof, arising directly or indirectly out of, relating to, or in any other way involving in any manner whatsoever Executive's employment by or service to the Company or the termination thereof, including any and all claims arising under federal, state, or local laws relating to employment,

including without limitation claims of wrongful discharge, breach of express or implied contract, fraud, misrepresentation, defamation, or liability in tort, and claims of any kind that may be brought in any court or administrative agency including, without limitation, claims under Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. Section 2000, et seq.; the Americans with Disabilities Act, as amended, 42 U.S.C. § 12101 et seq.; the Rehabilitation Act of 1973, as amended, 29 U.S.C. § 701 et seq.; the Civil Rights Act of 1866, and the Civil Rights Act of 1991; 42 U.S.C. Section 1981, et seq.; the Age Discrimination in Employment Act, as amended, 29 U.S.C. Section 621, et seq. (the “*ADEA*”); the Equal Pay Act, as amended, 29 U.S.C. Section 206(d); regulations of the Office of Federal Contract Compliance, 41 C.F.R. Section 60, et seq.; the Family and Medical Leave Act, as amended, 29 U.S.C. § 2601 et seq.; the Fair Labor Standards Act of 1938, as amended, 29 U.S.C. § 201 et seq.; the Employee Retirement Income Security Act, as amended, 29 U.S.C. § 1001 et seq.; and the California Fair Employment and Housing Act, California Government Code Section 12940, et seq.

Notwithstanding the generality of the foregoing, Executive does not release the following claims:

- (i) Claims for unemployment compensation or any state disability insurance benefits pursuant to the terms of applicable state law;
- (ii) Claims for workers’ compensation insurance benefits under the terms of any worker’s compensation insurance policy or fund of the Company;
- (iii) Claims pursuant to the terms and conditions of the federal law known as COBRA;
- (iv) Claims for indemnity under the bylaws of the Company, as provided for by California law or under any applicable insurance policy with respect to Executive’s liability as an employee, director or officer of the Company;
- (v) Claims based on any right Executive may have to enforce the Company’s executory obligations under the Agreement; and
- (vi) Claims Executive may have to vested or earned compensation and benefits.

(b) EXECUTIVE ACKNOWLEDGES THAT HE HAS BEEN ADVISED OF AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

**“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH, IF KNOWN BY HIM OR HER, MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”**

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BEING AWARE OF SAID CODE SECTION, EXECUTIVE HEREBY EXPRESSLY WAIVES ANY RIGHTS HE MAY HAVE THEREUNDER, AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT.

***[Note: Clauses (c), (d) and (e) apply only if Executive is age 40 or older at time of termination]***

(c) Executive acknowledges that this Release was presented to him on the date indicated above and that Executive is entitled to have [twenty-one (21)][forty-five (45)] days' time in which to consider it. Executive further acknowledges that the Company has advised him that he is waiving her rights under the ADEA, and that Executive should consult with an attorney of his choice before signing this Release, and Executive has had sufficient time to consider the terms of this Release. Executive represents and acknowledges that if Executive executes this Release before [twenty-one (21)][forty-five (45)] days have elapsed, Executive does so knowingly, voluntarily, and upon the advice and with the approval of Executive's legal counsel (if any), and that Executive voluntarily waives any remaining consideration period.

(d) Executive understands that after executing this Release, Executive has the right to revoke it within seven (7) days after his execution of it. Executive understands that this Release will not become effective and enforceable unless the seven (7) day revocation period passes and Executive does not revoke the Release in writing. Executive understands that this Release may not be revoked after the seven (7) day revocation period has passed. Executive also understands that any revocation of this Release must be made in writing and delivered to the Company at its principal place of business within the seven (7) day period.

(e) Executive understands that this Release shall become effective, irrevocable, and binding upon Executive on the eighth (8<sup>th</sup>) day after his execution of it, so long as Executive has not revoked it within the time period and in the manner specified in clause (d) above.

(f) Executive further understands that Executive will not be given any severance benefits under the Agreement unless this Release is effective on or before the date that is fifty-five (55) days following the date of Executive's termination of employment.

2. Whistleblower Provision. Nothing in this Release shall be deemed to restrict Executive's right to report possible violations of federal law or regulation to any governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or any other whistleblower protection provisions of state or federal law or regulation.

3. No Assignment. Executive represents and warrants to the Company Releasees that there has been no assignment or other transfer of any interest in any Claim that Executive may have against the Company Releasees. Executive agrees to indemnify and hold harmless the Company Releasees from any liability, claims, demands, damages, costs, expenses and attorneys' fees incurred as a result of any such assignment or transfer from Executive.

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4. Severability. In the event any provision of this Release is found to be unenforceable by an arbitrator or court of competent jurisdiction, such provision shall be deemed modified to the extent necessary to allow enforceability of the provision as so limited, it being intended that the parties shall receive the benefit contemplated herein to the fullest extent permitted by law. If a deemed modification is not satisfactory in the judgment of such arbitrator or court, the unenforceable provision shall be deemed deleted, and the validity and enforceability of the remaining provisions shall not be affected thereby.

5 . Interpretation; Construction. The headings set forth in this Release are for convenience only and shall not be used in interpreting this Agreement. This Release has been drafted by legal counsel representing the Company, but Executive has participated in the negotiation of its terms. Furthermore, Executive acknowledges that Executive has had an opportunity to review and revise the Release and have it reviewed by legal counsel, if desired, and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Release. Either party's failure to enforce any provision of this Release shall not in any way be construed as a waiver of any such provision, or prevent that party thereafter from enforcing each and every other provision of this Release.

6 . Governing Law and Venue. This Release will be governed by and construed in accordance with the laws of the United States of America and the State of California applicable to contracts made and to be performed wholly within such State, and without regard to the conflicts of laws principles thereof. Any suit brought hereon shall be brought in the state or federal courts sitting in Alameda County, California, the Parties hereby waiving any claim or defense that such forum is not convenient or proper. Each party hereby agrees that any such court shall have in personam jurisdiction over it and consents to service of process in any manner authorized by California law.

7. Entire Agreement. This Release and the Agreement constitute the entire agreement of the Parties in respect of the subject matter contained herein and therein and supersede all prior or simultaneous representations, discussions, negotiations and agreements, whether written or oral. This Release may be amended or modified only with the written consent of Executive and an authorized representative of the Company. No oral waiver, amendment or modification will be effective under any circumstances whatsoever.

8. Counterparts. This Release may be executed in multiple counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

(Signature Page Follows)

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IN WITNESS WHEREOF, and intending to be legally bound, the Parties have executed the foregoing Release as of the date first written above.

**EXECUTIVE**

**ZOGENIX, INC.**

\_\_\_\_\_

Print Name: Michael Smith

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

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

Title: \_\_\_\_\_

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Stephen J. Farr, certify that:

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

/s/ Stephen J. Farr

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Stephen J. Farr  
President and Chief Executive Officer  
(Principal Executive Officer)

Date: May 4, 2017

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael P. Smith, certify that:

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

/s/ Michael P. Smith

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Michael P. Smith  
Executive Vice President, Chief Financial  
Officer, Treasurer and Secretary  
(Principal Financial Officer)

Date: May 4, 2017

**CERTIFICATION**  
**Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**  
**(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)**

In connection with the Quarterly Report on Form 10-Q of Zogenix, Inc. (the "Company") for the period ended March 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen J. Farr, as Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 4, 2017

/s/ Stephen J. Farr

\_\_\_\_\_  
Stephen J. Farr

President and Chief Executive Officer

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION**  
**Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**  
**(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)**

In connection with the Quarterly Report on Form 10-Q of Zogenix, Inc. (the "Company") for the period ended March 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael P. Smith, as Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 4, 2017

/s/ Michael P. Smith

Michael P. Smith

Executive Vice President, Chief Financial  
Officer, Treasurer and Secretary

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

