United States
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2013

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

For the transition period from _____ to _____

Commission File Number: 001-35814

Imprimis Pharmaceuticals, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**45-0567010**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
12626 High Bluff Dr., Suite 150 San Diego, CA	**92130**
(Address of principal executive offices)	(Zip code)

(858) 704-4040
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) 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 o

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 o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a small reporting company.

Large accelerated filer	o	Accelerated filer	o
Non-accelerated filer	o (Do not check if a smaller reporting company)	Smaller reporting company	☑

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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant filed all documents and reports required to be filed by Section 12, 13, or 15(d) of the Exchange Act of 1934 after the distribution of securities under a plan confirmed by a court. Yes o No o

As of May 7, 2013 8,888,250 shares of the registrant's common stock, $0.001 par value, were outstanding.

IMPRIMIS PHARMACEUTICALS, INC.
(A Development Stage Company)

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PART I
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

IMPRIMIS PHARMACEUTICALS, INC.
(A Development Stage Company)
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2013 (Unaudited)	December 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	$ 18,979,031	$ 10,035,615
Restricted short-term investment	50,000	-
Prepaid expenses and other current assets	204,450	61,552
Deferred offering costs	-	596,281
Total current assets	19,233,481	10,693,448
Furniture and equipment, net	13,098	12,548
TOTAL ASSETS	$ 19,246,579	$ 10,705,996
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	$ 700,795	$ 635,384
Accrued Phase 3 expenses	55,784	55,784
Accrued payroll and related liabilities	91,137	18,391
Deferred revenue	833	-
Total current liabilities	848,549	709,559
Commitments and contingencies		
STOCKHOLDERS' EQUITY		
Common stock, $0.001 par value, 395,000,000 shares authorized, 8,888,250 and 6,772,066 shares issued and outstanding at March 31, 2013 and December 31, 2012, respectively	8,888	6,772
Additional paid-in capital	43,958,891	34,093,933
Deficit accumulated during the development stage	(25,569,749)	(24,104,268)
TOTAL STOCKHOLDERS' EQUITY	18,398,030	9,996,437
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 19,246,579	$ 10,705,996

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

IMPRIMIS PHARMACEUTICALS, INC.
(A Development Stage Company)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	For The Three Months Ended March 31, 2013	For The Three Months Ended March 31, 2012	For the Period From July 24, 1998 (Inception) through March 31, 2013
Revenues:			
License revenues	$ 2,500	$ 100,000	$ 102,500
Operating Expenses:			
Selling, general and administrative	1,019,949	308,956	13,573,650
Research and development	455,100	142,963	9,573,861
Loss from operations	(1,472,549)	(351,919)	(23,045,011)
Other income (expense):			
Interest expense	-	(21,082)	(1,730,892)
Interest income	7,068	-	150,059
Loss on extinguishment of debt	-	(1,006,087)	(1,195,410)
Gain on settlement	-	-	375,000
Gain on forgiveness of liabilities	-	-	176,505
Total other income (expense), net	7,068	(1,027,169)	(2,224,738)
Net loss	(1,465,481)	(1,379,088)	(25,269,749)
Deemed dividend to preferred stockholders	-	-	(300,000)
Net loss attributable to common stockholders	$ (1,465,481)	$ (1,379,088)	$ (25,569,749)
Net loss per share of common stock, basic and diluted:	$ (0.19)	$ (1.30)	
Weighted average number of shares of common stockoutstanding, basic and diluted	7,788,236	1,063,278	

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

IMPRIMIS PHARMACEUTICALS, INC.
(A Development Stage Company)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For The Three Months Ended March 31, 2013	For The Three Months Ended March 31, 2012	For the Period From July 24, 1998 (Inception) through March 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	$ (1,465,481)	$ (1,379,088)	$ (25,269,749)
Adjustments to reconcile net loss to net cash used in operating activities:			
Estimated fair value of contributed services	-	-	2,475,000
Gain on forgiveness of liabilities	-	-	(176,505)
Amortization of prepaid consulting fees	-	-	807,608
Depreciation	899	404	6,997
Loss on extinguishment of debt	-	1,006,087	1,195,410
Non-cash interest on notes payable	-	21,083	1,730,892
Stock-based compensation	410,715	118,504	4,696,143
Payments made on behalf of Company by related party	-	-	254,142
Changes in assets and liabilities:			
Prepaid consulting costs	-	-	(140,000)
Prepaid expenses and other current assets	(142,898)	(48,976)	(204,450)
Accounts payable and accrued expenses	65,411	38,096	605,373
Accrued Phase 3 expenses	-	-	111,871
Accrued payroll	72,746	9,048	177,728
Deferred revenue	833	(100,000)	833
NET CASH USED IN OPERATING ACTIVITIES	(1,057,775)	(334,842)	(13,728,707)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of restricted short-term investment	(50,000)	-	(50,000)
Purchases of fixed assets	(1,449)	(14,607)	(20,096)
NET CASH USED IN INVESTING ACTIVITIES	(51,449)	(14,607)	(70,096)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment for settlement of shares in connection with reverse stock split	(192)	-	(192)
Proceeds from issuance of notes payable to a related party	-	300,000	976,300
Proceeds received in connection with debt modification	-	50,000	50,000
Proceeds from issuance of preferred stock	-	-	100,000
Proceeds from notes payable	-	-	2,500,000
Preferred stock deemed dividend paid at conversion	-	-	(200,000)
Cash advances from related party	-	-	27,537
Repayment of advances from related party	-	-	(281,679)
Capital contributions	-	-	168,707
Net proceeds from purchase of common stock and exercise of warrants and stock options	-	-	100,250
Proceeds from issuance of common stock and warrants for cash, net of offering costs	10,052,832	-	29,336,911
NET CASH PROVIDED BY FINANCING ACTIVITIES	10,052,640	350,000	32,777,834
NET CHANGE IN CASH AND CASH EQUIVALENTS	8,943,416	551	18,979,031
CASH AND CASH EQUIVALENTS, beginning of period	10,035,615	146,160	-
CASH AND CASH EQUIVALENTS, end of period	$ 18,979,031	$ 146,711	$ 18,979,031
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid for income taxes	$ 1,600	$ 1,600	$ 13,600
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Issuance of and adjustment to common stock and warrants to consulting firms for prepaid consulting fees	$ -	$ -	$ 432,007
Conversion of related party accounts payable into common stock	$ -	$ 56,087	$ 56,087
Conversion of notes payable and accrued interest into common stock	$ -	$ 1,142,603	$ 3,435,314
Forgiveness of notes payable and accrued interest to shareholders	$ -	$ -	$ 241,701
Conversion of advances to notes payable to shareholders	$ -	$ -	$ 196,300
Accretion of preferred stock discount	$ -	$ 100,000	$ 100,000
Related party acquisition of Phase 3 liabilities	$ -	$ 56,087	$ 56,087
Conversion of preferred stock into common stock	$ -	$ -	$ 1,500
Reclassification of deferred offering costs in connectionwith equity offering	$ 596,281	$ -	$ 596,281

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

IMPRIMIS PHARMACEUTICALS, INC.
(A Development Stage Company)
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three months ended March 31, 2013 and 2012 and the period from July 24, 1998 (Inception) through March 31, 2013

NOTE 1. OVERVIEW AND BASIS OF PRESENTATION

Company and Background

Imprimis Pharmaceuticals, Inc. ("Imprimis", the "Company", "we", "us", or "our") is a specialty pharmaceutical company focused on the commercial development of compounded drug formulations. Imprimis expects to use its proprietary Accudel™ drug delivery technologies, proprietary drug formulations, and its exclusive relationship with Professional Compounding Centers of America, Inc. ("PCCA"), to identify pharmaceutical development opportunities where there are significant unmet medical needs.

The Company's most near term drug candidate, Impracor™, utilizes its patented Accudel topical cream formulation to enable highly targeted site-specific treatment. Impracor, which is a Phase 3 clinical trial pain product candidate, delivers the active drug (API), ketoprofen, a non-steroidal anti-inflammatory drug (NSAID), through the skin directly into the underlying tissues where the drug exerts its localized anti-inflammatory and analgesic effects.

Basis of Presentation

On February 28, 2012, the Company changed its name from Transdel Pharmaceuticals, Inc. to Imprimis Pharmaceuticals, Inc. All prior references to Transdel Pharmaceuticals, Inc. have been changed to Imprimis Pharmaceuticals, Inc. to reflect the change. On February 28, 2012, the Company effected a one-for-eight reverse stock split and on February 7, 2013, the Company effected a one-for-five reverse stock split. All share and per share amounts and calculations in this report reflect the effects of these reverse stock splits.

Imprimis has prepared the accompanying unaudited condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of only normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2013 are not necessarily indicative of the results that may be expected for the year ending December 31, 2013. For further information, refer to the Company's audited consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2012.

Principles of Consolidation

On September 17, 2007, Imprimis entered into an Agreement of Merger and Plan of Reorganization (the "Merger Agreement") by and among Imprimis, Transdel Pharmaceuticals Holdings, Inc., a privately held Nevada corporation ("Transdel Holdings"), and Trans-Pharma Acquisition Corp., a newly formed, wholly-owned Delaware subsidiary of Imprimis ("Acquisition Sub"). Upon closing of the merger transaction contemplated under the Merger Agreement (the "Merger"), Acquisition Sub merged with and into Transdel Holdings, and Transdel Holdings, as the surviving corporation, became a wholly-owned subsidiary of Imprimis. As a result of the Merger, the former owners of Transdel Holdings became the controlling stockholders of Imprimis. Accordingly, the merger of Transdel Holdings and Imprimis is a reverse merger that has been accounted for as a recapitalization of Transdel Holdings.

Effective on September 17, 2007, and for all reporting periods thereafter, Imprimis' operating activities, including any prior comparative period, include only those of Transdel Holdings. All references to share and per share amounts in the accompanying consolidated financial statements and footnotes have been restated to reflect the aforementioned share exchange. All significant intercompany accounts and transactions have been eliminated in consolidation.

On June 20, 2011, Transdel Holdings was merged with Imprimis Pharmaceuticals, Inc., at which time Transdel Holdings ceased as a corporation, and Imprimis Pharmaceuticals, Inc. remains as the sole surviving corporation.

Development Stage Enterprise

The Company is a development stage company as defined under Financial Accounting Standards Board ("FASB") guidance. All losses accumulated since inception have been considered as part of the Company's development stage activities.

These condensed consolidated financial statements contemplate the realization of assets and the satisfaction of liabilities in the normal course of business. The Company is a development stage enterprise and has incurred recurring operating losses, has had negative operating cash flows and has not recognized any significant revenues since July 24, 1998 (Inception). In addition, the Company has a deficit accumulated during the development stage of approximately $25.6 million at March 31, 2013, and anticipates incurring further losses through the remainder of the fiscal year 2013 and beyond. The Company has not yet generated significant sales revenue and has funded its operating losses to date through debt and equity offerings and borrowings under its line of credit. The Company believes that its existing cash and cash equivalents will be sufficient to cover its cash flow requirements for at least the next twelve months.

Research and Development

The Company expenses all costs related to research and development as they are incurred. Research and development expenses consist of expenses incurred in performing research and development activities including salaries and benefits, and other overhead expenses, clinical trials, contract services and outsourced contracts.

Revenue Recognition and Deferred Revenue

The Company will recognize revenues when all of the following criteria have been met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed and determinable; and (4) collectability is reasonably assured. The Company believes it will not generate significant revenues until one or more of its drug candidates are approved by the U.S. Food and Drug Administration ("FDA") and the Company is able to commercialize one or more of its product candidates. Also, effective sales and marketing support must be in place for either the drug candidates or any other products the Company may develop in order to generate any revenues. The FDA approval process is highly uncertain and the Company cannot estimate when it will generate revenues at this time from sales of its products.

Product Revenues

Determination of criteria (3) and (4) will be based on management's judgments regarding the fixed nature of the selling prices of the products delivered and the collectability of those amounts. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments will be provided for in the same period the related sales are recorded. The Company will defer any revenue for which the product has not been delivered or for which services have not been rendered or are subject to refund until such time that the Company and the customer jointly determine that the product has been delivered or services have been rendered or no refund will be required.

License Revenues

License arrangements may consist of non-refundable upfront license fees, data transfer fees, research reimbursement payments, exclusive licensed rights to patented or patent pending compounds, technology access fees, and various performance or sales milestones. These arrangements can be multiple element arrangements.

Non-refundable, up-front fees that are not contingent on any future performance by us, and require no consequential continuing involvement on our part, are recognized as revenue when the license term commences and the licensed data, technology and/or compound is delivered. Such deliverables may include physical quantities of compounds, design of the compounds and structure-activity relationships, the conceptual framework and mechanism of action, and rights to the patents or patents pending for such compounds. We defer recognition of non-refundable upfront fees if we have continuing performance obligations without which the technology, right, product or service conveyed in conjunction with the non-refundable fee has no utility to the licensee that is separate and independent of our performance under the other elements of the arrangement. In addition, if we have required continuing involvement through research and development services that are related to our proprietary know-how and expertise of the delivered technology, or can only be performed by us, then such up-front fees are deferred and recognized over the period of continuing involvement. Guaranteed minimum annual royalties are recognized on a straight-line basis over the applicable term.

During three months ended March 31, 2013, and 2012, the Company recorded $2,500 and $100,000 in revenues, respectively, for non-refundable royalty advances. In January 2013, we entered into a license agreement with resolutionMD, LLC granting resolutionMD, LLC rights to our Accudel delivery technology to be used for anti-cellulite formulations. Under the license agreement, the Company will receive $10,000 as a guaranteed minimum royalty amount for fiscal 2013 and, if applicable, additional royalty payments based on a percent (generally, 5%-7%) of net sales of any products covered under the license agreement. The license agreement with resolutionMD, LLC, unless terminated earlier, will be valid for ten years following the first commercial sale of a product that is covered under the license agreement. The Company does not anticipate that the license agreement with resolutionMD, LLC will generate significant revenues for the fiscal 2013 year.

Income Taxes

The Company accounts for income taxes under the provisions of Accounting Standards Codification ("ASC") 740, "Income Taxes", or ASC 740. As of March 31, 2013, there were no unrecognized tax benefits included in the condensed consolidated balance sheets that would, if recognized, affect the effective tax rate. The Company's practice is to recognize interest and/or penalties related to income tax matters in income tax expense. The Company had no accrual for interest or penalties in its condensed consolidated balance sheets at March 31, 2013 and December 31, 2012, and has not recognized interest and/or penalties in the consolidated statements of operations for the periods ended March 31, 2013 and 2012. The Company is subject to taxation in the United States and California. The Company's tax years for 2000 and forward are subject to examination by the federal and state tax authorities due to the carry forward of unutilized net operating losses.

Cash and Cash Equivalents

Cash equivalents include short-term, highly liquid investments with maturities of three months or less at the time of acquisition.

Concentrations of Credit Risk

The Company places its cash with financial institutions deemed by management to be of high credit quality. The Federal Deposit Insurance Corporation ("FDIC") provides basic deposit coverage with limits to $250,000 per owner. At March 31, 2013, the Company had approximately $18.4 million in cash deposits in excess of FDIC limits.

Deferred Offering Costs

On July 25, 2012, the Company filed with the Securities and Exchange Commission a registration statement on Form S-1 (as amended, the "Registration Statement") in connection with an underwritten public offering of its common stock (the "Public Offering"). At December 31, 2012, the Company had deferred offering costs of $596,281 for legal, accounting and other expenses directly related to the Public Offering. The Public Offering closed on February 13, 2013 (see Note 4), and these deferred offering costs and any other costs directly associated with the Public Offering subsequent to December 31, 2012 were netted against the cash proceeds to the Company arising from the Public Offering. As a result, there were no deferred offering costs at March 31, 2013.

Furniture and Equipment

Furniture and equipment is stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of three to five years.

Deferred Rent

The Company accounts for rent expense related to its operating leases by determining total minimum rent payments on the leases over their respective periods and recognizing the rent expense on a straight-line basis. The difference between the actual amount paid and the amount recorded as rent expense in each fiscal year is recorded as an adjustment to deferred rent.

Fair Value Measurements

Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability. GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The established fair value hierarchy prioritizes the use of inputs used in valuation methodologies into the following three levels:

- Level 1: Applies to assets or liabilities for which there are quoted prices (unadjusted) for identical assets or liabilities in active markets. A quoted price in an active market provides the most reliable evidence of fair value and must be used to measure fair value whenever available.
- Level 2: Applies to assets or liabilities for which there are significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Applies to assets or liabilities for which there are significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability. For example, level 3 inputs would relate to forecasts of future earnings and cash flows used in a discounted future cash flows method.

As of March 31, 2013 and December 31, 2012, the Company did not have any financial assets or liabilities which are measured on a recurring basis. At March 31, 2013 and December 31, 2012, the Company's financial instruments include cash and cash equivalents, a restricted short-term investment, accounts payable and accrued expenses, accrued Phase 3 expenses and accrued payroll and related liabilities. The carrying amount of these financial instruments, except for the restricted short-term investment, approximates fair value due to the short-term maturities of these instruments. The Company's restricted short-term investment is carried at amortized cost which approximates fair value.

Stock-Based Compensation

All share-based payments to employees, including grants of stock options to employees, directors and consultants, warrants and restricted stock grants, are recognized in the condensed consolidated financial statements based upon their fair values.

The Company's accounting policy for equity instruments issued to consultants and vendors in exchange for goods and services follows FASB guidance. As such, the value of the applicable stock-based compensation is periodically remeasured and income or expense is recognized during their vesting terms. The measurement date for the fair value of the equity instruments issued is determined at the earlier of (i) the date at which a commitment for performance by the consultant or vendor is reached or (ii) the date at which the consultant or vendor's performance is complete. In the case of equity instruments issued to consultants, the fair value of the equity instrument is primarily recognized over the term of the consulting agreement. In accordance with FASB guidance, an asset acquired in exchange for the issuance of fully vested, nonforfeitable equity instruments should not be presented or classified as an offset to equity on the grantor's balance sheet once the equity instrument is granted for accounting purposes. Accordingly, the Company records the fair value of nonforfeitable equity instruments issued for future consulting services as prepaid consulting fees in its condensed consolidated balance sheets.

The Company recorded stock-based compensation related to equity instruments granted to employees, directors and consultants as follows:

	For The Three Months Ended March 31, 2013	For The Three Months Ended March 31, 2012
Employees - selling, general and administrative	$ 86,003	$ 2,590
Employees - research and development	67,131	41,546
Directors - selling, general and administrative	202,792	74,368
Consultants - selling, general and administrative	117,389	-
Consultants - research and development	(62,600)	-
Total	$ 410,715	$ 118,504

Basic and Diluted Loss per Common Share

Basic net loss per common share is computed by dividing net loss attributable to common stockholders for the period by the weighted average number of common shares outstanding during the period. Diluted net loss per share is computed by dividing the net loss attributable to common stockholders for the period by the weighted average number of common and common equivalent shares, such as stock options and warrants outstanding during the period.

Basic and diluted net loss applicable to common stock per share is computed using the weighted average number of shares of common stock outstanding during the period. Common stock equivalents (using the treasury stock or, "if converted" method) from convertible notes, preferred stock, stock options, unvested restricted stock units ("RSUs") and warrants were 1,854,354 and 2,113,830 at March 31, 2013 and 2012, respectively, and are excluded from the calculation of diluted net loss per share for all periods presented because the effect is anti-dilutive.

The following table shows the computation of basic and diluted loss per share of common stock for the three months ended March 31, 2013 and 2012:

	For the three months ended March 31, 2013	For the three months ended March 31, 2012
Numerator – Net loss	$ (1,465,481)	$ (1,379,088)
Denominator – weighted average number of shares of common stock outstanding, basic and diluted	7,788,236	1,063,278
Loss per share, basic and diluted	$ (0.19)	$ (1.30)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and judgments that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. Significant estimates made by management are, among others, the valuation of contributed services, deferred taxes and stock-based compensation issued to employees and non-employees. Actual results could differ from those estimates.

Reclassifications

Certain prior period items and amounts have been reclassified to conform to the classifications used to prepare the 2013 condensed consolidated financial statements. These reclassifications had no material impact on the Company's financial position, results of operations, or cash flows as previously reported.

Recently Adopted Accounting Pronouncements

In December 2011, the FASB issued Accounting Standards Update ("ASU") 2011-11, "Disclosures about Offsetting Assets and Liabilities." This pronouncement was issued to enhance disclosure requirements surrounding the nature of an entity's right to offset and related arrangements associated with its financial instruments and derivative instruments. This new guidance requires companies to disclose both gross and net information about instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to master netting arrangements. This pronouncement is effective for reporting periods beginning on or after January 1, 2013. The adoption of ASU 2011-11 did not have a material impact on our condensed consolidated financial statements.

In January 2013, the FASB issued ASU 2013-01, "Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities." This pronouncement was issued to address implementation issues about the scope of ASU 2011-11 and to clarify the scope of the offsetting disclosures and address any unintended consequences. This pronouncement is effective for reporting periods beginning on or after January 1, 2013. The adoption of ASU 2013-01 did not have a material impact on our condensed consolidated financial statements.

NOTE 2. SHORT-TERM RESTICTED INVESTMENT

Short-term restricted investment at March 31, 2013 consists of a certificate of deposit, which is classified as held-to-maturity. At March 31, 2013, the fair value of this investment approximated its cost basis.

At March 31, 2013, the certificate of deposit of $50,000 was classified as a current asset. The certificate of deposit is required as collateral under the Company's corporate credit card agreement and automatically renews every twelve months.

NOTE 3. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following:

	March 31, 2013	December 31, 2012
Accounts payable	$ 503,147	$ 286,686
Accrued offering costs	-	185,337
Deferred rent	1,734	2,477
Other accrued expenses	-	21,440
Stock-based compensation accrual	195,914	139,444
Total accounts payable and accrued expenses	$ 700,795	$ 635,384

There are 26,667 and 20,000 shares of our common stock and 11,429 and 0 shares of common stock from unissued stock options underlying the stock-based compensation accrual at March 31, 2013 and December 31, 2012, respectively.

NOTE 4. STOCKHOLDERS' EQUITY AND STOCK-BASED COMPENSATION

Common Stock

In connection with the Public Offering, after the effectiveness of the Registration Statement on February 7, 2013, the Company effected a one-for-five reverse stock split of its common stock and on February 8, 2013, the Company's common stock began trading on The NASDAQ Capital Market on a split-adjusted basis. All information included in this Quarterly Report has been adjusted to reflect the effect of the one-for-five reverse stock split.

In February 2013, the Company issued 219 shares of common stock at a price of $4.00 per share. The shares of common stock were issued to net settle total common stock options to purchase 1,030 shares of common stock pursuant to a cashless exercise provision.

During February and March 2013, the Company made payments totaling $192 in connection with cancelled, fractional share amounts of common stock (35 common stock share equivalents) in connection with the reverse stock split effected February 7, 2013.

On February 13, 2013, the Company closed the underwritten Public Offering of 1,840,000 shares of its common stock at a per share price to the public of $5.25, and received net proceeds of $8,140,435 after deducting underwriter fees and commissions and other offering expenses. The underwriters also exercised their option to purchase an additional 276,000 shares of common stock from the Company at $5.25 per share to cover over-allotments on March 14, 2013. Net cash proceeds from the exercise of the over-allotment option were $1,316,116. On February 7, 2013, the Company entered into an Underwriting Agreement (the "Underwriting Agreement") with MDB Capital Group, LLC. As contemplated by the Underwriting Agreement, at the closing of the Public Offering and the over-allotment exercise, the underwriters received warrants (the "Warrants") to purchase an aggregate of 179,860 shares, or 8.5% of the number of shares sold in the offering (including 8.5% of shares sold pursuant to their over-allotment option). The Warrants are exercisable at $5.25 per share (100% of the price of the common stock sold in the offering), commencing on the effective date of the offering and expiring five years from the effective date of the offering.

Preferred Stock

At March 31, 2013, the Company had 5,000,000 shares of preferred stock, $0.001 par value, authorized and no shares of preferred stock issued and outstanding.

Restricted Stock Units ("RSUs")

RSU awards are granted subject to certain restrictions, including performance based conditions. The grant-date fair value of the RSUs, which has been determined based upon the market value of the Company's shares on the grant date, is expensed over the vesting period. Unvested portions of RSUs issued to consultants are remeasured on an interim basis until vesting criteria is met. On July 18, 2012, a consultant was issued RSUs (40,000 shares) valued at $130,000, and as of March 31, 2013, the remeasured fair value of those RSUs was $236,000.

A summary of the Company's RSU activity and related information for the three months ended March 31, 2013 is as follows:

	Number of RSUs	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value
RSUs outstanding - January 1, 2013	200,000	$ 3.25	
RSUs granted	-		
RSUs vested	(40,000)	3.25	$ 210,000
RSUs cancelled	-	-	
Balance at March 31, 2013	160,000	$ 3.25	$ 944,000

As of March 31, 2013, the total unrecognized compensation expense related to unvested RSUs was approximately $397,000 (including recognized and unrecognized expenses of the remeasured fair value of the consultant RSUs) which are expected to be recognized over a weighted-average period of 1.65 years, based on estimated vesting schedules. During February 2013, 40,000 RSUs vested, and the common stock underlying these RSUs will be issued in May 2013. The stock-based compensation for RSU's was $(5,075) during the three months ended March 31, 2013.

Stock Option Plan

On September 17, 2007, the Company's Board of Directors and stockholders adopted the Company's 2007 Incentive Stock and Awards Plan, which was subsequently amended on November 5, 2008, February 26, 2012 and July 18, 2012 (as amended, the "Plan"). As of March 31, 2013, the Plan provides for the issuance of a maximum of an aggregate of 2,400,000 shares of the Company's common stock. The purpose of the Plan is to provide an incentive to attract and retain directors, officers, consultants, advisors and employees whose services are considered valuable, to encourage a sense of proprietorship and to stimulate an active interest of such persons in the Company's development and financial success. Under the Plan, the Company is authorized to issue incentive stock options intended to qualify under Section 422 of the Internal Revenue Code, non-qualified stock options and restricted stock. The Plan is administered by the Compensation Committee of the Company's Board of Directors.

A summary of the Plan activity for the three months ended March 31, 2013 is as follows:

	Number of shares	Weighted Avg. Exercise Price	Weighted Avg. Remaining Contractual Life (In Years)	Aggregate Intrinsic Value
Options outstanding - January 1, 2013	905,806	$ 5.26		
Options granted	-	-		
Options exercised	(1,030)	4.00		
Options expired	(15,250)	74.75		
Options outstanding - March 31, 2013	889,526	$ 4.07	4.60	$ 1,916,935
Options exercisable	606,099	$ 4.12	5.24	$ 1,332,648
Options vested and expected to vest	861,183	$ 4.07	4.64	$ 1,858,506

The aggregate intrinsic value in the table above represents the total pre-tax amount of the proceeds, net of exercise price, which would have been received by option holders if all option holders had exercised and immediately sold all options with an exercise price lower than the market price on March 28, 2013, based on the closing price of the Company's common stock of $5.90 on that date.

The Company did not grant any options during the three months ended March 31, 2013.

As of March 31, 2013, there was approximately $940,000 of total unrecognized compensation expense related to unvested stock options under the Plan. That expense is expected to be recognized over the weighted-average remaining vesting period of 0.84 years.

Effective April 1, 2012, the Company entered into an advisory agreement with director Dr. Robert J. Kammer (the "Advisory Agreement") pursuant to which Dr. Kammer provides certain services to the Company in addition to his services as a director, including, but not limited to, providing management and advice regarding the operations of the Company's clinical trials and assistance in the identification of new drug delivery technologies. As part of Dr. Kammer's compensation under the Advisory Agreement, the Company granted to Dr. Kammer on April 1, 2012 an option to purchase up to 60,000 shares of the Company's common stock at an exercise price of $4.50 per share under the Plan. The option terminates on March 31, 2017 and vests over a two year period, with 15,000 options vested immediately upon issuance and an additional 1,875 options vesting monthly for the next twenty four months thereafter. In accordance with accounting guidance for stock-based compensation to consultants, the unvested portion of the option will be remeasured on an interim basis until the termination of the Advisory Agreement. The Advisory Agreement will terminate on the earlier of the completion of the services or the second anniversary of the date of the agreement. As of March 31, 2013, the remeasured fair value of the unvested portion of the stock option, based on the Black-Scholes-Merton pricing model, was $143,409.

On January 13, 2013, the Company entered into a statement of work agreement with a clinical development consultant (the "SOW Agreement") and as part of the compensation in the SOW Agreement, the Company agreed to issue an option to purchase up to 11,429 shares of the Company's common stock at an exercise price of $8.75 per share. The option will terminate on January 13, 2017 and vest over an eighteen month period beginning on March 15, 2014, with approximately 635 options vesting monthly for the eighteen months. As of March 31, 2013, this stock option had not yet been issued. However, the Company has accounted for an expense based on the fair value of the proposed option value and the applicable vesting schedule according to the option grant criteria defined in the SOW Agreement. In accordance with accounting guidance for share-based compensation to consultants, the unvested portion of options issued to consultants will be revalued on an interim basis until the termination of the consulting agreement and all of the options have been fully vested. The remeasured fair value of the unvested portion of the proposed stock option, based on the Black-Scholes-Merton option pricing model, was $56,012.

The fair value of each option award is estimated on the date of grant using the Black-Scholes-Merton option pricing model. Expected volatilities are based on historical volatility of the Company's common stock and other factors. The expected term of options granted was determined in accordance with the "simplified approach" as the Company has limited historical data on employee exercises and post-vesting employment termination behavior. The expected risk-free interest rate is based on the U.S. Treasury yield for a period consistent with the expected term of the option in effect at the time of the grant. The financial statement effect of forfeitures is estimated at the time of grant and revised, if necessary, if the actual effect differs from those estimates. For option grants to employees and directors, the Company assigns a forfeiture factor of 10%. These factors could change in the future, affecting the determination of stock-based compensation expense in future periods. Utilizing these assumptions, the fair value is determined at the date of grant.

The table below illustrates the fair value per share determined by the Black-Scholes-Merton option pricing model with the following assumptions used for valuing the grant issued to the consultant:

	Three Months Ended March 31, 2013
Weighted-average fair value of options granted	$ 6.14
Expected terms (in years)	4
Expected volatility	304% - 372%
Risk-free interest rate	0.35%-0.65%
Dividend yield	-

The following table summarizes information about stock options outstanding and exercisable at March 31, 2013:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$ 2.40-3.20	250,000	6.32	$ 2.80	225,000	$ 2.76
$ 3.60 - $4.50	624,643	3.88	$ 4.07	372,218	$ 4.25
$ 10.75	7,603	4.71	$ 10.75	1,901	$ 10.75
$ 28.00	2,000	5.65	$ 28.00	1,700	$ 28.00
$ 42.80	5,030	7.49	$ 42.80	5,030	$ 42.80
$ 80.00	250	4.47	$ 80.00	250	$ 44.56
	889,526	4.60	$ 4.07	606,099	$ 4.12

The stock-based compensation for stock options was $340,230 during the three months ended March 31, 2013.

Warrants

From time to time, the Company issues warrants to purchase shares of the Company's common stock to investors, note holders, underwriters and to non-employees for services rendered or to be rendered in the future.

In February 2013, the Company issued 30,000 common stock purchase warrants to a consultant with an exercise price of $5.25 per share. The warrants expire three years following the issuance date, and vest as follows: 10,000 shares vested immediately upon execution of the consulting agreement, and the remaining shares will vest evenly (4,000 shares) on each of the five monthly periods following the date of the consulting agreement provided the consultant continues to provide services to the Company as of the applicable vesting date.

A summary of the activity of the warrants for the three months ended March 31, 2013 is as follows:

	Number of Shares Subject to Warrants Outstanding	Weighted Avg. Exercise Price
Warrants outstanding - January 1, 2013	556,872	$ 7.66
Granted	209,860	5.25
Exercised	-	
Expired	-	-
Warrants outstanding and exercisable - March 31, 2013	766,732	$ 7.00
Weighted average remaining contractual life of the outstanding warrants in years - March 31, 2013	2.75	

The fair value of each warrant is estimated on the date of grant using the Black-Scholes-Merton option pricing model. The table below illustrates the fair value per share determined by the Black-Scholes-Merton option pricing model with the following assumptions used for valuing the warrants issued:

	2013
Weighted-average fair value of warrants granted	$ 4.77
Expected terms (in years)	3-5
Expected volatility	282%-346%
Risk-free interest rate	0.36%-0.92%
Dividend yield	-

A list of the warrants outstanding as of March 31, 2013 is included in the table below:

	Warrants Outstanding			Warrants Exercisable	
Warrant Series	Issue Date	Warrants Outstanding	Exercise Price	Warrants Exercisable	Expiration Date
Pipe Investors	5/12/2008	5,682	$ 176.00	5,682	5/12/2013
DermaStar	4/25/2012	48,262	$ 5.93	48,262	4/25/2015
April PPM	4/25/2012	502,928	$ 5.93	502,928	4/25/2015
Underwriter Warrants	2/7/2013	179,860	$ 5.25	179,860	2/7/2018
IR Consultant	2/28/2013	30,000	$ 5.25	14,000	2/28/2016
		766,732	$ 7.00	750,732	

The stock-based compensation for warrants was $75,560 during the three months ended March 31, 2013.

NOTE 5. COMMITMENTS AND CONTINGENCIES

Commitments

The Company leases its office facilities under a noncancelable operating lease, which expires on February 28, 2014, with a monthly amount due of $2,972 for the first 12 months beginning March 1, 2012, and $3,715 due monthly for the next 12 months. For the remaining fiscal year 2013, the Company's lease commitment is approximately $33,435.

Indemnities and Guarantees

In addition to the indemnification provisions contained in the Company's charter documents, the Company generally enters into separate indemnification agreements with the Company's directors and officers. These agreements require the Company, among other things, to indemnify the director or officer against specified expenses and liabilities, such as attorneys' fees, judgments, fines and settlements, paid by the individual in connection with any action, suit or proceeding arising out of the individual's status or service as the Company's director or officer, other than liabilities arising from willful misconduct or conduct that is knowingly fraudulent or deliberately dishonest, and to advance expenses incurred by the individual in connection with any proceeding against the individual with respect to which the individual may be entitled to indemnification by the Company. The Company also indemnifies its lessor in connection with its facility lease for certain claims arising from the use of the facility. These guarantees and indemnities do not provide for any limitation of the maximum potential future payments the Company could be obligated to make. Historically, the Company has not been obligated nor incurred any payments for these obligations and, therefore, no liabilities have been recorded for these indemnities and guarantees in the accompanying condensed consolidated balance sheets.

PCCA License Agreement

PCCA has granted to the Company and its affiliates certain exclusive rights under PCCA's proprietary formulations, other technologies and data, and the Company has agreed to pay to PCCA certain royalties on net sales relating to the sale of certain future products, which royalties range from 4.5% to 9% for each product, subject to certain minimum royalty payments. PCCA may terminate the PCCA License Agreement if the Company fails to commence efforts to research and develop future products within certain time periods, as set forth in the PCCA License Agreement.

PCCA Strategic Alliance Agreement

On February 18, 2013, we entered into a Strategic Alliance Agreement (the "Agreement) with PCCA. Under the Agreement, PCCA has agreed that during the term of the Agreement, it will not introduce any of PCCA's members or customers meeting certain criteria (the "Member/Customers") to any third party whereby such third party licenses or otherwise acquires the intellectual property rights of such Member/Customer, without first presenting such an opportunity to the Company. PCCA may, but is not required to, present such opportunities to the Company, use reasonable efforts to facilitate an introductory meeting between the Member/Customer and the Company, and to further provide certain key technical assistance to a potential development project associated with the Member/Customer's intellectual property rights. In the event the Company and a Member/Customer introduced to the Company by PCCA enter into a commercial agreement for the license or acquisition of the intellectual property rights owned by the Member/Customer, PCCA will be entitled to receive certain cash fees up to an aggregate of $100,000, as well as a commission based on net sales, if any, generated by the Company as a result of the acquired intellectual property rights. The Agreement has a term of one year and is automatically extended for successive one year periods unless either party gives the other written notice of non-renewal.

NOTE 6. SUBSEQUENT EVENTS

The Company has performed an evaluation of events occurring subsequent to March 31, 2013 through the filing date of this Quarterly Report. Based on our evaluation, nothing other than the events described below need to be disclosed.

In April 2013, the Board approved grants of options to purchase 120,000 shares of common stock to employees of the Company under the Plan, effective May 1, 2013. The exercise price of the options is $6.00 per share and the options vest on a quarterly basis over three years following the date of the grants provided the employees continue to be employed by the Company as of the applicable vesting date.

In April 2013 the Company entered into a lease agreement for 3,874 square feet of office space from May 1, 2013 to September 30, 2016, effective May 1, 2013. Monthly rent begins on May 1, 2013 in the amount of $10,406, with a 3% increase in the base rent amount on an annual basis. The lease agreement allows for the monthly rent amount to be abated for five months at various times during the lease agreement. The total lease obligation is approximately $387,900.

In April 2013, the Board approved a grant of options to purchase 51,675 shares of common stock under the Plan to a new employee of the Company, effective on April 22, 2013, the date of commencement of employment. The exercise price of the options is $9.00 per share. One-third of the options vest on April 22, 2014 and the remaining options vest on a quarterly basis over the following two years provided the employee continues to be employed by the Company as of the applicable vesting date.

On May 2, 2013, the Board of Directors approved the amendment and restatement of the Company's 2007 Stock Incentive and Awards Plan (the "Amended and Restated Plan"). The Amended and Restated Plan provides for (i) the issuance of restricted stock units, (in addition to the previously authorized options and restricted stock.) and (ii) incorporates the prior three stockholder-approved amendments to the Plan. Furthermore, on May 2, 2013 the Board of Directors approved an amendment of the Amendment and Restated Plan (the "Proposed Amendment") to increase the number of shares issuable under the Amended and Restated Plan from 2,400,000 shares to 5,000,000 shares and the maximum number of restricted stock units and shares of restricted stock that may be granted to an individual in a calendar year from 600,000 shares to 1,750,000 shares. The Proposed Amendment must be approved by the Company's stockholders. The Company expects to present the Proposed Amendment as a proposal at the Company's 2013 Annual Meeting of Stockholders.

Effective upon approval of the Proposed Amendment by the Company's stockholders, Mr. Baum has agreed to cancel 120,000 unvested restricted stock units granted to him in July 2012.

On May 2, 2013, the Company entered into an amended and restated employment agreement (the "Agreement") with Mr. Baum with respect to his employment as Chief Executive Officer. The Agreement has an initial term of three years and will automatically renew thereafter for consecutive one year terms unless earlier terminated by either party. The Agreement provides for an initial annual base salary of $329,000 and a target annual bonus incentive under the Company's Management Incentive Plan ("MIP") of 45% of his annual base salary. In connection with the Agreement, Mr. Baum was granted a performance-based restricted stock unit award (the "Performance Equity Award") comprised of up to 1,050,000 performance stock units. These performance stock units will only vest if the Company achieves and maintains certain stock price targets during the three year period following the grant date and are subject to Mr. Baum's employment with the Company on the third anniversary of the grant date (other than as described further below). The earning and issuance of any shares under the Performance Equity Award that would exceed the number of shares available for grant and/or the applicable annual per person grant limit under the Amended and Restated Plan are subject to approval by the Company's stockholders of the Plan Amendment. The Agreement contains restrictions on Mr. Baum's ability to sell shares received pursuant to any grant made to him under the Agreement during the term of the Agreement.

In the event the Company terminates Mr. Baum's employment without Cause (as defined in the Agreement) or Mr. Baum terminates his employment for Good Reason (as defined in the Agreement) (a termination without Cause or for Good Reason a "Qualifying Termination"), Mr. Baum will be entitled to (i) accrued and unpaid base salary through the termination date; (ii) a prorated MIP bonus payment for the year in which the termination occurs, (iii) a severance payment equal to the sum of (A) his annual base salary plus (B) one times his actual MIP bonus payment in the two prior years; and (iv) continued group health plan coverage through COBRA for 18 months. In the event of a Qualifying Termination, the Performance Equity Award for which the relevant stock price vesting targets have been satisfied at the time of such Qualifying Termination shall vest immediately. In addition, any Performance Equity Awards for which the relevant stock price vesting targets are satisfied within 12 months following the Qualifying Termination will vest on the date of the satisfaction of such vesting criteria. With respect to the Performance Equity Award, in the event of a Qualifying Termination after the first anniversary and prior to the third anniversary of the grant date and within one year of a change of control, all performance stock units subject to the Performance Equity Award that would have vested prior to such date based on the achievement of the associated Company stock price targets will vest and all performance stock units subject to the Performance Equity Award with an associated stock price target at or below the per share consideration in the Change of Control transaction shall vest in full.

Furthermore, the Agreement provides for the issuance of 180,000 stock options and 200,000 restricted stock units. The stock options vest on a quarterly basis over three years and have an exercise price of $8.99 per share and the restricted stock units vest on the third anniversary of the agreement, in each case provided that Mr. Baum is employed with the Company on the applicable vesting date. Mr. Baum will also be eligible for an annual long-term incentive grant at the time grants are generally made to other senior executives.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our Unaudited Condensed Consolidated Financial Statements and the related notes thereto contained in Part I, Item 1 of this Quarterly Report. The information contained in this Quarterly Report on Form 10-Q is not a complete description of our business or the risks associated with an investment in our common stock. We urge you to carefully review and consider the various disclosures made by us in this Quarterly Report and in our other reports filed with the U.S. Securities and Exchange Commission (the "SEC"), including our Annual Report on Form 10-K for the fiscal year ended December 31, 2012 and subsequent reports on Form 8-K, which discuss our business in greater detail. Unless the context indicates otherwise, the "Company", "we", "us", and "our" in this Item 2 and elsewhere in this report refer to Imprimis Pharmaceuticals, Inc., a Delaware corporation.

The following discussion contains forward-looking statements regarding future events and our future performance. These forward-looking statements involve risk and uncertainties that could cause actual results to differ materially from those expected or projected. For this purpose, any statements contained herein regarding our strategy, future operations, financial position, future revenues, projected costs and expenses, prospects, plans and objectives of management, other than statements of historical facts, are forward-looking statements. The words "anticipate," "believes," "estimates," "intends," "may," "plans," "will," "would" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Such statements reflect our current views with respect to future events. There are a number of important factors that could cause actual results or events to differ materially from those disclosed in the expressed or implied forward-looking statements we make. These important factors include the success of the design and execution of our clinical trials; our ability to research and successfully develop our product candidates; our ability to raise capital; the cost of any capital we are able to raise; our ability to hire, retain and otherwise engage qualified personnel to execute our business plan; our ability to continue as a going concern; our limited operating history; the ability of competitors to access the market we intend to serve; the ongoing market need for the technologies and products we are developing; and the other risks and uncertainties described under the heading "Risk Factors" in Part II, Item 1A of this Quarterly Report and in similar discussions in our other SEC filings. Except as required by law, we undertake no obligation to revise or publicly update any forward-looking statement for any reason. Readers should not rely on any of our forward-looking statements as representing our views as of any date subsequent to the date of this Quarterly Report.

Unless otherwise stated below, all information regarding share amounts of common stock and prices per share of common stock described under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" reflect the one-for-five reverse stock split effected on February 7, 2013.

Overview

We are a specialty pharmaceutical company focused on the commercial development of compounded drug formulations. We expect to use our proprietary Accudel drug delivery technologies, proprietary drug formulations, and market data obtained through our exclusive relationship with Professional Compounding Centers of America, Inc. ("PCCA"), the largest compounding pharmacy organization in North America, to identify pharmaceutical development opportunities where there are significant unmet medical needs. We expect to utilize the U.S.Food and Drug Administration's (the "FDA") 505(b)(2) regulatory pathway in connection with any drug development opportunities we may pursue.

Our most near term drug candidate, Impracor, utilizes our patented Accudel topical cream formulation to enable highly targeted site-specific treatment. Impracor, which is a Phase 3 clinical trial pain product candidate, delivers the active drug ("API"), ketoprofen, a non-steroidal anti-inflammatory drug ("NSAID"), through the skin directly into the underlying tissues where the drug exerts its localized anti-inflammatory and analgesic effects.

We are in the process of reviewing and analyzing our in-licensed development assets and expect to begin internal development projects involving product development candidates from the PCCA relationship in the third quarter of 2013, while at the same time seeking partnerships and out-licensing opportunities for projects that are better suited to be developed by third parties.

On February 28, 2012, we changed our name from Transdel Pharmaceuticals, Inc. to Imprimis Pharmaceuticals, Inc. All prior references to Transdel Pharmaceuticals, Inc. have been changed to Imprimis to reflect our current name.

On February 28, 2012, we effected a one-for-eight reverse split of our authorized, issued and outstanding common stock, and on February 7, 2013 we effected a one-for-five reverse split of our authorized, issued and outstanding common stock. The information in this Form 10-Q and the accompanying condensed consolidated financial statements for the periods presented have been retroactively adjusted to reflect the effects of those reverse stock splits.

We have incurred recurring operating losses, have had negative operating cash flows and have not recognized any significant revenues since July 24, 1998 (inception). In addition, we have a deficit accumulated during the development stage of approximately $25.6 million at March 31, 2013. We have not generated commercial sales revenue from any of our product candidates and we will incur further losses through the 2013 fiscal year and beyond as we continue the clinical development of Impracor and conduct preclinical studies on other programs. Our research and development activities are expected to increase over time, and we will require further capital resources to fund the continued operation of our business model for a long enough period to achieve profitable operations.

Plan of Operations

For the next twelve months, our operating plan is focused on the development of our lead product candidate, Impracor. Based on our discussions with the FDA at our April 2013 Type C meeting, we plan to conduct two adequate and well controlled efficacy studies for Impracor, one in the indication of sprains, strains and soft tissue injuries and one study in acute flare of osteoarthritis, as well as a routine safety study. We expect to enroll the first patient for our Impracor Phase 3 clinical trial during the third quarter of fiscal 2013. We also expect to pursue the development of other potential product candidates through our exclusive relationship with PCCA, as well as pursue co-development opportunities in other therapeutic areas, while also leveraging our Accudel platform technology in those areas. We expect our total expenditures over the next 12 months to be approximately $10.7 million.

We have a limited operating history, and we may not be successful in our efforts to carry out our business plan. In the past we were unable to successfully pursue our business plan and continue our clinical trials due to a lack of funding. Given our operating history, we may be unable to obtain additional funds when necessary, maintain an effective management team, or hire and retain further qualified individuals. As a result, we may be unable to successfully pursue our business plan.

Recent Developments

Public Offering

On February 13, 2013, we closed an underwritten public offering of 1,840,000 shares of our common stock at a per share price to the public of $5.25 (the “Public Offering”), and received net proceeds of approximately $8,140,000 after deducting underwriter fees and commissions and other offering expenses. The underwriters also exercised their option to purchase an additional 276,000 shares of common stock to cover over-allotments on March 14, 2013. Net cash proceeds from the exercise of the over-allotment option were approximately $1,316,000. The shares issued upon the closing of the Public Offering and the exercise of the over-allotment were registered on a Registration Statement on Form S-1 (File No. 333-182846), which was declared effective by the SEC on February 7, 2013.

One-for-Five Reverse Stock Split; NASDAQ Listing

In connection with the Public Offering, after the effectiveness of the Registration Statement on February 7, 2013, we effected a one-for-five reverse stock split of our common stock and on February 8, 2013, our common stock began trading on The NASDAQ Capital Market on a split-adjusted basis. All information included in this Quarterly Report has been adjusted to reflect the effect of the one-for-five reverse stock split.

PCCA Strategic Alliance Agreement

On February 18, 2013, we entered into a Strategic Alliance Agreement (the “Agreement”) with PCCA. Under the Agreement, PCCA has agreed that during the term of the Agreement, it will not introduce any of PCCA’s members or customers meeting certain criteria (the “Member/Customers”) to any third party whereby such third party licenses or otherwise acquires the intellectual property rights of such Member/Customer, without first presenting such an opportunity to us. PCCA may, but is not required to, present such opportunities to us, use reasonable efforts to facilitate an introductory meeting with the Member/Customer, and further provide certain key technical assistance to a potential development project associated with the Member/Customer’s intellectual property rights. In the event we and a Member/Customer introduced to the Company by PCCA enter into a commercial agreement for the license or acquisition of the intellectual property rights owned by the Member/Customer, PCCA will be entitled to receive certain cash fees up to an aggregate of $100,000, as well as a commission based on net sales, if any, generated by us as a result of the acquired intellectual property rights. The Agreement has a term of one year and will automatically extend for successive one year periods unless either party gives the other written notice of non-renewal.

Critical Accounting Policies

We rely on the use of estimates and make assumptions that impact our financial condition and results. These estimates and assumptions are based on historical results and trends as well as our forecasts as to how results and trends might change in the future. Although we believe that the estimates we use are reasonable, actual results could differ from those estimates.

We believe that the accounting policies described below are critical to understanding our business, results of operations and financial condition because they involve more significant judgments and estimates used in the preparation of our consolidated financial statements. An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and any changes in the different estimates that could have been used in the accounting estimates that are reasonably likely to occur periodically could materially impact our consolidated financial statements.

Our most critical accounting policies and estimates that may materially impact our results of operations include:

Stock-Based Compensation. All share-based payments to employees, including grants of employee stock options and restricted stock grants, to be recognized in the consolidated financial statements are based upon their fair values. We use the Black-Scholes-Merton option pricing model to estimate the grant-date fair value of share-based awards. Fair value is determined at the date of grant. The financial statement effect of forfeitures is estimated at the time of grant and revised, if necessary, if the actual effect differs from those estimates.

Our accounting policy for equity instruments issued to consultants and vendors in exchange for goods and services follows Financial Accounting Standards Board ("FASB") guidance. As such, the value of the applicable stock-based compensation is periodically remeasured and income or expense is recognized during the vesting terms. The measurement date for the fair value of the equity instruments issued is determined at the earlier of (i) the date at which a commitment for performance by the consultant or vendor is reached or (ii) the date at which the consultant or vendor's performance is complete. In the case of equity instruments issued to consultants, the fair value of the equity instrument is recognized over the term of the consulting agreement. An asset acquired in exchange for the issuance of fully vested, nonforfeitable equity instruments should not be presented or classified as an offset to equity on the grantor's balance sheet once the equity instrument is granted for accounting purposes. Accordingly, we record the fair value of nonforfeitable equity instruments issued for future consulting services as prepaid consulting fees in our consolidated balance sheets.

Income Taxes. As part of the process of preparing our consolidated financial statements, we must estimate our actual current tax liabilities together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included within the balance sheet. We must assess the likelihood that the deferred tax assets will be recovered from future taxable income and, to the extent we believe that recovery is not likely, a valuation allowance must be established. To the extent we establish a valuation allowance or increase or decrease this allowance in a period, the impact will be included in the tax provision in the statement of operations.

*Research and Development***.** The Company expenses all costs related to research and development as they are incurred. Research and development expenses consist of expenses incurred in performing research and development activities including salaries and benefits, and other overhead expenses, clinical trials, contract services and outsource contracts.

Results of Operations

The following period to period comparisons of our financial results and our interim results are not necessarily indicative of future results.

For the Three Months Ended March 31, 2013, Compared to the Three Months Ended March 31, 2012

Revenues

For the three months ended March 31, 2013 we recognized $2,500 in revenues, compared to $100,000 in revenues recognized during the same period in the prior year. The 2012 revenues were non-refundable royalty advances, unrelated to product sales, paid to us in December 2010 and April 2011 pursuant to our license agreement with JH Direct, which provided JH Direct rights to our anti-cellulite cosmetic product. This agreement was terminated in January 2012, and we do not expect any other revenues to be recognized from it. Revenues recognized in 2013 are related to a license agreement we entered into with resolutionMD, LLC granting resolutionMD, LLC rights to our Accudel delivery technology to be used for anti-cellulite formulations. We do not expect to recognize significant revenues from this license agreement during fiscal 2013.

Selling, General and Administrative Expenses

Our selling, general and administrative expenses include personnel costs including wages and stock-based compensation, corporate facility expenses, investor relations, consulting, insurance, filing fees, legal and accounting expenses.

The table below provides information regarding selling, general and administrative expenses.

	Three months ended March 31,		
	2013	2012	Variance
Selling, general and administrative	$ 1,019,949	$ 308,956	$ 710,993

For the three months ended March 31, 2013, there was an increase of $710,993, in selling, general and administrative expenses, as compared to the same period in the prior year. The increase in selling, general and administrative expenses is largely attributable to the increase in our operations and activity during the three months ended March 31, 2013 as compared to the same period in the prior year, and is primarily due to the hiring and compensation of additional personnel including management and appointments to the Board of Directors, investor relation activities and consultants, and additional filing fees associated with the listing of our common stock on The NASDAQ Capital Market. The increase in personnel and investor relations costs are primarily associated with an increase of $329,226 in stock-based compensation for the three months ended March 31, 2013 as compared to the same period in the prior year.

Research and Development Expenses

Our research and development expenses primarily include expenses related to the Impracor clinical program, including costs for our contract research organization and investigator payments to the clinical sites participating in the study. Also included are personnel costs including wages and stock-based compensation, contract manufacturing, non-clinical studies, consulting and other costs related to the clinical program.

The table below provides information regarding research and development expenses.

	Three months ended March 31,		
	2013	2012	Variance
Research and development	$ 455,100	$ 142,963	$ 312,137

For the three months ended March 31, 2013, there was an increase of $312,137, in research and development expense as compared to the same period in the prior year. The increase was primarily related to the planning and development of our Impracor clinical program and Phase 3 trials and the hiring and compensation of additional personnel.

Interest Expense

Interest expense was $0 for the three months ended March 31, 2013, compared to $21,082 for the three months ended March 31, 2012. The 10% promissory notes with principal balances of $600,000 issued under a line of credit agreement accounted for $8,959 of interest expense during the three months ended March 31, 2012. A 7.5% convertible note with a principal balance of $1,000,000, issued in April 2010 accounted for $12,123 of interest expense during the three months ended March 31, 2012. As described in more detail under “Loss on Extinguishment of Debt” below, the entire principal balances and all accrued and unpaid interest under these notes was converted into shares of our common stock on February 28, 2012.

Interest Income

Interest income was $7,068 for the three months ended March 31, 2013, compared to $0 for the three months ended March 31, 2012. The increase was due to a higher average cash balance during the three months ended March 31, 2013 as compared to the same period in the prior year.

Loss on Extinguishment of Debt

On January 25, 2012, the Company entered into separate waiver and settlement agreements with Alexej Ladonnikov, the holder of 20% of a 7.5% Convertible Note (the "Note") and DermaStar International, LLC ("DermaStar"), the holder of 80% of the Note. Pursuant to the terms of a waiver agreement, Mr. Ladonnikov and the Company agreed to the mandatory conversion of the twenty percent (20%) of the principal and accrued and unpaid interest of the Note held by Mr. Ladonnikov into the common stock of the Company at a conversion price of $0.60, at such time as the Company had a sufficient number of authorized common shares to effect such a conversion. Additionally, Mr. Ladonnikov agreed to make a one-time payment to the Company of $50,000 at the time of such conversion. On February 28, 2012, we received payment of $50,000 and issued 380,867 common shares to Mr. Ladonnikov as payment in full for his 20% ownership of the Note ($200,000) and its related accrued interest ($28,521). We determined this was a substantial modification to the debt instruments and applied debt extinguishment accounting to record a loss on extinguishment of debt of $150,000 ($200,000 Note principal balance less $50,000 cash payment) for the three months ended March 31, 2012.

The Company and DermaStar agreed to the mandatory conversion of the 80% of the principal and accrued and unpaid interest of the Note held by DermaStar into the common stock of the Company at a conversion price of $0.6667 ("DermaStar Conversion Price"), at such time as the Company had a sufficient number of authorized common shares to effect such a conversion. Additionally, DermaStar agreed to a mandatory conversion of an additional $56,087 in accounts payable of the Company ("AP Conversion") held by DermaStar, at such time as the Company had a sufficient number of authorized common shares and was able to convert the Note. The AP Conversion was made at the DermaStar Conversion Price. On February 28, 2012, we issued 1,454,962 common shares to DermaStar as payment in full for their 80% ownership of the Note ($800,000), its related accrued interest ($114,082) and $56,087 in accounts payable. We determined this was a substantial modification to the debt instrument and applied debt extinguishment accounting to record a loss on extinguishment of debt of $856,087 for the three months ended March 31, 2012.

Net Loss

Net loss attributable to common stockholders for the three months ended March 31, 2013 was $(1,465,481), or $(0.19), per basic and diluted share, compared to a net loss attributable to common stockholders for the three months ended March 31, 2012 of $(1,379,088), or $(1.30), per basic and diluted share.

Liquidity and Capital Resources

Our cash on hand at March 31, 2013 was $18,979,031 as compared to $146,711 at March 31, 2012. The increase in cash on hand is primarily attributable to aggregate net proceeds of approximately $11,920,000 received from the issuance of common stock and warrants in private offerings to accredited investors in April and August 2012, and approximately $9,460,000 in net proceeds attributable to the closing of the Public Offering and its over-allotment exercise, in February and March 2013, respectively. Since inception through March 31, 2013, we have incurred aggregate losses of approximately $25,570,000. These losses are primarily due to selling, general and administrative and research and development expenses incurred in connection with developing and seeking regulatory approval for our lead drug candidate, Impracor. Historically, our operations have been financed through capital contributions and debt and equity financings.

Public Offering

As further described above under the heading "Recent Developments," on February 13, 2013 and March 14, 2013 we issued and sold in aggregate 2,116,000 shares of common stock at a per share purchase price of $5.25, for aggregate net proceeds to us of approximately $9,460,000.

The table below provides detailed information about our net cash flow for the three months ended March 31, 2013 and 2012.

Cash Flow	Three Months Ended March 31,	
	2013	2012
Net cash used in operating activities	$ (1,057,775)	$ (334,842)
Net cash used in investing activities	(51,449)	(14,607)
Net cash provided by financing activities	10,052,640	350,000
Net Increase in Cash and Cash Equivalents	8,943,416	551
Cash and Cash Equivalents at Beginning of the Period	10,035,615	146,160
Cash and Cash Equivalents at End of the Period	$ 18,979,031	$ 146,711

Operating Activities

Net cash used in operating activities was $1,057,775 for the three months ended March 31, 2013, as compared to $334,842 used in operating activities during the same period for the prior year. The increase in net cash used in operating activities was mainly due to costs associated with resuming the operation of our business, including hiring additional employees, and the planning and development of our Impracor clinical program and Phase 3 trials.

Investing Activities

Net cash used in investing activities for the three months ended March 31, 2013 and 2012 was $51,449 and $14,607, respectively. The increase in investing activities during the three months ended March 31, 2103 was due primarily to the purchase of a certificate of deposit required as collateral in connection with the Company's corporate credit card agreement.

Financing Activities

Net cash provided by financing activities for the three months ended March 31, 2013 and 2012 was $10,052,640 and $350,000, respectively. The increase in cash is primarily attributable to aggregate proceeds, net of offering costs, of approximately $10,053,000 received from the Public Offering and its over-allotment exercise, in February and March of 2013.

We expect to use our current cash position to pursue our business plan, including conducting clinical studies related to our Accudel technology, and otherwise fund our operations. Management believes we have sufficient cash reserves to operate our business for the next twelve months. If we are not able to generate significant revenues and attain profitable operations, we will need to seek additional financing, including equity or debt financing, funding from a corporate partnership or licensing arrangement or any similar financing. In addition, estimates of our operating expenses and working capital requirements could be incorrect, and we could be required to seek additional financing earlier than we anticipate.

We expect to require additional funds in order to conduct additional clinical trials and any other studies that may be required to obtain regulatory approval to market Impracor, to pursue additional pharmaceutical development programs and to explore other co-development opportunities. If adequate financing is not available, we may not be able to obtain regulatory approval to market Impracor or develop any additional products.

We may seek funds from equity or debt financings, corporate partnerships, or licensing arrangements, or any other similar financing. Any future financings through equity investments are likely to be dilutive to existing stockholders. Also, the terms of securities we may issue in future capital transactions may be more favorable for our new investors. Newly issued securities may include preferences, superior voting rights and the issuance of warrants or other derivative securities, which may have additional dilutive effects on our existing stockholders. In addition, if we raise additional funds through collaboration and licensing arrangements, we may be required to relinquish potentially valuable rights to our product candidates or proprietary technologies, or grant licenses on terms that are not favorable to us. Further, we may incur substantial costs in pursuing future capital and/or financing, including investment banking fees, legal fees, accounting fees, printing and distribution expenses and other costs. We may also be required to recognize non-cash expenses in connection with certain securities we may issue, such as convertible notes and warrants, which will adversely impact our financial results.

We may be unable to obtain financing when necessary as a result of, among other things, general economic conditions and conditions in the pharmaceuticals industry, or as a result of our operating history, including our past bankruptcy proceedings. In addition, the fact that we are not and have never been profitable could further impact the availability or cost of future financings. As a result, there is no assurance that sufficient funds will be available when needed from any source or, if available, will be available on terms that are acceptable to us. If we are unable to raise funds to satisfy our capital needs on a timely basis, then we may not be able to obtain regulatory approval to market Impracor or develop any additional products or otherwise pursue our business plan, and we may be required to cease operations.

As of the date of this Quarterly Report, management believes we have sufficient cash reserves to support our operating plan and fund operating cash flow requirements through the next twelve months.

Off-Balance Sheet Arrangements

Since our inception, except for standard operating leases we have not engaged in any off-balance sheet arrangements, including the use of structured finance, special purpose entities or variable interest entities. We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to stockholders.

Recent Accounting Pronouncements

There are no recent accounting pronouncements issued by the FASB that management believes have had or are reasonably likely to have a material impact on our present or future condensed consolidated financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Interest rate sensitivity

We are exposed to market risks related to changes in interest rates. The primary objective of our investments in securities is to preserve principal. We do not purchase financial instruments for trading purposes. Our investment portfolio consists primarily of cash invested in money market funds. We classify our short-term restricted investment, which is a certificate of deposit as of March 31, 2013 as held-to-maturity. This held-to-maturity investment is subject to interest rate risk. Based on our current low yield, any decrease in interest rates is not likely to have a material effect on interest income.

As of March 31, 2013, approximately $17,400,000 of our cash and cash equivalents was maintained in money market funds. At times, deposits held with the financial institutions may exceed the amount of insurance provided by the Federal Deposit Insurance Corporation (“FDIC”), which provides deposit coverage with limits up to $250,000 per owner. At March 31, 2013, such uninsured deposits totaled approximately $18,400,000. Generally, these deposits may be redeemed upon demand and, therefore, are believed to bear minimal risk.

Financial instruments that potentially subject us to concentrations of credit risk consist of cash and cash equivalents. However, we seek to mitigate the risk related to cash and cash equivalents by placing our cash and cash equivalents in money market funds and at financial institutions of high credit standing.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports pursuant to the Securities Exchange Act of 1934, as amended, (the “Exchange Act”) is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission (the “SEC’s”) rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow for timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Exchange Act, as they existed on March 31, 2013. Based on this evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective to achieve their stated purpose as of March 31, 2013, the end of the period covered by this report.

Changes in Internal Controls over Financial Reporting

There has been no change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during our first quarter ended March 31, 2013, that has materially affected, or is reasonably likely to materially affect our internal control over financial reporting.

PART II
OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not aware of any pending legal proceedings to which we are a party or of which any of our property is subject the adverse outcome of which, individually or in the aggregate, would have a material adverse effect on our financial position or results of operations.

ITEM 1A. RISK FACTORS

You should carefully consider the following risk factors in addition to the other information contained in this report and our other filings with the SEC. Our business, financial condition, results of operations and stock price could be materially adversely affected by any of these risks. Additional risks not presently known to us or that we currently deem immaterial may also impair our business financial condition, results of operations and stock price. This Quarterly Report contains forward-looking statements.

Risks Related to Our Business

We have incurred losses in the research and development of Impracor and our Accudel technology since inception. We may never generate revenue or become profitable.

We have incurred losses in every year of our operations, including net losses of $(5,383,535) and $(953,936) for the years ended December 31, 2012 and 2011, respectively. As of March 31, 2013, our accumulated deficit was $(25,569,749). In addition, we expect to incur increasing operating losses for the foreseeable future as we continue to incur costs for research and development and clinical trials, as well as other development activities. Our ability to generate revenue and achieve profitability depends upon our ability, alone or with others, to complete the development of our proposed products, obtain the required regulatory approvals and manufacture, market and sell our proposed products. Development is costly and requires significant investment. In addition, we may choose to in-license rights to particular drugs or active ingredients. The license fees for such drugs or active ingredients may increase our costs.

Our ultimate success will depend on many factors, including whether Impracor receives U.S. Food and Drug Administration (“FDA”) approval. We cannot be certain that we will receive FDA approval for Impracor, or that we will reach the level of sales and revenues necessary to achieve and sustain profitability. We may never be able to obtain or sustain market acceptance of Impracor or any future product candidate, or achieve profitability or positive cash flow.

We have a limited operating history since the dismissal of our voluntary petition for reorganization relief under Chapter 11 of the Bankruptcy Code in December 2011, and we may be unable to successfully resume our operations and implement our business plan.

On June 26, 2011, we suspended our operations and filed a voluntary petition for reorganization relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Southern District of California (the “Bankruptcy Court”), Case No. 11-10497-11 (the “Chapter 11 Case”). On November 21, 2011, in connection with our entry into a line of credit agreement and securities purchase agreement with DermaStar International, LLC (“DermaStar”), we requested that the Bankruptcy Court dismiss the Chapter 11 Case. On December 8, 2011, the Bankruptcy Court entered an order dismissing the Chapter 11 Case, and since that date we have engaged a new management team, appointed new directors to fill certain vacancies on our Board and worked towards re-initiating our Phase 3 clinical trials for Impracor. However, we have a limited operating history since the dismissal of the Chapter 11 Case, and we may not be successful in our efforts to resume our operations. We did not receive any type of discharge of debts, claims or obligations in the Chapter 11 Case, and prior unknown or contingent liabilities could have a material adverse effect on our financial condition. Prior to the filing of the Chapter 11 Case, we were unable to successfully pursue our business plan due to a lack of funding. We will require additional capital to pursue our clinical trials and maintain our operations. We may be unable to obtain such funds when necessary. In addition, by September 2011 we employed no full-time employees and had retained the consulting services of one former employee in order to manage any matters related to the Chapter 11 Case. We have had to re-assemble an executive management team and a research and development team, and other employees to assist with our general operations. We currently have five employees, some of whom are former employees, and we will need to hire additional employees in order to execute our business plan. Given our operating history, we may be unable to maintain an effective management team, or hire and retain the additional qualified individuals we will need. As a result, we may be unable to successfully pursue our business plan.

We may not be able to correctly estimate our future operating expenses, which could lead to cash shortfalls.

We expect our total expenditures over the next 12 months to be approximately $10.7 million. However, our estimate of total expenditures could increase if we encounter unanticipated difficulties. In addition, our estimates of the amount of cash necessary to fund our business may prove to be wrong and we could spend our available financial resources much faster than we currently expect. If we do not have sufficient funds to continue to develop our business, we will be forced to delay, scale back or eliminate some or all of our proposed operations. If any of these events were to occur, there is a substantial risk that our business would fail. Sources of additional funds may not be available on acceptable terms or at all. Weak economic and capital market conditions could result in increased difficulties in raising capital for our operations. We may not be able to raise money through the sale of our equity securities or through borrowing funds on terms we find acceptable, or at all. If we cannot raise the funds that we need, we will be unable to continue our operations, and our stockholders could lose their entire investment in our company.

Our operating expenses may fluctuate significantly in the future as a result of a variety of factors, many of which are outside of our control. These factors include, among other things:

- the time and resources required to develop, conduct clinical trials and obtain regulatory approvals for Impracor or any potential future drug candidate;
- the costs to rebuild our management team following the dismissal of the Chapter 11 Case, including attracting and retaining personnel with the skills required for effective operations; and
- the costs of preparing, filing, prosecuting, defending and enforcing patent claims and other patent related costs, including litigation costs and the results of such litigation.

If our estimates of our operating expenses prove to be wrong, we could spend our available financial resources much faster than we currently expect. If we do not have sufficient funds to continue to develop our business, we will be forced to delay, scale back or eliminate some or all of our proposed operations.

We expect to need additional capital in order to continue operating our business, and such additional funds may not be available on acceptable terms or at all.

Unless we raise additional capital, we will not be able to execute our business plan or fund business operations. Furthermore, we will be forced to reduce our expenses and cash expenditures to a material extent, which would impair or delay our ability to execute our business plan. We do not generate any cash from operations and, although we believe we have sufficient cash reserves to execute our business plan for at least the next twelve months, we will likely need significant additional capital, which we may seek to raise through, among other things, public and private equity offerings and debt financings. In addition, estimates of our operating expenses and working capital requirements could be incorrect, and we could be required to seek additional financing earlier than we anticipate. We expect to continue to fund our operations primarily through equity and debt financings in the future, and could also pursue funding from corporate partnerships or licensing arrangements (as we did with the PCCA Transaction) or similar financings. If additional capital is not available when necessary, we may not be able to continue to operate our business pursuant to our business plan or we may have to discontinue our operations entirely.

If we issue equity or convertible debt securities to raise additional funds, our existing stockholders may experience substantial dilution, and the new equity or debt securities may have rights, preferences and privileges senior to those of our existing stockholders. In addition, if we raise additional funds through collaboration and licensing arrangements, we may be required to relinquish potentially valuable rights to our product candidates or proprietary technologies, or grant licenses on terms that are not favorable to us. If we incur additional debt, it may increase our leverage relative to our earnings or to our equity capitalization, requiring us to pay additional interest expenses. Obtaining commercial loans, assuming those loans would be available, would increase our liabilities and future cash commitments. Further, we may incur substantial costs in pursuing future capital and/or financing, including investment banking fees, legal fees, accounting fees, printing and distribution expenses and other costs. We may also be required to recognize non-cash expenses in connection with certain securities we may issue, such as options, convertible notes and warrants, which would adversely impact our financial results.

Our clinical trials may not demonstrate the safety and efficacy of our product candidates.

We are subject to extensive government regulations. The process of obtaining FDA approval is costly, time consuming, uncertain and subject to unanticipated delays. Before obtaining regulatory approvals for the sale of any of our product candidates, we must demonstrate through preclinical studies and clinical trials that the product candidate is safe and effective for each intended use. Preclinical and clinical studies may fail to demonstrate the safety and effectiveness of our product candidates. Even promising results from preclinical and early clinical studies do not always accurately predict results in later, large scale trials. A failure to demonstrate safety and efficacy would result in our failure to obtain regulatory approvals. Moreover, if the FDA grants regulatory approval of a product candidate, the approval may be limited to specific indications or limited with respect to its distribution, which could limit revenues.

The FDA or other regulatory agencies may not approve any product candidates developed by us on a timely basis or at all, and, if granted, such approval may subject the marketing of our product candidates to certain limits on indicated useThe outcome of the final analyses of the data from the Phase 3 clinical trials for Impracor may vary from our initial conclusions or the FDA may not agree with our interpretation of such results or may challenge the adequacy of our clinical trial design or the execution of the clinical trial.

The FDA is requiring us to complete two adequate and well controlled Phase 3 clinical trials and one safety study before we can submit a New Drug Application under Section 505(b)(2) of the Hatch-Waxman Act of 1984 for Impracor. We have not yet initiated these Phase 3 clinical trials, although in September 2012 we commenced certain supportive studies relating to Impracor that are also required by the FDA. The results of our currently proposed Phase 3 clinical trials or any future clinical trials or studies may not be favorable and we may never receive regulatory approval for Impracor. In particular, in June 2008, we initiated a Phase 3 clinical study designed as a randomized, double-blind, placebo-controlled, multi-center Phase 3 study that enrolled a total of 364 patients with acute soft tissue injuries of the upper or lower extremities in 26 centers in the United States. The FDA did not accept our modified Intent-To-Treat (ITT) Analysis of the data from this clinical study, and as a result the study did not demonstrate statistical significance on the primary efficacy endpoint. Based on our discussions with the FDA at our April 2013 Type C meeting, we plan to conduct two adequate and well controlled efficacy studies for Impracor, one in the indication of sprains, strains and soft tissue injuries and one study in acute flare of osteoarthritis, as well as a routine safety study. We may be unable to demonstrate statistical significance on the primary or secondary endpoints in our proposed clinical trials. Any limitation on use imposed by the FDA or delay in or failure to obtain FDA approvals of Impracor or any other product candidates developed by us would adversely affect our ability to generate product revenue, as well as the price of our common stock.

Delays in the conduct or completion of our clinical and non-clinical trials for Impracor or the analysis of the data from our clinical or non-clinical trials may adversely affect our business.

We cannot predict whether we will encounter problems with any of our completed or planned clinical or non-clinical studies that will cause us or regulatory authorities to delay or suspend planned clinical and non-clinical studies. Any of the following could delay the completion of our planned clinical studies:

- failure of the FDA to approve the scope or design of our clinical or non-clinical trials or manufacturing plans;
- delays in enrolling volunteers in clinical trials;
- insufficient supply or deficient quality of materials necessary for the performance of clinical or non-clinical trials;
- negative results of clinical or non-clinical studies; and
- adverse side effects experienced by study participants in clinical trials relating to a specific product.

There may be other circumstances other than the ones described above, over which we may have no control that could materially delay the successful completion of our clinical and non-clinical studies. Furthermore, we expect to rely on CROs to ensure the proper and timely conduct of our clinical trials, and while we expect to enter into agreements governing their committed activities, we have limited influence over their actual performance.

If our patents are determined to be unenforceable or expire, or if we are unable to obtain new patents based on current patent applications or for future inventions, we may not be able to prevent others from using our intellectual property.

Our success will depend in part on our ability to:

- obtain and maintain patent protection with respect to our products;
- prevent third parties from infringing upon our proprietary rights;
- maintain trade secrets;
- operate without infringing upon the patents and proprietary rights of others; and
- obtain appropriate licenses to patents or proprietary rights held by third parties if infringement would otherwise occur.

We obtained a patent from the United States Patent and Trademark Office on our Accudel technology in 1998, which affords protection of Accudel through 2016 in the United States. We may not be successful in our efforts to extend the date of our patent protection beyond 2016. Failure to maintain or extend the patent could adversely affect our business. We will only be able to protect our drug candidates and our technologies from unauthorized use by third parties to the extent that valid and enforceable patents cover them

The patent and intellectual property positions of specialty pharmaceutical companies, including ours, are uncertain and involve complex legal and factual questions. There is no guarantee that we have or will develop or obtain the rights to products or processes that are patentable, that patents will issue from any pending applications or that claims allowed will be sufficient to protect the technology we develop or have developed or that is used by us, our contract manufacturing organizations or our other service providers. In addition, we cannot be certain that patents issued to us will not be challenged, invalidated, infringed or circumvented, including by our competitors, or that the rights granted thereunder will provide competitive advantages to us.

Furthermore, patent applications in the U.S. are confidential for a period of time until they are published, and publication of discoveries in scientific or patent literature typically lags actual discoveries by several months. As a result, we cannot be certain that the inventors listed in any patent or patent application owned by us were the first to conceive of the inventions covered by such patents and patent applications or that such inventors were the first to file patent applications for such inventions.

We also may rely on unpatented trade secrets and know-how and continuing technological innovation to develop and maintain our competitive position, which we seek to protect, in part, by confidentiality agreements with current employees, consultants, collaborators and others. We also have invention or patent assignment agreements with our current employees and certain consultants. There can be no assurance, however, that binding agreements will not be breached, that we will have adequate remedies for any breach, or that trade secrets will not otherwise become known or be independently discovered by competitors. In addition, there can be no assurance that inventions relevant to us will not be developed by a person not bound by an invention assignment agreement with us.

Our product development program may not be successful.

In addition to the development of Impracor, we expect to pursue development of potential products in pain management and other therapeutic areas. We are currently considering potential new product candidates in several promising healthcare categories. We also expect to utilize our relationship with PCCA to identify development opportunities where we perceive an unmet need for a new drug product, and thereby facilitate our future selection, formulation and development of potential product candidates. Since our primary focus will remain seeking FDA approval for Impracor, we currently expect to use limited resources on our other development programs.

Other than with respect to Impracor, we have not identified or obtained the rights to develop any potential pharmaceutical product candidates. Once we determine which potential candidates to pursue, we will be required to satisfy a number of FDA requirements prior to commencing clinical trials. These requirements will require substantial time, effort and financial resources. We may never satisfy these requirements. In addition, prior to commencing any trials of a drug candidate, we must evaluate whether a market exists for the drug candidate. This is costly and time consuming, and any market studies we rely on may not be accurate. We may expend significant capital and other resources on a drug candidate and find that no commercial market exists for the drug. Further, our relationship with PCCA, on which we intend to rely to facilitate our evaluation of the potential market for future products we may develop, is terminable by PCCA if we fail to commence efforts to research and develop future products within certain time periods. We may not be able to meet such requirements within the required time periods or at all, and our relationship with PCCA could be terminated. If we do commence clinical trials of our other potential product candidates, such product candidates may never be approved by the FDA. As a result, we may never successfully develop and obtain approval to market and sell any of our potential product candidates. Even if we do develop and obtain approval to market and sell such product candidates, we may be unable to compete against the many products and treatments currently being offered or under development by other established, well-known and well-financed health care and pharmaceutical companies.

If approved, failure to comply with continuing federal and state regulations could result in the loss of approvals to market our drugs.

Following initial regulatory approval of any drugs we may develop, we will be subject to continuing regulatory review, including review of adverse drug experiences and clinical results that are reported after our drug products become commercially available. This would include results from any post-marketing tests or continued actions required as a condition of approval. The manufacturer and manufacturing facilities we use to make any of our drug candidates will be subject to periodic review and inspection by the FDA. If a previously unknown problem or problems with a product or a manufacturing and laboratory facility used by us is discovered, the FDA may impose restrictions on that product or on the manufacturing facility, including requiring us to withdraw the product from the market. Any changes to an approved product, including the way it is manufactured or promoted, often requires FDA approval before the product, as modified, can be marketed. In addition, we and our contract manufacturers will be subject to ongoing FDA requirements for submission of safety and other post-market information. If we or our contract manufacturers fail to comply with applicable regulatory requirements, a regulatory agency may:

- issue warning letters;
- impose civil or criminal penalties;
- suspend or withdraw our regulatory approval;
- suspend or terminate any of our ongoing clinical trials;
- refuse to approve pending applications or supplements to approved applications filed by us;
- impose restrictions on our operations;
- close the facilities of our contract manufacturers; or
- seize or detain products or require a product recall.

Regulatory review also covers a company’s activities in the promotion of its drugs, with significant potential penalties and restrictions for promotion of drugs for an unapproved use. Sales and marketing programs are under scrutiny for compliance with various mandated requirements, such as illegal promotions to health care professionals. We are also required to submit information on our open and completed clinical trials to public registries and databases. Failure to comply with these requirements could expose us to negative publicity, fines and penalties that could harm our business.

If we violate regulatory requirements at any stage, whether before or after marketing approval is obtained, we may be fined, be forced to remove a product from the market or experience other adverse consequences, including delay, which would materially harm our financial results. We may not be able to obtain the labeling claims necessary or desirable for product promotion.

If approved, there is no guarantee that the market will accept our products. If we are not successful in introducing our products or if the market does not accept our products, our business, financial position and results of operations may be materially adversely affected and the market price for our common stock would decline.

Even if we obtain regulatory approvals, uncertainty exists as to whether the market will accept our products or if the market for our products is as large as we anticipate. A number of factors may limit the market acceptance of our products, including the timing of regulatory approvals and market entry relative to competitive products, the availability of alternative products, the price of our products relative to alternative products, the availability of third party reimbursement and the extent of marketing efforts by third party distributors or agents that we retain. We cannot assure you that our products will receive market acceptance in a commercially viable period of time, if at all. We cannot be certain that any investment made in developing products will be recovered, even if we are successful in commercialization. To the extent that we expend significant resources on research and development efforts and are not able, ultimately, to introduce successful new products as a result of those efforts, our business, financial position and results of operations may be materially adversely affected, and the market value of our common stock could decline.

We may be subject to product liability claims.

The development, manufacture, and sale of pharmaceutical products expose us to the risk of significant losses resulting from product liability claims. Although we have obtained and intend to maintain product liability insurance to offset some of this risk, we may be unable to maintain such insurance or it may not cover certain potential claims against us.

In the future, we may not be able to afford to obtain insurance due to rising costs in insurance premiums in recent years. Currently we have been able to secure insurance coverage; however, we may be faced with a successful claim against us in excess of our product liability coverage that could result in a material adverse impact on our business. If insurance coverage is too expensive or is unavailable to us in the future, we may be forced to self-insure against product-related claims. Without insurance coverage, a successful claim against us and any defense costs incurred in defending ourselves may have a material adverse impact on our operations.

We may not be successful in receiving additional patents based on our intellectual property strategy.

We have undertaken an effort to examine our intellectual property assets and have or shall file certain patents in certain jurisdictions, with the goal of attaining additional protections for our technologies and any related future products. The applications we have filed or we expect to file may never yield patents that protect our inventions and intellectual property assets. Failure to obtain additional patents may limit our protection against generic drug manufacturers and other parties who may seek to copy or otherwise produce products substantially similar to ours using technologies that may be substantially similar to those we own.

The use of our technologies could potentially conflict with the rights of others.

The manufacture, use or sale of our proprietary products may infringe on the patent rights of others. If we are unable to avoid infringement of the patent rights of others, we may be required to seek a license, defend an infringement action or challenge the validity of the patents in court. Patent litigation is costly and time consuming and may divert management's attention and our resources. We may not have sufficient resources to bring these actions to a successful conclusion. In such case, we may be required to alter our products, pay licensing fees or cease activities. If our products conflict with patent rights of others, third parties could bring legal actions against us claiming damages and seeking to enjoin manufacturing and marketing of affected products. If these legal actions are successful, in addition to any potential liability for damages, we could be required to obtain a license in order to continue to manufacture or market the affected products. We may not prevail in any legal action and a required license under the patent may not available on acceptable terms, if at all.

We will be dependent on outside manufacturers in the event that we successfully develop our product candidates into commercial products; therefore, we will have limited control of the manufacturing process, access to raw materials, timing for delivery of finished products and costs. One manufacturer may constitute the sole source of one or more of our products.

We expect that third party manufacturers will manufacture all of our products, in the event that we successfully develop our product candidates into commercial products. Currently, certain of our contract manufacturers constitute the sole source of one or more of our products. If any of our existing or future manufacturers cease to manufacture or are otherwise unable to deliver any of our products or any of the components of our products, we may need to engage additional manufacturing partners. Because of contractual restraints and the lead-time necessary to obtain FDA approval of a new manufacturer, replacement of any of these manufacturers may be expensive and time consuming and may disrupt or delay our ability to supply our products and reduce our revenues.

Because all of our products, in the event that we successfully develop our product candidates into commercial products, will be manufactured by third parties, we have a limited ability to control the manufacturing process, access to raw materials, the timing for delivery of finished products or costs related to this process. There can be no assurance that our contract manufacturers will be able to produce finished products in quantities that are sufficient to meet demand or at all, in a timely manner, which could result in decreased revenues and loss of market share. There may be delays in the manufacturing process over which we will have no control, including shortages of raw materials, labor disputes, backlog or failure to meet FDA standards. Increases in the prices we pay our manufacturers, interruptions in our supply of products or lapses in quality could adversely impact our financial condition. We are reliant on our third-party manufacturers to maintain their manufacturing facilities in compliance with FDA and other federal, state and/or local regulations including health, safety and environmental standards. If they fail to maintain compliance with FDA or other critical regulations, they could be ordered to curtail operations, which would have a material adverse impact on our business, results of operations and financial condition.

We also rely on our outside manufacturers to assist us in the preparation of key documents such as drug master files and other relevant documents that are required by the FDA as part of the drug approval process and post-approval oversight. Failure by our outside manufacturers to properly prepare and retain these documents could cause delays in obtaining FDA approval of our drug candidates.

We are dependent on third parties to conduct clinical trials and non-clinical studies of our drug candidates and to provide services for certain core aspects of our business. Any interruption or failure by these third parties to meet their obligations pursuant to various agreements with us could have a material adverse effect on our business, results of operations and financial condition.

We do not employ personnel or possess the facilities necessary to conduct many of the activities associated with our programs. We expect to engage consultants, advisors, CROs and others to design, conduct, analyze and interpret the results of studies in connection with the research and development of our product candidates. As a result, many important aspects of our product candidates' development are outside our direct control. Such third parties may not perform all of their obligations under arrangements with us or may not perform those obligations satisfactorily.

The CROs with whom we expect to contract for execution of our clinical studies will play a significant role in the conduct of our anticipated clinical studies or assist with our analysis of completed studies and to develop corresponding regulatory strategies. Individuals working at the CROs with whom we expect to contract, as well as investigators at the sites at which our studies are conducted, are not our employees, and we cannot control the amount or timing of resources that they devote to our programs. If these CROs fail to devote sufficient time and resources to our studies, or if their performance is substandard, it would delay the approval of our applications to regulatory agencies and the introduction of our products. Failure of these CROs to meet their obligations could adversely affect development of our product candidates and as a result could have a material adverse effect on our business, financial condition and results of operations. Moreover, these CROs may have relationships with other commercial entities, some of which may compete with us. If they assist our competitors at our expense, it could harm our competitive position.

We currently have no internal sales and marketing resources and may have to rely on third parties in the event that we successfully commercialize our product.

In order to market any of our products in the United States or elsewhere, we must develop internally or obtain access to sales and marketing forces with technical expertise and with supporting distribution capability in the relevant geographic territory. We may not be able to enter into marketing and distribution arrangements or find a corporate partner to market our drug candidates, and we currently do not have the resources or expertise to market and distribute our products ourselves. If we are not able to enter into marketing or distribution arrangements or find a corporate partner who can provide support for commercialization of our products, we may not be able to successfully commercialize our products. Moreover, any new marketer or distributor or corporate partner for our specific combinations with whom we choose to contract may not establish adequate sales and distribution capabilities or gain market acceptance for our products.

If we are unable to retain our key personnel or attract additional professional staff, we may be unable to maintain or expand our business.

We terminated all of our employees following our filing of a Chapter 11. Since the dismissal of the Chapter 11 Case in December 2011, we have focused on rebuilding our management team and engaging consultants in order to begin operating our business. However, because of this history, we may have significant difficulty attracting and retaining necessary employees. In addition, because of the specialized scientific nature of our business, our ability to develop products and to compete will remain highly dependent, in large part, upon our ability to attract and retain qualified scientific, technical and commercial personnel. The loss of key scientific, technical and commercial personnel or the failure to recruit key scientific, technical and commercial personnel could have a material adverse effect on our business. While we have consulting agreements with certain key individuals and institutions, we may not succeed in retaining personnel or their services under existing agreements or otherwise. There is intense competition for qualified personnel in the pharmaceutical industry, and we may be unable to continue to attract and retain the qualified personnel necessary for the development of our business.

If we are unable to compete with other companies that develop rival products to our products, we may never gain market share or achieve profitability.

The pharmaceutical industry is intensely competitive, and we face competition across the full range of our activities. If we fail to compete successfully, our business, results of operations and financial condition could be adversely affected. Our competitors include brand name and generic manufacturers of pharmaceuticals specializing in topical drug delivery, especially those doing business in the United States. In the market for pain management products, our competitors include manufacturers of over-the-counter and prescription pain relievers. Because we are smaller than many of our national competitors, we may lack the financial and other resources needed to compete for market share in the pain management sector. Our other potential drug candidates will also face intense competition from larger and better established pharmaceutical and biotechnology companies. Many of these competitors have significantly greater financial, technical and scientific resources than we do. In addition to product safety, development and efficacy, other competitive factors in the pharmaceutical market include product quality and price, reputation, service and access to scientific and technical information. If our products are unable to compete with the products of our competitors, we may never gain market share or achieve profitability.

We may not be able to keep up with the rapid technological change in the biotechnology and pharmaceutical industries, which could make our products obsolete and reduce our potential revenues.

Biotechnology and related pharmaceutical technologies have undergone and continue to be subject to rapid and significant change. Our future will depend in large part on our ability to maintain a competitive position with respect to these technologies. It is possible that developments by our competitors will render our products and technologies obsolete or unable to compete. Any products that we develop may become obsolete before we recover expenses incurred in developing those products, which may require that we raise additional funds to continue our operations.

Our ability to generate revenues will be diminished if we fail to obtain acceptable prices or an adequate level of reimbursement from third-party payors.

If we succeed in bringing a specific product to market, we cannot be certain that the products will be considered cost effective and that reimbursement from insurance companies and other third-party payors will be available or, if available, will be sufficient to allow us to sell the products on a competitive basis.

Significant uncertainty exists as to the reimbursement status of newly approved health care products. Third-party payors, including Medicare, are challenging the prices charged for medical products and services. Government and other third-party payors increasingly are attempting to contain health care costs by limiting both coverage and the level of reimbursement for new drugs and by refusing, in some cases, to provide coverage for uses of approved products for disease indications for which the FDA has not granted labeling approval. Third-party insurance coverage may not be available to patients for any products we discover and develop, alone or with collaborators. If government and other third-party payors do not provide adequate coverage and reimbursement levels for our products, the market acceptance of these products may be reduced.

Changes in the healthcare industry that are beyond our control may be detrimental to our business.

The healthcare industry is changing rapidly as consumers, governments, medical professionals and the pharmaceutical industry examine ways to broaden medical coverage while controlling the increase in healthcare costs. In 2009 and 2010, the U.S. Congress adopted legislation regarding health insurance, which has been signed into law. As a result of this new legislation, substantial changes could be made to the current system of paying for healthcare in the United States, including changes made in order to extend medical benefits to those who currently lack insurance coverage. Extending coverage to a large population could substantially change the structure of the health insurance system and the methodology for reimbursing medical services, drugs and devices. These structural changes could entail modifications to the existing system of private payers and government programs, such as Medicare, Medicaid and State Children's Health Insurance Program, creation of a government-sponsored healthcare insurance source, or some combination of both, as well as other changes. Restructuring the coverage of medical care in the United States could impact the reimbursement for prescribed drugs, biopharmaceuticals, medical devices, or our product candidates and could put pressure on the prices of pharmaceutical products, which could adversely affect our business or products.

Because of their significant stock ownership, some of our existing stockholders will be able to exert control over us and our significant corporate decisions, and sales by management and the Board of Directors from time to time could have an adverse effect on our stock price.

Our executive officers and directors own or have the right to acquire within 60 days, in the aggregate, approximately 19% of the shares of common stock outstanding following such issuance to them. In addition, three individual stockholders hold an additional approximately 30% of our common stock. The sale of even a portion of these shares will likely have a material adverse effect on our stock price. In addition, these persons, acting together, have the ability to exercise significant influence over the outcome of all matters submitted to our stockholders for approval, including the election and removal of directors and any significant transaction involving us, as well as control our management and affairs. Since our stock ownership is concentrated among a limited number of holders and our Amended and Restated Certificate of Incorporation and Bylaws permit our stockholders to act by written consent, a limited number of stockholders may approve stockholder actions without holding a meeting of stockholders and could control the outcome of actions requiring stockholder approval. This concentration of ownership may harm the market price of our common stock by, among other things:

- delaying, deferring, or preventing a change in control of our company;
- impeding a merger, consolidation, takeover, or other business combination involving our company;
- causing us to enter into transactions or agreements that are not in the best interests of all stockholders; or
- discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of our company.

If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results. As a result, current and potential stockholders could lose confidence in our financial reporting, which would harm our business.

Effective internal controls are necessary for us to provide reliable financial reports. If we cannot provide reliable financial reports, our operating results could be misstated, our reputation may be harmed and the trading price of our stock could be negatively affected. As we discuss in Item 9A of this Annual Report, we have only recently remediated certain material weaknesses in our internal control over financial reporting. We have implemented actions to address these weaknesses and to enhance the reliability and effectiveness of our internal controls and operations, and our management has concluded that there are no material weaknesses in our internal controls over financial reporting as of December 31, 2012. However, our controls over financial processes and reporting may not continue to be effective, or we may identify additional material weaknesses or significant deficiencies in our internal controls in the future. Any failure to remediate any future material weaknesses or implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results, cause us to fail to meet our reporting obligations or result in material misstatements in our financial statements or other public disclosures. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our stock.

An active trading market for shares of our common stock may not develop or be sustained.

Historically, trading in our common stock has been sporadic and volatile, and our common stock has been "thinly-traded". As a consequence, there may be extended periods when trading activity in our shares is minimal, as compared to a seasoned issuer with a large and steady volume of trading activity. The market for our common shares is also characterized by significant price volatility compared to seasoned issuers, and we expect that such volatility will continue. As a result of this lack of liquidity, the trading of relatively small quantities of shares may disproportionately influence the price of those shares in either direction. It is possible that an active and liquid trading market in our securities may never develop or, if one does develop, that the market will not continue.

Our stock price may be volatile.

The market price of our common stock is likely to be highly volatile and could fluctuate widely in response to various factors, many of which are beyond our control, including the following:

- changes in the pharmaceutical industry and markets;
- competitive pricing pressures;
- our ability to obtain working capital financing;
- new competitors in our market;
- additions or departures of key personnel;
- limited "public float" in the hands of a small number of persons whose sales or lack of sales could result in positive or negative pricing pressure on the market price for our common stock;
- sales of our common stock;
- our ability to execute our business plan;
- operating results that fall below expectations;
- loss of any strategic relationship with our contract manufacturers or with other third parties (including PCCA) and clinical and non-clinical research organizations;
- industry or regulatory developments; or
- economic and other external factors.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our common stock.

We have the right to issue shares of preferred stock. If we were to issue preferred stock, it is likely to have rights, preferences and privileges superior to those of our common stock.

We are authorized to issue 5,000,000 shares of "blank check" preferred stock, with such rights, preferences and privileges as may be determined from time-to-time by our board of directors. Following the conversion of our Series A Preferred Stock on June 29, 2012, we have no shares of preferred stock issued and outstanding. Our board of directors is empowered, without stockholder approval, to issue preferred stock in one or more series, and to fix for any series the dividend rights, dissolution or liquidation preferences, redemption prices, conversion rights, voting rights, and other rights, preferences and privileges for the preferred stock. We have no immediate plans to issue shares of preferred stock. The issuance of shares of preferred stock, depending on the rights, preferences and privileges attributable to the preferred stock, could adversely reduce the voting rights and powers of the common stock and the portion of our assets allocated for distribution to common stock holders in a liquidation event, and could also result in dilution in the book value per share of the common stock we are offering. The preferred stock could also be utilized, under certain circumstances, as a method for raising additional capital or discouraging, delaying or preventing a change in control of the company.

We have not paid dividends in the past and do not expect to pay dividends in the future. Any return on investment may be limited to the value of our common stock.

We have never paid cash dividends on our common stock and do not anticipate doing so in the foreseeable future. The payment of dividends on our common stock will depend on earnings, financial condition and other business and economic factors affecting us at such time as our board of directors may consider relevant. If we do not pay dividends, our common stock may be less valuable because a return on your investment will only occur if our stock price appreciates.

Offers or availability for sale of a substantial number of shares of our common stock may cause the price of our common stock to decline.

The sale by our stockholders of substantial amounts of our common stock in the public market or upon the expiration of any statutory holding period, under Rule 144, or upon expiration of lock-up periods applicable to outstanding shares, or issued upon the exercise of outstanding options or warrants, could create a circumstance commonly referred to as an "overhang" and in anticipation of which the market price of our common stock could fall. The existence of an overhang, whether or not sales have occurred or are occurring, also could make more difficult our ability to raise additional financing through the sale of equity or equity-related securities in the future at a time and price that we deem reasonable or appropriate.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES

In February 2013, we entered into an agreement with a consulting company for advisory services. Under the terms of the consulting agreement, on February 28, 2013 we issued a warrant for the purchase of 30,000 shares of our common stock The exercise price of the warrant is $5.25 and the warrant vests as follows: 10,000 shares vest immediately upon execution of the consulting agreement, and the remaining shares will vest evenly (4,000 shares) on each of the five monthly periods following the date of the consulting agreement provided the consultant continues to provide services to the Company as of the applicable vesting date. The warrant expires three years following the execution of the consulting agreement. The warrants were issued pursuant to an exemption from registration under Section 4(2) of the Securities Act and the rules and regulations promulgated thereunder.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

In April 2013 the Company entered into a lease agreement for 3,874 square feet of office space from May 1, 2013 to September 30, 2016, effective May 1, 2013. Monthly rent begins on May 1, 2013 in the amount of $10,406, with a 3% increase in the base rent amount on an annual basis. The lease agreement allows for the monthly rent amount to be abated for five months at various times during the lease agreement. The total lease obligation is approximately $387,900.

On May 2, 2013, the Board of Directors approved the amendment and restatement of the Company's 2007 Stock Incentive and Awards Plan (the "Amended and Restated Plan"). The Amended and Restated Plan (i) provides for the issuance of restricted stock units (in addition to the previously authorized options and restricted stock) and (ii) incorporates the prior three stockholder-approved amendments to the Plan. In addition, on May 2, 2013 the Board of Directors approved an amendment of the Amendment and Restated Plan (the "Proposed Amendment") to increase the number of shares issuable under the Amended and Restated Plan from 2,400,000 shares to 5,000,000 shares and the maximum number of restricted stock units and shares of restricted stock that may be granted to an individual in a calendar year from 600,000 shares to 1,750,000 shares. The Proposed Amendment must be approved by the Company's stockholders. The Company expects to present the Proposed Amendment as a proposal at the Company's 2013 Annual Meeting of Stockholders.

Effective upon approval of the Proposed Amendment by the Company's stockholders, Mr. Baum has agreed to cancel 120,000 unvested restricted stock units granted to him in July 2012.

On May 2, 2013, the Company entered into an amended and restated employment agreement (the "Agreement") with Mr. Baum with respect to his employment as Chief Executive Officer. The Agreement has an initial term of three years and will automatically renew thereafter for consecutive one year terms unless earlier terminated by either party. The Agreement provides for an initial annual base salary of $329,000 and a target annual bonus incentive under the Company's Management Incentive Plan ("MIP") of 45% of his annual base salary. In connection with the Agreement, Mr. Baum was granted a performance-based restricted stock unit award (the "Performance Equity Award") comprised of up to 1,050,000 performance stock units. These performance stock units will only vest if the Company achieves and maintains certain stock price targets during the three year period following the grant date and are subject to Mr. Baum's employment with the Company on the third anniversary of the grant date (other than as described further below). The earning and issuance of any shares under the Performance Equity Award that would exceed the number of shares available for grant and/or the applicable annual per person grant limit under the Amended and Restated Plan are subject to approval by the Company's stockholders of the Plan Amendment. The Agreement contains restrictions on Mr. Baum's ability to sell shares received pursuant to any grant made to him under the Agreement during the term of the Agreement.

In the event the Company terminates Mr. Baum's employment without Cause (as defined in the Agreement) or Mr. Baum terminates his employment for Good Reason (as defined in the Agreement) (a termination without Cause or for Good Reason a "Qualifying Termination"), Mr. Baum will be entitled to (i) accrued and unpaid base salary through the termination date; (ii) a prorated MIP bonus payment for the year in which the termination occurs, (iii) a severance payment equal to the sum of (A) his annual base salary plus (B) one times his actual MIP bonus payment in the two prior years; and (iv) continued group health plan coverage through COBRA for 18 months. In the event of a Qualifying Termination, the Performance Equity Award for which the relevant stock price vesting targets have been satisfied at the time of such Qualifying Termination shall vest immediately. In addition, any Performance Equity Awards for which the relevant stock price vesting targets are satisfied within 12 months following the Qualifying Termination will vest on the date of the satisfaction of such vesting criteria. With respect to the Performance Equity Award, in the event of a Qualifying Termination after the first anniversary and prior to the third anniversary of the grant date and within one year of a change of control, all performance stock units subject to the Performance Equity Award that would have vested prior to such date based on the achievement of the associated Company stock price targets will vest and all performance stock units subject to the Performance Equity Award with an associated stock price target at or below the per share consideration in the Change of Control transaction shall vest in full.

In addition, the Agreement provides for the issuance of 180,000 stock options and 200,000 restricted stock units. The stock options vest on a quarterly basis over three years and have an exercise price of $8.99 per share and the restricted stock units vest on the third anniversary of the agreement, in each case provided that Mr. Baum is employed with the Company on the applicable vesting date. Mr. Baum will also be eligible for an annual long-term incentive grants at the time grants are generally made to other senior executives.

Effective May 7, 2013, Dr. Balbir Brar resigned from his position with the Company and no longer serves as its President. Dr. Brar will continue to serve as a Senior Advisor to the Company, focusing on pre-clinical safety matters.

ITEM 6. EXHIBITS

Exhibit Number	Description
1.1	Underwriting Agreement (incorporated herein by reference to Exhibit 1.1 to the Current Report on Form 8-K of Imprimis Pharmaceuticals, Inc. filed with the Securities and Exchange Commission on February 8, 2013)
3.1	Certificate of Amendment to Amended and Restated Certificate of Incorporation, effective on February 7, 2013 (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K of Imprimis Pharmaceuticals, Inc. filed with the Securities and Exchange Commission on February 8, 2013)
10.1	Strategic Alliance Agreement, dated February 18, 2013, by and between the Company and Professional Compounding Centers of America, Inc. (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of Imprimis Pharmaceuticals, Inc. filed with the Securities and Exchange Commission on February 21, 2013)
10.2*	Amended and Restated Employment Agreement, dated May 2, 2013, by and between the Company and Mark L. Baum.
10.3*	Imprimis Pharmaceuticals, Inc. Amended and Restated 2007 Stock Incentive and Awards Plan.
10.4*	Form of Restricted Stock Unit Agreement under the Imprimis Pharmaceuticals, Inc. Amended and Restated 2007 Stock Incentive and Awards Plan.
31.1*	Certification of Mark L. Baum, Esq., Principal Executive Officer, pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities and Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes- Oxley Act of 2002.
31.2*	Certification of Andrew R. Boll, Principal Accounting and Financial Officer, pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities and Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes- Oxley Act of 2002.
32.1*	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, executed by Mark L. Baum, Chief Executive Officer, and Andrew R. Boll, Principal Accounting and Financial Officer.
101.INS**	XBRL Instance Document
101.SCH**	XBRL Taxonomy Extension Schema
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase
101.DEF**	XBRL Taxonomy Extension Definition Linkbase
101.LAB**	XBRL Taxonomy Extension Label Linkbase
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase

* Filed herewith.

** In accordance with Rule 406T of Regulation S-T, the information in these exhibits shall not be deemed to be “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to liability under that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, except as expressly set forth by specific reference in such filing.

SIGNATURES

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

Imprimis Pharmaceuticals, Inc.

Dated: May 8, 2013

By: /s/ Mark L. Baum
Mark L. Baum, J.D.
Chief Executive Officer and Director
(Principal Executive Officer)

By: /s/ Andrew R. Boll
Andrew R. Boll
Vice President, Accounting and Public Reporting
(Principal Financial and Accounting Officer)

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AMENDED AND RESTATED
EMPLOYMENT AGREEMENT

This Amended and Restated Employment Agreement (this "Agreement"), effective as of May 2, 2013 (the "Effective Date"), is between IMPRIMIS PHARMACEUTICALS, INC. (the "Company"), a Delaware corporation, and MARK BAUM (the "Executive"). Unless otherwise specified, capitalized terms used in this Agreement are defined in Section 22. This Agreement is entered into with respect to the following facts:

WHEREAS, the Company and Executive are parties to that certain Amended and Restated Employment Agreement dated July 24, 2012 (the "Original Agreement");

WHEREAS, the parties wish to amend and restate the Original Agreement in full as set forth herein;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties hereto, it is agreed as follows:

1. Term of Employment. The Company hereby agrees to employ Executive, and Executive hereby agrees to be employed by the Company, upon the terms and subject to the conditions set forth in this Agreement. The initial period of Executive's employment under this Agreement shall begin as of the Effective Date and shall continue until the third anniversary of the Effective Date, unless sooner terminated in accordance with Section 4 or extended by mutual written agreement of the parties (the "Initial Term"). After the Initial Term, the Agreement shall automatically be renewed for one-year terms (each a "Subsequent Term," and together with the Initial Term, the "Term") unless other party provides the other party written notice of non-renewal at least ninety (90) days prior to the end of the then current Term. At the end of the Term, Executive's employment shall continue at will on a month-to-month basis, terminable by either party for any or no reason.

2. Duties and Responsibilities. During the Term, Executive shall serve as the Company's Chief Executive Officer and shall perform the customary duties of each position and such other duties as may be reasonably assigned to Executive by the Board and shall exercise such supervision and powers over and with regard to the business of the Company customarily associated with each such position. Executive shall report directly to the Company's Chairman of the Board. In addition, it is contemplated that at all times during the effectiveness of this Agreement, Executive shall be nominated for election to the Board by the stockholders of the Company so that he may continue to serve as a director of the Company and the Chairman of the Board in accordance with the Company's governing instruments. Executive's service on the Board will be subject to any required stockholder approval and to be without additional compensation. Executive shall be based in the Company's principal executive offices in San Diego, California, although the parties understand that reasonable travel shall be required in the performance of Executive's duties under this Agreement. Executive shall devote Executive's full and exclusive business time (as opposed to personal time), energy, and ability to the business of Company, and shall perform Executive's duties faithfully and in compliance with the law. Subject to written notice to the Board, it shall not be a violation of this Agreement for Executive to serve on the Board of Directors of, or own shares or hold options to purchase shares in, Ideal Power Converters, Inc., one other Board of Directors of a corporation whose shares are publicly traded on a national exchange and one other Board of Directors of a private company, or to serve on other corporate, civic or charitable boards or committees, deliver lectures, fulfill speaking engagements or teach at educational institutions and manage personal investments. Any additional service on a Board of Directors or otherwise shall be subject to prior approval of the Board, which shall not be unreasonably withheld, but may be reasonably reviewed from time to time and withdrawn based on such reasonable review. If Executive's employment with the Company terminates for any reason, Executive shall immediately resign all positions that Executive then holds with the Company or any of its Affiliates. If Executive fails to so resign, the Board shall thereupon have the right to remove Executive from all such positions without further action or notice.

3. Compensation and Benefits.

(a) Base Salary. During the Term, Executive's annual base salary ("Base Salary") shall be $329,000, and may be increased (but not decreased) by the Committee in its sole discretion. Notwithstanding the foregoing, Executive's Base Salary may be decreased in accordance with a uniform reduction in base salaries applicable to all senior executives of the Company.

(a) Annual Cash Bonus. Executive shall be eligible to participate in the Company's management incentive plan as established and amended by the Committee from time to time (the "MIP," and the bonus paid thereunder, the "MIP Bonus"). Executive's target MIP Bonus (the "Target MIP Bonus") shall be 45% of Base Salary, and Executive's maximum MIP Bonus shall be 65% of the Target MIP Bonus. The actual MIP Bonus earned and paid depends upon the achievement of Company and/or individual performance objectives as established and determined by the Committee in its sole discretion. The actual MIP Bonus earned will be paid on or before March 15 of the year following the year in which the MIP Bonus was earned.

(b) Equity Compensation.

(i) Annual Equity Grant. Executive shall be eligible for and shall be considered annually for equity awards under the terms of the Company's Amended and Restated 2007 Incentive Stock Awards Plan, or any successor thereto (the "Plan"), as determined by the Committee in its sole discretion.

(ii) Initial Equity Grant. Upon the Effective Date (the "Grant Date"), Executive shall receive a one-time grant of equity awards pursuant to the Plan, consisting of stock options for 180,000 shares, with an exercise price equal to the closing price of Company stock on the Grant Date, subject to terms of the stock option agreement in the form attached as Exhibit A; and (B) 200,000 restricted stock units, subject to terms of the restricted stock unit agreement in the form attached as Exhibit B.

(iii) Performance Stock Unit Grant. On the Grant Date, Executive shall receive a one-time grant of 1,050,000 performance stock units, subject to terms of the performance stock unit agreement in the form attached as Exhibit C. Notwithstanding the forgoing, to the extent the grant of performance stock units exceeds the number of shares available for grant under the Plan and/or the applicable annual per person grant limit for performance stock units, the grant shall be subject to approval by the Company's stockholders of sufficient shares and a limit covering the excess. No excess shares shall be earned or issued unless and until such approval is obtained. The Company shall use reasonable efforts throughout the Term to obtain the necessary stockholder approval. To the extent such approval is not obtained, this Section 3(c) shall be null and void with respect to the excess shares and the failure to obtain such approval shall not otherwise be deemed a breach of this Agreement or an event constituting Good Reason.

(c) Benefits. During the Term, Executive shall be eligible to participate in all of the Company's employee benefit plans as in effect from time to time and subject to the terms and conditions thereof, consistent with an employee of Executive's position. Notwithstanding the foregoing, in no event shall Executive be entitled to reimbursement for personal use of corporate aircraft or any gross-up payment for taxes due under Code Section 4999.

(d) Business Expenses. The Company shall reimburse Executive for all reasonable travel and other business expenses incurred by Executive in the performance of Executive's duties to the Company under this Agreement provided that such expenses are incurred for business reasons and accounted for in accordance with the Company's policy. The Company shall reimburse Executive for legal fees and expenses up to $3,500, which Executive may incur in connection with the negotiation and execution of this Agreement, payable within thirty (30) days following the Company's receipt of an invoice from Executive's legal firm.

(e) Clawback Policy. Notwithstanding anything to the contrary in this Agreement, all incentive-based compensation payable hereunder shall be subject to any clawback policy adopted by the Company from time to time, including, without limitation, in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act.

(f) Business Development Performance Stock Options. Upon the Board's approval of a merger, acquisition, financing, strategic partnership, spinoff, spin out or equity carve out or similar transaction involving the Company and/or any newly formed subsidiary or affiliate (collectively a "Strategic Transaction"), the Board will in good faith consider issuing performance stock options with an exercise price equal to the current fair market value of the Company's common stock to Executive to compensate Executive for raising capital, acquiring and developing intellectual property and technology and/or successfully executing on other strategic objectives of the Company. The Board's current target with respect to such awards in connection with a capital raising Strategic Transaction would be to grant Executive performance stock options valued using the Black Scholes valuation formula equal to 4% of the cash made available to the Company to develop its assets other than its Impracor product or such other reasonable metric as the Board shall determine. The actual amount of any award would be determined at the time of the Strategic Transaction, and could be less than or exceed the target. At Executive's or the Board's option, the performance stock options may be issued in the subsidiary or affiliate involved in the Strategic Transaction (if applicable). The Board may adopt a policy regarding the specifics of an award in connection with a specific type of Strategic Transaction.

(g) Lock-Up. Executive will not, without the prior written consent of the Company, sell, contract to sell or otherwise dispose of (or enter into any transaction or device that is designed to, or could be expected to, result in a disposition by Executive at any time in the future of) any securities of the Company acquired pursuant to the terms of this Agreement except (i) securities required to be sold to pay the tax obligations of Executive arising directly out of the grants contained in this Agreement; (ii) securities that qualify as a bona fide gift or gifts, provided that the donee or donees thereof agree in writing to be bound by a similar lock-up agreement; or (iii) sales of the Company's common stock or any trading day which do not exceed 10% of the average trading volume of Company's common stock during the 20 days prior to any such disposition on the NASDAQ Capital Market or successor exchange. The foregoing restrictions expressly preclude Executive from engaging in any hedging or other transaction which is designed to or reasonably expected to lead to or result in disposition of securities during the lock-up period even if such securities would be disposed of someone other than Executive, including, without limitation, any short sale (whether or not against the box) or any purchase, sale or grant of any right (including, without limitation, any put or call option) with respect to any securities or with respect to any security (other than a broad-based market basket or index) that includes, relates to or derives any significant part of its value from securities.

4. Termination of Employment. Executive's employment may be terminated by either party without any breach of this Agreement only under the circumstances specified below. Any termination of Executive's employment, other than by reason of Executive's death, shall be communicated by a notice of termination to the other party. For purposes of this Agreement, a "notice of termination" shall mean a written notice that (i) indicates the specific termination provision in the Agreement relied upon, (ii) sets forth in reasonable detail any facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision indicated and (iii) specifies the effective date of the termination.

(a) Death. Executive's employment shall terminate upon Executive's death.

(b) Disability. If the Company determines in good faith that Executive is Disabled during the Term, the Company may give Executive written notice of its intention to terminate Executive's employment. In such event, Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by Executive if, within the 30 days after such receipt, Executive shall not have returned to full-time performance of Executive's duties with or without a reasonable accommodation.

(c) Cause. The Company may terminate Executive's employment for Cause.

(d) Without Cause. The Company may terminate Executive's employment at any time without Cause upon 90 days' prior written notice. For purposes of this Agreement, including without limitation Section 5, a termination due to Executive's death or Executive being Disabled shall not be deemed a termination by the Company without Cause.

(e) Resignation or For Good Reason. Executive may resign or terminate Executive's employment with the Company for Good Reason within 90 days following the end of the Cure Period.

(f) Expiration of Term. Executive's employment under this Agreement shall terminate upon expiration of the Term, which shall not constitute a termination without Cause or a resignation for Good Reason.

5. Compensation After Termination of Employment. Upon termination of Executive's employment under this Agreement during the Term, Executive (or such payee as Executive designates in writing or Executive's estate) shall be entitled to receive the following compensation:

(a) Base Salary and Accrued but Unpaid Expenses and Vacation. The Company shall pay Executive any Base Salary for services rendered to the date of termination and any accrued but unpaid expenses required to be reimbursed under this Agreement.

(b) Other Compensation and Benefits. Except as otherwise provided under this Agreement,

(i) any other compensation or benefits (including retirement or deferred compensation benefits) to which Executive may be entitled at the time of termination shall be determined and paid in accordance with the terms of such plans, policies, and arrangements providing such compensation or benefits; and

(ii) except as provided under this Agreement, Executive shall have no right to receive any other compensation, or to participate in any other plan, arrangement, or benefit, with respect to future periods after such termination or resignation.

(c) Additional Compensation Payable After Termination Without Cause or Resignation for Good Reason. Subject to Section 20, if Executive's employment is terminated by the Company without Cause under Section 4(d) or by Executive for Good Reason under Section 4(e), and the Company receives a release in the form attached to this Agreement as Exhibit D (the "Release"), executed by Executive on or after the date of termination of employment and delivered to the Company within twenty-one (21) days following the date of termination, without revocation or modification, Executive shall be entitled to the following compensation and benefits beginning thirty (30) days following the date of termination of employment:

(i) severance payments equal to the sum of (A) one time Executive's Base Salary for the year in which Executive's employment terminates (without regard to any reduction that gives rise to Good Reason) plus (B) one times Executive's actual MIP Bonus for the two calendar years preceding the year in which Executive's termination occurs (or, if the actual MIP Bonus has not yet been determined for the calendar year preceding Executive's termination, the average of Executive's actual MIP Bonus for the first calendar year in this two-year period and his Target MIP Bonus for the calendar year immediately preceding his termination) for the fiscal year during which Executive's employment terminates and the immediately preceding fiscal year, payable in substantially equal installments over one year in accordance with normal payroll practices;

(ii) a prorated MIP Bonus for the year in which the termination occurs based on actual results for the year and payable in a lump sum at the time MIP Bonuses are paid to active employees; and

(iii) should Executive elect to continue group health plan coverage through COBRA, the Company shall pay a portion of the cost of COBRA coverage in the same proportion as it shared such costs with Executive during the Term for a period of 12 months, provided, however, that such payments shall cease if Executive becomes eligible for coverage under any other employer's group health plan. Executive will thereafter be responsible for the payment of COBRA premiums (including, without limitation, all administrative expenses) for any remaining COBRA period. Notwithstanding the foregoing, in the event that the Company determines, in its sole discretion, that the Company may be subject to a tax or penalty pursuant to Section 4980D of the Code as a result of providing some or all of the payments described in this Section 5(c)(iii), the Company may reduce or eliminate its obligations under this Section 5(c)(iii) to the extent it deems necessary, with no offset or other consideration required.

(d) No Other Compensation. If Executive's employment is terminated by the Company for Cause, by Executive without Good Reason, or upon expiration of the Term, then Executive shall not be entitled to any other compensation or benefits from the Company except as described in Section 5(a) and (b).

6. Survival. The expiration or termination of the Term shall not impair the rights or obligations of any party to this Agreement which shall have accrued under this Agreement prior to such expiration.

7. Restrictive Covenants.

(a) Confidentiality. During and after the Term, Executive shall not use or disclose to any individual or entity any Confidential Information except (A) in the performance of Executive's duties for the Company, (B) as authorized in writing by the Company, or (C) as required by law, so long as prior written notice of such required disclosure is delivered to the Company and all reasonable efforts to preserve the confidentiality of such information shall be made. "Confidential Information" means all secret or confidential information, knowledge, or data relating to the Company and all of its subsidiaries, partnerships, joint ventures, limited liability companies, and other Affiliates (the "Company Group") (including, without limitation, any proprietary and not publicly available information concerning any processes, methods, trade secrets, intellectual property, research secret data, costs, names of users or purchasers of their respective products or services, business methods, operating or manufacturing procedures, or programs or methods of promotion and sale) that Executive has obtained or obtains during the Term and that is not public knowledge (other than as a result of Executive's violation of this Section 7(a)).

(b) No Conflict of Interest. During the Term and for any period severance benefits are payable under Section 5(c)(i), Executive shall not engage in any work, paid or unpaid, that creates an actual conflict of interest with the Company Group. Such work shall include, but is not limited to, directly or indirectly competing with the Company Group in any way, or acting as an officer, director, employee, consultant, stockholder, volunteer, lender, or agent of any business enterprise of the same nature as, or which is in direct competition with, the business in which the Company Group is now engaged or in which the Company Group becomes engaged during the Term. If the Company reasonably determines such a conflict exists during the Term, the Company may ask Executive to choose to discontinue the other work or resign employment with Company without Good Reason. If the Company reasonably determines such a conflict exists during any period severance benefits are payable under Section 5(c)(i), the Company may ask Executive to choose to discontinue the other work or forfeit the remaining severance benefits as the Company's sole remedy under this Agreement and at law; provided, however, that if the Company does not ask Executive to choose to discontinue the other work or forfeit the remaining severance benefits, the Company shall be entitled to any remedy that may be provided under this Agreement or at law. In addition, Executive agrees not to refer any client or potential client of the Company Group to competitors of the Company Group, without obtaining Company's prior written consent, during the Term and any period severance benefits are payable under Section 5(c)(i).

(c) Non-Solicitation. Executive understands and agrees that significant information regarding the Company Group's employees and customers is treated as confidential and constitutes trade secrets. As such, during the Term and for a period of two years thereafter, Executive agrees not to, directly or indirectly, separately or in association with others, use any Confidential Information to interfere with, impair, disrupt or damage the Company Group's relationship with any of its customers or prospective customers. During the Term and for a period of two years thereafter, Executive further agrees not to, directly or indirectly, separately or in association with others, damage the Company Group's relationships with its employees by soliciting such employees to leave the employ of the Company Group.

(d) Non-Disparagement. During and after the Term, Executive shall not make any voluntary statements, written or oral, or cause or encourage others to make any such statements that defame, disparage or in any way criticize the personal and/or business reputations, practices or conduct of the Company Group, as well as Company Group's employees, officers, directors, agents, successors and assigns.

(e) Inventions. All plans, discoveries and improvements, whether patentable or unpatentable, made or devised by Executive, whether alone or jointly with others, from the Effective Date and continuing until the end of any period during which Executive is employed by the Company Group, relating or pertaining in any way to Executive's employment with or the business of the Company Group (each, an "Invention"), shall be promptly disclosed in writing to the Secretary of the Company and are hereby transferred to and shall redound to the benefit of the Company and shall become and remain its sole and exclusive property. Executive agrees to execute any assignment to the Company or its nominee, of Executive's entire right, title and interest in and to any Invention and to execute any other instruments and documents requisite or desirable in applying for and obtaining patents, trademarks or copyrights, at the expense of the Company, with respect thereto in the United States and in all foreign countries, that may be required by the Company. Executive further agrees, during and after the Term, to cooperate to the extent and in the manner required by the Company, in the prosecution or defense of any patent or copyright claims or any litigation, or other proceeding involving any trade secrets, processes, discoveries or improvements covered by this covenant, but all necessary expenses thereof shall be paid by the Company. This Section 7(e) does not apply to an Invention which qualifies fully as a nonassignable invention under the provisions of section 2870 of the California Labor Code. Executive acknowledges that a condition for an Invention to qualify fully as a nonassignable invention under the provisions of section 2870 of the California Labor Code is that the Invention must be protected under patent laws. Executive has reviewed the Limited Exclusion Notification attached as Exhibit E and agrees that Executive's signature acknowledges receipt of the notification. However, Executive agrees to disclose promptly in writing to Company all innovations (including Inventions) conceived, reduced to practice, created, derived, developed, or made by Executive during the term of employment and for three months thereafter, whether or not Executive believes such innovations are subject to this Section 7(e), to permit a determination by Company as to whether or not the innovations should be the property of Company. Any such information shall be received in confidence by Company.

(f) Acknowledgment and Enforcement. Executive acknowledges and agrees that (i) the purpose of the foregoing covenants is to protect the goodwill, trade secrets, and Confidential Information of the Company Group; (ii) because of the nature of the business in which the Company Group is engaged and because of the nature of the Confidential Information to which Executive has access, the Company Group would suffer irreparable harm and it would be impractical and excessively difficult to determine the actual damages of the Company Group in the event Executive breached any of the covenants of this Section 7; and (iii) remedies at law (such as monetary damages) for any breach of Executive's obligations under this Section 7 would be inadequate. Executive therefore agrees and consents that (I) if Executive commits any breach of the covenant under Section 7(b) and the Company does not ask Executive to choose to discontinue the other work or forfeit the remaining severance benefits as allowed under Section 7(b), or (II) if Executive commits any breach of a covenant under this Section 7 or threatens to commit any such breach at any time, the Company shall have the right (in addition to, and not in lieu of, any other right or that may be available to it) to temporary and permanent injunctive relief from a court of competent jurisdiction, without posting any bond or other security and without the necessity of proof of actual damage.

(g) Effect of Termination of Employment. Notwithstanding the provisions of Section 4(e) of this Agreement, the period of Executive's employment for purposes of determining the applicability of the restrictions contained in Section 7 of this Agreement shall include any period during which Executive is employed by the Company's successors or assigns. Upon termination of employment, as defined herein and for whatever cause, Executive shall immediately deliver to the Company or its successors or assigns, all Company property, including without limitation all Confidential Information as defined above.

8. Cooperation Following Termination of Employment. Executive agrees that, for five years following termination of employment for any reason, Executive shall assist and cooperate with the Company with regard to any matter or project in which Executive was involved during the Term, including but not limited to any litigation that may be pending or arise after such termination of employment. Further, Executive agrees to notify the Company at the earliest reasonable opportunity of any contact that is made by any third parties concerning any such matter or project. The Company shall not unreasonably request such cooperation of Executive and shall cooperate with Executive in scheduling any assistance by Executive taking into account and not unreasonably interfering with Executive's business and personal affairs and shall reasonably compensate Executive for any time spent or expenses associated with such cooperation and assistance.

9. Withholding of Taxes. The Company shall withhold from any compensation and benefits payable under this Agreement all applicable federal, state, local, or other taxes.

10. Binding on Successors. This Agreement shall be binding upon and inure to the benefit of the Company, Executive and their respective successors, assigns, personnel and legal representatives, executors, administrators, heirs, distributees, devisees, and legatees, as applicable. The Company shall cause any successor to all or substantially all of its assets or business to assume this Agreement.

11. Governing Law. This Agreement is being made and executed in and is intended to be performed in the State of California, and shall be governed, construed, interpreted and enforced in accordance with the substantive laws of the State of California without regard to its conflict or choice of law rules.

12. Validity. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect. If any part of this Agreement is found to be unreasonable, then it may be amended by appropriate order of a court of competent jurisdiction to the extent deemed reasonable.

13. Notices. Any notice, request, claim, demand, document and other communication under this Agreement to any party shall be effective upon receipt (or refusal of receipt) and shall be in writing and delivered personally or sent, by telex, telecopy, facsimile transmission, or certified or registered mail, postage prepaid, as follows:

If to the Company, addressed to:

Imprimis Pharmaceuticals, Inc.
437 S. Hwy. 101, Suite 209
Solana Beach, CA 92075
Attention: General Counsel
Facsimile: 858-345-1745

If to Executive, at the home address most recently communicated by Executive to the Company in writing;

or at any other address as any party shall have specified by notice in writing to the other parties in accordance herewith.

14. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same Agreement. This Agreement shall not become enforceable until executed by the Company.

15. Entire Agreement. The terms of this Agreement and the exhibits and attachments hereto are intended by the parties to be the final expression of their agreement with respect to the employment of Executive by the Company, may not be contradicted by evidence of any prior or contemporaneous agreement, and supersedes any and all prior agreements, including, without limitation, the Original Agreement which is hereby terminated in its entirety. The parties further intend that this Agreement shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever may be introduced in any judicial, administrative, or other legal proceeding to vary the terms of this Agreement or the exhibits and attachments hereto.

16. Amendments; Waivers. This Agreement may not be modified, amended, or terminated except by an instrument in writing, signed by Executive and an independent director of the Company or by an arbitrator or court seeking to render enforceable through "judicial" modification an otherwise unenforceable provision. By an instrument in writing similarly executed, Executive or the Company may waive compliance by the other party with any provision of this Agreement that such other party was or is obligated to comply with or perform, so long as such waiver shall not operate as a waiver of, or estoppel with respect to, any other or subsequent failure. No failure to exercise and no delay in exercising any right, remedy, or power under this Agreement shall preclude any other or further exercise of any other right, remedy, or power provided herein or by law or in equity.

17. Arbitration. The Company and Executive agree to attempt to resolve any dispute between them quickly and fairly. Any dispute related to this Agreement which remains unresolved shall be resolved exclusively by final and binding arbitration conducted in San Diego, California, pursuant to the then-current rules of the American Arbitration Association with respect to employment disputes. The Company shall bear any and all costs of the arbitration process plus, if Executive substantially prevails on all issues raised, any attorneys' fees incurred by Executive with regard to such arbitration.

18. No Inconsistent Actions; Cooperation.

(a) The parties shall not voluntarily undertake or fail to undertake any action or course of action inconsistent with the provisions or essential intent of this Agreement. Furthermore, it is the intent of the parties to act in a fair and reasonable manner with respect to the interpretation and application of the provisions of this Agreement.

(b) Each of the parties shall cooperate and take such actions, and execute such other documents as may be reasonably requested by the other in order to carry out the provisions and purposes of this Agreement.

19. No Alienation of Benefits. To the extent permitted by law the benefits provided by this Agreement shall not be subject to garnishment, attachment or any other legal process by the creditors of Executive, Executive's beneficiary or Executive's estate.

20. Section 409A.

(a) This Agreement is intended to comply with, or otherwise be exempt from, Code Section 409A.

(b) The Company shall undertake to administer, interpret, and construe this Agreement in a manner that does not result in the imposition on Executive of any additional tax, penalty, or interest under Code Section 409A.

(c) If the Company determines in good faith that any provision of this Agreement would cause Executive to incur an additional tax, penalty, or interest under Code Section 409A, the Committee and Executive shall use reasonable efforts to reform such provision, if possible, in a mutually agreeable fashion to maintain to the maximum extent practicable the original intent of the applicable provision without violating the provisions of Code Section 409A or causing the imposition of such additional tax, penalty, or interest under Code Section 409A.

(d) The preceding provisions, however, shall not be construed as a guarantee by the Company of any particular tax effect to Executive under this Agreement. The Company shall not be liable to Executive for any payment made under this Agreement that is determined to result in an additional tax, penalty, or interest under Code Section 409A, nor for reporting in good faith any payment made under this Agreement as an amount includible in gross income under Code Section 409A.

(e) For purposes of Code Section 409A, the right to a series of installment payments under this Agreement shall be treated as a right to a series of separate payments.

(f) With respect to any reimbursement of expenses of, or any provision of in-kind benefits to, Executive, as specified under this Agreement, such reimbursement of expenses or provision of in-kind benefits shall be subject to the following conditions: (i) the expenses eligible for reimbursement or the amount of in-kind benefits provided in one taxable year shall not affect the expenses eligible for reimbursement or the amount of in-kind benefits provided in any other taxable year, except for any medical reimbursement arrangement providing for the reimbursement of expenses referred to in Code Section 105(b); (ii) the reimbursement of an eligible expense shall be made no later than the end of the year after the year in which such expense was incurred; and (iii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit.

(g) “Termination of employment,” “resignation,” or words of similar import, as used in this Agreement means, for purposes of any payments under this Agreement that are payments of deferred compensation subject to Code Section 409A, Executive’s “separation from service” as defined in Code Section 409A.

(h) Nothing herein shall be construed as having modified the time and form of payment of any amounts or payments of “deferred compensation” (as defined under Treas. Reg. § 1.409A-1(b)(1), after giving effect to the exemptions in Treas. Reg. §§ 1.409A-1(b)(3) through (b)(12)) that were otherwise payable pursuant to the terms of any agreement between Company and Executive in effect on or after January 1, 2005 and prior to the date of this Agreement.

(i) If a payment obligation under this Agreement arises on account of Executive’s separation from service while Executive is a “specified employee” (as defined under Code Section 409A and determined in good faith by the Compensation Committee), any payment of “deferred compensation” (as defined under Treas. Reg. § 1.409A-1(b)(1), after giving effect to the exemptions in Treas. Reg. §§ 1.409A-1(b)(3) through (b)(12)) that is scheduled to be paid within six months after such separation from service shall accrue without interest and shall be paid within 15 days after the end of the six-month period beginning on the date of such separation from service or, if earlier, within 15 days after the appointment of the personal representative or executor of Executive’s estate following Executive’s death.

(j) Notwithstanding the timing provisions set forth in Section 5(c) and subject to Section 20(i), any payment of "deferred compensation" (as defined under Treas. Reg. § 1.409A-1(b)(1), after giving effect to the exemptions in Treas. Reg. §§ 1.409A-1(b)(3) through (b)(12) to the extent applicable), will be paid or will commence on the thirtieth (30th) day following Executive's separation from service.

21. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and 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 succession had taken place if such assumption does not occur as a matter of law.

22. Certain Definitions.

(a) "Affiliate" means any entity in which the Company has a significant ownership interest as determined by the Committee.

(b) "Base Salary" is defined in Section 3(a).

(c) "Board" means the Board of Directors of the Company.

(d) "Cause" means: (i) Executive's conviction, or guilty or no contest plea, regarding any non-automotive felony; (ii) act of fraud by Executive related to or connected with Executive's employment by the Company or otherwise likely to cause material harm to the Company or its reputation; (iii) Executive's material breach of his fiduciary duty to the Company which causes material harm to the Company or its reputation; (iv) Executive's gross negligence or gross misconduct in the performance of duties reasonably assigned to Executive; (v) willful and material violation by Executive of the Company's codes of conduct or other rules or policies of the Company, which causes material harm to the Company or its reputation; or (vi) entry of any court order or other ruling that prevents Executive from performing his material duties and responsibilities hereunder; (vii) willful and material breach of this Agreement by Executive which causes material harm to the Company or its reputation, provided, however, that with respect to subsection (v) and (vii) the Board or its representative shall have delivered a written demand to Executive specifically identifying the manner in which the Executive has violated the Company's codes of conduct or other rules or policies or breached this Agreement and Executive has failed to cure such violation within thirty (30) days after receiving such notice, to the extent that such violation is susceptible to cure.

(e) "Code" means the Internal Revenue Code of 1986, as amended, and the Treasury regulations and guidance issued under the Code.

(f) "Committee" means the Compensation Committee of the Board.

(g) "Company Group" is defined in Section 7(a).

(h) "Confidential Information" is defined in Section 7(a).

(i) "Disabled" has the meaning specified in the Company's long-term disability plan applicable to Executive at the time of Executive's disability or, if no such long-term disability plan exists, such term shall mean a total and permanent disability as defined in Section 22(e)(3) of the Code.

(j) "Good Reason" means, without Executive's consent: (i) material diminution in Executive's responsibilities, authority, or duties; (ii) material reduction in Executive's Base Salary (unless reduction is part of an across the board uniformly applied reduction); (iii) material reduction in Executive's incentive or equity compensation; (iv) material reduction in the percentage of Executive's Base Salary on which his annual incentive compensation is based, other than a reduction of not more than ten percent (10%) that is also applied to all executive officers; (v) a material reduction in the total compensation and benefits (including but not limited to incentive, equity and deferred compensation) provided to Executive; or (vi) relocation of the Company, or of Executive's office, fifty (50) miles or more from San Diego, California, and such relocation results in an increase in Executive's one-way driving distance by more than fifty (50) miles; provided, however, that before Executive may resign for Good Reason, Executive must provide the Company with written notice of the condition that could constitute a "Good Reason" Event within ninety (90) days of the initial existence of such condition and such condition must not have been remedied by the Company within thirty (30) days (the "Cure Period") of such written notice.

(k) "MIP," "MIP Bonus," and "Target MIP Bonus" are defined in Section 3(b).

(l) "Term" is defined in Section 1.

[Signatures follow.]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

IMPRIMIS PHARMACEUTICALS, INC.

By: /s/ Robert Kammer
Name: Robert Kammer
Title: Chairman of the Board

EXECUTIVE

/s/ Mark Baum
Mark Baum

EXHIBIT A

IMPRIMIS PHARMACEUTICALS, INC.

NONQUALIFIED STOCK OPTION AGREEMENT

On _____, (the "Grant Date"), Imprimis Pharmaceuticals, Inc., a Delaware corporation (the "Company"), has awarded to Mark Baum ("Optionee"), an option (the "Option") to purchase 180,000 shares of common stock, par value $0.01 per share, of the Company (the "Shares") for a price of [$X.XX] per share. The Option has been granted under the Imprimis Pharmaceuticals, Inc. Amended and Restated 2007 Incentive Stock and Awards Plan (the "Plan"), and will include and be subject to all provisions of the Plan, which are incorporated herein by reference, and will be subject to the provisions of this Nonqualified Stock Option Agreement (this "Agreement"). Capitalized terms used in this Agreement which are not specifically defined will have the meanings ascribed to such terms in the Plan.

This Option shall vest and become exercisable in equal quarterly installments of 15,000 shares, on the first twelve quarterly anniversaries of the Effective Date of the Optionee's Amended and Restated Employment Agreement with the Company dated _____ (the "Employment Agreement") (each a "Vesting Date" with respect to the portion of the Option scheduled to vest on such date), subject in each case to the provisions of this Agreement, including those relating to the Optionee's continued employment with the Company and its Affiliates (collectively, the "Imprimis Group"). This Option shall expire on the tenth anniversary of the Grant Date (the "Grant Expiration Date"). If the Optionee's employment is terminated by the Company without cause (as defined under his Employment Agreement), or by the Optionee for Good Reason (as defined under his Employment Agreement), the portion of the Option scheduled to vest on the Vesting Dates within 12 months after the date of termination of employment, had no such termination of employment occurred, shall vest and be exercisable on the date of termination of employment, provided that the Optionee executes and delivers the Release contemplated by the Employment Agreement to the Company within twenty-one (21) days following the date of termination, without revocation or modification. If the Optionee's employment is terminated by the Company or its successor without Cause or by the Optionee for Good Reason (as defined under his Employment Agreement), in each case within two (2) years after a Change of Control, the Option shall vest in full and be fully exercisable as discussed in Paragraph 3(b) of this Agreement, provided that the Optionee executes and delivers the Release contemplated by the Employment Agreement to the Company within twenty-one (21) days following the date of termination, without revocation or modification.

1. Method of Exercise and Payment of Price.

(a) Method of Exercise. At any time when all or a portion of the Option is exercisable under the Plan and this Agreement, some or all of the exercisable portion of the Option may be exercised from time to time by written notice to the Company, or such other method of exercise as may be specified by the Company, including without limitation, exercise by electronic means on the web site of the Company's third-party equity plan administrator, which will:

(i) state the number of whole Shares with respect to which the Option is being exercised; and

(ii) if the Option is being exercised by anyone other than Optionee, if not already provided, be accompanied by proof satisfactory to counsel for the Company of the right of such person or persons to exercise the Option under the Plan and all applicable laws and regulations.

(b) Payment of Price. The full exercise price for the portion of the Option being exercised shall be paid to the Company as provided below:

(i) in cash;

(ii) by check or wire transfer (denominated in U.S. Dollars);

(iii) subject to any conditions or limitations established by the Committee, other Shares which (A) in the case of Shares acquired from the Company (whether upon the exercise of an Option or otherwise), have been owned by the Participant for more than six months on the date of surrender (unless this condition is waived by the Committee), and (B) have a Fair Market Value on the date of surrender equal to or greater than the aggregate exercise price of the Shares as to which said Option shall be exercised (it being agreed that the excess of the Fair Market Value over the aggregate exercise price shall be refunded to the Optionee, with any fractional Share being repaid in cash);

(iv) consideration received by the Company under a broker-assisted sale and remittance program acceptable to the Committee; or

(v) any combination of the foregoing methods of payment.

2. Transferability. The Option shall be transferable (I) at Optionee's death, by Optionee by will or pursuant to the laws of descent and distribution, and (II) by Optionee during Optionee's lifetime, without payment of consideration, to (a) the spouse, former spouse, parents, stepparents, grandparents, parents-in-law, siblings, siblings-in-law, children, stepchildren, children-in-law, grandchildren, nieces or nephews of Optionee, or any other persons sharing Optionee's household (other than tenants or employees) (collectively, "Family Members"), (b) a trust or trusts for the primary benefit of Optionee or such Family Members, (c) a foundation in which Optionee or such Family Members control the management of assets, or (d) a partnership in which Optionee or such Family Members are the majority or controlling partners; provided, however, that subsequent transfers of the transferred Option shall be prohibited, except (X) if the transferee is an individual, at the transferee's death by the transferee by will or pursuant to the laws of descent and distribution, and (Y) without payment of consideration to the individuals or entities listed in subparagraphs II(a), (b) or (c), above, with respect to the original Optionee. The Committee may, in its discretion, permit transfers to other persons and entities as permitted by the Plan. Neither a transfer under a domestic relations order in settlement of marital property rights nor a transfer to an entity in which more than 50% of the voting interests are owned by Optionee or Family Members in exchange for an interest in that entity shall be considered to be a transfer for consideration. Within 10 days of any transfer, Optionee shall notify the Committee in writing of the transfer. Following transfer, the Option shall continue to be subject to the same terms and conditions as were applicable immediately prior to transfer and, except as otherwise provided in the Plan or this Agreement, references to the original Optionee shall be deemed to refer to the transferee. The events of a termination of employment of Optionee provided in Paragraph 3 hereof shall continue to be applied with respect to the original Optionee, following which the Option shall be exercisable by the transferee only to the extent, and for the periods, specified in Paragraph 3. The Company shall have no obligation to notify any transferee of Optionee's termination of employment with the Imprimis Group for any reason. Optionee shall remain subject to the tax withholding provisions of Section 29 of the Plan following transfer of the Option.

3. Termination of Employment; Retirement.

(a) Termination of Employment by Reason of Death or Disability. If a termination of employment of Optionee occurs by reason of death or Disability prior to the vesting in full of the Option, but at least six (6) months from the Grant Date, then any unvested portion of the Option shall vest upon and become exercisable in full from and after such death or Disability. The Option may thereafter be exercised by the Optionee, any transferee of Optionee, if applicable, or by the legal representative of the estate or by the legatee of Optionee under the will of Optionee from the date of such death or Disability until the Grant Expiration Date.

(b) Other Termination of Employment. If a termination of employment of Optionee occurs by any reason other than Optionee's death or Disability (each at least six (6) months from Grant Date), any unexercised portion of the Option which has not vested on such date of termination of employment will automatically be forfeited. Optionee (or any transferee, if applicable) will have 90 days from the date of termination of employment or until the Grant Expiration Date, whichever period is shorter, to exercise any portion of the Option that is vested and exercisable on the date of termination of employment; provided, however, that if the termination of employment was a termination for Cause, as determined by the Committee, the Option shall be immediately canceled by the Committee (whether then held by Optionee or any transferee); provided, further, that in the event of an Optionee's termination of employment within one (1) year after a Change of Control for any reason other than because of the Optionee's death, Disability or termination for Cause, this Option shall, following such termination of employment, remain exercisable until the earlier of the third anniversary of such termination of employment or the expiration of its original term.

4. Restrictions on Exercise. The Option is subject to all restrictions in this Agreement and/or in the Plan. As a condition of any exercise of the Option, the Company may require Optionee or his or her transferee or successor to make any representation and warranty to comply with any applicable law or regulation or to confirm any factual matters reasonably requested by the Company. The Option shall not be exercisable if such exercise would involve a violation of any applicable law.

5. Triggering Conduct. As used in this Agreement, "Triggering Conduct" shall mean Optionee's material breach of any provision of Section 7 of the Employment Agreement.

6. Special Forfeiture/Repayment Rules. For so long as Optionee continues as an employee with the Imprimis Group and for one year following termination of employment regardless of the reason, Optionee agrees not to engage in Triggering Conduct. If Optionee engages in Triggering Conduct during the time period set forth in the preceding sentence, then Optionee shall, within 30 days following written notice from the Company, pay to the Company an amount equal to (x) the gross option gain realized or obtained by Optionee or any transferee resulting from the exercise of such Option, measured at the date of exercise (i.e., the difference between the market value of the Shares underlying the Option on the exercise date and the exercise price paid for such Shares underlying the Option), with respect to any portion of the Option that has already been exercised at any time within three years prior to the Triggering Conduct (the "Look-Back Period"), (y) minus $1.00. Optionee may be released from Optionee's obligations under this Paragraph 5 if and only if the Committee (or its duly appointed designee) authorizes, in writing and in its sole discretion, such release. Nothing in this Paragraph 5 constitutes a so-called "noncompete" covenant. This Paragraph 5 does, however, prohibit certain conduct while Optionee is associated with the Imprimis Group and thereafter and does provide for the forfeiture or repayment of the benefits granted by this Agreement under certain circumstances. No provisions of this Agreement shall diminish, negate or otherwise impact any separate agreement to which Optionee may be a party, including, but not limited to, any certificate of compliance or similar attestation/certification signed by Optionee; provided, however, that to the extent that any provisions contained in any other agreement are inconsistent in any manner with the restrictions and covenants of Optionee contained in this Agreement, the provisions of this Agreement shall take precedence and such other inconsistent provisions shall be null and void as to this Agreement. Optionee acknowledges and agrees that the restrictions contained in this Agreement are being made for the benefit of the Company in consideration of Optionee's receipt of the Option, in consideration of employment, in consideration of exposing Optionee to the Company's business operations and confidential information, and for other good and valuable consideration, the adequacy of which consideration is hereby expressly confirmed. Optionee further acknowledges that the receipt of the Option and execution of this Agreement are voluntary actions on the part of Optionee and that the Company is unwilling to provide the Option to Optionee without including the restrictions and covenants of Optionee contained in this Agreement. Further, the parties agree and acknowledge that the provisions contained in Paragraphs 4 and 5 are ancillary to, or part of, an otherwise enforceable agreement at the time the agreement is made.

7. Right of Set-Off. By accepting this Option, Optionee consents to a deduction from, and set-off against, any amounts owed to Optionee that are not treated as "non-qualified deferred compensation" under Section 409A of the Code by any member of the Imprimis Group from time to time (including, but not limited to, amounts owed to Optionee as wages, severance payments or other fringe benefits) to the extent of the amounts owed to the Imprimis Group by Optionee under this Agreement.

8. Withholding Tax.

(a) Generally. Optionee is liable and responsible for all taxes owed in connection with the exercise of the Option, regardless of any action the Company takes with respect to any tax withholding obligations that arise in connection with the Option. The Company does not make any representation or undertaking regarding the tax treatment or the treatment of any tax withholding in connection with the exercise of the Option. The Company does not commit and is under no obligation to structure the Option or the exercise of the Option to reduce or eliminate Optionee's tax liability.

(b) Payment of Withholding Taxes. Concurrently with the payment of the exercise price pursuant to Paragraph 1 hereof, Optionee is required to arrange for the satisfaction of the minimum amount of any domestic or foreign tax withholding obligation, whether national, federal, state or local, including any employment tax obligation (the "Tax Withholding Obligation") in a manner acceptable to the Company, including withholding such amounts in cash from the Optionee's wages or other payments due to the Optionee at any time, or, in lieu thereof, to retain, or sell without notice, a number of Shares sufficient to cover the Tax Withholding Obligation. The value of any Shares retained for such purposes shall be based on the Fair Market Value, as the term is defined in the Plan, of the Shares on the date of exercise of the Option. To the extent that the Company or its Affiliate withholds any amounts in Shares to cover the Tax Withholding Obligation, it will do so at the minimum statutory rate. Should the Company or the Affiliate withhold any amounts in cash or retains any Shares in excess of Optionee's actual Tax Withholding Obligation, the Company and/or Optionee's employer will refund the excess amount to the Optionee, with any fractional Share being repaid in cash, within a reasonable period and without any interest. The Optionee authorizes the Company or the Affiliate, or their agents (including, without limitations, any broker or bank) to withhold cash or Shares as appropriate. Optionee agrees to pay the Company and/or the Affiliate employing Optionee any amount of the Tax Withholding Obligation that is not satisfied by the means described herein.

If any of the foregoing methods of collection are not allowed under applicable law or if Optionee fails to comply with his or her obligations in connection with the Tax Withholding Obligation as described in this Paragraph, the Company may refuse to honor the exercise and refuse to deliver the Shares.

Optionee is liable and responsible for all taxes and social security owed in connection with the Option, regardless of any action the Company takes with respect to any Tax Withholding Obligations that arise in connection with the Option. The Company does not make any representation or undertaking regarding the tax and social security treatment or the treatment of any withholding in connection with the exercise of the Option. The Company does not commit and is under no obligation to structure the Option or the exercise of the Option to reduce or eliminate Optionee's tax liability.

9. Governing Law/Venue for Dispute Resolution/Costs and Legal Fees. This Agreement shall be governed by the laws of the State of Delaware, without regard to principles of conflicts of law, except to the extent superseded by the laws of the United States of America. The parties agree and acknowledge that the laws of the State of Delaware bear a substantial relationship to the parties and/or this Agreement and that the Option and benefits granted herein would not be granted without the governance of this Agreement by the laws of the State of Delaware. In addition, all disputes relating to this Agreement shall be resolved exclusively pursuant to the terms of Section 17 of the Employment Agreement.

10. Action by the Committee. The parties agree that the interpretation of this Agreement shall rest exclusively and completely within the sole discretion of the Committee. The parties agree to be bound by the decisions of the Committee with regard to the interpretation of this Agreement and with regard to any and all matters set forth in this Agreement. The Committee may delegate its functions under this Agreement to an officer of the Imprimis Group designated by the Committee (hereinafter the "designee"). In fulfilling its responsibilities hereunder, the Committee or its designee may rely upon documents, written statements of the parties or such other material as the Committee or its designee deems appropriate. The parties agree that there is no right to be heard or to appear before the Committee or its designee and that any decision of the Committee or its designee relating to this Agreement, including without limitation whether particular conduct constitutes Triggering Conduct, shall be final and binding unless such decision is arbitrary and capricious.

11. Prompt Acceptance of Agreement. The Option grant evidenced by this Agreement shall, at the discretion of the Committee, be forfeited if this Agreement is not manually executed and returned to the Company, or electronically executed by Optionee by indicating Optionee's acceptance of this Agreement in accordance with the acceptance procedures set forth on the Company's third-party equity plan administrator's web site, within 90 days of the Grant Date.

12. Electronic Delivery and Consent to Electronic Participation. The Company may, in its sole discretion, decide to deliver any documents related to the Option grant under and participation in the Plan or future options that may be granted under the Plan by electronic means. Optionee hereby consents to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company, including the acceptance of option grants and the execution of option Agreements through electronic signature.

13. Notices. All notices, requests, consents and other communications required or provided under this Agreement to be delivered by Optionee to the Company will be in writing and will be deemed sufficient if delivered by hand, facsimile, nationally recognized overnight courier, or certified or registered mail, return receipt requested, postage prepaid, and will be effective upon delivery to the Company at the address set forth below:

Imprimis Pharmaceuticals, Inc.
437 S. Hwy. 101, Suite 209
Solana Beach, CA 92075
Attention: General Counsel
Facsimile: 858-345-1745

All notices, requests, consents and other communications required or provided under this Agreement to be delivered by the Company to Optionee may be delivered by e-mail or in writing and will be deemed sufficient if delivered by e-mail, hand, facsimile, nationally recognized overnight courier, or certified or registered mail, return receipt requested, postage prepaid, and will be effective upon delivery to the Optionee.

14. Employment Agreement, Offer Letter or Other Arrangement. To the extent a written employment Agreement, offer letter or other arrangement ("Employment Arrangement") that was approved by the Compensation Committee or the Board of Directors or that was approved in writing by an officer of the Company pursuant to delegated authority of the Compensation Committee provides for greater benefits to Optionee with respect to (i) vesting of the Option on termination of employment by reason of specified events or (ii) exercisability of the Option following termination of employment, than provided in this Agreement or in the Plan, then the terms of such Employment Arrangement with respect to vesting of the Option on termination of employment by reason of such specified events or exercisability of the Option following termination of employment shall supersede the terms hereof to the extent permitted by the terms of the Plan.

IMPRIMIS
PHARMACEUTICALS, INC.

By: _____

Its.: _____

ACCEPTANCE OF AGREEMENT

Optionee hereby: (a) acknowledges receiving a copy of the Plan, which has either been previously delivered or is provided with this Agreement, and represents that he or she is familiar with and understands all provisions of the Plan and this Agreement and (b) voluntarily and knowingly accepts this Agreement and the Option granted to him or her under this Agreement subject to all provisions of the Plan and this Agreement, including the provisions in the Agreement regarding "Triggering Conduct" and "Special Forfeiture/Repayment Rules" set forth in Paragraphs 5 and 6 above. Optionee further acknowledges receiving a copy of the Company's most recent annual report to stockholders and other communications routinely distributed to the Company's stockholders and a copy of the Plan Prospectus pertaining to the Plan.

_____

Optionee's Signature

_____

Date

EXHIBIT B

IMPRIMIS PHARMACEUTICALS, INC.

RESTRICTED STOCK UNITS AGREEMENT

On _____, ____ (the "Grant Date"), Imprimis Pharmaceuticals, Inc., a Delaware corporation (the "Company"), has awarded to Mark Baum ("Grantee") 200,000 Restricted Stock Units (the "Restricted Stock Units" or "Award"), representing an unfunded unsecured promise of the Company to deliver shares of common stock, par value $0.01 per share, of the Company (the "Shares") to Grantee as set forth herein. The Restricted Stock Units have been granted pursuant to the Imprimis Pharmaceuticals, Inc. Amended and Restated 2007 Incentive Stock and Awards Plan (the "Plan"), and shall be subject to all provisions of the Plan, which are incorporated herein by reference, and shall be subject to the provisions of this Restricted Stock Units Agreement (this "Agreement"). Capitalized terms used in this Agreement which are not specifically defined will have the meanings ascribed to such terms in the Plan.

1. Vesting. The Restricted Stock Units shall vest on the third anniversary of the Effective Date of the Grantee's Amended and Restated Employment Agreement with the Company dated _____ (the "Employment Agreement") (the "Vesting Date" with respect to the Restricted Stock Units scheduled to vest on such date), subject in each case to the provisions of this Agreement, including those relating to the Grantee's continued employment with the Company and its Affiliates (collectively, the "Imprimis Group"). If the Grantee's employment is terminated by the Company without Cause (as defined under his Employment Agreement), or by the Grantee for Good Reason (as defined under his Employment Agreement), the portion of the Restricted Stock Units equal to 200,000 multiplied by a fraction the numerator of which shall be the sum of the number of days between the Grant Date and the termination of employment plus 365 days and the denominator of which shall be 1095, shall vest on the date of termination of employment, provided that the Grantee executes and delivers the Release contemplated by the Employment Agreement to the Company within twenty-one (21) days following the date of termination, without revocation or modification; provided, further, that under no circumstances will the Grantee vest in more than 100% of the Restricted Stock Units subject to his award. If the Grantee's employment is terminated by the Company or its successor without Cause or by the Grantee for Good Reason (as defined under his Employment Agreement), in each case within one (1) year after a Change of Control, the Restricted Stock Units shall vest in full., provided that the Grantee executes and delivers the Release contemplated by the Employment Agreement to the Company within twenty-one (21) days following the date of termination, without revocation or modification.

2. Transferability. The Restricted Stock Units shall not be transferable.

3. Termination of Employment.

(a) General. Except as set forth below or in Section 1 above, if a termination of employment of Grantee occurs prior to the vesting in full of the Restricted Stock Units, any unvested portion of such Restricted Stock Units shall be forfeited by Grantee.

(b) Termination of Employment by Reason of Death or Disability. If a termination of employment of Grantee occurs by reason of death or Disability prior to the vesting in full of the Restricted Stock Units, but at least six (6) months from the Grant Date, then any unvested Restricted Stock Units shall immediately vest in full and shall not be forfeited.

4. Triggering Conduct. As used in this Agreement, "Triggering Conduct" shall mean Grantee's material breach of any provision of Section 7 of the Employment Agreement.

5. Special Forfeiture/Repayment Rules. For so long as Grantee continues as an employee with the Imprimis Group and for one year following termination of employment regardless of the reason, Grantee agrees not to engage in Triggering Conduct. If Grantee engages in Triggering Conduct during the time period set forth in the preceding sentence, then Grantee shall, within 30 days following written notice from the Company, pay to the Company an amount equal to (x) the aggregate gross gain realized or obtained by Grantee resulting from the settlement of all Restricted Stock Units pursuant to Paragraph 6 hereof (measured as of the settlement date (i.e., the market value of the Restricted Stock Units on such settlement date)) that have already been settled and that had vested at any time within three years prior to the Triggering Conduct (the "Look-Back Period"), minus (y) $1.00. Grantee may be released from Grantee's obligations under this Paragraph 5 if and only if the Committee (or its duly appointed designee) authorizes, in writing and in its sole discretion, such release. Nothing in this Paragraph 5 constitutes a so-called "noncompete" covenant. This Paragraph 5 does, however, prohibit certain conduct while Grantee is associated with the Imprimis Group and thereafter and does provide for the forfeiture or repayment of the benefits granted by this Agreement under certain circumstances. No provisions of this Agreement shall diminish, negate or otherwise impact any separate agreement to which Grantee may be a party, including, but not limited to, any certificate of compliance or similar attestation/certification signed by Grantee; provided, however, that to the extent that any provisions contained in any other agreement are inconsistent in any manner with the restrictions and covenants of Grantee contained in this Agreement, the provisions of this Agreement shall take precedence and such other inconsistent provisions shall be null and void as to this Agreement. Grantee acknowledges and agrees that the restrictions contained in this Agreement are being made for the benefit of the Company in consideration of Grantee's receipt of the Restricted Stock Units, in consideration of employment, in consideration of exposing Grantee to the Company's business operations and confidential information, and for other good and valuable consideration, the adequacy of which consideration is hereby expressly confirmed. Grantee further acknowledges that the receipt of the Restricted Stock Units and execution of this Agreement are voluntary actions on the part of Grantee and that the Company is unwilling to provide the Restricted Stock Units to Grantee without including the restrictions and covenants of Grantee contained in this Agreement. Further, the parties agree and acknowledge that the provisions contained in Paragraphs 4 and 5 are ancillary to, or part of, an otherwise enforceable agreement at the time the agreement is made.

6. Payment.

(a) Subject to the provisions of Paragraphs 4 and 5 of this Agreement and Paragraphs (b), (c) and (d) below, and unless Grantee makes an effective election to defer receipt of the Shares represented by the Restricted Stock Units, on the date of vesting of any Restricted Stock Unit, Grantee shall be entitled to receive from the Company (without any payment on behalf of Grantee other than as described in Paragraph 10) the Shares represented by such Restricted Stock Unit; provided, however, that where the vesting of any Restricted Stock Unit occurs in connection with Grantee's termination without Cause or resignation for Good Reason, Section 409A of the Code applies to the distribution in connection with such acceleration and Grantee is a "specified employee" (determined in accordance with Section 409A of the Code), Grantee shall be entitled to receive the corresponding Shares from the Company on the date that is the first day of the seventh month after Grantee's "separation from service" with the Company (determined in accordance with Section 409A of the Code). Elections to defer receipt of the Shares beyond the date of settlement provided herein may be permitted in the discretion of the Committee pursuant to procedures established by the Committee in compliance with the requirements of Section 409A of the Code.

(b) Death. Notwithstanding anything herein to the contrary, in the event that such Restricted Stock Units vest prior to the Vesting Date(s) set forth in Paragraph 1 as a result of a termination of employment due to Grantee's death, Grantee's estate shall be entitled to receive the corresponding Shares from the Company on the date of such vesting.

(c) Disability. Notwithstanding anything herein to the contrary, in the event that such Restricted Stock Units vest prior to the Vesting Date(s) set forth in Paragraph 1 as a result of a termination of employment by reason of Disability, Grantee shall be entitled to receive the corresponding Shares from the Company on the date of such vesting; provided, however, that where Section 409A of the Code applies to such distribution and Grantee is a "specified employee" (determined in accordance with Section 409A of the Code), Grantee shall be entitled to receive the corresponding Shares from the Company on the date that is the first day of the seventh month after Grantee's "separation from service" with the Company (determined in accordance with Section 409A of the Code).

(d) Change of Control. Notwithstanding anything herein to the contrary, in the event that such Restricted Stock Units vest prior to the Vesting Date(s) set forth in Paragraph 1 as a result of the occurrence of a Change of Control, Grantee shall be entitled to receive the corresponding Shares from the Company on the date of such vesting; provided, however, that if the Change of Control occurs under circumstances that would not qualify as a permissible date of distribution under Section 409A(a)(2)(A) of the Code and the regulations thereunder, then Grantee shall be entitled to receive the corresponding Shares from the Company on the Vesting Date(s) that would have otherwise applied pursuant to Paragraph 1.

7. Dividend Equivalents. Grantee shall not be entitled to receive any cash dividends on the Restricted Stock Units. However, to the extent the Company determines to pay a cash dividend to holders of the Common Stock, a Grantee shall, with respect to each Restricted Stock Unit, be entitled to receive a cash payment from the Company on each cash dividend payment date with respect to the Shares with a record date between the Grant Date and the settlement of such unit pursuant to Paragraph 6 hereof, such cash payment to be in an amount equal to the dividend that would have been paid on the Common Stock represented by such unit. Cash payments on each cash dividend payment date with respect to the Shares with a record date prior to a Vesting Date shall be accrued until the Vesting Date and paid thereon (subject to the same vesting requirements as the underlying Restricted Stock Units award). Elections to defer receipt of the cash payments in lieu of cash dividends beyond the date of settlement provided herein may be permitted in the discretion of the Committee pursuant to procedures established by the Company in compliance with the requirements of Section 409A of the Code.

8. Right of Set-Off. By accepting these Restricted Stock Units, Grantee consents to a deduction from, and set-off against, any amounts owed to Grantee that are not treated as "non-qualified deferred compensation" under Section 409A of the Code by any member of the Imprimis Group from time to time (including, but not limited to, amounts owed to Grantee as wages, severance payments or other fringe benefits) to the extent of the amounts owed to the Imprimis Group by Grantee under this Agreement.

9. No Stockholder Rights. Grantee shall have no rights of a stockholder with respect to the Restricted Stock Units, including, without limitation, any right to vote the Shares represented by the Restricted Stock Units.

10. Withholding Tax.

(a) Generally. Grantee is liable and responsible for all taxes owed in connection with the Restricted Stock Units (including taxes owed with respect to any cash payments described in Paragraph 7 hereof), regardless of any action the Company takes with respect to any tax withholding obligations that arise in connection with the Restricted Stock Units. The Company does not make any representation or undertaking regarding the tax treatment or the treatment of any tax withholding in connection with the grant or vesting of the Restricted Stock Units or the subsequent sale of Shares issuable upon settlement of the Restricted Stock Units. The Company does not commit and is under no obligation to structure the Restricted Stock Units to reduce or eliminate Grantee's tax liability.

(b) Payment of Withholding Taxes. Prior to any event in connection with the Restricted Stock Units (e.g., vesting or settlement) that the Company determines may result in any domestic or foreign tax withholding obligation, whether national, federal, state or local, including any employment tax obligation (the "Tax Withholding Obligation"), Grantee is required to arrange for the satisfaction of the minimum amount of such Tax Withholding Obligation in a manner acceptable to the Company. Unless Grantee elects to satisfy the Tax Withholding Obligation by an alternative means that is then permitted by the Company, Grantee's acceptance of this Agreement constitutes Grantee's instruction and authorization to the Company to retain on Grantee's behalf the number of Shares from those Shares issuable to Grantee under this Award as the Company determines to be sufficient to satisfy the Tax Withholding Obligation as owed when any such obligation comes due. The value of any Shares retained for such purposes shall be based on the Fair Market Value, as the term is defined in the Plan, of the Shares on the date of vesting of the Restricted Stock Units. To the extent that the Company retains any Shares to cover the Tax Withholding Obligation, it will do so at the minimum statutory rate, but in no event shall such amount exceed the minimum required by applicable law and regulations. The Company shall have the right to deduct from all cash payments paid pursuant to Paragraph 7 hereof the amount of any taxes which the Company is required to withhold with respect to such payments.

11. Governing Law/Venue for Dispute Resolution/Costs and Legal Fees. This Agreement shall be governed by the laws of the State of Delaware, without regard to principles of conflicts of law, except to the extent superceded by the laws of the United States of America. The parties agree and acknowledge that the laws of the State of Delaware bear a substantial relationship to the parties and/or this Agreement and that the Restricted Stock Units and benefits granted herein would not be granted without the governance of this Agreement by the laws of the State of Delaware. In addition, all disputes relating to this Agreement shall be resolved exclusively pursuant to the terms of Section 17 of the Employment Agreement.

12. Action by the Committee. The parties agree that the interpretation of this Agreement shall rest exclusively and completely within the sole discretion of the Committee. The parties agree to be bound by the decisions of the Committee with regard to the interpretation of this Agreement and with regard to any and all matters set forth in this Agreement. The Committee may delegate its functions under this Agreement to an officer of the Imprimis Group designated by the Committee (hereinafter the "designee"). In fulfilling its responsibilities hereunder, the Committee or its designee may rely upon documents, written statements of the parties or such other material as the Committee or its designee deems appropriate. The parties agree that there is no right to be heard or to appear before the Committee or its designee and that any decision of the Committee or its designee relating to this Agreement, including, without limitation, whether particular conduct constitutes Triggering Conduct, shall be final and binding unless such decision is arbitrary and capricious.

13. Prompt Acceptance of Agreement. The Restricted Stock Unit grant evidenced by this Agreement shall, at the discretion of the Committee, be forfeited if this Agreement is not manually executed and returned to the Company.

14. Electronic Delivery and Consent to Electronic Participation. The Company may, in its sole discretion, decide to deliver any documents related to the Restricted Stock Unit grant under and participation in the Plan or future Restricted Stock Units that may be granted under the Plan by electronic means. Grantee hereby consents to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company, including the acceptance of Restricted Stock Unit grants and the execution of Restricted Stock Unit agreements through electronic signature.

15. Notices. All notices, requests, consents and other communications required or provided under this Agreement to be delivered by Grantee to the Company will be in writing and will be deemed sufficient if delivered by hand, facsimile, nationally recognized overnight courier, or certified or registered mail, return receipt requested, postage prepaid, and will be effective upon delivery to the Company at the address set forth below:

Imprimis Pharmaceuticals, Inc.
437 S. Hwy. 101, Suite 209
Solana Beach, CA 92075
Attention: General Counsel
Facsimile: 858-345-1745

All notices, requests, consents and other communications required or provided under this Agreement to be delivered by the Company to Grantee may be delivered by e-mail or in writing and will be deemed sufficient if delivered by e-mail, hand, facsimile, nationally recognized overnight courier, or certified or registered mail, return receipt requested, postage prepaid, and will be effective upon delivery to the Grantee.

16. Employment Agreement, Offer Letter or Other Arrangement. To the extent a written employment agreement, offer letter or other arrangement ("Employment Arrangement") that was approved by the Compensation Committee or the Board of Directors or that was approved in writing by an officer of the Company pursuant to delegated authority of the Compensation Committee provides for greater benefits to Grantee with respect to vesting of the Award on termination of employment than provided in this agreement or in the Plan, then the terms of such Employment Arrangement with respect to vesting of the Award on termination of employment by reason of such specified events shall supersede the terms hereof to the extent permitted by the terms of the Plan.

IMPRIMIS
PHARMACEUTICALS, INC.

By: _____

Its.: _____

ACCEPTANCE OF AGREEMENT

Grantee hereby: (a) acknowledges receiving a copy of the Plan, which has either been previously delivered or is provided with this agreement, and represents that he or she is familiar with and understands all provisions of the Plan and this agreement and (b) voluntarily and knowingly accepts this Agreement and the Restricted Stock Units granted to him or her under this Agreement subject to all provisions of the Plan and this Agreement, including the provisions in the Agreement regarding "Triggering Conduct" and "Special Forfeiture/Repayment Rules" set forth in Paragraphs 4 and 5 above. Grantee further acknowledges receiving a copy of the Company's most recent annual report to stockholders and other communications routinely distributed to the Company's stockholders and a copy of the Plan Prospectus pertaining to the Plan.

_____

Grantee's Signature

_____

Date

EXHIBIT C

IMPRIMIS PHARMACEUTICALS, INC.

PERFORMANCE STOCK UNITS AGREEMENT

On _____, ____ (the "Grant Date"), Imprimis Pharmaceuticals, Inc., a Delaware corporation (the "Company"), has awarded to Mark Baum ("Grantee") a targeted number of 1,050,000 (the "Target Number") Performance Stock Units (the "Performance Stock Units" or "Award") to be calculated and determined as discussed below. Each Performance Stock Unit will represent an unfunded and unsecured promise of the Company to deliver shares of common stock, par value $0.01 per share, of the Company (the "Shares") to Grantee as set forth herein. Each Performance Stock Unit will be subject to forfeiture until the date such Performance Stock Unit vests pursuant to Paragraph 1 of this Agreement. The Performance Stock Units have been granted pursuant to the Imprimis Pharmaceuticals, Inc. Amended and Restated 2007 Incentive Stock and Awards Plan (the "Plan"), and shall be subject to all provisions of the Plan, which are incorporated herein by reference, and shall be subject to the provisions of this Agreement. Capitalized terms used in this Agreement that are not specifically defined will have the meanings ascribed to such terms in the Plan.

1. Vesting. The Performance Stock Units consist of the following five tranches (each, a "Tranche") that vest upon the attainment of the target share price (the "Target Share Price") as specified below:

Tranche	No. of Shares	Target Share Price
Tranche 1	19.05% of Target Number	$10.00 or greater
Tranche 2	19.05% of Target Number	$15.00 or greater
Tranche 3	19.05% of Target Number	$20.00 or greater
Tranche 4	19.05% of Target Number	$25.00 or greater
Tranche 5	23.08% of Target Number	$30.00 or greater

Each Tranche may only vest once. Except as otherwise specified below, for each respective Tranche to vest, all three of the following conditions must be met:

(a) a Trigger Date may occur any time after the Grant Date. A "Trigger Date" means any trading day on which the official closing price per Share (the "Closing Price") is at or above the Target Share Price for the respective Tranche. Notwithstanding the foregoing, the Committee will, in such manner as the Committee determines is appropriate in its discretion, include the value of stock dividends distributed to the stockholders of the Company in connection with spin-offs or similar transactions for purposes of determining whether the Target Share Price has been achieved;

(b) during the period that includes the Trigger Date and the immediately following 19 trading days (each, a "Measurement Period"), the arithmetic mean of the 20 Closing Prices during the Measurement Period must be at or above the Target Share Price for such Tranche (the "20 Closing Price Condition"); and

(c) the Grantee must be in continuous service with the Company and its Affiliates through the third anniversary of the Grant Date (the "Service Condition").

To the extent all three of the above conditions are met, the third anniversary of the Grant Date shall be the "Vesting Date." If the Grantee's employment is terminated as a result of death or Disability, in each case before the third anniversary of the Grant Date, then all Tranches for which a Trigger Date has occurred and the 20 Closing Price Condition has been satisfied on or before the date of termination but which are not vested solely because the date of termination occurs before the third anniversary of the Grant Date shall vest, and the date of termination shall be the Vesting Date. If the Grantee's employment is terminated by the Company other than a termination for Cause (as defined in his Employment Agreement), or by the Grantee for Good Reason (as defined in his Employment Agreement), in each case before the third anniversary of the Grant Date, then (i) then all Tranches for which a Trigger Date has occurred and the 20 Closing Price Condition has been satisfied on or before the date of termination but which are not vested solely because the Service Condition has not been satisfied shall vest, and the date of termination shall be the Vesting Date; and (ii) all Tranches for which a Trigger Date occurs and the 20 Closing Price Condition has been satisfied on or after the date of termination but on or before the first anniversary of the date of termination and with respect to which the Grantee would have vested had he satisfied the Service Condition shall vest on the date on which both the Trigger Date occurs and the 20 Closing Price Condition has been satisfied and such date shall be the Vesting Date; provided that the Grantee executes and delivers the Release contemplated by the Employment Agreement to the Company within twenty-one (21) days following the date of termination, without revocation or modification; provided, further, that if a Change of Control has occurred prior to such termination, the subsequent sentence shall govern, and in no event shall the Vesting Date or a Trigger Date extend beyond the third anniversary of the Grant Date. If, after the first anniversary but before the third anniversary of the Grant Date, the Grantee's employment is terminated by the Company or its successor without Cause or by the Grantee for Good Reason (as defined under his Employment Agreement), in either case within one (1) year after a Change of Control, then the following Tranches shall vest, and the date of termination shall be the Vesting Date: (i) all Tranches for which a Trigger Date has occurred and the 20 Closing Price Condition has been satisfied on or immediately before the Change of Control but which are not vested solely because the Grantee has not satisfied the Service Condition; and (ii) all other Tranches with a Target Share Price at or below the per-Share transaction consideration received by stockholders of the Company upon the Change of Control (as determined in accordance with the terms and conditions of the applicable definitive agreement that results in the Change of Control), provided that the Grantee executes and delivers the Release contemplated by the Employment Agreement to the Company within twenty-one (21) days following the date of termination, without revocation or modification. Any Tranche that has not vested by the third anniversary of the Grant Date shall expire.

2. Transferability. The Performance Stock Units shall not be transferable.

3. Termination of Employment. Except as set forth in Paragraph 1, if a termination of employment of Grantee occurs prior to the vesting in full of the Performance Stock Units, any unvested portion of such Performance Stock Units shall be forfeited by Grantee.

4. Triggering Conduct. As used in this Agreement, "Triggering Conduct" shall mean Grantee's material breach of any provision of Section 7 of the Employment Agreement.

5. Special Forfeiture/Repayment Rules. For so long as Grantee continues as an employee with the Imprimis Group and for one year following termination of employment regardless of the reason, Grantee agrees not to engage in Triggering Conduct. If Grantee engages in Triggering Conduct during the time period set forth in the preceding sentence, then Grantee shall, within 30 days following written notice from the Company, pay to the Company an amount equal to (x) the aggregate gross gain realized or obtained by Grantee resulting from the settlement of all Performance Stock Units pursuant to Paragraph 6 hereof (measured as of the settlement date (i.e., the market value of the Performance Stock Units on such settlement date)) that have already been settled and that had vested at any time within three years prior to the Triggering Conduct (the "Look-Back Period"), minus (y) $1.00. Grantee may be released from Grantee's obligations under this Paragraph 5 if and only if the Committee (or its duly appointed designee) authorizes, in writing and in its sole discretion, such release. Nothing in this Paragraph 5 constitutes a so-called "noncompete" covenant. This Paragraph 5 does, however, prohibit certain conduct while Grantee is associated with the Imprimis Group and thereafter and does provide for the forfeiture or repayment of the benefits granted by this Agreement under certain circumstances. No provisions of this Agreement shall diminish, negate or otherwise impact any separate agreement to which Grantee may be a party, including, but not limited to, any certificate of compliance or similar attestation/certification signed by Grantee; provided, however, that to the extent that any provisions contained in any other agreement are inconsistent in any manner with the restrictions and covenants of Grantee contained in this Agreement, the provisions of this Agreement shall take precedence and such other inconsistent provisions shall be null and void as to this Agreement. Grantee acknowledges and agrees that the restrictions contained in this Agreement are being made for the benefit of the Company in consideration of Grantee's receipt of the Performance Stock Units, in consideration of employment, in consideration of exposing Grantee to the Company's business operations and confidential information, and for other good and valuable consideration, the adequacy of which consideration is hereby expressly confirmed. Grantee further acknowledges that the receipt of the Performance Stock Units and execution of this Agreement are voluntary actions on the part of Grantee and that the Company is unwilling to provide the Performance Stock Units to Grantee without including the restrictions and covenants of Grantee contained in this Agreement. Further, the parties agree and acknowledge that the provisions contained in Paragraphs 4 and 5 are ancillary to, or part of, an otherwise enforceable agreement at the time the agreement is made.

6. Payment. Subject to the provisions of Paragraphs 4 and 5 of this Agreement, and unless Grantee makes an effective election to defer receipt of the Shares represented by the Performance Stock Units, on the Vesting Date, Grantee shall be entitled to receive from the Company (without any payment on behalf of Grantee other than as described in Paragraph 10) the Shares represented by such Performance Stock Unit; provided, however, that where the vesting of any Restricted Stock Unit occurs in connection with Grantee's termination without Cause, resignation for Good Reason or termination due to Disability, Section 409A of the Code applies to the distribution in connection with such acceleration and Grantee is a "specified employee" (determined in accordance with Section 409A of the Code), Grantee shall be entitled to receive the corresponding Shares from the Company on the date that is the first day of the seventh month after Grantee's "separation from service" with the Company (determined in accordance with Section 409A of the Code). Elections to defer receipt of the Shares beyond the date of settlement provided herein may be permitted in the discretion of the Committee pursuant to procedures established by the Committee in compliance with the requirements of Section 409A of the Code.

7. Dividend Equivalents. Grantee shall not be entitled to receive any cash dividends on the Performance Stock Units. However, to the extent the Company determines to pay a cash dividend to holders of the Common Stock, a Grantee shall, with respect to each Performance Stock Unit, be entitled to receive a cash payment from the Company on each cash dividend payment date with respect to the Shares with a record date between the Grant Date and the settlement of such unit pursuant to Paragraph 6 hereof, such cash payment to be in an amount equal to the dividend that would have been paid on the Common Stock represented by such unit. Cash payments on each cash dividend payment date with respect to the Shares with a record date prior to a Vesting Date shall be accrued until the Vesting Date and paid thereon (subject to the same vesting requirements as the underlying Performance Stock Units award). Elections to defer receipt of the cash payments in lieu of cash dividends beyond the date of settlement provided herein may be permitted in the discretion of the Committee pursuant to procedures established by the Company in compliance with the requirements of Section 409A of the Code.

8. Right of Set-Off. By accepting these Performance Stock Units, Grantee consents to a deduction from, and set-off against, any amounts owed to Grantee that are not treated as "non-qualified deferred compensation" under Section 409A of the Code by any member of the Imprimis Group from time to time (including, but not limited to, amounts owed to Grantee as wages, severance payments or other fringe benefits) to the extent of the amounts owed to the Imprimis Group by Grantee under this Agreement.

9. No Stockholder Rights. Grantee shall have no rights of a stockholder with respect to the Performance Stock Units, including, without limitation, any right to vote the Shares represented by the Performance Stock Units.

10. Withholding Tax.

(a) Generally. Grantee is liable and responsible for all taxes owed in connection with the Performance Stock Units (including taxes owed with respect to any cash payments described in Paragraph 7 hereof), regardless of any action the Company takes with respect to any tax withholding obligations that arise in connection with the Performance Stock Units. The Company does not make any representation or undertaking regarding the tax treatment or the treatment of any tax withholding in connection with the grant or vesting of the Performance Stock Units or the subsequent sale of Shares issuable upon settlement of the Performance Stock Units. The Company does not commit and is under no obligation to structure the Performance Stock Units to reduce or eliminate Grantee's tax liability.

(b) Payment of Withholding Taxes. Prior to any event in connection with the Performance Stock Units (e.g., vesting or settlement) that the Company determines may result in any domestic or foreign tax withholding obligation, whether national, federal, state or local, including any employment tax obligation (the "Tax Withholding Obligation"), Grantee is required to arrange for the satisfaction of the minimum amount of such Tax Withholding Obligation in a manner acceptable to the Company. Unless Grantee elects to satisfy the Tax Withholding Obligation by an alternative means that is then permitted by the Company, Grantee's acceptance of this Agreement constitutes Grantee's instruction and authorization to the Company to retain on Grantee's behalf the number of Shares from those Shares issuable to Grantee under the Award as the Company determines to be sufficient to satisfy the Tax Withholding Obligation as owed when any such obligation becomes due. The value of any Shares retained for such purposes shall be based on the Fair Market Value, as the term is defined in the Plan, of the Shares on the date of vesting of the Performance Stock Units. To the extent that the Company retains any Shares to cover the Tax Withholding Obligation, it will do so at the minimum statutory rate, but in no event shall such amount exceed the minimum required by applicable law and regulations. The Company shall have the right to deduct from all cash payments paid pursuant to Paragraph 7 hereof the amount of any taxes which the Company is required to withhold with respect to such payments.

11. Governing Law/Venue for Dispute Resolution/Costs and Legal Fees. This Agreement shall be governed by the laws of the State of Delaware, without regard to principles of conflicts of law, except to the extent superceded by the laws of the United States of America. The parties agree and acknowledge that the laws of the State of Delaware bear a substantial relationship to the parties and/or this Agreement and that the Performance Stock Units and benefits granted herein would not be granted without the governance of this Agreement by the laws of the State of Delaware. In addition, all disputes relating to this Agreement shall be resolved exclusively pursuant to the terms of Section 17 of the Employment Agreement between Grantee and the Company dated _____.

12. Action by the Committee. The parties agree that the interpretation of this Agreement shall rest exclusively and completely within the sole discretion of the Committee. The parties agree to be bound by the decisions of the Committee with regard to the interpretation of this Agreement and with regard to any and all matters set forth in this Agreement. The Committee may delegate its functions under this Agreement to an officer of the Imprimis Group designated by the Committee (hereinafter the "designee"). In fulfilling its responsibilities hereunder, the Committee or its designee may rely upon documents, written statements of the parties or such other material as the Committee or its designee deems appropriate. The parties agree that there is no right to be heard or to appear before the Committee or its designee and that any decision of the Committee or its designee relating to this Agreement, including, without limitation, whether particular conduct constitutes Triggering Conduct, shall be final and binding unless such decision is arbitrary and capricious.

13. Prompt Acceptance of Agreement. The Performance Stock Unit grant evidenced by this Agreement shall, at the discretion of the Committee, be forfeited if this Agreement is not manually executed and returned to the Company, or electronically executed by Grantee by indicating Grantee's acceptance of this Agreement in accordance with the acceptance procedures set forth on the Company's third-party equity plan administrator's web site, within 90 days of the Grant Date.

14. Electronic Delivery and Consent to Electronic Participation. The Company may, in its sole discretion, decide to deliver any documents related to the Performance Stock Unit grant under and participation in the Plan or future Performance Stock Units that may be granted under the Plan by electronic means. Grantee hereby consents to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company, including the acceptance of Performance Stock Unit grants and the execution of Performance Stock Unit agreements through electronic signature.

15. Notices. All notices, requests, consents and other communications required or provided under this Agreement to be delivered by Grantee to the Company will be in writing and will be deemed sufficient if delivered by hand, facsimile, nationally recognized overnight courier, or certified or registered mail, return receipt requested, postage prepaid, and will be effective upon delivery to the Company at the address set forth below:

Imprimis Pharmaceuticals, Inc.
437 S. Hwy. 101, Suite 209
Solana Beach, CA 92075
Attention: General Counsel
Facsimile: 858-345-1745

All notices, requests, consents and other communications required or provided under this Agreement to be delivered by the Company to Grantee may be delivered by e-mail or in writing and will be deemed sufficient if delivered by e-mail, hand, facsimile, nationally recognized overnight courier, or certified or registered mail, return receipt requested, postage prepaid, and will be effective upon delivery to the Grantee.

IMPRIMIS
PHARMACEUTICALS, INC.

By: _____

Its.: _____

ACCEPTANCE OF AGREEMENT

Grantee hereby: (a) acknowledges receiving a copy of the Plan, which has either been previously delivered or is provided with this agreement, and represents that he or she is familiar with and understands all provisions of the Plan and this agreement; and (b) voluntarily and knowingly accepts this Agreement and the Performance Stock Units granted to him or her under this Agreement subject to all provisions of the Plan and this Agreement, including the provisions in the Agreement regarding "Triggering Conduct" and "Special Forfeiture/Repayment Rules" set forth in Paragraphs 4 and 5 above. Grantee further acknowledges receiving a copy of the Company's most recent annual report to stockholders and other communications routinely distributed to the Company's stockholders and a copy of the Plan Prospectus pertaining to the Plan.

_____
Grantee's Signature

_____
Date

EXHIBIT D

RELEASE AGREEMENT

This RELEASE AGREEMENT by and between Imprimis Pharmaceuticals, Inc. (the "Company") and _____ (the "Executive") is dated as of the ____ day of _____ , 2013 (the "Release").

Release

Executive hereby releases the Company and any of its predecessors, successors or assigns to all or any part of its businesses ("Imprimis") by execution of this Release from any and all claims and causes of action related in any way to the transactions or occurrences between them to date, to the fullest extent permitted by law, including, but not limited to, Executive's employment with Imprimis, the termination of Executive's employment, and all other losses, liabilities, claims, charges, demands and causes of action, whether known or unknown, as of the date of Executive's execution of this Release with the exception of any unemployment compensation claim Executive may have and any other claims that cannot be waived by law. Executive agrees that this Release applies to all officers, directors, employees and other representatives of Imprimis and its affiliates and any of its predecessors, successors or assigns to all or any part of its businesses including the Company, both individually and in their respective capacities (collectively with Imprimis, the "Releasees"). This Release is intended to have the broadest possible application permitted by law and includes, but is not limited to any tort, contract, common law, constitutional or other statutory claims, including, but not limited to, alleged violations of Imprimis' policies or practices; Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, other federal and state fair employment practices or discrimination laws; laws pertaining to breach of employment contract or wrongful termination; age discrimination claims under the Age Discrimination and Employment Act, 29 U.S.C. Section 621 et seq., the Uniformed Services Employment and Reemployment Rights Act, 38 U.S.C. Section 4301 et seq.; the Worker Adjustment and Retraining Notification Act, 29 U.S.C. Section 2101 et seq. and any applicable state laws of similar intent.

In addition, Executive agrees that Executive will not initiate, bring, or prosecute any suit, action or grievance against any of the Releasees for any released claim in any federal, state, county or municipal court, or any arbitral forum, except as specifically stated below. Executive further agree that if Executive does so, Executive will be liable for the payment of all damages and costs, including attorneys' fees, incurred by any of the Releasees in connection with Executive's suit, action, or grievance. Executive also waives any right to any relief sought in connection with such claims, including any right to damages, attorneys' fees, costs, and all other legal or equitable relief.

This Release and agreement not to sue does not prohibit Executive from pursuing a lawsuit, claim, or charge to challenge the validity or enforceability of this Release under the Age Discrimination in Employment Act ("ADEA") or the Older Workers Benefit Protection Act ("OWBPA"), nor does it render Executive liable for damages or costs, including attorneys' fees, incurred by the Releasees in connection with a lawsuit, claim, or charge to challenge the validity or enforceability of this Release under the ADEA or the OWBPA. This Release and agreement not to sue also does not prohibit Executive from filing charges with government agencies or participating in any investigation resulting from such charges. However, under this Release, Executive agrees not to accept any monetary or personal relief or remedy, including but not limited to back pay, front pay, or reinstatement, or damages of any nature that may be awarded to Executive in connection with such charges. In addition, this general release is not intended to bar any claims that may not be waived by law, such as claims for workers' compensation benefits, unemployment benefits or statutory indemnity, if applicable.

Notwithstanding anything to the contrary in this Release, this Release does not apply to any claims arising after Executive's execution of this Release, enforcement of Executive's rights to payments or benefits due or rights enforceable after the execution of this Release under the Employment Agreement dated _____, ____ between Executive and the Company (the "Employment Agreement"), claims under any of the Company's employee benefit plans or any rights Executive may have for indemnification under Imprimis' By-Laws, Certificate of Incorporation, applicable law, or any indemnification agreement, or any rights as an insured under Imprimis' D&O insurance policies, as in effect from time to time.

Complete Release

Executive also expressly agrees that Executive has read, understands, and intends to waive any and all rights or benefits described in Section 1542 of the California Civil Code, 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."

Thus, notwithstanding the provisions of Section 1542, and for the express purpose of implementing a full and complete release and discharge of Imprimis and the Releasees , Executive expressly acknowledges that this Release is intended to include within its effect, without limitation, all claims Executive does not know or suspect to exist in Executive's favor at the time of execution of this Release, and this Release contemplates the extinguishment of any such claim(s).

Review of Release

Executive agrees and represents that Executive has been advised of and fully understands the right to discuss all aspects of this Release with an attorney of Executive's choice. Executive's execution of this Release establishes that, if Executive wishes the advice of an attorney, Executive has sought such advice by the date Executive signed this Release, and that Executive was given at least 21 days to consider whether or not to sign. Executive may sign this Release before the end of the 21-day period and Executive agrees that if Executive decides to shorten this time period for signing, Executive's decision was knowing and voluntary. Executive agrees that a change to the Release, whether material or immaterial, does not restart the running of said period.

Executive will have seven days from the date that Executive signs this Release to revoke the Release and to change Executive's mind, in which case this Release shall be ineffective and of no legal force. If Executive so revokes this Release, there will be no obligation on the part of Imprimis to provide Executive with any of the severance benefits described in the Employment Agreement and Executive agrees to repay to Imprimis any such severance benefits previously paid or provided to Executive. Executive's revocation must be in writing and received by Imprimis' Executive Vice President, Human Resources on the seventh day in order to be effective. If Executive does not revoke acceptance within the seven (7) day period, Executive's acceptance of this Release shall become binding and enforceable on the eighth day ("Effective Date").

General Provisions

Executive and the Company agree to comply with their respective continuing obligations set forth in the surviving provisions of the Employment Agreement signed by Executive.

By entering into this Release, the Company makes no admission that it has engaged, or is now engaging, in any unlawful conduct. The parties understand and acknowledge that this Release is not an admission of liability and shall not be used or construed as such in any legal or administrative proceeding.

In the event any provision of this Release shall be found unenforceable, the unenforceable provision shall be deemed deleted and the validity and enforceability of the remaining provisions shall not be affected thereby.

This Release may be pled as a full and complete defense to, and may be used as a basis for an injunction against, any action, suit or other proceeding that may be prosecuted, instituted or attempted by Executive in breach hereof.

The validity, interpretation and performance of this Release shall be construed and interpreted according to the laws of the United States of America and the state in which Executive is employed.

This Release, including the surviving provisions of Executive's Employment Agreement, is intended to be the entire agreement between the parties and supersedes and cancels any and all other and prior agreements, written or oral, between the parties regarding this subject matter. This Release may be amended only by a written instrument executed by all parties hereto.

[Signatures follow.]

IN WITNESS WHEREOF, Executive has hereunto set Executive's hand and the Company has caused this Release to be executed in its name on its behalf, all as of the day and year first above written.

_____
Executive

_____
Date

IMPRIMIS PHARMACEUTICALS, INC.

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT E

LIMITED EXCLUSION NOTIFICATION

THIS IS TO NOTIFY you in accordance with Section 2872 of the California Labor Code that the foregoing Agreement between you and Imprimis Pharmaceuticals, Inc., a Delaware corporation (the "Company") does not require you to assign or offer to assign to the Company any invention that you developed entirely on your own time without using the Company's equipment, supplies, facilities or trade secret information except for those inventions that either:

(1) Relate at the time of conception or reduction to practice of the invention to the Company's business, or actual or demonstrably anticipated research or development of the Company; or

(2) Result from any work performed by you for the Company.

To the extent a provision in the Employment Agreement, dated _____, between you and the Company purports to require you to assign an invention otherwise excluded from the preceding paragraph, the provision is against the public policy of this state and is unenforceable.

This limited exclusion does not apply to any patent or invention covered by a contract between the Company and the United States or any of its agencies requiring full title to such patent or invention to be in the United States.

I ACKNOWLEDGE RECEIPT of a copy of this notification.

By:

_____

_____
Print Employee's Name

_____
Date

Witnessed by:

_____
Company Representative's Name and Position

Dated:

_____

IMPRIMIS PHARMACEUTICALS, INC.

AMENDED AND RESTATED 2007 INCENTIVE STOCK AND AWARDS PLAN

(as amended and restated on May 2, 2013)

1. Purpose of the Plan.

This 2007 Incentive Stock and Awards Plan (the "Plan") is intended as an incentive, to retain in the employ of and as directors, officers, consultants, advisors and employees to Imprimis Pharmaceuticals, Inc., a Delaware corporation (fka Transdel Pharmaceuticals, Inc.) (the "Company"), and any Subsidiary of the Company, within the meaning of Section 424(f) of the United States Internal Revenue Code of 1986, as amended (the "Code"), persons of training, experience and ability, to attract new directors, officers, consultants, advisors and employees whose services are considered valuable, to encourage the sense of proprietorship and to stimulate the active interest of such persons in the development and financial success of the Company and its Subsidiaries.

It is further intended that certain options granted pursuant to the Plan shall constitute incentive stock options within the meaning of Section 422 of the Code (the "Incentive Options") while certain other options granted pursuant to the Plan shall be nonqualified stock options (the "Nonqualified Options"). Incentive Options and Nonqualified Options are hereinafter referred to collectively as "Options."

The Company intends that the Plan meet the requirements of Rule 16b-3 ("Rule 16b-3") promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and that transactions of the type specified in subparagraphs (c) to (f) inclusive of Rule 16b-3 by officers and directors of the Company pursuant to the Plan will be exempt from the operation of Section 16(b) of the Exchange Act. Further, the Plan is intended to satisfy the performance-based compensation exception to the limitation on the Company's tax deductions imposed by Section 162(m) of the Code with respect to those Options, awards of Restricted Stock (as defined below), and awards of Restricted Stock Units (as defined below) for which qualification for such exception is intended. In all cases, the terms, provisions, conditions and limitations of the Plan shall be construed and interpreted consistent with the Company's intent as stated in this Section 1.

2. Administration of the Plan.

The Board of Directors of the Company (the "Board") shall appoint and maintain as administrator of the Plan a Committee (the "Committee") consisting of two or more directors who are (i) "Independent Directors" (as such term is defined under the rules of the NASDAQ Stock Market), (ii) "Non-Employee Directors" (as such term is defined in Rule 16b¬3) and (iii) "Outside Directors" (as such term is defined in Section 162(m) of the Code), which shall serve at the pleasure of the Board. The Committee, subject to Sections 3, 5, 6 and 7 hereof, shall have full power and authority to designate recipients of Options, restricted stock ("Restricted Stock") and restricted stock units ("Restricted Stock Units") and to determine the terms and conditions of the respective Option, Restricted Stock and Restricted Stock Unit agreements (which need not be identical) and to interpret the provisions and supervise the administration of the Plan. The Committee shall have the authority, without limitation, to designate which Options granted under the Plan shall be Incentive Options and which shall be Nonqualified Options. To the extent any Option does not qualify as an Incentive Option, it shall constitute a separate Nonqualified Option.

Subject to the provisions of the Plan, the Committee shall interpret the Plan and all Options, Restricted Stock and Restricted Stock Units granted under the Plan, shall make such rules as it deems necessary for the proper administration of the Plan, shall make all other determinations necessary or advisable for the administration of the Plan and shall correct any defects or supply any omission or reconcile any inconsistency in the Plan or in any Options, Restricted Stock or Restricted Stock Units granted under the Plan in the manner and to the extent that the Committee deems desirable to carry into effect the Plan or any Options, Restricted Stock or Restricted Stock Units. The act or determination of a majority of the Committee shall be the act or determination of the Committee and any decision reduced to writing and signed by all of the members of the Committee shall be fully effective as if it had been made by a majority of the Committee at a meeting duly held for such purpose. Subject to the provisions of the Plan, any action taken or determination made by the Committee pursuant to this and the other Sections of the Plan shall be conclusive on all parties.

In the event that for any reason the Committee is unable to act or if the Committee at the time of any grant, award or other acquisition under the Plan does not consist of two or more Non-Employee Directors, or if there shall be no such Committee, or if the Board otherwise determines to administer the Plan, then the Plan shall be administered by the Board, and references herein to the Committee (except in the proviso to this sentence) shall be deemed to be references to the Board, and any such grant, award or other acquisition may be approved or ratified in any other manner contemplated by subparagraph (d) of Rule 16b-3; provided, however, that grants to the Company's Chief Executive Officer or to any of the Company's other four most highly compensated officers that are intended to qualify as performance-based compensation under Section 162(m) of the Code may only be granted by the Committee.

3. Designation of Optionees and Grantees.

The persons eligible for participation in the Plan as recipients of Options (the "Optionees") or Restricted Stock or Restricted Stock Units (the "Grantees" and together with Optionees, the "Participants") shall include directors, officers and employees of, and consultants and advisors to, the Company or any Subsidiary; provided that Incentive Options may only be granted to employees of the Company and any Subsidiary. In selecting Participants, and in determining the number of shares to be covered by each Option or award of Restricted Stock or Restricted Stock Units granted to Participants, the Committee may consider any factors it deems relevant, including, without limitation, the office or position held by the Participant or the Participant's relationship to the Company, the Participant's degree of responsibility for and contribution to the growth and success of the Company or any Subsidiary, the Participant's length of service, promotions and potential. A Participant who has been granted an Option, Restricted Stock or Restricted Stock Units hereunder may be granted an additional Option or Options, Restricted Stock or Restricted Stock Units if the Committee shall so determine.

4. Stock Reserved for the Plan.

(a) Subject to adjustment as provided in Section 9 hereof, a total of 2,400,000 shares of the Company's common stock, par value $0.001 per share (the "Stock"), shall be subject to the Plan. The shares of Stock subject to the Plan shall consist of unissued shares, treasury shares or previously issued shares held by any Subsidiary of the Company, and such number of shares of Stock shall be and is hereby reserved for such purpose. Any of such shares of Stock that may remain unissued and that are not subject to outstanding Options or Restricted Stock Units at the termination of the Plan shall cease to be reserved for the purposes of the Plan, but until termination of the Plan the Company shall at all times reserve a sufficient number of shares of Stock to meet the requirements of the Plan. Should any Option or award of Restricted Stock or Restricted Stock Units expire or be canceled prior to its exercise or vesting in full or should the number of shares of Stock to be delivered upon the exercise or vesting in full of an Option or award of Restricted Stock or Restricted Stock Units be reduced for any reason, the shares of Stock theretofore subject to such Option, Restricted Stock or Restricted Stock Units may be subject to future Options, Restricted Stock or Restricted Stock Units under the Plan.

(b) The maximum number of shares of Stock with respect to which Options may be granted to any Optionee in any calendar year shall be six hundred thousand (600,000) shares. In connection with an Optionee's commencement of employment or service with the Company or any Subsidiary, an Optionee may be granted Options for up to an additional two hundred thousand (200,000) shares which shall not count against the limit set forth in the previous sentence. The foregoing limitations shall be adjusted proportionately in connection with any change in the Company's capitalization pursuant to Section 9, below. To the extent required by Section 162(m) of the Code or the regulations thereunder, in applying the foregoing limitations with respect to an Optionee, if any Option is canceled, the canceled Option shall continue to count against the maximum number of Shares with respect to which Options may be granted to the Optionee. For this purpose, the repricing of an Option shall be treated as the cancellation of the existing Option and the grant of a new Option.

(c) For awards of Restricted Stock or Restricted Stock Units that are intended to qualify as "performance-based compensation" under Section 162(m) of the Code, the maximum number of shares of Stock with respect to which such awards may be granted to any Grantee in any calendar year shall be six hundred thousand (600,000) shares. The foregoing limitation shall be adjusted proportionately in connection with any change in the Company's capitalization pursuant to Section 9, below. Subject to the terms of the Plan, awards of Restricted Stock or Restricted Stock Units that are intended to qualify as performance-based compensation under Section 162(m) of the Code shall be subject to satisfaction of performance criteria. The performance criteria established by the Committee may be based on any one of, or combination of, the following: (i) increase in share price, (ii) earnings per share, (iii) total stockholder return, (iv) operating margin, (v) gross margin, (vi) return on equity, (vii) return on assets, (viii) return on investment (ix) operating income, (x) net operating income, (xi) pre-tax profit (xii) cash flow, (xiii) revenue, (xiv) expenses, (xv) earnings before interest, taxes and depreciation, (xvi) economic value added and (xvii) market share. The performance criteria may be applicable to the Company, Subsidiaries and/or any individual business units of the Company or any Subsidiary. Partial achievement of the specified criteria may result in a payment or vesting corresponding to the degree of achievement as specified in the Restricted Stock or Restricted Stock Unit agreement. In addition, the performance criteria shall be calculated in accordance with generally accepted accounting principles, but excluding the effect (whether positive or negative) of any change in accounting standards and any extraordinary, unusual or nonrecurring item, as determined by the Committee, occurring after the establishment of the performance criteria applicable to the award intended to be performance-based compensation. Each such adjustment, if any, shall be made solely for the purpose of providing a consistent basis from period to period for the calculation of performance criteria in order to prevent the dilution or enlargement of the Grantee's rights with respect to an award intended to be performance-based compensation.

5. Terms and Conditions of Options.

Options granted under the Plan shall be subject to the following conditions and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee shall deem desirable:

(a) Option Price. The purchase price of each share of Stock purchasable, under an Incentive Option shall be determined by the Committee at the time of grant, but shall not be less than 100% of the Fair Market Value (as defined below) of such share of Stock on the date the Option is granted; provided, however, that with respect to an Optionee who, at the time such Incentive Option is granted, owns (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or of any Subsidiary, the purchase price per share of Stock shall be at least 110% of the Fair Market Value per share of Stock on the date of grant. The purchase price of each share of Stock purchasable under a Nonqualified Option shall not be less than 100% of the Fair Market Value, of such share of Stock on the date the Option is granted. The exercise price for each Option shall be subject to adjustment as provided in Section 9 below. "Fair Market Value" means: (i) if the Stock is listed on one or more established stock exchanges or national market systems, including without limitation The NASDAQ Global Select Market, The NASDAQ Global Market or The NASDAQ Capital Market of The NASDAQ Stock Market LLC, the closing sales price for such Stock (or the closing bid, if no sales were reported) as quoted on the principal exchange or system on which the Stock is listed (as determined by the Committee) on the date of grant of the Option or Stock (or, if no closing sales price or closing bid was reported on that date, as applicable, on the last trading date such closing sales price or closing bid was reported), as reported in The Wall Street Journal or such other source as the Committee deems reliable; (ii) if the Stock is regularly quoted on an automated quotation system (including but not limited to the OTC Bulletin Board) or by a recognized securities dealer, the closing sales price for such Stock as quoted on such system or by such securities dealer on the date of grant of the Option or Stock, but if selling prices are not reported, the Fair Market Value of a share of Stock shall be the mean between the high bid and low asked prices for the Stock on the date of grant of the Option or Stock (or, if no such prices were reported on that date, on the last date such prices were reported), as reported in The Wall Street Journal or, such other source as the Committee deems reliable; or (iii) in the absence of an established market for the Stock of the type described in (i) and (ii), above, the Fair Market Value thereof shall be determined by the Committee in good faith. Anything in this Section 5(a) to the contrary notwithstanding, in no event shall the purchase price of a share of Stock be less than the minimum price permitted under the rules and policies of any national securities exchange on which the shares of Stock are listed.

(b) Option Term. The term of each Option shall be fixed by the Committee, but no Option shall be exercisable more than ten years after the date such Option is granted and in the case of an Incentive Option granted to an Optionee who, at the time such Incentive Option is granted, owns (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or of any Subsidiary, no such Incentive Option shall be exercisable more than five years after the date such Incentive Option is granted.

(c) Exercisability. Subject to Section 5(j) hereof, Options shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee at the time of grant; provided, however, that in the absence of any Option vesting periods designated by the Committee at the time of grant, Options shall vest and become exercisable as to one-third of the total number of shares subject to the Option on each of the first, second and third anniversaries of the date of grant; and provided further that no Options shall be exercisable until such time as any vesting limitation required by Section 16 of the Exchange Act, and related rules, shall be satisfied if such limitation shall be required for continued validity of the exemption provided under Rule 16b-3(d)(3).

Upon the occurrence of a "Change in Control" (as hereinafter defined), the Committee may accelerate the vesting and exercisability of outstanding Options, in whole or in part, as determined by the Committee in its sole discretion. In its sole discretion, the Committee may also determine that, upon the occurrence of a Change in Control, each outstanding Option shall terminate within a specified number of days after notice to the Optionee thereunder, and each such Optionee shall receive, with respect to each share of Company Stock subject to such Option, an amount equal to the excess of the Fair Market Value of such shares immediately prior to such Change in Control over the exercise price per share of such Option; such amount shall be payable in cash, in one or more kinds of property (including the property, if any, payable in the transaction) or a combination thereof, as the Committee shall determine in its sole discretion.

For purposes of the Plan, unless otherwise defined in an employment agreement between the Company and the relevant Optionee, a Change in Control shall be deemed to have occurred if:

(i) a tender offer (or series of related offers) shall be made and consummated for the ownership of 50% or more of the outstanding voting securities of the Company, unless as a result of such tender offer more than 50% of the outstanding voting securities of the surviving or resulting corporation shall be owned in the aggregate by the stockholders of the Company (as of the time immediately prior to the commencement of such offer), any employee benefit plan of the Company or its Subsidiaries, and their affiliates;

(ii) the Company shall be merged or consolidated with another corporation, unless as a result of such merger or consolidation more than 50% of the outstanding voting securities of the surviving or resulting corporation shall be owned in the aggregate by the stockholders of the Company (as of the time immediately prior to such transaction), any employee benefit plan of the Company or its Subsidiaries, and their affiliates;

(iii) the Company shall sell substantially all of its assets to another corporation that is not wholly owned by the Company, unless as a result of such sale more than 50% of such assets shall be owned in the aggregate by the stockholders of the Company (as of the time immediately prior to such transaction), any employee benefit plan of the Company or its Subsidiaries and their affiliates; or

(iv) a Person (as defined below) shall acquire 50% or more of the outstanding voting securities of the Company (whether directly, indirectly, beneficially or of record), unless as a result of such acquisition more than 50% of the outstanding voting securities of the surviving or resulting corporation shall be owned in the aggregate by the stockholders of the Company (as of the time immediately prior to the first acquisition of such securities by such Person), any employee benefit plan of the Company or its Subsidiaries, and their affiliates.

Notwithstanding the foregoing, if Change of Control is defined in an employment agreement between the Company and the relevant Optionee, then, with respect to such Optionee, Change of Control shall have the meaning ascribed to it in such employment agreement.

For purposes of this Section 5(c), ownership of voting securities shall take into account and shall include ownership as determined by applying the provisions of Rule 13d-3(d)(I)(i) (as in effect on the date hereof) under the Exchange Act. In addition, for such purposes, "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof; provided, however, that a Person shall not include (A) the Company or any of its Subsidiaries; (B) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Subsidiaries; (C) an underwriter temporarily holding securities pursuant to an offering of such securities; or (D) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportion as their ownership of stock of the Company.

(d) Method of Exercise. Options to the extent then exercisable may be exercised in whole or in part at any time during the option period, by giving written notice to the Company specifying the number of shares of Stock to be purchased, accompanied by payment in full of the purchase price, in cash, or by check or such other instrument as may be acceptable to the Committee. As determined by the Committee, in its sole discretion, at or after grant, payment in full or in part may be made at the election of the Optionee (i) in the form of Stock owned by the Optionee (based on the Fair Market Value of the Stock which is not the subject of any pledge or security interest, (ii) in the form of shares of Stock withheld by the Company from the shares of Stock otherwise to be received with such withheld shares of Stock having a Fair Market Value equal to the exercise price of the Option, or (iii) by a combination of the foregoing, such Fair Market Value determined by applying the principles set forth in Section 5(a), provided that the combined value of all cash and cash equivalents and the Fair Market Value of any shares surrendered to the Company is at least equal to such exercise price and except with respect to (ii) above, such method of payment will not cause a disqualifying disposition of all or a portion of the Stock received upon exercise of an Incentive Option. An Optionee shall have the right to dividends and other rights of a stockholder with respect to shares of Stock purchased upon exercise of an Option at such time as the Optionee (i) has given written notice of exercise and has paid in full for such shares, and (ii) has satisfied such conditions that may be imposed by the Company with respect to the withholding of taxes.

(e) Non-transferability of Options. Options are not transferable and may be exercised solely by the Optionee during his lifetime or after his death by the person or persons entitled thereto under his will or the laws of descent and distribution. The Committee, in its sole discretion, may permit a transfer of a Nonqualified Option to (i) a trust for the benefit of the Optionee, (ii) a member of the Optionee's immediate family (or a trust for his or her benefit) or (iii) pursuant to a domestic relations order. Any attempt to transfer, assign, pledge or otherwise dispose of, or to subject to execution, attachment or similar process, any Option contrary to the provisions hereof shall be void and ineffective and shall give no right to the purported transferee.

(f) Termination by Death. Unless otherwise determined by the Committee, if any Optionee's employment with or service to the Company or any Subsidiary terminates by reason of death, the Option may thereafter be exercised, to the extent then exercisable (or on such accelerated basis as the Committee shall determine at or after grant), by the legal representative of the estate or by the legatee of the Optionee under the will of the Optionee, for a period of one (1) year after the date of such death (or, if later, such time as the Option may be exercised pursuant to Section 15(d) hereof) or until the expiration of the stated term of such Option as provided under the Plan, whichever period is shorter.

(g) Termination by Reason of Disability. Unless otherwise determined by the Committee, if any Optionee's employment with or service to the Company or any Subsidiary terminates by reason of Disability (as defined below), then any Option held by such Optionee may thereafter be exercised, to the extent it was exercisable at the time of termination due to Disability (or on such accelerated basis as the Committee shall determine at or after grant), but may not be exercised after ninety (90) days after the date of such termination of employment or service (or, if later, such time as the Option may be exercised pursuant to Section 15(d) hereof) or the expiration of the stated term of such Option, whichever period is shorter; provided, however, that, if the Optionee dies within such ninety (90) day period, any unexercised Option held by such Optionee shall thereafter be exercisable to the extent to which it was exercisable at the time of death for a period of one (1) year after the date of such death (or, if later, such time as the Option may be exercised pursuant to Section 15(d) hereof) or for the stated term of such Option, whichever period is shorter. "Disability" shall mean an Optionee's total and permanent disability; *provided*, that if Disability is defined in an employment agreement between the Company and the relevant Optionee, then, with respect to such Optionee, Disability shall have the meaning ascribed to it in such employment agreement.

(h) Termination by Reason of Retirement. Unless otherwise determined by the Committee, if any Optionee's employment with or service to the Company or any Subsidiary terminates by reason of Normal or Early Retirement (as such terms are defined below), any Option held by such Optionee may thereafter be exercised to the extent it was exercisable at the time of such Retirement (or on such accelerated basis as the Committee shall determine at or after grant), but may not be exercised after ninety (90) days after the date of such termination of employment or service (or, if later, such time as the Option may be exercised pursuant to Section 15(d) hereof) or the expiration of the stated term of such Option, whichever date is earlier; provided, however, that, if the Optionee dies within such ninety (90) day period, any unexercised Option held by such Optionee shall thereafter be exercisable, to the extent to which it was exercisable at the time of death, for a period of one (1) year after the date of such death (or, if later, such time as the Option may be exercised pursuant to Section 15(d) hereof) or for the stated term of such Option, whichever period is shorter.

For purposes of this paragraph (h), "Normal Retirement" shall mean retirement from active employment with the Company or any Subsidiary on or after the normal retirement date specified in the applicable Company or Subsidiary pension plan or if no such pension plan, age 65, and "Early Retirement" shall mean retirement from active employment with the Company or any Subsidiary pursuant to the early retirement provisions of the applicable Company or Subsidiary pension plan or if no such pension plan, age 55.

(i) Other Terminations. Unless otherwise determined by the Committee upon grant, if any Optionee's employment with or service to the Company or any Subsidiary is terminated by such Optionee for any reason other than death, Disability, Normal or Early Retirement or Good Reason (as defined below), the Option shall thereupon terminate, except that the portion of any Option that was exercisable on the date of such termination of employment or service may be exercised for the lesser of ninety (90) days after the date of termination (or, if later, such time as the Option may be exercised pursuant to Section 15(d) hereof) or the balance of such Option's term, which ever period is shorter. The transfer of an Optionee from the employ of or service to the Company to the employ of or service to a Subsidiary, or vice versa, or from one Subsidiary to another, shall not be deemed to constitute a termination of employment or service for purposes of the Plan.

(i) In the event that the Optionee's employment or service with the Company or any Subsidiary is terminated by the Company or such Subsidiary for "cause" any unexercised portion of any Option shall immediately terminate in its entirety. For purposes hereof, unless otherwise defined in an employment agreement between the Company and the relevant Optionee, "Cause" shall exist upon a good-faith determination by the Board, following a hearing before the Board at which an Optionee was represented by counsel and given an opportunity to be heard, that such Optionee has been accused of fraud, dishonesty or act detrimental to the interests of the Company or any Subsidiary of Company or that such Optionee has been accused of or convicted of an act of willful and material embezzlement or fraud against the Company or of a felony under any state or federal statute; provided, however, that it is specifically understood that "Cause" shall not include any act of commission or omission in the good-faith exercise of such Optionee's business judgment as a director, officer or employee of the Company, as the case may be, or upon the advice of counsel to the Company. Notwithstanding the foregoing, if Cause is defined in an employment agreement between the Company and the relevant Optionee, then, with respect to such Optionee, Cause shall have the meaning ascribed to it in such employment agreement.

(ii) In the event that an Optionee is removed as a director, officer or employee by the Company at any time other than for "Cause" or resigns as a director, officer or employee for "Good Reason" the Option granted to such Optionee may be exercised by the Optionee, to the extent the Option was exercisable on the date such Optionee ceases to be a director, officer or employee. Such Option may be exercised at any time within one (1) year after the date the Optionee ceases to be a director, officer or employee (or, if later, such time as the Option may be exercised pursuant to Section 15(d) hereof), or the date on which the Option otherwise expires by its terms; which ever period is shorter, at which time the Option shall terminate; provided, however, if the Optionee dies before the Options terminate and are no longer exercisable, the terms and provisions of Section 5(1) shall control. For purposes of this Section 5(i), and unless otherwise defined in an employment agreement between the Company and the relevant Optionee, Good Reason shall exist upon the occurrence of the following:

(A) the assignment to Optionee of any duties inconsistent with the position in the Company that Optionee held immediately prior to the assignment;

(B) a Change of Control resulting in a significant adverse alteration in the status or conditions of Optionee's participation with the Company or other nature of Optionee's responsibilities from those in effect prior to such Change of Control, including any significant alteration in Optionee's responsibilities immediately prior to such Change in Control; and

(C) the failure by the Company to continue to provide Optionee with benefits substantially similar to those enjoyed by Optionee prior to such failure.

Notwithstanding the foregoing, if Good Reason is defined in an employment agreement between the Company and the relevant Optionee, then, with respect to such Optionee, Good Reason shall have the meaning ascribed to it in such employment agreement.

(j) Limit on Value of Incentive Option. The aggregate Fair Market Value, determined as of the date the Incentive Option is granted, of Stock for which Incentive Options are exercisable for the first time by any Optionee during any calendar year under the Plan (and/or any other stock option plans of the Company or any Subsidiary) shall not exceed $100,000.

6. Terms and Conditions of Restricted Stock.

Restricted Stock may be granted under this Plan aside from, or in association with, any other award and shall be subject to the following conditions and shall contain such additional terms and conditions (including provisions relating to the acceleration of vesting of Restricted Stock upon a Change of Control), not inconsistent with the terms of the Plan, as the Committee shall deem desirable:

(a) Grantee rights. A Grantee shall have no rights to an award of Restricted Stock unless and until Grantee accepts the award within the period prescribed by the Committee and, if the Committee shall deem desirable, makes payment to the Company in cash, or by check or such other instrument as may be acceptable to the Committee. After acceptance and issuance of a certificate or certificates, as provided for below, the Grantee shall have the rights of a stockholder with respect to Restricted Stock subject to the non-transferability and forfeiture restrictions described in Section 6(d) below.

(b) Issuance of Certificates. The Company shall issue in the Grantee's name a certificate or certificates for the shares of Common Stock associated with the award promptly after the Grantee accepts such award.

(c) Delivery of Certificates. Unless otherwise provided, any certificate or certificates issued evidencing shares of Restricted Stock shall not be delivered to the Grantee until such shares are free of any restrictions specified by the Committee at the time of grant.

(d) Forfeitability, Non-transferability of Restricted Stock. Shares of Restricted Stock are forfeitable until the terms of the Restricted Stock grant have been satisfied. Shares of Restricted Stock are not transferable until the date on which the Committee has specified such restrictions have lapsed. Unless otherwise provided by the Committee at or after grant, distributions in the form of dividends or otherwise of additional shares or property in respect of shares of Restricted Stock shall be subject to the same restrictions as such shares of Restricted Stock.

(e) Change of Control. Upon the occurrence of a Change in Control as defined in Section 5(c), the Committee may accelerate the vesting of outstanding Restricted Stock, in whole or in part, as determined by the Committee, in its sole discretion.

(f) Termination of Employment. Unless otherwise determined by the Committee at or after grant, in the event the Grantee ceases to be an employee or otherwise associated with the Company for any other reason, all shares of Restricted Stock theretofore awarded to him which are still subject to restrictions shall be forfeited and the Company shall have the right to complete the blank stock power. The Committee may provide (on or after grant) that restrictions or forfeiture conditions relating to shares of Restricted Stock will be waived in whole or in part in the event of termination resulting from specified causes, and the Committee may in other cases waive in whole or in part restrictions or forfeiture conditions relating to Restricted Stock.

7. Terms and Conditions of Restricted Stock Units.

Restricted Stock Units may be granted under this Plan aside from, or in association with, any other award and shall be subject to the following conditions and shall contain such additional terms and conditions (including provisions relating to the acceleration of vesting of Restricted Stock Units upon a Change of Control), not inconsistent with the terms of the Plan, as the Committee shall deem desirable:

(a) Grantee rights. A Grantee shall have no rights to an award of Restricted Stock Units unless and until Grantee accepts the award within the period prescribed by the Committee.

(b) Form and Timing of Payment. Payment of earned Restricted Stock Units will be made as soon as practicable after the date(s) determined by the Committee and set forth in the Restricted Stock Unit agreement. The Committee, in its sole discretion, may only settle earned Restricted Stock Units in cash, shares of Common Stock, or a combination of both.

(c) Forfeitability, Non-transferability of Restricted Stock Units. Restricted Stock Units are forfeitable until the terms of the Restricted Stock Unit grant have been satisfied. Restricted Stock Units are not transferable until the date on which the Committee has specified such restrictions have lapsed.

(d) Change of Control. Upon the occurrence of a Change in Control as defined in Section 5(c), the Committee may accelerate the vesting of outstanding Restricted Stock Units, in whole or in part, as determined by the Committee, in its sole discretion.

(e) Termination of Employment. Unless otherwise determined by the Committee at or after grant, in the event the Grantee ceases to be an employee or otherwise associated with the Company for any other reason, all unvested Restricted Stock Units theretofore awarded to him shall be forfeited. The Committee may provide (on or after grant) that forfeiture conditions relating to Restricted Stock Units will be waived in whole or in part in the event of termination resulting from specified causes, and the Committee may in other cases waive in whole or in part forfeiture conditions relating to Restricted Stock Units.

8. Term of Plan.

No Option or award of Restricted Stock or Restricted Stock Units shall be granted pursuant to the Plan on or after the date which is ten years from the effective date of the Plan, but Options and awards of Restricted Stock and Restricted Stock Units theretofore granted may extend beyond that date.

9. Capital Change of the Company.

In the event of any merger, reorganization, consolidation, recapitalization, stock dividend, or other change in corporate structure affecting the Stock, the Committee shall make an appropriate and equitable adjustment in the number and kind of shares reserved for issuance under the Plan and in the number and option price of shares subject to outstanding Options granted under the Plan, to the end that after such event each Optionee's proportionate interest shall be maintained (to the extent possible) as immediately before the occurrence of such event. The Committee shall, to the extent feasible, make such other adjustments as may be required under the tax laws so that any Incentive Options previously granted shall not be deemed modified within the meaning of Section 424(h) of the Code. Appropriate adjustments shall also be made in the case of outstanding Restricted Stock and Restricted Stock Units granted under the Plan.

The adjustments described above will be made only to the extent consistent with continued qualification of the Option under Section 422 of the Code (in the case of an Incentive Option) and Section 409A of the Code.

10. Purchase for Investment/Conditions.

Unless the Options and shares covered by the Plan have been registered under the Securities Act of 1933, as amended (the "Securities Act"), or the Company has determined that such registration is unnecessary, each person exercising or receiving Options, Restricted Stock or Restricted Stock Units under the Plan may be required by the Company to give a representation in writing that he is acquiring the securities for his own account for investment and not with a view to, or for sale in connection with, the distribution of any part thereof. The Committee may impose any additional or further restrictions on awards of Options, Restricted Stock or Restricted Stock Units as shall be determined by the Committee at the time of award.

11. Taxes.

(a) The Company may make such provisions as it may deem appropriate, consistent with applicable law, in connection with any Options, Restricted Stock or Restricted Stock Units granted under the Plan with respect to the withholding of any taxes (including income or employment taxes) or any other tax matters.

(b) If any Grantee, in connection with the acquisition of Restricted Stock, makes the election permitted under Section 83(b) of the Code (that is, an election to include in gross income in the year of transfer the amounts specified in Section 83(b)), such Grantee shall notify the Company of the election with the Internal Revenue Service pursuant to regulations issued under the authority of Code Section 83(b).

(c) If any Grantee shall make any disposition of shares of Stock issued pursuant to the exercise of an Incentive Option under the circumstances described in Section 421(b) of the Code (relating to certain disqualifying dispositions), such Grantee shall notify the Company of such disposition within ten (10) days hereof.

12. Effective Date of Plan.

The Plan shall be effective on September 17, 2007; provided, however, that if, and only if, certain options are intended to qualify as Incentive Stock Options, the Plan must subsequently be approved by majority vote of the Company's stockholders no later than September 17, 2008, and further, that in the event certain Option, Restricted Stock or Restricted Stock Unit grants hereunder are intended to qualify as performance-based compensation within the meaning of Section 162(m) of the Code, the requirements as to stockholder approval set forth in Section 162(m) of the Code are satisfied.

13. Amendment and Termination.

The Board may amend, suspend, or terminate the Plan, except that no amendment shall be made that would impair the rights of any Participant under any Option, Restricted Stock or Restricted Stock Units theretofore granted without the Participant's consent, and except that no amendment shall be made which, without the approval of the stockholders of the Company would:

(a) materially increase the number of shares that may be issued under the Plan, except as is provided in Section 8;

(b) materially increase the benefits accruing to the Participants under the Plan;

(c) materially modify the requirements as to eligibility for participation in the Plan;

(d) decrease the exercise price of an Incentive Option to less than 100% of the Fair Market Value per share of Stock on the date of grant thereof or the exercise price of a Nonqualified Option to less than 100% of the Fair Market Value per share of Stock on the date of grant thereof; or

(e) extend the term of any Option beyond that provided for in Section 5(b).

(f) except as otherwise provided in Sections 5(d) and 8 hereof, reduce the exercise price of outstanding Options or effect repricing through cancellations and re-grants of new Options.

Subject to the forgoing, the Committee may amend the terms of any Option, Restricted Stock or Restricted Stock Units theretofore granted, prospectively or retrospectively, but no such amendment shall impair the rights of any Participant without the Participant's consent.

It is the intention of the Board that the Plan comply strictly with the provisions of Section 409A of the Code and Treasury Regulations and other Internal Revenue Service guidance promulgated thereunder (the "Section 409A Rules") and the Committee shall exercise its discretion in granting awards hereunder (and the terms of such awards), accordingly. The Plan and any grant of an award hereunder may be amended from time to time (without, in the case of an award, the consent of the Participant) as may be necessary or appropriate to comply with the Section 409A Rules.

14. Government Regulations.

The Plan, and the grant and exercise of Options, Restricted Stock or Restricted Stock Units hereunder, and the obligation of the Company to sell and deliver shares under such Options, Restricted Stock and Restricted Stock Units shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies, national securities exchanges and interdealer quotation systems as may be required.

15. General Provisions.

(a) Certificates. All certificates for shares of Stock delivered under the Plan shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, or other securities commission having jurisdiction, any applicable Federal or state securities law, any stock exchange or interdealer quotation system upon which the Stock is then listed or traded and the Committee may cause a legend or legends to be placed on any such certificates to make appropriate reference to such restrictions.

(b) Employment Matters. Neither the adoption of the Plan nor any grant or award under the Plan shall confer upon any Participant who is an employee of the Company or any Subsidiary any right to continued employment or, in the case of a Participant who is a director, continued service as a director, with the Company or a Subsidiary, as the case may be, nor shall it interfere in any way with the right of the Company or any Subsidiary to terminate the employment of any of its employees, the service of any of its directors or the retention of any of its consultants or advisors at any time.

(c) Limitation of Liability. No member of the Committee, or any officer or employee of the Company acting on behalf of the Committee, shall be personally liable for any action, determination or interpretation taken or made in good faith with respect to the Plan, and all members of the Committee and each and any officer or employee of the Company acting on their behalf shall, to the extent permitted by law, be fully indemnified and protected by the Company in respect of any such action, determination or interpretation.

(d) Registration of Stock. Notwithstanding any other provision in the Plan, no Option may be exercised unless and until the Stock to be issued upon the exercise thereof has been registered under the Securities Act and applicable state securities laws, or are, in the opinion of counsel to the Company, exempt from such registration in the United States. The Company shall not be under any obligation to register under applicable federal or state securities laws any Stock to be issued upon the exercise of an Option or vesting of Restricted Stock Units granted hereunder in order to permit the exercise of an Option or vesting of Restricted Stock Units and the issuance and sale of the Stock subject to such Option or Restricted Stock Units, although the Company may in its sole discretion register such Stock at such time as the Company shall determine. If the Company chooses to comply with such an exemption from registration, the Stock issued under the Plan may, at the direction of the Committee, bear an appropriate restrictive legend restricting the transfer or pledge of the Stock represented thereby, and the Committee may also give appropriate stop transfer instructions with respect to such Stock to the Company's transfer agent.

16. Non-Uniform Determinations.

The Committee's determinations under the Plan, including, without limitation, (i) the determination of the Participants to receive awards, (ii) the form, amount and timing of such awards, (iii) the terms and provisions of such awards and (ii) the agreements evidencing the same, need not be uniform and may be made by it selectively among Participants who receive, or who are eligible to receive, awards under the Plan, whether or not such Participants are similarly situated.

17. Governing Law.

The validity, construction, and effect of the Plan and any rules and regulations relating to the Plan shall be determined in accordance with the internal laws of the State of Delaware, without giving effect to principles of conflicts of laws, and applicable federal law.

EXHIBIT 10.4

IMPRIMIS PHARMACEUTICALS, INC.

AMENDED AND RESTATED 2007 INCENTIVE STOCK AND AWARDS PLAN

NOTICE OF RESTRICTED STOCK UNIT AWARD

Grantee's Name and Address: _____

_____

_____

You (the "Grantee") have been granted an award of Restricted Stock Units (the "Award"), subject to the terms and conditions of this Notice of Restricted Stock Unit Award (the "Notice"), the Imprimis Pharmaceuticals, Inc. Amended and Restated 2007 Incentive Stock and Awards Plan, as amended from time to time (the "Plan") and the Restricted Stock Unit Agreement (the "Agreement") attached hereto, as follows. Unless otherwise provided herein, the terms in this Notice shall have the same meaning as those defined in the Plan.

Award Number _____

Date of Award _____

Vesting Commencement Date _____

Total Number of Restricted Stock Units Awarded (the "Units") _____

Vesting Schedule:

Subject to the Grantee continuing to be employed by or provide service to the Company or any Subsidiary and other limitations set forth in this Notice, the Agreement and the Plan, the Units will "vest" in accordance with the following schedule (the "Vesting Schedule"):

[Insert Vesting Schedule].

In the event of the Grantee's change in status from an employee to a consultant or nonemployee director, the determination of whether such change in status results in a termination of employment or service will be determined in accordance with Section 409A of the Code.

For purposes of this Notice and the Agreement, the term "vest" shall mean, with respect to any Units, that such Units are no longer subject to forfeiture to the Company. If the Grantee would become vested in a fraction of a Unit, such Unit shall not vest until the Grantee becomes vested in the entire Unit.

Vesting shall cease upon the date the Grantee terminates employment or service with the Company or any Subsidiary for any reason, including death or Disability. In the event the Grantee terminates employment or service for any reason, including death or Disability, any unvested Units held by the Grantee immediately upon such termination of the Grantee's employment or service shall be forfeited and deemed reconveyed to the Company and the Company shall thereafter be the legal and beneficial owner of such reconveyed Units and shall have all rights and interest in or related thereto without further action by the Grantee.

IN WITNESS WHEREOF, the Company and the Grantee have executed this Notice and agree that the Award is to be governed by the terms and conditions of this Notice, the Plan, and the Agreement.

IMPRIMIS PHARMACEUTICALS, INC.
a Delaware corporation

By: _____

Name: _____

Title: _____

THE GRANTEE ACKNOWLEDGES AND AGREES THAT THE UNITS SHALL VEST, IF AT ALL, ONLY DURING THE PERIOD OF THE GRANTEE'S EMPLOYMENT OR SERVICE WITH THE COMPANY OR A SUBSIDIARY OR AS OTHERWISE SPECIFICALLY PROVIDED HEREIN (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS AWARD OR ACQUIRING SHARES HEREUNDER). THE GRANTEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS NOTICE, THE AGREEMENT, NOR IN THE PLAN, SHALL CONFER UPON THE GRANTEE ANY RIGHT WITH RESPECT TO CONTINUATION OF THE GRANTEE'S EMPLOYMENT OR SERVICE, NOR SHALL IT INTERFERE IN ANY WAY WITH THE GRANTEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE THE GRANTEE'S EMPLOYMENT OR SERVICE AT ANY TIME, WITH OR WITHOUT CAUSE, AND WITH OR WITHOUT NOTICE. THE GRANTEE ACKNOWLEDGES THAT UNLESS THE GRANTEE HAS A WRITTEN EMPLOYMENT AGREEMENT WITH THE COMPANY TO THE CONTRARY, THE GRANTEE'S STATUS IS AT WILL.

Grantee Acknowledges and Agrees:

The Grantee acknowledges receipt of a copy of the Plan and the Agreement and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Award subject to all of the terms and provisions hereof and thereof. The Grantee has reviewed this Notice, the Agreement and the Plan in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Notice and fully understands all provisions of this Notice, the Agreement and the Plan. The Grantee further agrees and acknowledges that this Award is a non-elective arrangement pursuant to Section 409A of the Code.

The Grantee further acknowledges that, from time to time, the Company may be in a "blackout period" and/or subject to applicable federal securities laws that could subject the Grantee to liability for engaging in any transaction involving the sale of the Company's Shares. The Grantee further acknowledges and agrees that, prior to the sale of any Shares acquired under this Award, it is the Grantee's responsibility to determine whether or not such sale of Shares will subject the Grantee to liability under insider trading rules or other applicable federal securities laws.

The Grantee understands that the Award is subject to the Grantee's consent to access this Notice, the Agreement, the Plan and the Plan prospectus (collectively, the "Plan Documents") in electronic form on the Company's intranet or the website of the Company's designated brokerage firm, if applicable. By signing below (or providing an electronic signature by clicking below) and accepting the grant of the Award, the Grantee: (i) consents to access electronic copies (instead of receiving paper copies) of the Plan Documents via the Company's intranet or the website of the Company's designated brokerage firm, if applicable; (ii) represents that the Grantee has access to the Company's intranet [**or the website of the Company's designated brokerage firm, if applicable**]; (iii) acknowledges receipt of electronic copies, or that the Grantee is already in possession of paper copies, of the Plan Documents; and (iv) acknowledges that the Grantee is familiar with and accepts the Award subject to the terms and provisions of the Plan Documents.

The Company may, in its sole discretion, decide to deliver any Plan Documents by electronic means or request the Grantee's consent to participate in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

The Grantee hereby agrees that all questions of interpretation and administration relating to this Notice, the Plan and the Agreement shall be resolved by the Administrator in accordance with Section 8 of the Agreement. The Grantee further agrees to the venue and jurisdiction selection in accordance with Section 9 of the Agreement. The Grantee further agrees to notify the Company upon any change in his or her residence address indicated in this Notice.

Date: _____

_____
Grantee's Signature

_____
Grantee's Printed Name

_____
Address

_____
City, State & Zip

Award Number: _____

IMPRIMIS PHARMACEUTICALS, INC.
AMENDED AND RESTATED 2007 INCENTIVE STOCK AND AWARDS PLAN

RESTRICTED STOCK UNIT AGREEMENT

1. Issuance of Units. Imprimis Pharmaceuticals, Inc., a Delaware corporation (the "Company"), hereby issues to the Grantee (the "Grantee") named in the Notice of Restricted Stock Unit Award (the "Notice") an award (the "Award") of the Total Number of Restricted Stock Units Awarded set forth in the Notice (the "Units"), subject to the Notice, this Restricted Stock Unit Agreement (the "Agreement") and the terms and provisions of the Imprimis Pharmaceuticals, Inc. Amended and Restated 2007 Incentive Stock and Awards Plan, as amended from time to time (the "Plan"), which is incorporated herein by reference. Unless otherwise provided herein, the terms in this Agreement shall have the same meaning as those defined in the Plan.

2. Transfer Restrictions. The Units may not be transferred in any manner other than by will or by the laws of descent and distribution.

3. Conversion of Units and Issuance of Shares.

(a) General. Subject to Sections 3(b) and 3(c), one share of Common Stock shall be issuable for each Unit subject to the Award (the "Shares") upon vesting. **[**Immediately prior to the specified effective date of a Change in Control (each as defined in the Plan) and subject to Sections 3(b) and 3(c), vesting shall accelerate and one Share shall be issuable for each Unit subject to the Award.**]** Immediately thereafter, or as soon as administratively feasible, the Company will transfer the appropriate number of Shares to the Grantee after satisfaction of any required tax or other withholding obligations. Any fractional Unit remaining after the Award is fully vested shall be discarded and shall not be converted into a fractional Share. Notwithstanding the foregoing, the relevant number of Shares shall be issued no later than March 15th of the year following the calendar year in which the Award vests.

(b) Delay of Conversion. The conversion of the Units into the Shares under Section 3(a) above, shall be delayed in the event the Company reasonably anticipates that the issuance of the Shares would constitute a violation of federal securities laws or other applicable law. If the conversion of the Units into the Shares is delayed by the provisions of this Section 3(b), the conversion of the Units into the Shares shall occur at the earliest date at which the Company reasonably anticipates issuing the Shares will not cause a violation of federal securities laws or other applicable law. For purposes of this Section 3(b), the issuance of Shares that would cause inclusion in gross income or the application of any penalty provision or other provision of the Code is not considered a violation of applicable law.

(c) Delay of Issuance of Shares. The Company shall delay the issuance of any Shares under this Section 3 to the extent necessary to comply with Section 409A(a)(2)(B)(i) of the Code (relating to payments made to certain "specified employees" of certain publicly-traded companies); in such event, any Shares to which the Grantee would otherwise be entitled during the six (6) month period following the date of the Grantee's termination of employment or service with the Company or a Subsidiary will be issuable on the first business day following the expiration of such six (6) month period.

4. Right to Shares. The Grantee shall not have any right in, to or with respect to any of the Shares (including any voting rights or rights with respect to dividends paid on the Common Stock) issuable under the Award until the Award is settled by the issuance of such Shares to the Grantee.

5. Taxes.[1]

(a) Tax Liability. The Grantee is ultimately liable and responsible for all taxes owed by the Grantee in connection with the Award, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the Award. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with any aspect of the Award, including the grant, vesting, assignment, release or cancellation of the Units, the delivery of Shares, the subsequent sale of any Shares acquired upon vesting and the receipt of any dividends or dividend equivalents. The Company does not commit and is under no obligation to structure the Award to reduce or eliminate the Grantee's tax liability.

(b) Payment of Withholding Taxes. Prior to any event in connection with the Award (e.g., vesting) that the Company determines may result in any tax withholding obligation, whether United States federal, state, local or non-U.S., including any social insurance, employment tax, payment on account or other tax-related obligation (the "Tax Withholding Obligation"), the Grantee must arrange for the satisfaction of the minimum amount of such Tax Withholding Obligation in a manner acceptable to the Company.

(i) *By Share Withholding.* If permissible under applicable law, the Grantee authorizes the Company to, upon the exercise of its sole discretion, withhold from those Shares otherwise issuable to the Grantee the whole number of Shares sufficient to satisfy the minimum applicable Tax Withholding Obligation. The Grantee acknowledges that the withheld Shares may not be sufficient to satisfy the Grantee's minimum Tax Withholding Obligation. Accordingly, the Grantee agrees to pay to the Company or any Subsidiary as soon as practicable, including through additional payroll withholding, any amount of the Tax Withholding Obligation that is not satisfied by the withholding of Shares described above.

(ii) *By Sale of Shares*. Unless the Grantee determines to satisfy the Tax Withholding Obligation by some other means in accordance with clause (iii) below, the Grantee's acceptance of this Award constitutes the Grantee's instruction and authorization to the Company and any brokerage firm determined acceptable to the Company for such purpose to, upon the exercise of Company's sole discretion, sell on the Grantee's behalf a whole number of Shares from those Shares issuable to the Grantee as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the minimum applicable Tax Withholding Obligation. Such Shares will be sold on the day such Tax Withholding Obligation arises (e.g., a vesting date) or as soon thereafter as practicable. The Grantee will be responsible for all broker's fees and other costs of sale, and the Grantee agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale. To the extent the proceeds of such sale exceed the Grantee's minimum Tax Withholding Obligation, the Company agrees to pay such excess in cash to the Grantee. The Grantee acknowledges that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the Grantee's minimum Tax Withholding Obligation. Accordingly, the Grantee agrees to pay to the Company or any Subsidiary as soon as practicable, including through additional payroll withholding, any amount of the Tax Withholding Obligation that is not satisfied by the sale of Shares described above.

[1] Note to Draft: The tax withholding language has been drafted to provide the Company with flexibility in determining how the Company would like to handle tax withholding. However, we would note that for Section 16 purposes, if the Company were to determine at the time of settlement that it wished to cover tax withholding via net settlement, the net settlement will constitute a disposition for Section 16 purposes and will need to be reapproved at that time for any Section 16 officers to ensure that the disposition is exempt for Section 16b-3 purposes.

(iii) *By Check, Wire Transfer or Other Means*. At any time not less than five (5) business days (or such fewer number of business days as determined by the Administrator) before any Tax Withholding Obligation arises (e.g., a vesting date), the Grantee may elect to satisfy the Grantee's Tax Withholding Obligation by delivering to the Company an amount that the Company determines is sufficient to satisfy the Tax Withholding Obligation by (x) wire transfer to such account as the Company may direct, (y) delivery of a certified check payable to the Company, or (z) such other means as specified from time to time by the Administrator.

Notwithstanding the foregoing, the Company or a Subsidiary also may satisfy any Tax Withholding Obligation by offsetting any amounts (including, but not limited to, salary, bonus and severance payments) payable to the Grantee by the Company and/or a Subsidiary. Furthermore, in the event of any determination that the Company has failed to withhold a sum sufficient to pay all withholding taxes due in connection with the Award, the Grantee agrees to pay the Company the amount of such deficiency in cash within five (5) days after receiving a written demand from the Company to do so, whether or not the Grantee is an employee of the Company at that time.

6. Entire Agreement; Governing Law. The Notice, the Plan and this Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee. These agreements are to be construed in accordance with and governed by the internal laws of the State of California without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of California to the rights and duties of the parties. Should any provision of the Notice or this Agreement be determined to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

7. Construction. The captions used in the Notice and this Agreement are inserted for convenience and shall not be deemed a part of the Award for construction or interpretation. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

8. Administration and Interpretation. Any question or dispute regarding the administration or interpretation of the Notice, the Plan or this Agreement shall be submitted by the Grantee or by the Company to the Administrator. The resolution of such question or dispute by the Administrator shall be final and binding on all persons.

9. Venue and Jurisdiction. The parties agree that any suit, action, or proceeding arising out of or relating to the Notice, the Plan or this Agreement shall be brought exclusively in the United States District Court for the Southern District of California (or should such court lack jurisdiction to hear such action, suit or proceeding, in a California state court in the County of San Diego) and that the parties shall submit to the jurisdiction of such court. The parties irrevocably waive, to the fullest extent permitted by law, any objection the party may have to the laying of venue for any such suit, action or proceeding brought in such court. If any one or more provisions of this Section 9 shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

10. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery, upon deposit for delivery by an internationally recognized express mail courier service or upon deposit in the United States mail by certified mail (if the parties are within the United States), with postage and fees prepaid, addressed to the other party at its address as shown in these instruments, or to such other address as such party may designate in writing from time to time to the other party.

11. Language. If the Grantee has received this Agreement or any other document related to the Plan translated into a language other than English and if the translated version is different than the English version, the English version will control, unless otherwise prescribed by applicable law.

12. Amendment and Delay to Meet the Requirements of Section 409A. The Grantee acknowledges that the Company, in the exercise of its sole discretion and without the consent of the Grantee, may amend or modify this Agreement in any manner and delay the issuance of any Shares issuable pursuant to this Agreement to the minimum extent necessary to meet the requirements of Section 409A of the Code as amplified by any Treasury regulations or guidance from the Internal Revenue Service as the Company deems appropriate or advisable. In addition, the Company makes no representation that the Award will comply with Section 409A of the Code and makes no undertaking to prevent Section 409A of the Code from applying to the Award or to mitigate its effects on any deferrals or payments made in respect of the Units. The Grantee is encouraged to consult a tax adviser regarding the potential impact of Section 409A of the Code.

END OF AGREEMENT

EXHIBIT 31.1

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER UNDER SECTION 302 OF THE SARBANES-OXLEY ACT

I, Mark L. Baum, certify that:

(1) I have reviewed this quarterly report on Form 10-Q of Imprimis Pharmaceuticals, Inc.;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 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 the report any change in this 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.

Date: May 8, 2013

By: /s/ Mark L. Baum
Mark L. Baum, J.D.
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER UNDER SECTION 302 OF THE SARBANES-OXLEY ACT

I, Andrew R. Boll, certify that:

(1) I have reviewed this quarterly report on Form 10-Q of Imprimis Pharmaceuticals, Inc.;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 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 the report any change in this 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.

Date: May 8, 2013

By: /s/ Andrew R. Boll
Andrew R. Boll
Vice-President of Accounting and Public Reporting
(Principal Financial and Accounting Officer)

EXHIBIT 32.1

CERTIFICATION REQUIRED BY
SECTION 1350 OF TITLE 18 OF THE UNITED STATES CODE

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned hereby certifies in his capacity as the specified officer of Imprimis Pharmaceuticals, Inc. (the "Company"), that, to the best of his knowledge, the Quarterly Report of the Company on Form 10-Q for the fiscal quarter ended March 31, 2013 fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods presented in the financial statements included in such report.

Date: May 8, 2013

/s/ MARK L. BAUM
Mark L. Baum, J.D.
Chief Executive Officer
(Principal Executive Officer)

Date: May 8, 2013

/s/ ANDREW R. BOLL
Andrew R. Boll
Vice-President of Accounting and Public Reporting
(Principal Financial and Accounting Officer)

This certification accompanies this Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.