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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2017

OR

☐ **TRANSITION REPORT UNDER SECTION 13 OF 15(d) OF THE EXCHANGE ACT OF 1934**

From the transition period from _____ to_____.

Commission File Number 001-35366

FORTRESS BIOTECH, INC.
(Exact name of registrant as specified in its charter)

Delaware	**20-5157386**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**

2 Gansevoort Street, 9th Floor
New York, New York 10014
(Address of principal executive offices)

(781) 652-4500
(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐
		Emerging growth company	☐

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

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

As of May 10, 2017, there were 50,332,002 shares of Common Stock of the issuer outstanding.

FORTRESS BIOTECH, INC. AND SUBSIDIARIES
Quarterly Report on Form 10-Q
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Item 1. Unaudited Condensed Consolidated Financial Statements

FORTRESS BIOTECH, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
($ in thousands except for share and per share amounts)
(Unaudited)

	March 31, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 134,037	$ 88,294
Accounts receivable	1,368	1,830
Cash deposits with clearing organizations	1,030	1,030
Receivables from broker-dealers and clearing organizations	2,858	3,357
Forgivable loans receivable	1,528	1,712
Securities owned, at fair value	1,206	2,357
Inventory	204	203
Other receivables - related party	1,034	1,790
Prepaid expenses and other current assets	8,542	9,061
Total current assets	151,807	109,634
Property and equipment, net	7,386	7,376
Restricted cash	15,860	15,860
Long-term investments, at fair value	746	1,414
Intangible assets	17,077	17,408
Goodwill	18,645	18,645
Other assets	390	394
Total assets	**$ 211,911**	**$ 170,731**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	$ 24,864	$ 23,871
Accrued commissions and payroll payable	10,190	11,940
Contingent consideration payable	623	424
Deferred clearing and marketing credits	943	995
Securities sold, not yet purchased, at fair value	1	298
Warrants issuable - National	10,096	14,359
Interest payable	89	88
Interest payable - related party	96	77
Notes payable, short-term	2,105	1,000
Subsidiary convertible note, short-term, at fair value	3,147	1,031
Contingently issuable liabilities	-	1,682
Derivative warrant liability	402	481
Other current liabilities	244	319
Total current liabilities	52,800	56,565
Notes payable, long-term (net of debt discount of $2,549 and $2,009 at March 31, 2017 and December 31, 2016, respectively)	26,137	22,528
Subsidiary convertible note, long-term, at fair value	1,637	3,656
Other long-term liabilities	5,020	5,014
Total liabilities	**85,594**	**87,763**
Commitments and contingencies		
Stockholders' equity		
Convertible Preferred stock, $.001 par value, 129,767 Series C shares authorized, 0 shares issued and outstanding as of March 31, 2017 and December 31, 2016, respectively	-	-
Common Stock, $.001 par value, 100,000,000 shares authorized, 50,319,919 and 48,932,023 shares issued and outstanding as of March 31, 2017 and December 31, 2016, respectively	50	49
Additional paid-in-capital	304,929	283,697
Accumulated deficit	(257,233)	(245,251)
Total stockholders' equity attributed to the Company	47,746	38,495
Non-controlling interests	78,571	44,473
Total stockholders' equity	126,317	82,968

Total liabilities and stockholders' equity	**$ 211,911**	**$ 170,731**

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

FORTRESS BIOTECH, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
($ in thousands except for share and per share amounts)
(Unaudited)

	For the Three Months Ended March 31,	
	2017	**2016**
Revenue		
Fortress		
Product revenue, net	$ 2,085	$ 383
Revenue - from a related party	693	277
Net Fortress revenue	2,778	660
National		
Commissions	24,506	-
Net dealer inventory gains	2,511	-
Investment banking	7,061	-
Investment advisory	3,385	-
Interest and dividends	716	-
Transfer fees and clearing services	2,498	-
Tax preparation and accounting	856	-
Other	371	-
Total National revenue	41,904	-
Net revenue	44,682	660
Operating expenses		
Fortress		
Cost of goods sold - product revenue	469	-
Research and development	7,110	7,736
Research and development – licenses acquired	1,294	83
General and administrative	10,252	7,932
Total Fortress operating expenses	19,125	15,751
National		
Commissions, compensation and fees	37,258	-
Clearing fees	738	-
Communications	722	-
Occupancy	1,008	-
Licenses and registration	405	-
Professional fees	1,263	-
Interest	4	-
Depreciation and amortization	506	-
Other administrative expenses	1,230	-
Total National operating expenses	43,134	-
Total operating expenses	62,259	15,751
Loss from operations	(17,577)	(15,091)
Other income (expenses)		
Interest income	136	75
Interest expense and financing fee	(698)	(620)
Change in fair value of derivative liabilities	4,342	(89)
Change in fair value of subsidiary convertible note	(97)	-
Change in fair value of investments	(668)	(918)
Total other income (expenses)	3,015	(1,552)
Net loss	**(14,562)**	**(16,643)**
Net loss attributable to non-controlling interests	(2,580)	(4,438)
Net loss attributable to common stockholders	**$ (11,982)**	**$ (12,205)**
Basic and diluted net loss per common share	$ (0.30)	$ (0.31)
Weighted average common shares outstanding—basic and diluted	40,357,711	39,658,188

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

FORTRESS BIOTECH, INC. AND SUBSIDIARIES
Condensed Consolidated Statement of Changes in Stockholders' Equity
($ in thousands)
(Unaudited)

	Common Stock		Additional Paid-In	Accumulated	Non-Controlling	Total Stockholders'
	Shares	Amount	Capital	Deficit	Interests	Equity
Balance at December 31, 2016	**48,932,023**	**$ 49**	**$ 283,697**	**$ (245,251)**	**$ 44,473**	**$ 82,968**
Stock-based compensation expense	-	-	2,929	-	-	2,929
Issuance of restricted stock	1,387,896	1	(1)	-	-	-
Issuance of subsidiaries' common shares for license expenses	-	-	1,712	-	-	1,712
Subsidiary's offering, net	-	-	52,906	-	-	52,906
Debt discount related to Opus Credit Facility	-	-	158	-	-	158
Issuance of warrants in conjunction with NSC debt	-	-	206	-	-	206
Non-controlling interest in subsidiaries	-	-	(36,678)	-	36,678	-
Net loss attributable to non-controlling interest	-	-	-	-	(2,580)	(2,580)
Net loss attributable to common stockholders	-	-	-	(11,982)	-	(11,982)
Balance at March 31, 2017	**50,319,919**	**$ 50**	**$ 304,929**	**$ (257,233)**	**$ 78,571**	**$ 126,317**

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

FORTRESS BIOTECH, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows

($ in thousands)

(Unaudited)

	For the Three Months Ended March 31,	
	2017	**2016**
Cash Flows from Operating Activities:		
Net Loss	$ (14,562)	$ (16,643)
Reconciliation of net loss to net cash used in operating activities:		
Depreciation and amortization expense	682	4
Amortization of debt discount	246	369
Amortization of product revenue license fee	133	-
Amortization of forgivable loans to registered representatives	201	-
Amortization of deferred clearing credit	(52)	-
Stock-based compensation expense	2,929	2,866
Recovery for doubtful accounts	(115)	-
Issuance of subsidiaries' common shares for license expenses	30	48
Financing fees on subsidiaries' Convertible Note, at fair value	4	-
Change in fair value of investments	668	918
Change in fair value of derivative liabilities	(4,342)	89
Change in fair value of subsidiary convertible note	97	-
Change in fair value of contingent consideration payable	7	
Research and development-licenses acquired, expense	1,265	35
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities:		
Accounts receivable	462	-
Receivables from broker-dealers and clearing organizations	499	-
Forgivable loans receivable	(17)	-
Securities owned, at fair value	1,151	-
Inventory	(1)	-
Other receivables - related party	756	(1,158)
Prepaid expenses and other current assets	635	(166)
Accounts payable and accrued expenses	(1,882)	169
Securities sold, but not yet purchased, at fair value	(297)	-
Interest payable	2	-
Interest payable - related party	30	-
Other long-term liabilities	(4)	1,832
Net cash used in operating activities	(11,475)	(11,637)
Cash Flows from Investing Activities:		
Purchase of research and development licenses	(665)	(35)
Purchase of property and equipment	(261)	(2,293)
Purchase of license	-	(200)
Security deposits refund	3	-
Acquisition of business - National	(19)	-
Investment in Origo Acquisition Corp.	-	(175)
Net cash used in investing activities	(942)	(2,703)
Cash Flows from Financing Activities:		
Proceeds from subsidiary's offering	55,904	570
Payment of costs related to subsidiary's offering	(2,998)	(205)
Payment of NSC Note	-	(2,792)
Proceeds from 2017 Subordinated Note Financing	3,254	-
Proceeds from Opus Credit Facility	2,000	-
Net cash provided by (used in) financing activities	58,160	(2,427)
Net increase (decrease) in cash and cash equivalents	45,743	(16,767)
Cash and cash equivalents at beginning of period	88,294	98,182
Cash and cash equivalents at end of period	$ 134,037	$ 81,415

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

FORTRESS BIOTECH, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows (Continued)
($ in thousands)
(Unaudited)

	For the Three Months Ended March 31,	
	2017	**2016**
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 58	$ 77
Supplemental disclosure of non-cash financing and investing activities:		
Issuance of restricted stock	$ 1	$ 2
Issuance of warrants to National as placement agent in conjunction with NSC Debt	$ 206	$ -
Debt discount related to Opus Credit Facility	$ 158	$ -
Common shares issuable for license acquired	$ 1,682	$ -

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

1. Organization and Description of Business

Fortress Biotech, Inc. ("Fortress" or the "Company") is a biopharmaceutical company dedicated to acquiring, developing and commercializing novel pharmaceutical and biotechnology products. Fortress develops and commercializes products both within Fortress and through certain of its subsidiary companies, also referred to herein as the "Fortress Companies." Additionally, the Company has a controlling interest in National Holdings Corporation, a diversified independent brokerage company (together with its subsidiaries, herein referred to as "NHLD" or "National"). In addition to its internal development programs, the Company leverages its biopharmaceutical business expertise and drug development capabilities and provides funding and management services to help the Fortress Companies achieve their goals. The Company and the Fortress Companies may seek licensings, acquisitions, partnerships, joint ventures and/or public and private financings (including financings facilitated by NHLD) to accelerate and provide additional funding to support their research and development programs.

As of March 31, 2017, in addition to NHLD, the Company has several consolidated Fortress Companies, some of which contain product licenses, including Avenue Therapeutics, Inc. ("Avenue"), Cellvation, Inc. ("Cellvation"), Journey Medical Corporation ("Journey" or "JMC"), Coronado SO Co. ("Coronado SO"), Checkpoint Therapeutics, Inc. ("Checkpoint"), Mustang Bio, Inc. ("Mustang"), Helocyte, Inc. ("Helocyte"), Escala Therapeutics, Inc. ("Escala"), CB Securities Corporation (which holds investments classified as cash and cash equivalents), Caelum Biosciences, Inc. ("Caelum") and Cyprium Therapeutics, Inc. ("Cyprium"). In addition to the foregoing companies, Fortress also maintains ownership positions in subsidiaries with minimal activity, including Innmune Limited.

National

On September 9, 2016, the Company, purchased approximately 56.6% of NHLD's common stock, par value $0.02 per share, at the purchase price of $3.25 per share in cash for a total purchase price of approximately $22.9 million.

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") for interim financial information and the instructions to Form 10-Q and Article 10 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, the unaudited interim condensed consolidated financial statements reflect all adjustments, which include only normal recurring adjustments necessary for the fair statement of the balances and results for the periods presented. Certain information and footnote disclosures normally included in the Company's annual financial statements prepared in accordance with GAAP have been condensed or omitted. These condensed consolidated financial statement results are not necessarily indicative of results to be expected for the full fiscal year or any future period.

The unaudited condensed consolidated financial statements and related disclosures have been prepared with the presumption that users of the unaudited condensed consolidated financial statements have read or have access to the audited consolidated financial statements for the preceding fiscal year for each of the Company, Avenue, Checkpoint, Mustang and National. Accordingly, these unaudited condensed consolidated financial statements should be read in conjunction with the Company's Form 10-K, which was filed with the United States Securities and Exchange Commission ("SEC") on March 16, 2017, from which the Company derived the balance sheet data at December 31, 2016, as well as National's Form 10-Q, filed with the SEC on February 14, 2017, Checkpoint's Forms 10-K and 10-K/A, filed with the SEC on March 17, 2017 and March 21, 2017, respectively, Mustang's Form 10-K, filed with the SEC on March 31, 2017, and Avenue's Form 10-12G/A, filed with the SEC on March 27, 2017.

The Company's unaudited condensed consolidated financial statements include the accounts of the Company and its subsidiaries: NHLD, Innmune Limited, Coronado SO, Cyprium, Escala, JMC, CB Securities Corporation, Avenue, Checkpoint, Mustang, Helocyte, Cellvation and Caelum. All intercompany balances and transactions have been eliminated.

The preparation of the Company's unaudited condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed consolidated financial statements and the reported amounts of expenses during the reporting period.

Use of Estimates

The Company's unaudited condensed consolidated financial statements include certain amounts that are based on management's best estimates and judgments. The Company's significant estimates include, but are not limited to, useful lives assigned to long-lived and intangible assets, fair value measurements, stock-based compensation, common stock issued to acquire licenses, investments, accrued expenses, derivative warrant liabilities, provisions for income taxes and contingencies. Due to the uncertainty inherent in such estimates, actual results may differ from these estimates.

Significant Accounting Policies

There have been no material changes to the Company's significant accounting policies previously disclosed in the Company's Form 10-K filed with the SEC on March 16, 2017.

Recently Adopted Accounting Pronouncements

In March 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-09, *Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*. Under ASU 2016-09, companies will no longer record excess tax benefits and certain tax deficiencies in additional paid-in capital ("APIC"). Instead, they will record all excess tax benefits and tax deficiencies as income tax expense or benefit in the income statement and the APIC pools will be eliminated. In addition, ASU 2016-09 eliminates the requirement that excess tax benefits be realized before companies can recognize them. ASU 2016-09 also requires companies to present excess tax benefits as an operating activity on the statement of cash flows rather than as a financing activity. Furthermore, ASU 2016-09 will increase the amount an employer can withhold to cover income taxes on awards and still qualify for the exception to liability classification for shares used to satisfy the employer's statutory income tax withholding obligation. An employer with a statutory income tax withholding obligation will now be allowed to withhold shares with a fair value up to the amount of taxes owed using the maximum statutory tax rate in the employee's applicable jurisdiction(s). ASU 2016-09 requires companies to classify the cash paid to a tax authority when shares are withheld to satisfy their statutory income tax withholding obligation as a financing activity on the statement of cash flows. Under current GAAP, it was not specified how these cash flows should be classified. In addition, companies will now have to elect whether to account for forfeitures on share-based payments by (1) recognizing forfeitures of awards as they occur or (2) estimating the number of awards expected to be forfeited and adjusting the estimate when it is likely to change, as is currently required. The Company adopted ASU 2016-09 on January 1, 2017. The adoption did not have a material impact on its condensed consolidated financial statements and related disclosures.

In January 2017, the FASB issued ASU 2017-04, *Intangibles - Goodwill and Other (Topic 350): Simplifying the Accounting for Goodwill Impairment*. ASU 2017-04 removes Step 2 of the goodwill impairment test, which requires a hypothetical purchase price allocation. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. This standard will be effective for the Company beginning in the first quarter of fiscal year 2021 and is required to be applied prospectively. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company adopted ASU 2017-04 on January 1, 2017. The adoption did not have a material impact on the Company's condensed consolidated financial statements and related disclosures.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration the entities expect to receive in exchange for those goods or services. The new guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The FASB subsequently issued ASU No. 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing* to address issues arising from implementation of the new revenue recognition standard. ASU 2014-09 and ASU 2016-10 are effective for interim and annual periods beginning January 1, 2018, and may be adopted earlier, but not before January 1, 2017. The revenue standards are required to be adopted by taking either a full retrospective or a modified retrospective approach. The Company is currently evaluating the impact, if any, that ASU 2014-09 and ASU 2016-10 will have on its condensed consolidated financial statements and determining the transition method, including the period of adoption that it will apply.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Liabilities*. ASU No. 2016-01 requires several targeted changes including that equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) be measured at fair value with changes in fair value recognized in net income. The new guidance also changes certain disclosure requirements and other aspects of current U.S. GAAP. Amendments are to be applied as a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. ASU 2016-01 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. Early adoption is not permitted with the exception of certain targeted provisions. The Company is currently evaluating the impact, if any, of adoption of ASU 2016-01 on its condensed consolidated financial statements and related disclosures.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires an entity to recognize right-of-use assets and lease liabilities on its balance sheet and disclose key information about leasing arrangements. Lessees and lessors are required to disclose qualitative and quantitative information about leasing arrangements to enable a user of the financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. ASU 2016-02 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. Early adoption is permitted. The Company is currently evaluating the impact, if any, of adoption of ASU 2016-02 on its condensed consolidated financial statements and related disclosures.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 requires that expected credit losses relating to financial assets are measured on an amortized cost basis and available-for-sale debt securities be recorded through an allowance for credit losses. ASU 2016-13 limits the amount of credit losses to be recognized for available-for-sale debt securities to the amount by which carrying value exceeds fair value and also requires the reversal of previously recognized credit losses if fair value increases. The new standard will be effective on January 1, 2020 and may be adopted earlier. The Company is currently evaluating the impact, if any, that ASU 2016-13 will have on its condensed consolidated financial statements and related disclosures.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments,* which addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The standard is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. The Company is currently evaluating the impact, if any, of this new pronouncement on its condensed consolidated statements of cash flows and related disclosures.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The new guidance requires that the reconciliation of the beginning-of-period and end-of-period amounts shown in the statement of cash flows include restricted cash and restricted cash equivalents. If restricted cash is presented separately from cash and cash equivalents on the balance sheet, companies will be required to reconcile the amounts presented on the statement of cash flows to the amounts on the balance sheet. Companies will also need to disclose information about the nature of the restrictions. The guidance is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The Company is currently evaluating the impact, if any, of this new pronouncement on its condensed consolidated statements of cash flows and related disclosures.

In January 2017, the FASB issued an ASU 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business*. The amendments in this update clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The definition of a business affects many areas of accounting including acquisitions, disposals, goodwill, and consolidation. The guidance is effective for fiscal periods beginning after December 15, 2017, including interim periods within those periods. The Company adopted ASU 2017-01 on January 1, 2017. The adoption did not have a material impact on the Company's condensed consolidated financial statements and related disclosures.

3. National Holdings Corporation

On September 9, 2016, the Company, purchased approximately 56.6% of National's common stock, par value $0.02 per share at the purchase price of $3.25 per share in cash.

On April 27, 2016, the Company entered into an Agreement and Plan of Merger with National and a wholly owned subsidiary of the Company, providing for the acquisition of National (the "Merger Agreement"). Pursuant to the Merger Agreement, and upon the terms and subject to the conditions described therein, the Company agreed to cause its wholly owned subsidiary to commence a tender offer for all the issued and outstanding shares of National's common stock, par value $0.02 per share, at a purchase price of $3.25 per share (the "Offer"). Upon expiration of the Offer on September 9, 2016 (and the subsequent settlement period), a total of approximately 7 million shares were validly tendered, representing approximately 56.6% of the outstanding shares of National on a fully-diluted basis. The aggregate consideration paid by Fortress in the Offer was approximately $22.9 million, without giving effect to related transaction fees and expenses. Fortress funded the payment with cash on hand.

The following table summarizes the preliminary fair value of assets acquired and liabilities assumed at the date of the acquisition:

($ in thousands)		
Assets		
Cash and cash equivalents	$	27,498
Accounts receivable		4,889
Cash deposits with clearing organizations		1,030
Receivable from brokers, dealers and clearing agencies		1,607
Securities owned, at fair value		2,178
Prepaid expenses and other current assets		1,985
Property and equipment		1,132
Restricted cash		353
Intangible assets - trademark		3,000
Intangible assets - customer list		13,500
Goodwill		18,645
Total assets		75,817
Liabilities		
Accrued compensation payable	$	14,029
Accounts payable and accrued expenses		6,079
Deferred clearing and marketing credits		1,007
Warrants issuable		13,406
Other current liabilities		707
Total liabilities assumed		35,228
Non-controlling interests		17,717
Net assets acquired	$	22,872
Cash and cash equivalents from National	$	27,498
Cash to NHLD Shareholders (Tender Offer)		22,872
Net cash acquired in acquisition of National	$	4,626

The preliminary estimated fair values of the assets acquired and liabilities assumed will be finalized as further information is received regarding these items and analysis of this information is completed. The Company preliminarily recognized $18.6 million of goodwill and does not expect goodwill to be deductible for tax purposes.

Intangible assets consist of trademark and customer lists acquired in the offer under the purchase method of accounting and are recorded at preliminary fair value net of accumulated amortization since the purchase date. Amortization is calculated using the straight-line and accelerated methods over the following estimated useful lives:

	Useful life
Trademark	10 years
Customer lists	10 years

The gross carrying amounts related to acquired intangible assets as of March 31, 2017 are as follows ($ in thousands):

Intangible assets at December 31, 2016	$	15,991
Amortization expense		(408)
Intangible assets at March 31, 2017	$	15,583

The future amortization of these intangible assets is as follows ($ in thousands):

	Total
Nine Months Ended December 31, 2017	$ 1,242
Year Ended December 31, 2018	1,649
Year Ended December 31, 2019	1,649
Year Ended December 31, 2020	1,654
Year Ended December 31, 2021	1,649
Thereafter	7,740
Total	$ 15,583

The Company reviews its finite-lived intangible assets for impairment when events or changes in circumstances indicate that the carrying amount of a finite-lived intangible asset may not be recoverable. Recoverability of a finite-lived intangible asset is measured by a comparison of its carrying amount to the undiscounted future cash flows expected to be generated by the asset. If the asset is considered to be impaired, the impairment recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. There were no indicators of impairment during the period ended March 31, 2017.

4. Broker-Dealers and Clearing Organizations, Other Receivables and Prepaid Expenses and Other Current Liabilities

At December 31, 2016, National’s receivables of $2.9 million from broker-dealers and clearing organizations represent net amounts due for commissions and fees associated with National’s retail brokerage business as well as asset based fee revenue associated with National’s asset management advisory business. National also has other receivables at December 31, 2016 of $3.9 million, which principally represent trailing commissions, tax and accounting fees and investment banking fees and are net of an allowance for uncollectable accounts of $0.6 million and are included in prepaid expenses and other current assets in the Company's Condensed Consolidated Balance Sheet.

5. Forgivable Loans Receivable

From time to time, National's operating subsidiaries may make loans, evidenced by promissory notes, primarily to newly recruited independent financial advisors as an incentive for their affiliation. The notes receivable balance is comprised of unsecured non-interest-bearing and interest-bearing loans (interest ranging up to 9%). These notes have various schedules for repayment or forgiveness based on production or retention requirements being met and mature at various dates through 2021. Amortization of loan forgiveness was included in commissions, compensation and fees in the statement of operations. In the event the advisor's affiliation with the subsidiary terminates, the advisor is required to repay the unamortized balance of the note.

National provides an allowance for doubtful accounts on the notes based on historical collection experience and continually evaluates the receivables for collectability and possible write-offs where a loss is deemed probable. As of December 31, 2016, no allowance for doubtful accounts was required.

There were no unamortized forgivable loans outstanding at December 31, 2016 attributable to registered representatives who ended their affiliation with National's subsidiaries prior to the fulfillment of their obligation.

6. Property and Equipment

Fortress's property and equipment, exclusive of National's property and equipment, consisted of the following ($ in thousands):

	Estimated Useful Lives (in years)	**March 31, 2017**	**December 31, 2016**
Computer equipment	3	$ 489	$ 440
Furniture and fixtures	5	887	821
Leasehold improvements	Various	5,401	5,396
Total property and equipment		6,777	6,657
Less: accumulated depreciation		(621)	(445)
Property and equipment, net		$ 6,156	$ 6,212

Fortress's depreciation expense for the three months ended March 31, 2017 and 2016, was approximately $176,000 and $4,000, respectively, and was recorded in both research and development expense and general and administrative expense in the Condensed Consolidated Statements of Operations.

National's property and equipment as of December 31, 2016 consisted of the following ($ in thousands):

	December 31, 2016	Estimated Useful Lives (in years)
Equipment	$ 719	5
Furniture and fixtures	71	5
Leasehold improvements	298	Lesser of useful life or term of lease
Capital leases (primarily composed of computer equipment)	276	5
Total property and equipment	1,364	
Less: accumulated depreciation	(134)	
Property and equipment, net	$ 1,230	

7. Fair Value Measurements

Certain of the Company's financial instruments are not measured at fair value on a recurring basis but are recorded at amounts that approximate their fair value due to their liquid or short-term nature, such as accounts payable, accrued expenses and other current liabilities.

Laser Device for Treatment of Migraine Headache

On March 17, 2014, the Company invested $250,000 for a 35% ownership position in a third-party company developing a laser device to treat migraine headaches. The Company elected the fair value option for recording this investment. In conjunction with this investment, the Company received 13,409,962 Class A Preferred Units in the third-party company, representing 83% of the total 16,091,954 Class A Preferred Units. The fair value of this investment was $0.3 million as of March 31, 2017 and December 31, 2016. The value of the Company's investment was determined based on a valuation which takes into consideration, when applicable, cash paid, cost of the investment, market participant inputs, estimated cash flows based on entity specific criteria, purchase multiples paid in other comparable third-party transactions, market conditions, liquidity, operating results and other qualitative and quantitative factors. Based on these inputs at March 31, 2017, the fair value of the Company's investment approximated cost.

Origo Acquisition Corporation (formerly CB Pharma Acquisition Corporation)

On December 19, 2016, Origo Acquisition Corporation ("Origo") entered into a merger agreement ("Origo Merger Agreement") with Aina Le'a Inc. ("Aina Le'a"), a residential and commercial real estate developer in Hawaii. On February 17, 2017, Origo sent a letter, as supplemented on February 22, 2017 (the "Termination Letter"), to Aina Le'a terminating the Origo Merger Agreement. On March 10, 2017, Origo's shareholders approved an amendment to Origo's organizational documents extending the date by which Origo must consummate a merger to September 12, 2017.

As of March 31, 2017, the Company valued its investment in Origo, a publicly traded company, utilizing the following assumptions: probability of a successful business combination of 18.4%, and no dividend rate, which yielded an instrument value upon business combination of $9.83 per ordinary share for the private placement shares. The rights and warrants were valued utilizing a binomial-lattice model at a value of $0.18 for each right and $0.11 for each warrant. Based upon the valuation, the Company recorded a decrease in fair-value of investment of $0.7 million. At March 31, 2017, the fair value of the Company's investment in Origo was, $0.5 million. The Company's working capital note with Origo of $0.3 million can be converted to stock upon a successful business combination.

Contingently Issuable Warrant

Pursuant to the Company's promissory note with NSC of March 2015, as amended in July 2015 (the "NSC Note"), if the Company transfers any proceeds from the NSC Note to a Fortress Company, such Fortress Company will issue to NSC Biotech Venture Fund I LLC a new promissory note on identical terms as the NSC Note and NSC Biotech Venture Fund I LLC will also receive a warrant to purchase a number of shares of such Fortress Company's stock equal to 25% of the outstanding Fortress Company note divided by the lowest price for which the Fortress Company sells its equity in its first third party financing. The warrants issued will have a term of 10 years and an exercise price equal to the par value of the Fortress Company's common stock and are accounted for in accordance with ASC 815, *Derivatives and Hedging.*

Avenue classified the fair value of the contingently issuable warrants granted in connection with the transfer from Fortress of $3.0 million to Avenue under the NSC Note as a derivative liability as there was a potential that Avenue would not have a sufficient number of authorized common shares available to settle these instruments.

The fair value of Avenue's contingently issuable warrants was determined by applying management's estimate of the probability of issuance of the contingently issuable warrants together with an option pricing model, with the following key assumptions:

	March 31, 2017
Risk-free interest rate	2.40%
Expected dividend yield	-
Expected term in years	8.59
Expected volatility	83%
Probability of issuance of the warrant	50%

($ in thousands)	Avenue's Contingently Issuable Warrants
Beginning balance at January 1, 2017	$ 302
Change in fair value	(4)
Ending balance at March 31, 2017	$ 298

Avenue Warrant Liabilities

On December 30, 2016, Avenue held a closing of the sale of convertible promissory notes. In the closing, WestPark Capital, Inc., the placement agent ("WestPark"), received a warrant (the "WestPark Warrant") to purchase the number of shares of Avenue's common stock equal to $10,000 divided by the price per share at which any note sold to investors first converts into Avenue's common stock. The WestPark Warrant has a ten-year term and a per share exercise price equal to the price per share at which any note sold to investors first converts into Avenue's common stock. Avenue's WestPark Warrant liability was measured at fair value using a Monte Carlo simulation valuation methodology. A summary of the weighted average (in aggregate) significant unobservable inputs (level 3 inputs) used in measuring Avenue's warrant liabilities that are categorized within Level 3 of the fair value hierarchy as of March 31, 2017 is as follows:

	March 31, 2017
Risk-free interest rate	2.39%
Expected dividend yield	-
Expected term in years	9.76
Expected volatility	86%

There was no change in fair value of Avenue's warrant liability for the three months ended March 31, 2017.

Helocyte Warrant Liabilities

The fair value of Helocyte's warrant liability was measured at fair value using a Monte Carlo simulation valuation methodology. A summary of the weighted average (in aggregate) significant unobservable inputs (level 3 inputs) used in measuring Helocyte's warrant liabilities that are categorized within Level 3 of the fair value hierarchy as of March 31, 2017 is as follows:

	March 31, 2017
Risk-free interest rate	1.769% – 1.859%
Expected dividend yield	-%
Expected term in years	4.25 - 4.67
Expected volatility	70.0%
Strike price	$ 0.44

($ in thousands)	Fair Value of Derivative Warrant Liability
Beginning balance at January 1, 2017	$ 167
Change in fair value of derivative liabilities	(75)
Ending balance at March 31, 2017	$ 92

Convertible Notes at Fair Value

Helocyte's convertible debt is measured at fair value using the Monte Carlo simulation valuation methodology. A summary of the weighted average (in aggregate) significant unobservable inputs (Level 3 inputs) used in measuring Helocyte's convertible debt that is categorized within Level 3 of the fair value hierarchy as of March 31, 2017 is as follows:

	March 31, 2017
Risk-free interest rate	0.910% - 1.189%
Expected dividend yield	-%
Expected term in years	0.50 - 1.66
Expected volatility	61.7%

($ in thousands)	Helocyte Convertible Note, at fair value
Beginning balance at January 1, 2017	$ 4,487
Change in fair value of convertible notes	93
Ending balance at March 31, 2017	$ 4,580

Avenue's convertible debt is measured at fair value using the Monte Carlo simulation valuation methodology. A summary of the weighted average (in aggregate) significant unobservable inputs (Level 3 inputs) used in measuring Avenue's convertible debt that is categorized within Level 3 of the fair value hierarchy as of March 31, 2017 is as follows:

	March 31, 2017
Risk-free interest rate	0.91% - 1.21%
Expected dividend yield	-%
Expected term in years	0.50 - 1.75
Expected volatility	61.7%

($ in thousands)	**Avenue Convertible Note, at fair value**
Beginning balance at January 1, 2017	$ 200
Change in fair value of convertible notes	4
Ending balance at March 31, 2017	$ 204

The following tables classify the fair value hierarchy of Fortress's financial instruments, exclusive of National's financial instruments, measured at fair value as of March 31, 2017 and December 31, 2016:

	Fair Value Measurement as of March 31, 2017			
($ in thousands)	Level 1	Level 2	Level 3	Total
Assets				
Long-term investments, at fair value	$ -	$ -	$ 746	$ 746
Total	$ -	$ -	$ 746	$ 746
Liabilities				
Contingently Issuable Warrants	$ -	$ -	$ 298	$ 298
Warrant liabilities	-	-	104	104
Helocyte Convertible Note, at fair value	-	-	4,580	4,580
Avenue Convertible Note, at fair value	-	-	204	204
Total	$ -	$ -	$ 5,186	$ 5,186

The following table shows the fair values hierarchy of National's financial instruments measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets as of December 31, 2016:

	Fair Value Measurement as of December 31, 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
National				
Securities owned, at fair value				
Corporate stocks	$ 172	$ -	$ -	$ 172
Municipal bonds	930	-	-	930
Restricted stock	-	104	-	104
Total	$ 1,102	$ 104	$ -	$ 1,206
Liabilities				
National				
Securities sold, but not yet purchased at fair value				
Corporate stocks	$ 1	$ -	$ -	$ 1
Warrants issuable - National			10,096	10,096
Total	$ 1	$ -	$ 10,096	$ 10,097

Warrants issuable - National

In accordance with the Company’s Merger Agreement with National, since less than 80% of National's issued and outstanding shares of common stock were tendered, National remains a publicly-traded company and National's stockholders post-tender offer will receive from National a five-year warrant per held share to purchase an additional share of National's common stock at $3.25 as a dividend to all holders of National's common stock.

As National does not have the ability to settle the warrants with unregistered shares and maintenance of an effective registration statement may be considered outside of the Company's control, net cash settlement of the warrants is assumed. The fair value of the 5.4 million National warrants represents 43.4% of the warrants issued to non-Fortress shareholders. These are being classified as a liability in the condensed consolidated statement of financial condition at March 31, 2017. Such valuation (using level 3 inputs) was determined by use of the Black-Scholes option pricing model using the following assumptions:

	December 31, 2016
Dividend yield	-%
Expected volatility	98.23%
Risk-free interest rate	1.93%
Life (in years)	4.7

($ in thousands)	National's Warrants
Beginning balance at October 1, 2016	$ 14,359
Change in fair value of derivative liability	(4,263)
Ending balance at December 31, 2016	$ 10,096

National listed the warrants on the Nasdaq Capital Market under the symbol "NHLDW" in February 2017.

The table below provides a rollforward of the changes in fair value of Level 3 financial instruments for the three months ended March 31, 2017:

($ in thousands)	Investment in Origo	Investment in laser device	Helocyte Convertible Note, at fair value	Avenue Convertible Note, at fair value	Contingently Issuable Warrants	Warrant liabilities	Total
Balance at December 31, 2016	$ 1,164	$ 250	$ 4,487	$ 200	$ 14,661	$ 179	$20,941
Change in fair value of investments	(668)	-	-	-	-	-	(668)
Change in fair value of convertible notes	-	-	93	4	-	-	97
Change in fair value of derivative liabilities	-	-	-	-	(4,267)	(75)	(4,342)
Balance at March 31, 2017	$ 496	$ 250	$ 4,580	$ 204	$ 10,394	$ 104	$16,028

For the three months ended March 31, 2017, no transfers occurred between Level 1, Level 2 and Level 3 instruments.

8. Licenses Acquired

In accordance with ASC 730-10-25-1, *Research and Development*, costs incurred in obtaining technology licenses are charged to research and development expense if the technology licensed has not reached technological feasibility and has no alternative future use. The licenses purchased by Mustang, Checkpoint, Helocyte, Caelum and Cyprium require substantial completion of research and development, regulatory and marketing approval efforts in order to reach technological feasibility. As such, for the three months ended March 31, 2017, the purchase price of licenses, totaling approximately $1.3 million, was classified as research and development-licenses acquired in the Condensed Consolidated Statements of Operations.

($ in thousands)	For the Three Months Ended March 31, 2017	2016
Fortress Companies:		
Checkpoint	$ 400	$ -
Helocyte	-	83
Mustang	575	-
Caelum	219	-
Cyprium	100	-
Total	$ 1,294	$ 83

Checkpoint Therapeutics, Inc.

Jubilant Biosys Limited

In May 2016, Checkpoint entered into a license agreement with Jubilant Biosys Limited ("Jubilant"), whereby Checkpoint obtained an exclusive, worldwide license (the "Jubilant License") to Jubilant's family of patents covering compounds that inhibit BRD4, a member of the BET domain for cancer treatment, including CK-103. In March 2017, Checkpoint expensed a non-refundable milestone payment of $0.4 million upon the successful completion of toxicology studies under the terms of the Jubilant License, which is included in research and development-licenses acquired in the Condensed Consolidated Statements of Operations for the three months ended March 31, 2017.

In connection with the Jubilant License, Checkpoint entered into a sublicense agreement (the "Sublicense Agreement") with TG Therapeutics, Inc. ("TGTX"), a related party, to develop and commercialize the compounds licensed in the field of hematological malignancies, with Checkpoint retaining the right to develop and commercialize these compounds in the field of solid tumors. Michael Weiss, Chairman of the Board of Directors of Checkpoint and the Company's Executive Vice Chairman, Strategic Development, is also the Executive Chairman, President and Chief Executive Officer and a stockholder of TGTX. For the three months ended March 31, 2017, Checkpoint recognized $0.5 million in revenue related to the Sublicense Agreement, including a milestone payment of $0.2 million upon the successful completion of toxicology studies during March 2017, which is included in revenue – related party in the Condensed Consolidated Statements of Operations. There was no related revenue recognized during the same period of 2016.

Dana-Farber Cancer Institute

In connection with its license agreement with Dana-Farber, Checkpoint entered into a collaboration agreement with TGTX, a related party, to develop and commercialize the anti-PD-L1 and anti-GITR antibody research programs in the field of hematological malignancies, while Checkpoint retains the right to develop and commercialize these antibodies in the field of solid tumors. Michael Weiss, Chairman of the Board of Directors of Checkpoint and Fortress's Executive Vice Chairman, Strategic Development, is also the Executive Chairman, President and Chief Executive Officer and a stockholder of TGTX. For the three months ended March 31, 2017 and 2016, approximately $28,000 and $17,000, respectively, was recognized in revenue from the collaboration agreement with TGTX in the Condensed Consolidated Statements of Operations.

Mustang Bio, Inc.

License Agreement with the City of Hope

In March 2015, Mustang entered into an exclusive license agreement with City of Hope ("COH") to acquire intellectual property rights pertaining to CAR-T (the "Original License"). On February 17, 2017, Mustang and COH amended and restated the Original License by entering into three separate exclusive license agreements, one relating to CD123 (the "CD123 License"), one relating to IL-13 (the "IL-13 License") and one relating to the spacer technology (the "Spacer License"). The total potential consideration payable to COH by Mustang under the new license agreements, in equity or cash, did not, in the aggregate, change materially from the Original License.

CD123 License

Pursuant to the CD123 License, Mustang and COH acknowledge that an upfront fee was paid under the Original License. In addition, an annual maintenance fee will continue to apply. COH is eligible to receive milestone payments totaling approximately $14.5 million upon and subject to the achievement of certain milestones. Royalty payments in the mid-single digits are due on net sales of licensed products. Mustang is obligated to pay COH a percentage of certain revenues received in connection with a sublicense in the mid-teens to mid-thirties, depending on the timing of the sublicense in the development of any product. In addition, equity grants made under the Original License were acknowledged, and the anti-dilution provisions of the Original License were carried forward.

IL-13 License

Pursuant to the IL-13 License, Mustang and COH acknowledge that an upfront fee was paid under the Original License. In addition, an annual maintenance fee will continue to apply. COH is eligible to receive milestone payments totaling approximately $14.5 million upon and subject to the achievement of certain milestones. Royalty payments in the mid-single digits are due on net sales of licensed products. Mustang is obligated to pay COH a percentage of certain revenues received in connection with a sublicense in the mid-teens to mid-thirties, depending on the timing of the sublicense in the development of any product. In addition, equity grants made under the Original License were acknowledged, and the anti-dilution provisions of the Original License were carried forward. During the three months ended March 31, 2017, Mustang recorded an expense of $0.3 million in connection with the achievement of certain milestones pursuant to the IL-13 License.

Spacer License

Pursuant to the Spacer License, Mustang and COH acknowledge that an upfront fee was paid under the Original License. In addition, an annual maintenance fee will continue to apply. No royalties are due if the Spacer technology is used in conjunction with a CD123 CAR or an IL-13 CAR, and royalty payments in the low single digits are due on net sales of licensed products if the Spacer technology is used in conjunction with other intellectual property. Mustang is obligated to pay COH a percentage (in the mid-thirties) of certain revenues received in connection with a sublicense. In addition, equity grants made under the Original License were acknowledged, and the anti-dilution provisions of the Original License were carried forward.

IV/ICV Agreement

On February 17, 2017, Mustang entered into an exclusive license agreement (the "IV/ICV Agreement") with COH to acquire intellectual property rights in patent applications related to the intraventricular and intracerebroventricular methods of delivering T cells that express CARs. Pursuant to the IV/ICV Agreement, Mustang paid COH an upfront fee of $0.1 million in March 2017. COH is eligible to receive milestone payments totaling approximately $0.1 million upon the achievement of a certain milestone as well as an annual maintenance fee. Royalty payments in the low-single digits are due on net sales of licensed products and services.

License with University of California

On March 17, 2017, Mustang entered into an exclusive license agreement with the Regents of the University of California ("UCLA License") to acquire intellectual property rights in patent applications related to the engineered anti-prostate stem cell antigen antibodies for cancer targeting and detection. Pursuant to the UCLA Agreement, Mustang paid UCLA an upfront fee of $0.2 million on April 25, 2017. Annual maintenance fees also apply, additional payments are due upon achievement of certain development milestones, and royalty payments in the mid-single digits are due on net sales of licensed products.

Caelum Biosciences, Inc.

License Agreement with Columbia University

In January 2017, Caelum entered into an exclusive license agreement with Columbia University ("Columbia") to secure worldwide license rights to CAEL-101 (11-1F4), a chimeric fibril-reactive monoclonal antibody (mAb) being evaluated in a Phase 1a/1b study for the treatment of amyloid light chain ("AL") amyloidosis. This transaction was accounted for as an asset acquisition pursuant to ASU 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business,* as the majority of the fair value of the assets acquired was concentrated in a group of similar assets, and the acquired assets did not have outputs or employees. Caelum made an upfront payment of $0.2 million to Columbia upon execution of the exclusive license and also granted Columbia 1,050,000 shares of Common Stock, representing 10% ownership of Caelum, as of such date valued at $29,000 or $0.028 per share. Total consideration is included in research and development licenses acquired on the Condensed Consolidated Statements of Operations. Under the terms of the agreement, Columbia is eligible to receive additional milestone payments of up to $5.5 million upon the achievement of certain development milestones, in addition to royalty payments for sales of the product. CAEL-101 is a novel antibody being developed for patients with AL Amyloidosis, a rare systemic disorder caused by an abnormality of plasma cells in the bone marrow.

Cyprium Therapeutics, Inc.

License Agreement with the *Eunice Kennedy Shriver* National Institute of Child Health and Human Development

In March 2017, Cyprium and the *Eunice Kennedy Shriver* National Institute of Child Health and Human Development ("NICHD"), part of the National Institutes of Health ("NIH"), entered into a Cooperative Research and Development Agreement to advance the clinical development of Phase 3 candidate CUTX-101 (copper histidinate injection) for the treatment of Menkes disease. Cyprium and NICHD also entered into a worldwide, exclusive license agreement to develop and commercialize AAV-based ATP7A gene therapy for use in combination with CUTX-101 for the treatment of Menkes disease and related copper transport disorders. This transaction was accounted for as an asset acquisition pursuant to ASU 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business,* as the majority of the fair value of the assets acquired was concentrated in a group of similar assets, and the acquired assets did not have outputs or employees. Cyprium made an upfront payment of $0.1 million to NICHD upon execution of the exclusive license, which has been included in research and development-licenses acquired in the Condensed Consolidated Statements of Operations.

9. Sponsored Research Agreements

Checkpoint Therapeutics, Inc.

In connection with its license agreement with NeuPharma, Inc. ("NeuPharma"), Checkpoint entered into a Sponsored Research Agreement with NeuPharma for certain research and development activities. Effective January 11, 2016, TGTX, a related party, agreed to assume all costs associated with this Sponsored Research Agreement and paid Checkpoint for all amounts previously paid by the Company. For the three months ended March 31, 2017 and 2016, approximately $0.2 million and $0.3 million, respectively, was recognized in revenue in connection with the Sponsored Research Agreement in the Condensed Consolidated Statements of Operations.

Helocyte, Inc.

In March 2016, Helocyte entered into an Investigator-Initiated Clinical Research Support Agreement, as amended, with the COH, to support a Phase 2 clinical study of its PepVax immunotherapy for CMV control in allogeneic stem cell transplant recipients ("PepVax Research Agreement"). The Phase 2 study is additionally supported by grants from the National Institutes of Health/National Cancer Institute ("NCI").

In February 2016, Helocyte entered into an Investigator-Initiated Clinical Research Support Agreement, as amended, with the COH, to support a Phase 2 clinical study of its Triplex immunotherapy for CMV control in allogeneic stem cell transplant recipients ("Triplex Research Agreement").

For the three months ended March 31, 2017 and 2016, Helocyte incurred expense of $0.5 million and $1.0 million, related to the Triplex Research Agreement and $0.2 million and $1.0 million related to their PepVax Research Agreement, recorded as research and development expense in the Company's Condensed Consolidated Statements of Operations.

Mustang Bio, Inc.

In connection with Mustang's license with COH for the development of CAR-T, Mustang entered into a Sponsored Research Agreement in which Mustang will fund continued research in the amount of $2.0 million per year, payable in four equal annual installments, until 2020. For the three months ended March 31, 2017 and 2016, Mustang incurred expense of $0.5 million and $0.5 million, respectively, recorded as research and development expense in the Company's Condensed Consolidated Statements of Operations.

On February 17, 2017, Mustang entered into a Clinical Research Support Agreement for CD123. Pursuant to the terms of this agreement Mustang made an upfront payment of $19,450 and will contribute an additional $0.1 million related to patient costs in connection with the on-going investigator initiated study. Further, Mustang agreed to fund approximately $0.2 million over three years pertaining to the clinical development of CD123. For the three months ended March 31, 2017 Mustang recorded $19,450, in research and development expenses in the Company's Condensed Consolidated Statements of Operations.

Also on February 17, 2017, Mustang entered into a Clinical Research Support Agreement for IL-13. Pursuant to the terms of this agreement Mustang made an upfront payment of $9,238 and will contribute an additional $0.1 million related to patient costs in connection with the on-going investigator initiated study. Further, Mustang agreed to fund approximately $0.2 million over three years pertaining to the clinical development of IL-13. For the three months ended March 31, 2017, Mustang recorded $9,238 in research and development expenses in the Company's Condensed Consolidated Statements of Operations.

10. Intangibles, net

Journey Medical Corporation

Pursuant to the terms of Journey's license agreements for its branded products, Journey made upfront payments totaling $1.6 million. With the commencement of sales of these products, Journey began amortization of these costs over their respective three year estimated useful life. For the three months ended March 31, 2017 and 2016, Journey recognized expense of approximately $0.1 million and nil, respectively, which was recorded in costs of goods sold in the Company's Condensed Consolidated Statements of Operations.

11. Debt and Interest

Debt

Total debt consists of the following as of March 31, 2017 and December 31, 2016:

($ in thousands)	March 31, 2017	December 31, 2016	Interest rate	Maturity
IDB Note	$ 14,929	$ 14,929	2.25%	Feb - 2018
NSC Note	3,608	3,608	8.00%	Sep - 2018
2017 Subordinated Note Financing	3,254	-	8.00%	March - 2020
Opus Credit Facility	9,000	7,000	12.00%	Sep - 2018
Helocyte Convertible Note, at fair value	1,054	1,031	5.00% - 8.00%	December 2017
Helocyte Convertible Note, at fair value	2,093	2,051	5.00% - 8.00%	March - 2018
Helocyte Convertible Note, at fair value	1,011	991	5.00% - 8.00%	April - 2018
Helocyte Convertible Note, at fair value	422	414	5.00% - 8.00%	May - 2018
Avenue Convertible Note, at fair value	204	200	5.00% - 8.00%	June - 2018
Total notes payable	35,575	30,224		
Less: Discount on notes payable	2,549	2,009		
Total notes payable, net	$ 33,026	$ 28,215		

IDB Note

On February 13, 2014, the Company executed a secured promissory note in favor of Israel Discount Bank of New York ("IDB") in the amount of $15.0 million (the "IDB Note"). As of March 31, 2017, the Company had $14.9 million outstanding under the IDB Note, secured by a $15.0 million pledge account.

2017 Subordinated Note Financing

On March 31, 2017, the Company entered into Note Purchase Agreements (the "Purchase Agreements") with NAM Biotech Fund II, LLC - Series I ("NAM Biotech Fund") and NAM Special Situations Fund I QP, LLC – FBIO Series I ("NAM Special Situations Fund"), both of which are accredited investors, and sold subordinated promissory notes (the "Notes") of the Company (the "2017 Subordinated Note Financing") in the aggregate principal amount of $3.25 million. The Notes bear interest at the rate of 8% per annum; additionally, the Notes accrue paid-in-kind interest at the rate of 7% per annum, which will be paid quarterly in shares of the Company's common stock and/or shares of common stock of one of the Company's subsidiaries that are publicly traded, in accordance with the terms of the Notes. Each Note is due on the third anniversary of its issuance, provided that the Company may extend the maturity date for two one-year periods in its sole discretion. The 2017 Subordinated Note Financing is for a minimum of $3.0 million and a maximum of $40.0 million (which the Company may, in its sole discretion, increase to $50.0 million).

National Securities Corporation ("NSC"), a subsidiary of National and a related party, (see Note 17), pursuant to a Placement Agency Agreement entered into between the Company, NAM Biotech Fund and NSC (the "NAM Placement Agency Agreement") and a Placement Agency Agreement entered into between the Company, NAM Special Situations Fund and NSC (together with the NAM Placement Agency Agreement, the "Placement Agency Agreements") acts as placement agent in the 2017 Subordinated Note Financing. Pursuant to the terms of the Placement Agency Agreements, NSC receives (in addition to reimbursement of certain expenses) an aggregate cash fee equal to 10% of the aggregate sales price of the Notes sold in the 2017 Subordinated Note Financing to NAM Biotech Fund and NAM Special Situations Fund. The Placement Agent also receives warrants equal to 10% of the aggregate principal amount of the Notes sold in the 2017 Subordinated Note Financing divided by the closing share price of the Company's common stock on the date of closing (the "Placement Agent Warrants"). The Placement Agent Warrants are exercisable immediately at such closing share price for a period of five years. The Placement Agent will have a right of first offer for a period of 12 months for any proposed issuance of the Company's capital stock in a private financing, subject to certain exceptions, and will also have the right to participate as an investor in subsequent financings.

In connection with the initial closing of the 2017 Subordinated Note Financing, NSC received a cash fee of $325,400 and a Placement Agent Warrant to purchase 87,946 shares of the Company's common stock. The Company valued the Warrant at $0.2 million, which was recorded as debt discount, in the Condensed Consolidated Balance Sheets as of March 31, 2017.

Opus Credit Facility

As of March 31, 2017, the Company had $9.0 million outstanding under the Opus Credit Facility (see Note 17), net of a debt discount related to the allocated value of the warrants associated with the Opus Credit Facility of $1.8 million.

Interest Expense

The following table shows the details of interest expense for all debt arrangements during the periods presented. Interest expense includes contractual interest and amortization of the debt discount and amortization of fees represents fees associated with loan transaction costs, amortized over the life of the loan:

	For the Three Months Ended March 31,	
($ in thousands)	**2017**	**2016**
IDB Note		
Interest	$ 82	$ 80
Amortization of fees	-	1
Total IDB Note	82	81
NSC Debt		
Interest	71	167
Amortization of fees	38	368
Total NSC Debt	109	535
Opus Credit Facility		
Interest	232	-
Amortization of fees	208	-
Total Opus Note	440	-
LOC Fees		
Interest	8	4
Total LOC	8	4
Helocyte Convertible Note		
Interest	54	-
Financing fee	1	-
Total Helocyte Convertible Note	55	-
Avenue Convertible Note		
Financing fee	3	-
Total Helocyte Convertible Note	3	-
D&O Insurance		
Interest	1	-
Total D&O Insurance	1	-
Total Interest Expense and Financing Fee	$ 698	$ 620

12. Accrued Expenses and Other Long-Term Liabilities

Accrued expenses and other long-term liabilities, excluding National, consisted of the following:

($ in thousands)	March 31, 2017	December 31, 2016
Accrued expenses:		
Professional fees	$ 1,450	$ 1,253
Salaries, bonuses and related benefits	3,532	2,846
Accrued Severance	-	53
Ovamed manufacturing rights – short term component	900	900
Research and development	680	394
Dr. Falk Pharma milestone	2,684	2,634
Other	1,874	2,002
Total accrued expenses	$ 11,120	$ 10,082
Other long-term liabilities:		
Deferred rent and long-term lease abandonment charge	5,020	5,014
Total other long-term liabilities	$ 5,020	$ 5,014

National's accounts payable and other accrued expenses as of December 31, 2016, consisted of the following:

	December 31, 2016
Legal	$ 752
Audit	263
Telecommunications	178
Data Services	235
Regulatory	623
Settlements	421
Deferred rent	123
Contingent consideration payable	623
Other	1,995
Total	**$ 5,213**

13. Non-Controlling Interests

Non-controlling interests in consolidated entities are as follows:

	As of March 31, 2017									
($ in thousands)	Avenue	Coronado SO	Mustang	Checkpoint	JMC	Helocyte	Cellvation	Caelum	National Holdings	Total
NCI equity share	$ (842)	$ (236)	$ 46,581	$ 21,009	$ (543)	$ (1,684)	$ (153)	$ (3)	$ 17,022	$ 81,151
Net loss attributed to non-controlling interests	(68)	(4)	(1,674)	(2,734)	(68)	(323)	(54)	(145)	2,490	(2,580)
Non-controlling interests in consolidated entities	**$ (910)**	**$ (240)**	**$ 44,907**	**$ 18,275**	**$ (611)**	**$ (2,007)**	**$ (207)**	**$ (148)**	**$ 19,512**	**$ 78,571**

	As of December 31, 2016								
($ in thousands)	**Avenue**	**Coronado SO**	**Mustang**	**Checkpoint**	**JMC**	**Helocyte**	**Cellvation**	**National Holdings**	**Total**
NCI equity share	$ (494)	$ (217)	$ 12,376	$ 32,160	$ (192)	$ (612)	$ 4	$ 17,643	$ 60,668
Net loss attributed to non-controlling interests	(349)	(19)	(1,805)	(11,733)	(355)	(1,155)	(158)	(621)	(16,195)
Non-controlling interests in consolidated entities	**$ (843)**	**$ (236)**	**$ 10,571**	**$ 20,427**	**$ (547)**	**$ (1,767)**	**$ (154)**	**$ 17,022**	**$ 44,473**

The components of non-controlling interests in loss of consolidated entities are as follows:

	For the three months ended March 31, 2017									
($ in thousands)	**Avenue**	**Coronado SO**	**Mustang (2)**	**Checkpoint (1)**	**JMC**	**Helocyte**	**Cellvation**	**Caelum**	**National Holdings**	**Total**
Non-controlling interests in loss of consolidated entities	$ (68)	$ (4)	$ (1,674)	$ (2,734)	$ (68)	$ (323)	$ (54)	$ (145)	$ 2,490	$ (2,580)
Non-controlling ownership	10.2%	13.0%	52.0%	62.4%	7.0%	20.0%	22.0%	25.5%	43.4%	

(1) – Checkpoint is consolidated with Fortress's operations because Fortress maintains voting control through its ownership of Checkpoint's Class A common shares which provide for super-majority voting rights.
(2) – Mustang is consolidated with Fortress's operations because Fortress maintains voting control through its ownership of Mustang's Class A preferred shares which provide super-majority voting rights.

	For the three months ended March 31, 2016						
($ in thousands)	**Avenue**	**Coronado SO**	**Mustang**	**Checkpoint**	**JMC**	**Helocyte**	**Total**
Non-controlling interests in loss of consolidated entities	$ (108)	$ (5)	$ (70)	$ (4,037)	$ (121)	$ (97)	$ (4,438)
Non-controlling ownership	11.5%	13.0%	10.0%	62.7%	8.1%	8.3%	

14. Net Loss per Common Share

Basic net loss per share is calculated by dividing net loss by the weighted-average number of shares of common stock outstanding for the period, without consideration for common stock equivalents. Diluted net loss per share is computed by dividing net loss by the weighted-average number of common stock and common stock equivalents outstanding for the period.

The Company's common stock equivalents, including unvested restricted stock, options, and warrants have been excluded from the computation of diluted net loss per share as the effect would be to reduce the net loss per share. Therefore, the weighted average common stock outstanding used to calculate both basic and diluted net loss per share is the same.

The following shares of potentially dilutive securities have been excluded from the computations of diluted weighted average shares outstanding, as the effect of including such securities would be anti-dilutive at the end of the three months ended March 31, 2017 and 2016:

	For the Three Months Ended March 31,	
	2017	**2016**
Warrants to purchase Common Stock	383,453	544,835
Opus warrants to purchase Common Stock	1,860,000	-
Options to purchase Common Stock	1,105,502	1,779,365
Unvested Restricted Stock	9,912,161	7,922,021
Unvested Restricted Stock Units	1,249,232	885,083
Total	14,510,348	11,131,304

15. Stockholders' Equity

Stock-based Compensation excluding National

As of March 31, 2017, the Company had four equity compensation plans: the Fortress Biotech, Inc. 2007 Stock Incentive Plan, the Fortress Biotech, Inc. 2013 Stock Incentive Plan, as amended, the Fortress Biotech, Inc. 2012 Employee Stock Purchase Plan and the Fortress Biotech, Inc. Long Term Incentive Plan.

The following table summarizes the stock-based compensation expense from stock option awards, restricted common stock awards, employee stock purchase programs and warrants granted by Fortress for the three months ended March 31, 2017 and 2016:

	For the Three Months Ended March 31,	
($ in thousands)	**2017**	**2016**
Employee awards	$ 1,830	$ 1,584
Non-employee awards	13	3
Fortress Companies (1)	1,086	1,279
Total stock-based compensation expense	$ 2,929	$ 2,866

(1) Consists of approximately $5,000 of Avenue's compensation expenses, approximately $1.0 million of Checkpoint's compensation expenses, approximately $46,000 of JMC's compensation expenses, approximately $47,000 of Helocyte's compensation expenses and approximately $8,000 of Cellvation's compensation expenses on equity grants for the three months ended March 31, 2017.

Consists of approximately $9,000 of Avenue's compensation expenses, approximately $1.1 million of Checkpoint's compensation expenses, and approximately $0.2 million of JMC's compensation expenses on equity grants for the three months ended March 31, 2016.

For the three months ended March 31, 2017 and 2016, approximately $0.8 million and $1.3 million, respectively, of stock based compensation expense was included in research and development expenses in connection with equity grants made to employees and consultants and approximately $2.1 million and $1.6 million, respectively, was included in general and administrative expenses in connection with grants made to employees, members of the board of directors and consultants.

The following table summarizes Fortress stock option activities excluding activity related to Fortress Companies:

	Number of shares	Weighted average exercise price	Total weighted average intrinsic value	Weighted average remaining contractual life (years)
Options vested and expected to vest at December 31, 2016	1,130,501	$ 3.73	$ 602,451	4.93
No activity	-	-	-	-
Options vested and expected to vest at March 31, 2017	1,130,501	$ 3.73	$ 1,216,285	4.69
Options vested and exercisable	1,105,501	$ 3.71	$ 1,216,285	4.66

As of March 31, 2017 and 2016, the Company had unrecognized stock-based compensation expense related to options of nil and $62,000, respectively, with a weighted average vesting period of nil and 0.1 years, respectively.

The following table summarizes Fortress's restricted stock and restricted stock unit award activity, excluding activity related to Fortress Companies (which is discussed below):

	Number of shares	Weighted average grant price
Unvested balance at December 31, 2016	10,094,095	$ 2.49
Restricted stock granted	1,325,396	2.70
Restricted stock vested	(213,333)	2.75
Restricted stock units granted	215,000	3.61
Restricted stock units vested	(41,250)	3.54
Unvested balance at March 31, 2017	11,379,908	$ 2.53

As of March 31, 2017, the Company had unrecognized stock-based compensation expense related to restricted stock and restricted stock unit awards of approximately $3.4 million and $0.8 million, respectively, which is expected to be recognized over the remaining weighted-average vesting period of 2.8 years and 3.5 years, respectively.

Employee Stock Purchase Plan

Eligible employees can purchase the Company's Common Stock at the end of a predetermined offering period at 85% of the lower of the fair market value at the beginning or end of the offering period. The ESPP is compensatory and results in stock-based compensation expense.

As of March 31, 2017, 177,919 shares have been purchased and 22,081 shares are available for future sale under the Company's ESPP. Share-based compensation expense recorded for the three months ended March 31, 2017 and 2016, was approximately $35,000 and $27,000, respectively.

Warrants

The following table summarizes Fortress warrant activities, excluding activities related to Fortress Companies:

	Number of shares	Weighted average exercise price	Total weighted average intrinsic value	Weighted average remaining contractual life (years)
Outstanding as of December 31, 2016	2,263,453	$ 3.62	$ 79,800	4.74
Granted	167,946	3.37	-	4.96
Outstanding as of March 31, 2017	2,431,399	$ 3.60	$ 209,800	2.37
Exercisable as of March 31, 2017	471,399	$ 6.08	$ 139,800	1.98

Long-Term Incentive Program ("LTIP")

On January 1, 2017, the Compensation Committee granted 552,698 shares each to Lindsay Rosenwald and Michael Weiss. These equity grants, made in accordance with the LTIP, represent one percent (1%) of total outstanding shares of the Company and were granted in recognition of their performance in 2016. The shares are subject to repurchase by the Company until both of the following conditions are met: (i) the Company's market capitalization increases by a minimum of $100.0 million, and (ii) the employee is either in the service of the Company as an employee or as a Board member (or both) on the tenth anniversary of the LTIP, or the eligible employee has had an involuntary separation from service (as defined in the LTIP). The Company's repurchase option on such shares will also lapse upon the occurrence of a corporate transaction (as defined in the LTIP) if the eligible employee is in service on the date of the corporate transaction. The fair value of each grant on the grant date was approximately $1.5 million. The Company recorded approximately $0.1 million related to these grants. The Company is expensing these grants over 8.3 years, which is the life of the LTIP.

Fortress Companies

Checkpoint Therapeutics, Inc.

Checkpoint has a long-term incentive plan under which it has issued grants to both employees and non-employees. For the three months ended March 31, 2017 and 2016, Checkpoint re-measured its non-employee grant and recorded expense of approximately $0.4 million and $0.8 million, respectively, in research and development expenses on the Condensed Consolidated Statements of Operations.

Certain Checkpoint employees and directors also have been awarded restricted stock under Checkpoint's 2015 Incentive Plan. Checkpoint recorded stock-based compensation expense of $0.5 million and $0.3 million, respectively, for the three months ended March 31, 2017 and 2016, respectively, on the Condensed Consolidated Statements of Operations.

Checkpoint recorded approximately $0.1 million of option expense in general and administrative expenses on the Condensed Consolidated Statements of Operations, related to an award with a market condition for the three months ended March 31, 2017.

Avenue Therapeutics, Inc.

For the three months ended March 31, 2017 and 2016, Avenue recorded approximately $2,000 and $5,000, respectively, as general and administrative expenses and approximately $2,000 and $5,000, respectively, as research and development expenses on the Condensed Consolidated Statements of Operations.

Journey Medical Corporation

During the quarter ended March 31, 2017, JMC granted option awards to numerous sales employees exercisable for 290,000 shares of Journey common stock pursuant to its equity award plan.

The fair value of stock options granted was determined on the grant date using assumptions for risk free interest rate, the expected term, expected volatility, and expected dividend yield. The stock price was determined utilizing a discounted cash flow model to determine the weighted market value of invested capital. JMC does not expect to pay dividends in the foreseeable future. As a result, the expected dividend yield is 0%. The expected term for stock options granted with service conditions represents the average period the stock options are expected to remain outstanding and is based on the expected term calculated using the approach prescribed by the SEC's Staff Accounting Bulletin No. 110 for "plain vanilla" options. JMC obtained the risk-free interest rate from publicly available data published by the Federal Reserve. The volatility rate was computed based on a comparison of average volatility rates of similar companies. The fair value of options granted in 2017 was estimated using the following assumptions:

	March 31, 2017
Risk-free interest rate	1.93% - 2.22%
Expected dividend yield	-%
Expected term in years	5.38 - 6.98%
Expected volatility	103.98% - 105.95%

During the three months ended March 31, 2017 and 2016, stock-based compensation associated with the amortization of stock option expense was approximately $38,000 and $0.1 million, respectively. JMC also recorded approximately $8,000 and $35,000 related to the restricted stock during the three months ended March 31, 2017 and 2016, respectively. Expenses were recorded in general and administrative expense on the Condensed Consolidated Statements of Operations.

Helocyte, Inc.

For the three months ended March 31, 2017 and 2016, Helocyte re-measured its non-employee grants and recorded expense of approximately $37,000 and $62, respectively, in research and development expenses on the Condensed Consolidated Statements of Operations.

For the three months ended March 31, 2017 and 2016, the Company recorded approximately $10,000 and $500, respectively, as general and administrative expenses on the Condensed Consolidated Statements of Operations.

Cellvation, Inc.

For the three months ended March 31, 2017, Cellvation recorded expenses for non-employee grants of approximately $3,000, in research and development expenses on the Condensed Consolidated Statements of Operations. There was no expense during the same period in 2016.

For the three months ended March 31, 2017, Cellvation recorded approximately $5,000, in connection with a grant made to its Chief Executive Officer, as general and administrative expenses on the Condensed Consolidated Statements of Operations. There was no expense during the same period in 2016.

Capital Raise

Mustang

In September 2016, Mustang entered into a Placement Agent Agreement with NSC relating to Mustang's offering of shares of common stock in a private placement. Pursuant to the Placement Agent Agreement, Mustang agreed to pay NSC a cash fee of 10.0% of the gross proceeds from the offering and grant NSC a warrant exercisable for shares of Mustang common stock equal to 10% of the aggregate number of shares of common stock sold in the offering (the "Placement Agent Warrants"). In addition, Mustang and the investors entered into a unit purchase agreement (the "Unit Purchase Agreement"). The common stock and Warrants were sold in units, with each unit consisting of 10,000 shares of Mustang's common stock, and Warrants exercisable for 2,500 shares of common stock at an exercise price of $8.50 per share. The purchase price was $65,000 per Unit. The warrants have a five-year term and are only exercisable for cash.

On January 31, 2017, Mustang held a sixth closing of its private placement for gross proceeds of $55.5 million, before expenses. Mustang issued 8,536,774 unregistered shares of common stock and 2,134,193 warrants in connection with this closing. NSC received a placement agent fee of $5.5 million or approximately 10% of the gross proceeds. In addition, NSC received 853,677 warrants or approximately 10% of the shares issued.

On March 31, 2017, Mustang closed an additional private placement with substantially similar terms as the offering described above resulting in gross proceeds of $0.4 million, before expenses. Mustang issued 64,000 unregistered shares of common stock and 16,000 warrants in connection with this transaction. NSC received a placement agent fee of approximately $42,000 or approximately 10% of the gross proceeds. In addition, NSC received 6,400 warrants or approximately 10% of the shares issued.

Pursuant to the Founders Agreement (see note 17), Mustang issued 215,019 shares to Fortress in 2017, representing 2.5% of the aggregate number of shares of common stock issued in the offerings noted above. For the three months ended March 31, 2017, Mustang recorded expense of approximately $1.2 million, related to this issuance (based upon the fair value of common shares on the date of issuance), which is included in general and administrative expenses in Mustang's Statements of Operations.

As of March 31, 2017, the Company determined that the warrants still did not meet the definition of a derivative and continued to qualify for equity recognition.

16. Commitments and Contingencies

Indemnification

In accordance with its certificate of incorporation, bylaws and indemnification agreements, the Company has indemnification obligations to its officers and directors for certain events or occurrences, subject to certain limits, while they are serving at the Company's request in such capacity. There have been no claims to date, and the Company has director and officer insurance to address such claims. Pursuant to agreements with clinical trial sites, the Company provides indemnification to such sites in certain conditions.

Legal Proceedings - Fortress

In the ordinary course of business, the Company and its subsidiaries may be subject to both insured and uninsured litigation. Suits and claims may be brought against the Company by customers, suppliers, partners and/or third parties (including tort claims for personal injury arising from clinical trials of the Company's product candidates and property damage) alleging deficiencies in performance, breach of contract, etc., and seeking resulting alleged damages.

Litigation and Regulatory Matters - National

National and its subsidiaries are defendants or respondents in various pending and threatened arbitrations, administrative proceedings and lawsuits seeking compensatory damages. Several cases have no stated alleged damages. Claim amounts are infrequently indicative of the actual amounts National will be liable for, if any. Further, National has a history of collecting amounts awarded in these types of matters from its registered representatives that are still affiliated, as well as from those that are no longer affiliated. Many of these claimants also seek, in addition to compensatory damages, punitive or treble damages, and all seek interest, costs and fees. These matters arise in the normal course of business. National intends to vigorously defend itself in these actions, and the ultimate outcome of these matters cannot be determined at this time.

Liabilities for potential losses from complaints, legal actions, government investigations and proceedings are established where National believes that it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. In making these decisions, management bases its judgments on its knowledge of the situations, consultations with legal counsel and its historical experience in resolving similar matters. In many lawsuits, arbitrations and regulatory proceedings, it is not possible to determine whether a liability has been incurred or to estimate the amount of that liability until the matter is close to resolution. However, accruals are reviewed regularly and are adjusted to reflect National's estimates of the impact of developments, rulings, advice of counsel and any other information pertinent to a particular matter. Because of the inherent difficulty in predicting the ultimate outcome of legal and regulatory actions, management cannot predict with certainty the eventual loss or range of loss related to such matters.

17. Related Party Transactions

Shared Services Agreement with TGTX

TGTX and the Company entered into an arrangement to share the cost of certain research and development employees. The Company's Executive Vice Chairman, Strategic Development, is Executive Chairman and Interim Chief Executive Officer of TGTX. Under the terms of the Agreement, TGTX will reimburse the Company for the salary and benefit costs associated with these employees based upon actual hours worked on TGTX related projects. For the three months ended March 31, 2017 and 2016, the Company invoiced TGTX $0.2 million and $0.1 million, respectively.

Desk Space Agreements with TGTX and OPPM

In connection with the Company's Desk Space Agreements with TGTX and Opus Point Partners Management, LLC ("OPPM"), as of March 31, 2017, the Company had paid $0.6 million in rent under the Desk Space Agreements, and invoiced OPPM and TGTX approximately $57,000 and $0.3 million, respectively, for their prorated share of the rent base. In addition, for the three months ended March 31, 2017, the Company had incurred $0.1 million in connection with the build out of the space and recorded a receivable of $54,000 due from TGTX and $12,000 due from OPPM.

Opus Credit Facility

In September 2016, the Company and Opus Point Health Innovations Fund ("OPHIF") entered into a Credit Facility Agreement (the "Opus Credit Facility"). Fortress's Chairman, President and Chief Executive Officer (Lindsay A. Rosenwald) and Fortress's Executive Vice President, Strategic Development (Michael Weiss), are Co-Portfolio Managers and Partners of OPPM, an affiliate of OPHIF. As such, all of the disinterested directors of Fortress's board of directors approved the terms of the Opus Credit Facility and related agreements (see Note 11).

2017 Subordinated Note Financing

On March 17, 2017, the Company and National Securities Corporation ("NSC"), a subsidiary of National, of which the Company owns 56.6% and Michael Weiss serves as Chairman of the Board of Directors, entered into placement agency agreements with NAM Biotech Fund and NAM Special Situation Fund in connection with the sale of subordinated promissory notes (see Note 11). Pursuant to the terms of the agreements, NSC will receive a placement agent fee in cash of 10% of the debt raised and warrants equal to 10% of the aggregate principal amount of debt raised divided by the closing share price of the Company's common stock on the date of closing.

For the three months ended March 31, 2017, NSC earned a placement agent fee of $0.3 million and a Placement Agent Warrant to purchase 87,946 shares of the Company's common stock.

Founders Agreements

The Company has entered into Founders Agreements and, in some cases, Exchange Agreements with certain of its subsidiaries as described in the Company's Form 10-K for the year ended December 31, 2016, filed with the SEC on March 16, 2017. The following table summarizes, by subsidiary, the effective date of the Founders Agreements and PIK dividend or equity fee payable to the Company in accordance with the terms of the Founders Agreements, Exchange Agreements and the subsidaries' certificates of incorporation.

Fortress Company	Effective Date [1]	PIK Dividend as a % of fully diluted outstanding capitalization	Class of Stock Issued
Helocyte	March 20, 2015	2.5%	Common Stock
Avenue	February 17, 2015	2.5%	Common Stock
Mustang	March 13, 2015	2.5%	Common Stock
Checkpoint	March 17, 2015	0.0%[2]	Common Stock
Cellvation	October 31, 2016	2.5%	Common Stock
Caelum	January 1, 2017	2.5%	Common Stock
Cyprium	March 13, 2017	2.5%	Common Stock

(1) – Represents the effective date of each subsidiary's Founders Agreement. While certain Founders Agreements may have been amended and restated subsequently, as described in the Company's Form 10-K for the year ended December 31, 2016 filed with the SEC on March 16, 2017, each PIK dividend and equity fee is payable on the annual anniversary of the effective date of the original Founders Agreement.

(2) – Instead of a PIK dividend, Checkpoint pays the Company an annual equity fee in shares of Checkpoint's common stock equal to 2.5% of Checkpoint's fully diluted outstanding capitalization.

Management Services Agreements

The Company has entered in Management Services Agreements (the "MSAs") with certain of its subsidiaries as described in the Company's Form 10-K for the year ended December 31, 2016, filed with the SEC on March 16, 2017. The following table summarizes, by subsidiary, the effective date of the MSA and the annual consulting fee payable by the subsidiary to the Company in quarterly installments:

($ in thousands)

Fortress Company	Effective Date	R&D	G&A	Annual MSA Fee (Income)/Expense
Helocyte	March 20, 2015	$ 250	$ 250	$ 500
Avenue	February 17, 2015	250	250	500
Mustang	March 13, 2015	250	250	500
Checkpoint	March 17, 2015	250	250	500
Cellvation	October 31, 2016	250	250	500
Caelum	January 1, 2017	250	250	500
Cyprium	March 13, 2017	250	250	500
Fortress		(1,750)	(1,750)	(3,500)
Consolidated (Income)/Expense		**$ -**	**$ -**	**$ -**

Chord Advisors, LLC

In May 2015, the Company entered into a full service consulting agreement with Chord Advisors, LLC ("Chord") to provide advisory accounting services. Under the terms of the agreement, the Company pays Chord $10,000 per month to provide technical accounting and financial reporting support. Either party upon 30-days written notice can terminate the agreement. Mr. Horin, Managing Partner of Chord, serves as Interim Chief Financial Officer to Avenue, Helocyte and Mustang. Pursuant to the agreements with Avenue, Helocyte and Mustang, Chord provides back office accounting support and accounting policy and financial reporting services, including the services of Mr. Horin. Chord receives up to $5,000 per month from Avenue and Helocyte, and up to $7,500 per month from Mustang. Checkpoint is billed at a blended hourly rate, for services incurred. For the three months ended March 31, 2017, Checkpoint incurred approximately $28,000 in hourly fees.

National

As of March 31, 2017, the Company owns approximately 56.6% of National. The Company's Executive Vice Chairman, Strategic Development is the Chairman of the Board of National.

Additionally, the Company's Chairman, President and Chief Executive Officer and the Company's Executive Vice Chairman, Strategic Development are both Co-Portfolio Managers and Partners of OPPM which owns approximately 4.6% of National. In the normal course, National provides the Company and the Company's subsidiaries with placement agent services in connection with third party raises.

18. Net Capital Requirements of Broker-Dealer Subsidiaries

National Securities is subject to the SEC's Uniform Net Capital Rule (Rule 15c3-1) (the "Rule"), which, among other things, requires the maintenance of minimum net capital. At December 31, 2016, National Securities had net capital of $8,562,434 which was $8,312,434 in excess of its required net capital of $250,000. National Securities is exempt from the provisions of the SEC's Rule 15c3-3 since it is an introducing broker-dealer that clears all transactions on a fully disclosed basis and promptly transmits all customer funds and securities to clearing brokers.

vFinance Investments is also subject to the Rule, which, among other things, requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2016, vFinance Investments had net capital of $2,319,352 which was $1,319,352 in excess of its required net capital of $1,000,000. vFinance Investments' ratio of aggregate indebtedness to net capital was 0.7 to 1. vFinance Investments is exempt from the provisions of the SEC's Rule 15c3-3 since it is an introducing broker-dealer that clears all transactions on a fully disclosed basis and promptly transmits all customer funds and securities to clearing brokers.

Advances, dividend payments and other equity withdrawals from the Company's broker-dealer subsidiaries are restricted by the regulations of the SEC, and other regulatory agencies. These regulatory restrictions may limit the amounts that a subsidiary may dividend or advance to the Company.

19. Off Balance Sheet Risk and Concentrations of Credit Risk

National is engaged in trading and providing a broad range of securities brokerage and investment services to a diverse group of retail and institutional clientele, as well as corporate finance and investment banking services to corporations and businesses. Counterparties to National's business activities include broker-dealers and clearing organizations, banks and other financial institutions. National uses clearing brokers to process transactions and maintain customer accounts for National on a fee basis. National permits the clearing firms to extend credit to its clientele secured by cash and securities in the client's account. National's exposure to credit risk associated with the non-performance by its customers and counterparties in fulfilling their contractual obligations can be directly impacted by volatile or illiquid trading markets, which may impair the ability of customers and counterparties to satisfy their obligations to National. National has agreed to indemnify the clearing brokers for losses they incur while extending credit to National's clients. It is National's policy to review, as necessary, the credit standing of its customers and counterparties. Amounts due from customers that are considered uncollectible by the clearing broker are charged back to National by the clearing broker when such amounts become determinable. Upon notification of a charge back, such amounts, in total or in part, are then either (i) collected from the customers, (ii) charged to the broker initiating the transaction and/or (iii) charged to operations, based on the particular facts and circumstances.

National maintains cash in bank deposits, which, at times, may exceed federally insured limits. National has not experienced and does not expect to experience losses on such accounts.

A short sale involves the sale of a security that is not owned in the expectation of purchasing the same security (or a security exchangeable) at a later date at a lower price. A short sale involves the risk of a theoretically unlimited increase in the market price of the security that would result in a theoretically unlimited loss.

20. Segment Information

The Company operates in three reportable segments, Dermatology Product Sales, Pharmaceutical and Biotechnology Product Development and National. The accounting policies of the Company's segments are the same as those described in Note 2. The following tables summarize, for the periods indicated, operating results by reportable segment:

Cost of goods sold is directly related to product sales only. Revenues derived from co-promote revenue had no cost of goods sold

($ in thousands) **Three Months Ended March 31, 2017**	**Dermatology Products Sales**	**Pharmaceutical and Biotechnology Product Development**	**National**	**Consolidated**
Net Revenue	$ 2,085	$ 693	$ 41,904	$ 44,682
Direct cost of goods	(469)	-	-	(469)
Sales and marketing costs	(2,267)	-	-	(2,267)
Research and development	-	(8,404)	-	(8,404)
General and administrative	(319)	(7,666)	-	(7,985)
National Expenses	-	-	(43,134)	(43,134)
Segment loss from operations	$ (970)	$ (15,377)	$ (1,230)	$ (17,577)
Segment assets	$ 4,039	$ 159,175	$ 48,697	$ 211,911

Significant Customers

For the three months ended March 31, 2017, two of the Company's customers each accounted for more than 10.0% of its total gross revenue in the amount of $0.8 million and $0.5 million, respectively. The revenue from these customers is captured in the product revenue, net line item within the Condensed Consolidated Statements of Operations. The Company had no customers that accounted for 10.0% of its total gross revenue for the three months ended March 31, 2016.

At March 31, 2017, two of the Company's customers each accounted for more than 10.0% of its total accounts receivable balance in the amount of $0.8 million and $0.5 million, respectively.

At December 31, 2016, two of the Company's customers each accounted for more than 10.0% of its total accounts receivable balance in the amount of $1.1 million and $0.5 million, respectively.

Net Revenue from Pharmaceutical and Biotechnology Product Development represents collaboration revenue from TGTX in connection with Checkpoint, which is classified as related party revenue.

21. Subsequent Events

2017 Subordinated Note Financing Second Closing

On May 1, 2017, the Company held a second closing of the 2017 Subordinated Note Financing and received gross proceeds of $8.55 million, before expenses. NSC received a placement agent fee of approximately $0.9 million in the second closing and warrants to purchase 234,438 shares of the Company's common stock at an exercise price of $3.65 per share.

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

Forward-Looking Statements

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and the related notes included elsewhere in this Form 10-Q. Our consolidated financial statements have been prepared in accordance with U.S. GAAP. The following discussion and analysis contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"), including, without limitation, statements regarding our expectations, beliefs, intentions or future strategies that are signified by the words "expect," "anticipate," "intend," "believe," "may," "plan", "seek" or similar language. All forward-looking statements included in this document are based on information available to us on the date hereof, and we assume no obligation to update any such forward-looking statements. Our business and financial performance are subject to substantial risks and uncertainties. Actual results could differ materially from those projected in the forward-looking statements. In evaluating our business, you should carefully consider the information set forth under the heading "Risk Factors" herein and in our Annual Report on Form 10-K for the year ended December 31, 2016.

Overview

Since inception on June 28, 2006, we have been a biopharmaceutical company involved in the development of novel immunotherapy agents for the treatment of autoimmune diseases and cancer. In 2015, as part of our growth strategy, we focused on acquiring, developing and commercializing novel pharmaceutical and biotechnology products. We develop and commercialize products both within Fortress and through certain of our subsidiary companies, which are sometimes referred to herein as the "Fortress Companies." Additionally, the Company has a controlling interest in National Holdings Corporation, a diversified independent brokerage company (together with its subsidiaries, herein referred to as "NHLD" or "National"). In addition to our internal development programs, we leverage our biopharmaceutical business expertise and drug development capabilities to provide funding and management services to help Fortress Companies achieve their goals. The Company and the Fortress Companies may seek licensings, acquisitions, partnerships, joint ventures and/or public and private financings (including financings facilitated by NHLD) to accelerate and provide additional funding to support their research and development programs. References in this report to "we," "us," "our," "the Company" and "Fortress" refer to Fortress Biotech, Inc. and the Fortress Companies.

Business Strategy

Our business approach is designed for maximum flexibility, allowing us to invest in a broad array of new technologies with clinical and commercial potential and products related to financial services. It enables us to move quickly to take advantage of time-sensitive opportunities when necessary and provides us with a range of options that allow us to select what we believe is the most advantageous corporate or financial structure for each investment candidate. We seek to acquire and invest in drugs, technologies and operating subsidiaries with high growth potential. We have made significant progress with the above initiatives and believe our novel business approach will provide opportunities to achieve synergies across multiple Fortress Companies.

As of March 31, 2017, we had several consolidated Fortress Companies, some of which contain product licenses, including Avenue Therapeutics, Inc. ("Avenue"), Cellvation, Inc. ("Cellvation"), Journey Medical Corporation ("Journey" or "JMC"), Coronado SO Co. ("Coronado SO"), Checkpoint Therapeutics, Inc. ("Checkpoint"), Mustang Bio, Inc. ("Mustang"), Helocyte, Inc. ("Helocyte"), Escala Therapeutics, Inc. ("Escala"), CB Securities Corporation (which holds investments classified as cash and cash equivalents), Caelum Biosciences, Inc. ("Caelum") and Cyprium Therapeutics, Inc. ("Cyprium"). In addition, as of March 31, 2017, we are the majority owner of National.

Recent Events

Fortress

On March 31, 2017, we entered into Note Purchase Agreements with NAM Biotech Fund II, LLC - Series I and NAM Special Situations Fund I QP, LLC – FBIO Series I, both of which are accredited investors, in connection with our subordinated promissory note financing (the "2017 Subordinated Note Financing").

National Securities Corporation ("NSC"), a subsidiary of National and a related party (see Note 17 in the Notes to Unaudited Condensed Consolidated Financial Statements above), acts as the placement agent in the 2017 Subordinated Note Financing. NSC receives a cash placement agent fee equal to 10% of the aggregate proceeds raised and warrants equal to 10% of the aggregate principal amount of the notes sold divided by the closing share price of our common stock on the date of closing.

As of May 1, 2017, we had issued notes totaling approximately $11.8 million in the 2017 Subordinated Note Financing and, in connection therewith, paid placement agent fees of approximately $1.2 million to NSC. In addition, as of May 1, 2017, we had issued warrants to NSC for 322,384 shares of our common stock in connection with the 2017 Subordinated Note Financing.

Caelum Biosciences, Inc.

In January 2017, Caelum licensed its lead asset, CAEL-101 from Columbia University. CAEL-101 is a novel antibody in Phase 1b clinical trials for the treatment of AL Amyloidosis. Interim Phase 1a/1b data on CAEL-101 was presented at the American Society of Hematology meeting in December 2016.

Cyprium Therapeutics, Inc.

In March 2017, Cyprium and the *Eunice Kennedy Shriver* National Institute of Child Health and Human Development ("NICHD"), part of the National Institutes of Health, entered into a Cooperative Research and Development Agreement to advance the clinical development of Phase 3 candidate CUTX-101 (copper histidinate injection) for the treatment of Menkes disease. Cyprium and NICHD also entered into a worldwide, exclusive license agreement to develop and commercialize AAV-based ATP7A gene therapy for use in combination with CUTX-101 for the treatment of Menkes disease and related copper transport disorders.

Mustang Bio, Inc.

Chimeric Antigen Receptor (CAR) engineered T-cells (CAR-T) technology

In March 2015, Mustang entered into an exclusive license agreement with City of Hope ("COH") to acquire intellectual property rights pertaining to CAR-T (the "Original License"). On February 17, 2017, Mustang and COH amended and restated the Original License by entering into three separate exclusive license agreements, one relating to CD123 (the "CD123 License"), one relating to IL-13 (the "IL-13 License") and one relating to the spacer technology (the "Spacer License"). The total potential consideration payable to COH by Mustang under the new license agreements, in equity or cash, did not, in the aggregate, change materially from the Original License.

On February 17, 2017, Mustang entered into an exclusive license agreement (the "IV/ICV Agreement") with COH to acquire intellectual property rights in patent applications related to the intraventricular and intracerebroventricular methods of delivering T cells that express CARs. Pursuant to the IV/ICV Agreement, in March 2017, Mustang paid COH an upfront fee of $0.1 million. An additional annual maintenance fee is also payable going forward.

License with University of California

On March 17, 2017, Mustang entered into an exclusive license agreement with the Regents of the University of California to acquire intellectual property rights in patent applications related to the engineered anti-prostatestem cell antigen antibodies for cancer targeting and detection.

Capital Raise

During the three months ended March 31, 2017, Mustang closed on gross proceeds of $55.9 million, before expenses, in private placements of shares and warrants (see Note 15).

Reportable Business Segments

For presentation purposes, Results of Operations is presented on a detailed revenue and expense basis rather than on a reportable business segment basis. Our operations are subject to wide fluctuations due to our early stage of development. The following provides a summary of revenues and expenses for the periods presented.

Results of Operations

General

For the three months ended March 31, 2017, we generated $44.7 million of net revenue of which $41.9 million of revenue relates to National, $0.7 million of revenue is in connection with Checkpoint's collaborative agreements with TGTX and $2.1 million of revenue relates primarily to the sale of Journey branded products. At March 31, 2017, we had an accumulated deficit of $257.2 million. While we may in the future generate revenue from a variety of sources, including license fees, milestone payments, research and development payments in connection with strategic partnerships and/or product sales, our and our subsidiaries' current product candidates are at an early stage of development and may never be successfully developed or commercialized. Accordingly, we expect to continue to incur substantial losses from operations for the foreseeable future, and there can be no assurance that we will ever generate significant revenues.

Research and Development Expenses

Research and development costs primarily consist of personnel related expenses, including salaries, benefits, travel, and other related expenses, stock-based compensation, payments made to third parties for license and milestone costs related to in-licensed products and technology, payments made to third party contract research organizations for preclinical and clinical studies, investigative sites for clinical trials, consultants, the cost of acquiring and manufacturing clinical trial materials, costs associated with regulatory filings and patents, laboratory costs and other supplies.

Also included in research and development expense is the total purchase price for the licenses acquired during the applicable reporting period.

For the three months ended March 31, 2017 and 2016, research and development expenses were approximately $8.4 million and $7.8 million, respectively including $1.3 million and $0.1 million, respectively, in costs related to the acquisition of licenses. Noncash, stock-based compensation expense included in research and development for the three months ended March 31, 2017 and 2016, was $0.8 million and $1.3 million, respectively.

Also, included in research and development expenses for the three months ended March 31, 2017 and 2016, respectively, are the following subsidiary level expenses related to license development: Avenue: nil and $0.4 million; Checkpoint: $2.6 million and $1.2 million; Cyprium: $0.1 million and nil; Escala: $0.1 million and $0.3 million; Helocyte: $0.9 million and $2.0 million; and Mustang: $0.5 million and $0.5 million. Additionally, for the three months ended March 31, 2017 and 2016, expenses related to Fortress license development were $0.2 million and $0.1 million. Also included in research and development expenses for the three months ended March 31, 2017 and 2016, were $0.3 million and $0.3 million, respectively, of consulting costs, $1.3 million and $0.8 million, respectively, of employee costs, and $0.2 million and $0.3 million, respectively, of other costs.

General and Administrative Expenses

General and administrative expenses consist principally of personnel-related costs, professional fees for legal, consulting, audit and tax services, rent and other general operating expenses not otherwise included in research and development expenses. For the three months ended March 31, 2017 and 2016, general and administrative expenses were approximately $10.3 million and $7.9 million, respectively. Also included in general and administrative expenses for the three months ended March 31, 2017 and 2016, respectively, are employee-related costs as follows: Fortress: $1.4 million and $1.1 million; JMC: $2.0 million and $1.4 million; Checkpoint: $0.2 million and $0.2 million; and Helocyte: $0.1 million and $0.3 million. Also included in general and administrative expenses for the three months ended March 31, 2017 and 2016, respectively, are costs related to legal, accounting and consulting fees as follows: Fortress $1.5 million and $1.8 million; Mustang $0.8 million and $0.3 million; Checkpoint $0.6 million and $0.7 million; Journey $0.6 million and $0.3 million; Avenue $0.3 million and $0.2 million; Helocyte $0.1 million and $0.2 million; Caelum $0.1 million and nil; Cellvation $0.1 million and nil; Cyprium $0.1 million and nil. We anticipate general and administrative expenses will increase in future periods, reflecting continued and increasing costs associated with support of our expanded research and development activities, support of business development activities expanding infrastructure and increased professional fees and other costs associated therewith. Noncash, stock-based compensation expense included in general and administrative expenses for the three months ended March 31, 2017 and 2016, was $2.1 million and $1.6 million, respectively.

General and administrative expenses related to National for the three months ended March 31, 2017 and 2016 were $43.1 million and nil, respectively, of which $37.3 million related to commissions, compensation and fees.

Comparison of three months ended March 31, 2017 and 2016

	For the Three Months Ended March 31,		Change	
($ in thousands)	**2017**	**2016**	$	%
Revenue				
Fortress				
Product revenue, net	$ 2,085	$ 383	$ 1,702	444%
Revenue - from a related party	693	277	416	150%
Net Fortress revenue	2,778	660	2,118	321%
National				
Commissions	24,506	-	24,506	100%
Net dealer inventory gains	2,511	-	2,511	100%
Investment banking	7,061	-	7,061	100%
Investment advisory	3,385	-	3,385	100%
Interest and dividends	716	-	716	100%
Transfer fees and clearing services	2,498	-	2,498	100%
Tax preparation and accounting	856	-	856	100%
Other	371	-	371	100%
Total National revenue	41,904	-	41,904	100%
Net revenue	44,682	660	44,022	6670%
Operating expenses				
Fortress				
Cost of goods sold - product revenue	469	-	469	100%
Research and development	7,110	7,736	(626)	-8%
Research and development – licenses acquired	1,294	83	1,211	1460%
General and administrative	10,252	7,932	2,320	29%
Total Fortress operating expenses	19,125	15,751	3,374	21%
National				
Commissions, compensation and fees	37,258	-	37,258	100%
Clearing fees	738	-	738	100%
Communications	722	-	722	100%
Occupancy	1,008	-	1,008	100%
Licenses and registration	405	-	405	100%
Professional fees	1,263	-	1,263	100%
Interest	4	-	4	100%
Depreciation and amortization	506	-	506	100%
Other administrative expenses	1,230	-	1,230	100%
Total National operating expenses	43,134	-	43,134	100%
Total operating expenses	62,259	15,751	46,508	295%
Loss from operations	(17,577)	(15,091)	2,486	16%
Other income (expenses)				
Interest income	136	75	61	81%
Interest expenses	(698)	(620)	78	13%

Change in fair value of derivative liabilities	4,342	(89)	4,431	4979%
Change in fair value of subsidiary convertible note	(97)	-	(97)	100%
Change in fair value of investments	(668)	(918)	(250)	-27%
Total other income (expenses)	3,015	(1,552)	4,567	294%
Net loss	**(14,562)**	**(16,643)**	**(2,081)**	**-13%**
Less: net loss attributable to non-controlling interest	(2,580)	(4,438)	(1,858)	-42%
Net loss attributable to common stockholders	**$ (11,982)**	**$ (12,205)**	**$ (223)**	**-2%**

Net revenues increased $44.0 million or 6670% from the three months ended March 31, 2016 to the three months ended March 31, 2017. The increase in net revenue is related to an increase in product revenue of $2.0 million associated with Journey's branded products, offset slightly by a decrease in Journey's co-promote revenue of $0.3 million, as well as an increase of $0.4 million in collaboration revenue between Checkpoint and TGTX. National's revenue increased by $41.9 million of which $24.5 million is commissions, this increase was due to the acquisition in of National September 2016 with no revenue attributable to National prior to the acquisition.

For the three months ended March 31, 2016, revenue consisted of $0.3 million in connection with Checkpoint's collaborative agreements with TGTX and $0.4 million in connection with JMC's co-promote agreement to sell a 2% topical lotion, Dermasorb HC™, for the treatment of corticosteroid-responsive dermatoses.

Cost of goods sold increased by $0.5 million or 100% from the three months ended March 31, 2016 to the three months ended March 31, 2017 due to Journey branded product revenue in the first quarter of 2017 versus no such revenue in 2016.

Research and development expenses decreased $0.6 million or 8% from the three months ended March 31, 2016 to the three months ended March 31, 2017. This decrease is attributable to decreases in spending of: $1.2 million for Helocyte related to clinical trial agreements with the COH for the development of PepVax ($0.7 million) and Triplex ($0.5 million), $0.4 million for Avenue related to the development of IV Tramadol, $0.3 million for Fortress, largely related to the development of CNDO-109, and $0.1 million related to Escala for the funding of their research programs with the NIH; offset by increases of: $1.4 million for Checkpoint related to development programs and $0.1 million related to Cyprium for sponsored research. Personnel costs increased by $0.4 million during the three months ended March 31, 2017 as compared to the three months ended March 31, 2016, as a result of an increase in employees at the subsidiary level while non-cash stock compensation expenses decreased by $0.5 million.

During the three months ended March 31, 2017, we made expenditures totaling $1.3 million in connection with new research and development licenses as follows: for Checkpoint $0.4 million, Mustang $0.6 million, Caelum $0.2 million and Cyprium $0.1 million, compared with $0.1 million in new research and development licenses purchased by Helocyte during the three months ended March 31, 2016.

General and administrative expenses increased $2.3 million or 29% from the three months ended March 31, 2016 to the three months ended March 31, 2017. The increase is related to $0.5 million in outside services including legal, audit fees and consultants, $0.5 million for the continued building of our sales and marketing infrastructure at JMC (including increasing the headcount of its out-sourced sales force from 15 to 25), $0.5 million for the increase in headcount excluding JMC (of which $0.3 million relates to Fortress, $0.1 million to Caelum and $0.1 million to Checkpoint). In addition, Mustang had recruiting fees of $0.2 million in the period ended March 31, 2017. Finally, stock compensation expense increased by $0.6 million from the three months ended March 31, 2016 due to an increase in headcount.

National's operating expenses increased by $43.1 million for the three months ended March 31, 2017, this increase is related to our acquisition of National in September 2016. We incurred no costs related to National for the three months ended March 31, 2016.

Interest expense increased $78,000 or 13% from the three months ended March 31, 2016 to the three months ended March 31, 2017. The increase in interest is primarily related to amounts owed under the Opus Credit Facility.

Liquidity and Capital Resources

We may require additional financing to fully develop and prepare regulatory filings, obtain regulatory approvals for our existing and new product candidates, fund operating losses, and, if deemed appropriate, establish or secure through third parties manufacturing for our potential products, sales and marketing capabilities. We have funded our operations to date primarily through the sale of equity and debt securities. We believe that our current cash, including access to committed lines of credit, is sufficient to fund operations for at least the next twelve months. A failure to raise capital as and when needed would have a material adverse impact on our financial condition and our ability to pursue our business strategies. We may seek funds through equity or debt financings, collaborative or other arrangements with corporate sources, or through other sources of financing. Adequate additional funding may not be available to us on acceptable terms or at all. If adequate funds are not available to us when needed, we may be required to delay, curtail or eliminate one or more of our research and development programs and, potentially, delay our growth strategy.

Cash Flows for the Three Months Ended March 31, 2017 and 2016

	For the Three Months Ended March 31,	
($ in thousands)	**2017**	**2016**
Statement of cash flows data:		
Total cash (used in)/provided by:		
Operating activities	$ (11,475)	$ (11,637)
Investing activities	(942)	(2,703)
Financing activities	58,160	(2,427)
Net increase (decrease) in cash and cash equivalents	$ 45,743	$ (16,767)

Operating Activities

Net cash used in operating activities decreased $0.2 million from the three months ended March 31, 2016, compared to the three months ended March 31, 2017. The decrease was primarily due to the decrease of $4.4 million in the fair value of derivative liabilities related to $4.3 million of National's contingently issuable warrants, partially offset by a decrease of $2.1 million in net loss, an increase of $0.6 million in changes in operating assets and liabilities, an increase of $0.7 million of depreciation and amortization expense of which $0.4 million related to amortization of National's intangible assets related to our ownership in National, and $1.2 million increase of expense related to research and development-licenses acquired.

Investing Activities

Net cash used in investing activities decreased $1.8 million from the three months ended March 31, 2016, compared to the three months ended March 31, 2017. The decrease is primarily due to a decrease of $2.0 million in purchase of property and equipment, no investment in Origo and no licenses being acquired in 2017, offset by an increase of $0.6 million in purchase of research and development licenses.

Financing Activities

Net cash provided by financing activities was $58.2 million for the three months ended March 31, 2017, compared to $2.4 million of net cash used financing activities for the three months ended March 31, 2016. During the three months ended March 31, 2017, we received $55.9 million in net proceeds from Mustang's offering, $3.3 million from the 2017 Subordinated Note Financing and $2.0 million from the Opus Credit Facility. During the first quarter of 2016, Checkpoint paid-off $2.8 million of the NSC Note.

Contractual Obligations and Commitments

As of March 31, 2017, the Company has $9.0 million of outstanding debt under the Opus Credit Facility. Outstanding debt matures in September 2018. As of March 31, 2017, $16.0 million is available under the Opus Credit Facility.

Off-Balance Sheet Arrangements

None.

Item 3. Quantitative and Qualitative Disclosures About Market Risks

Market risk represents the risk of loss that may result from the change in value of financial instruments due to fluctuations in their market price. Market risk is inherent in all financial instruments. Market risk may be exacerbated in times of trading illiquidity when market participants refrain from transacting in normal quantities and/or at normal bid-offer spreads. Our exposure to market risk is directly related to derivatives, debt and equity linked instruments related to our financing activities.

Our assets and liabilities are denominated in U.S. dollars. Consequently, we have not considered it necessary to use foreign currency contracts or other derivative instruments to manage changes in currency rates. We do not now, nor do we plan to, use derivative financial instruments for speculative or trading purposes. However, these circumstances might change.

The primary quantifiable market risk associated with our financial instruments is sensitivity to changes in interest rates. Interest rate risk represents the potential loss from adverse changes in market interest rates. We use an interest rate sensitivity simulation to assess our interest rate risk exposure. For purposes of presenting the possible earnings effect of a hypothetical, adverse change in interest rates over the 12-month period from our reporting date, we assume that all interest rate sensitive financial instruments will be impacted by a hypothetical, immediate 100 basis point increase in interest rates as of the beginning of the period. The sensitivity is based upon the hypothetical assumption that all relevant types of interest rates that affect our results would increase instantaneously, simultaneously and to the same degree. We do not believe that our cash and equivalents have significant risk of default or illiquidity.

The sensitivity analyses of the interest rate sensitive financial instruments are hypothetical and should be used with caution. Changes in fair value based on a 1% or 2% variation in an estimate generally cannot be extrapolated because the relationship of the change in the estimate to the change in fair value may not be linear. Also, the effect of a variation in a particular estimate on the fair value of financial instruments is calculated independent of changes in any other estimate; in practice, changes in one factor may result in changes in another factor, which might magnify or counteract the sensitivities. In addition, the sensitivity analyses do not consider any action that we may take to mitigate the impact of any adverse changes in the key estimates.

Based on our analysis, as of March 31, 2017 the effect of a 100+/- basis point change in interest rates on the value of our financial instruments and the resultant effect on our net loss are considered immaterial.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness, as of March 31, 2017, of the design and operation of our disclosure controls and procedures, as such term is defined in Exchange Act Rules 13a-15(e) and 15d-15(e). Based on this evaluation, our principal executive officer and principal financial officer have concluded that, as of such date, our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in 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 timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

No change in internal control over financial reporting occurred during the most recent quarter with respect to our operations, which materially affected, or is reasonable likely to materially affect, our internal controls over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

Investing in our Common Stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below, together with all of the other information in this Quarterly Report on Form 10-Q including the consolidated financial statements and the related notes, as well as the risks, uncertainties and other information set forth in the reports and other materials filed or furnished by our majority-controlled subsidiaries National Holdings Corporation ("NHLD" or "National"), Checkpoint Therapeutics, Inc. ("Checkpoint"), Mustang Bio, Inc. ("Mustang") and Avenue Therapeutics, Inc. ("Avenue") with the SEC, before deciding to invest in shares of our Common Stock. If any of the following risks or the risks included in the public filings of NHLD, Checkpoint, Mustang or Avenue were to materialize, our business, financial condition, results of operations, and future growth prospects could be materially and adversely affected. In that event, the market price of our Common Stock could decline and you could lose part of or all of your investment in our Common Stock.

Risks Related to our Growth Strategy

If we acquire, enter into joint ventures with or obtain a controlling interest in companies in the future, it could adversely affect our operating results and the value of our Common Stock thereby diluting stockholder value and disrupting our business.

As part of our growth strategy, we might acquire, enter into joint ventures with, or obtain a significant ownership stake in other companies. Acquisitions of, joint ventures with and investments in other companies, such as our acquisition of a controlling interest in NHLD, involve numerous risks, including, but not necessarily limited to:

- risk of entering new markets in which we have little to no experience;
- risk that our subsidiaries cannot generate significant or any revenue due to various uncertainties relevant to their products and services (including, in the case of our public company subsidiaries, those set forth in their public filings) and therefore that the value of their stock declines;
- diversion of financial and managerial resources from existing operations;
- successfully negotiating a proposed acquisition or investment timely and at a price or on terms and conditions favorable to us;
- the impact of regulatory reviews on a proposed acquisition or investment;
- the outcome of any legal proceedings that may be instituted with respect to the proposed acquisitions or investment;
- with respect to an acquisition, difficulties in integrating operations, technologies, services and personnel; and
- potential inability to maintain relationships with customers of the companies we may acquire or invest in.

If we fail to properly evaluate potential acquisitions, joint ventures or investments, we might not achieve the anticipated benefits of any such transaction, we might incur costs in excess of what we anticipate, and management resources and attention might be diverted from other necessary or valuable activities.

If certain of our subsidiaries cannot innovate and develop products and services and/or continue to commercialize biopharmaceutical products or grow our and their respective businesses, we may not be able to generate revenue.

Our growth strategy also depends on our and our subsidiaries' ability to generate revenue. If we and our subsidiaries cannot innovate and develop products and services or continue to commercialize current and future biopharmaceutical products or grow their respective businesses, we may not be able to generate revenue growth as anticipated.

We may not be able to generate returns for our investors if certain of our subsidiaries, most of which have limited or no operating history, no commercialized revenue generating products, and are not yet profitable, cannot obtain additional third-party financing.

As part of our growth strategy, we have made and will likely continue to make substantial investments in our subsidiaries, which at the time of investment generally have limited or no operating history, no commercialized revenue generating products, and require additional third-party financing to fund product and services development or acquisitions. Our business depends in large part on one or more of our subsidiaries' ability to innovate, in-license, acquire or invest in successful biopharmaceutical products, develop financial services and/or acquire companies in increasingly competitive and highly regulated markets. If certain of our subsidiaries do not successfully obtain additional third-party financing to commercialize products, successfully acquire companies or participate in the financial services industry, as applicable, the value of our businesses and our ownership stakes in our subsidiaries may be materially adversely affected.

If we cannot continue to fund our and certain of our subsidiaries' research and development programs, we and our subsidiaries may be required to reduce product development, which will adversely impact our growth strategy.

Our and certain of our subsidiaries' research and development ("R&D") programs will require substantial additional capital to conduct research, preclinical testing and human studies, establish pilot scale and commercial scale manufacturing processes and facilities, and establish and develop quality control, regulatory, marketing, sales and administrative capabilities to support these programs. We expect to fund our and certain of our subsidiaries' R&D activities from a combination of cash generated from royalties and milestones from our partners in various past, ongoing and future collaborations and additional equity or debt financings from third parties. These financings could depress our stock price. If additional funds are required to support our or our subsidiaries' operations and such funds cannot be obtained on favorable terms, we and certain of our subsidiaries may not be able to develop products, which will adversely impact our growth strategy.

Collaborative relationships with third parties could cause us or certain of our subsidiaries to expend significant resources and incur substantial business risk with no assurance of financial return.

We anticipate substantial reliance upon strategic collaborations for marketing and commercializing our and certain of our subsidiaries' existing product candidates, and we and our subsidiaries may rely even more on strategic collaborations for R&D of other product candidates. We and certain of our subsidiaries may sell product offerings through strategic partnerships with pharmaceutical and biotechnology companies. If we or our subsidiaries are unable to establish or manage such strategic collaborations on terms favorable to us in the future, our revenue and drug development may be limited.

If we or certain of our subsidiaries enter into R&D collaborations during the early phases of drug development, success will in part depend on the performance of research collaborators. Neither we nor certain of our subsidiaries will directly control the amount or timing of resources devoted by research collaborators to activities related to product candidates. Research collaborators may not commit sufficient resources to our or our subsidiaries' R&D programs. If any research collaborator fails to commit sufficient resources, the preclinical or clinical development programs related to the collaboration could be delayed or terminated. Also, collaborators may pursue existing or other development-stage products or alternative technologies in preference to those being developed in collaboration with us or our subsidiaries. Finally, if we or certain of our subsidiaries fail to make required milestone or royalty payments to collaborators or to observe other obligations in agreements with them, the collaborators may have the right to terminate or stop performance of those agreements.

Establishing strategic collaborations is difficult and time-consuming. Our and certain of our subsidiaries' discussions with potential collaborators may not lead to the establishment of collaborations on favorable terms, if at all. Potential collaborators may reject collaborations based upon their assessment of our and our subsidiaries' financial, regulatory or intellectual property position. Even if we or our subsidiaries successfully establish new collaborations, these relationships may never result in the successful development or commercialization of product candidates or the generation of sales revenue. To the extent that we or our subsidiaries enter into collaborative arrangements, the related product revenues are likely to be lower than if we or our subsidiaries directly marketed and sold products.

Management of our relationships with collaborators will require:

- significant time and effort from our management team, as well as from the management teams of our subsidiaries;
- coordination of our and certain of our subsidiaries' marketing and R&D programs with the respective marketing and R&D priorities of our collaborators; and

- effective allocation of our and our subsidiaries' resources to multiple projects.

As we continue to execute our growth strategy, we may be subject to further government regulation which would adversely affect our operations.

If we engage in business combinations and other transactions that result in our Company holding passive investment interests in a number of entities, we may become subject to regulation under the Investment Company Act of 1940, as amended (the "Investment Company Act"). If we do become subject to the Investment Company Act, we would be required to register as an investment company and could be expected to incur significant registration and compliance costs in the future.

We may not be able to manage our anticipated growth, which may in turn adversely impact our business.

We will need to continue to expend funds on improving our infrastructure to address our anticipated growth. Acquisitions of companies or products could place a strain on our management, and administrative, operational and financial systems. In addition, we may need to hire, train and manage more employees, focusing on their integration with our Company and corporate culture. Integration and management issues associated with increased acquisitions may require a disproportionate amount of our management's time and attention and distract our management from other activities related to running our business.

We may not be able to hire or retain key officers or employees for our Company, and in some cases, our subsidiaries, to implement our business strategy and develop products and businesses.

Our success depends significantly on the continued contributions of our executive officers, financial, scientific and technical personnel and consultants, and on our ability to attract additional personnel for our Company and, in some cases, our subsidiaries as we continue to implement our growth strategy and acquire and invest in companies with varied businesses. During our and our subsidiaries' operating history, many essential responsibilities have been assigned to a relatively small number of individuals. However, as we continue to implement our growth strategy and our subsidiaries grow, the demands on our key employees will expand and we will need to recruit additional qualified employees for our Company and, possibly, for our subsidiaries. The competition for such qualified personnel is intense, and the loss of services of certain key personnel or our or our subsidiaries' inability to attract additional personnel to fill critical positions could adversely affect our business.

We currently depend heavily upon the efforts and abilities of our management team and the management teams of our subsidiaries. The loss or unavailability of the services of any of these individuals could have a material adverse effect on our business, prospects, financial condition and results. In addition, we have not obtained, do not own, nor are we the beneficiary of key-person life insurance for all of our and our subsidiaries' key personnel. We only maintain a limited amount of directors' and officers' liability insurance coverage to protect all of our directors and executive officers taken together (and those of our subsidiaries). There can be no assurance that this coverage will be sufficient to cover the costs of the events that may lead to its invocation, in which case, there could be a substantial impact on our and our subsidiaries' ability to continue operations.

Certain of our officers and directors serve in similar roles with our subsidiaries, affiliates, related parties and other parties with whom we transact business; ongoing and future relationships and transactions between these parties could result in conflicts of interest.

We share directors and/or officers with certain of our subsidiaries, affiliates, related parties or other companies with which we transact business, and such arrangements could create conflicts of interest in the future, including with respect to the allocation of corporate opportunities. While we believe that we have put in place policies and procedures to identify such conflicts and that any existing agreements that may give rise to such conflicts and any such policies or procedures were negotiated at arm's length in conformity with fiduciary duties, such conflicts of interest may nonetheless arise. The existence and consequences of such potential conflicts could expose us and our subsidiaries to lost profits, claims by our investors and creditors, and harm to our and our subsidiaries' results of operations.

Risks Related to Our Biopharmaceutical Business and Industry

We are an early-stage company, with limited operating history upon which stockholders can base an investment decision.

We are primarily an early-stage biopharmaceutical company and certain of our subsidiaries, on whose success we largely rely, are also early-stage biopharmaceutical companies. To date, we and certain of our subsidiaries have engaged primarily in R&D and investment activities and have not generated any revenues from product sales. We and certain of our subsidiaries have incurred significant net losses since inception. As of March 31, 2017, we had an accumulated deficit of approximately $257.2 million. We and certain of our subsidiaries have not demonstrated the ability to perform the functions necessary for the successful commercialization of any of our products. The successful commercialization of our and certain of our subsidiaries' products will require us and our subsidiaries to perform a variety of functions, including, but not necessarily limited to:

- identifying, developing, and commercializing product candidates;
- entering into successful licensing and other arrangements with product development partners;
- continuing to undertake pre-clinical development and clinical trials;
- participating in regulatory approval processes;
- formulating and manufacturing products; and
- conducting sales and marketing activities.

Our operations have been limited to organizing and staffing our Company (and in some cases our subsidiaries), acquiring, developing and securing the proprietary rights for, and undertaking pre-clinical development and clinical trials of product candidates, and making investments in other companies. These operations provide a limited basis for our stockholders and prospective investors to assess our ability to commercialize product candidates, develop potential product candidates and make successful investments in other companies, as well as for you to assess the advisability of investing in our securities. Each of these requirements will require substantial time, effort and financial resources.

If we or certain of our subsidiaries are unable to establish or maintain sales and marketing capabilities or fail to enter into agreements with third parties to market, distribute and sell products that may be successfully developed, neither we nor our subsidiaries may be able to effectively market and sell products and continue to generate product revenue.

Neither we nor our biopharmaceutical subsidiaries (other than Journey Medical Corporation) currently have the infrastructure for the sales, marketing and distribution of any of our product candidates, and we and certain of our subsidiaries must build and maintain this infrastructure or make arrangements with third parties to perform these functions in order to continue to commercialize any products that we may successfully develop. The establishment and development of a sales force, either by us, certain of our subsidiaries or jointly with a partner, or the establishment of a contract sales force to market any products we or our subsidiaries may develop, is expensive and time-consuming and could delay any product launch or compromise the successful commercialization of products. If we, certain of our subsidiaries, or our respective partners, are unable to establish and maintain sales and marketing capabilities or any other non-technical capabilities necessary to commercialize any products that may be successfully developed, we or certain of our subsidiaries will need to contract with third parties to market and sell such products. We or certain of our subsidiaries may not be able to establish arrangements with third parties on acceptable terms, or at all.

If any of our or certain of our subsidiaries' product candidates that are successfully developed do not achieve broad market acceptance among physicians, patients, healthcare payors and the medical community, the revenues that any such product candidates generate from sales will be limited.

Even if our or certain of our subsidiaries' product candidates receive regulatory approval, they may not gain market acceptance among physicians, patients, healthcare payors and the medical community. Coverage and reimbursement of our or certain of our subsidiaries' product candidates by third-party payors, including government payors, generally is also necessary for commercial success. The degree of market acceptance of any approved products will depend on a number of factors, including, but not necessarily limited to:

- the efficacy and safety as demonstrated in clinical trials;
- the timing of market introduction of such product candidate as well as competitive products;
- the clinical indications for which the product is approved;
- acceptance by physicians, major operators of hospitals and clinics and patients of the product as a safe and effective treatment;
- the potential and perceived advantages of product candidates over alternative treatments;
- the safety of product candidates seen in a broader patient group, including its use outside the approved indications;
- the cost of treatment in relation to alternative treatments;
- the availability of adequate reimbursement and pricing by third parties and government authorities;
- the approval, availability, market acceptance and reimbursement for a companion diagnostic, if any;
- relative convenience and ease of administration;
- the prevalence and severity of side effects and adverse events;
- the effectiveness of our sales and marketing efforts; and
- unfavorable publicity relating to the product.

If any product candidate is approved but does not achieve an adequate level of acceptance by physicians, hospitals, healthcare payors and patients, we or certain of our subsidiaries may not generate sufficient revenue from these products and in turn we may not become or remain profitable.

Healthcare reform and changes to restrictions on reimbursements are difficult to predict and may limit our financial returns.

Our ability and the ability of certain of our subsidiaries and all of our respective collaborators to commercialize product candidates that are successfully developed may depend, in part, on the extent to which government health administration authorities, private health insurers and other organizations will reimburse consumers for the cost of these products. These third parties are increasingly challenging both the need for and the price of new drug products. Significant uncertainty exists as to the reimbursement status of newly approved therapeutics. Adequate third-party reimbursement may not be available for our or certain of our subsidiaries' product candidates, which would prevent those product candidates from selling at price levels sufficient to realize an appropriate return on investments in research and product development.

Additionally, we are unable to predict the future course of federal or state health care legislation and regulations, including regulations related to the health care reform legislation enacted in 2010, known as the Affordable Care Act. The Affordable Care Act, any substitute legislation, and other changes in the law or regulatory framework could have a material adverse effect on our business.

Failure to be included in formularies developed by managed care organizations and coverage by other organizations may negatively impact the utilization of our and certain of our subsidiaries' products, which could harm our and our subsidiaries' market shares and could have a material adverse effect on our business and financial condition.

Managed care organizations and other third party payors try to negotiate the pricing of medical services and products to control their costs. Managed care organizations and pharmacy benefit managers typically develop formularies to reduce their cost for medications. Formularies can be based on the prices and therapeutic benefits of the available products. Due to their lower costs, generic products are often favored. The breadth of the products covered by formularies varies considerably from one managed care organization to another, and many formularies include alternative and competitive products for treatment of particular medical conditions. Failure to be included in such formularies or to achieve favorable formulary status may negatively impact the utilization and market share of our and certain of our subsidiaries' products. If our and our subsidiaries' products are not included within an adequate number of formularies or adequate reimbursement levels are not provided, or if those policies increasingly favor generic products, this could have a material adverse effect on our business and financial condition.

Our product candidates and certain of our subsidiaries' product candidates are at an early stage of development and may not be successfully developed or commercialized.

Our existing product candidates, and most of our subsidiaries' product candidates remain in the early stage of development and will require substantial further capital expenditures, development, testing and regulatory clearances prior to commercialization. The development and regulatory approval process takes several years and it is not likely that our product candidates or all our subsidiaries' product candidates, even if successfully developed and approved by the FDA, would be commercially available for several years. Of the large number of drugs in development, only a small percentage successfully completes the FDA regulatory approval process and is commercialized. Accordingly, even if we and our subsidiaries are able to obtain the requisite financing to fund development programs, we cannot assure you that any of our or our subsidiaries' product candidates will be successfully developed or commercialized, which could result in the failure of our business and a loss of your investment in our Company.

Because we and certain of our subsidiaries in-license certain product candidates from third parties, any dispute with the licensors or the non-performance of such license agreements may adversely affect our and our subsidiaries' ability to develop and commercialize the applicable product candidates.

All of our existing product candidates and certain of our subsidiaries' product candidates, including related intellectual property rights, were in-licensed from third parties. Under the terms of the license agreements, the licensors generally have the right to terminate such agreements in the event of a material breach. The licenses require us and certain of our subsidiaries to make annual, milestone or other payments prior to commercialization of any product and our and our subsidiaries' ability to make these payments depends on the ability to generate cash in the future. These license agreements also generally require the use of diligent and reasonable efforts to develop and commercialize product candidates.

If there is any conflict, dispute, disagreement or issue of non-performance between us or one of our subsidiaries, on the one hand, and the respective licensing partner, on the other hand, regarding the rights or obligations under the license agreements, including any conflict, dispute or disagreement arising from a failure to satisfy payment obligations under such agreements, the ability to develop and commercialize the affected product candidate may be adversely affected.

Product candidates that we or certain of our subsidiaries advance into clinical trials may not receive regulatory approval.

Pharmaceutical development has inherent risk. We and certain of our subsidiaries will be required to demonstrate through well-controlled clinical trials that product candidates are effective with a favorable benefit-risk profile for use in their target indications before seeking regulatory approvals for their commercial sale. Success in early clinical trials does not mean that later clinical trials will be successful, as product candidates in later-stage clinical trials may fail to demonstrate sufficient safety or efficacy despite having progressed through initial clinical testing. Also, we or our subsidiaries may need to conduct additional clinical trials that are not currently anticipated. Companies frequently suffer significant setbacks in advanced clinical trials, even after earlier clinical trials have shown promising results. As a result, product candidates that we or our subsidiaries advance into clinical trials may not receive regulatory approval.

In addition, even if our or certain of our subsidiaries' product candidates were to obtain approval, regulatory authorities may approve any of such product candidates or any future product candidate for fewer or more limited indications than we or our subsidiaries request, may not approve the price we or our subsidiaries intend to charge for our products, may grant approval contingent on the performance of costly post-marketing clinical trials, or may approve a product candidate with a label that does not include the labeling claims necessary or desirable for the successful commercialization of that product candidate. Any of these scenarios could compromise the commercial prospects for one or more of our or our subsidiaries current or future product candidates.

Any product candidates we or certain of our subsidiaries advance into clinical development are subject to extensive regulation, which can be costly and time consuming, cause unanticipated delays or prevent the receipt of the required approvals to commercialize product candidates.

The clinical development, manufacturing, labeling, storage, record-keeping, advertising, promotion, import, export, marketing and distribution of any product candidate, including our product candidates, and certain of our subsidiaries' product candidates, is subject to extensive regulation by the FDA in the United States and by comparable health authorities in foreign markets. In the United States, neither we nor our subsidiaries are permitted to market our product candidates until such product candidate's Biologics License Application ("BLA") or New Drug Application is approved by the FDA. The process of obtaining approval is expensive, often takes many years and can vary substantially based upon the type, complexity and novelty of the products involved. Our development of CNDO-109, which is an individualized immunotherapy, may in particular be affected because to date the FDA has approved very few individualized immunotherapy treatments. Certain of our subsidiaries' development of individualized immunotherapies, if any, will face similar challenges. In addition to the significant clinical testing requirements, our and our subsidiaries' ability to obtain marketing approval for product candidates depends on obtaining the final results of required non-clinical testing, including characterization of the manufactured components of our and our subsidiaries' product candidates and validation of our and our subsidiaries' manufacturing processes. The FDA may determine that our or our subsidiaries' product manufacturing processes, testing procedures or facilities are insufficient to justify approval. Approval policies or regulations may change and the FDA has substantial discretion in the pharmaceutical approval process, including the ability to delay, limit or deny approval of a product candidate for many reasons. Despite the time and expense invested in clinical development of product candidates, regulatory approval is never guaranteed.

The FDA and other regulatory agencies can delay, limit or deny approval of a product candidate for many reasons, including, but not limited to:

- the FDA or comparable foreign regulatory authorities may disagree with the design or implementation of our clinical trials or those of certain of our subsidiaries;
- our or certain of our subsidiaries' inability to demonstrate to the satisfaction of the FDA that a product candidate is safe and effective for any indication;
- the FDA may not accept clinical data from trials which are conducted by individual investigators or in countries where the standard of care is potentially different from that of the United States;
- the results of clinical trials may not meet the level of statistical significance required by the FDA for approval;
- the FDA may disagree with the interpretation of data from preclinical studies or clinical trials;
- the FDA may fail to approve the manufacturing processes or facilities or those of third-party manufacturers with which we, or certain of our subsidiaries or our respective collaborators contract for clinical and commercial supplies; or
- the approval policies or regulations of the FDA may significantly change in a manner rendering the clinical data insufficient for approval.

With respect to foreign markets, approval procedures vary among countries and, in addition to the aforementioned risks, can involve additional product testing, administrative review periods and agreements with pricing authorities. In addition, recent events raising questions about the safety of certain marketed pharmaceuticals may result in increased cautiousness by the FDA and comparable foreign regulatory authorities in reviewing new pharmaceuticals based on safety, efficacy or other regulatory considerations and may result in significant delays in obtaining regulatory approvals. Any delay in obtaining, or inability to obtain, applicable regulatory approvals would prevent us or our subsidiaries from commercializing our product candidates.

Any product candidate we or certain of our subsidiaries advance into clinical trials may cause unacceptable adverse events or have other properties that may delay or prevent their regulatory approval or commercialization or limit their commercial potential.

Unacceptable adverse events caused by any of our or certain of our subsidiaries' product candidates that we advance into clinical trials could cause regulatory authorities to interrupt, delay or stop clinical trials and could result in the denial of regulatory approval by the FDA or other regulatory authorities for any or all targeted indications and markets. This, in turn, could prevent us or certain of our subsidiaries from commercializing the affected product candidate and generating revenues from its sale. For example, in Phase 1/2 oncology trials, dose limiting toxicity ("DLT") stopping rules are commonly applied.

Neither we nor certain of our subsidiaries have completed testing of all our product candidates for the treatment of the indications for which we intend to seek product approval in humans, and we currently do not know the extent of adverse events, if any, that will be observed in patients who receive any of our or our subsidiaries' product candidates. If any of our or our subsidiaries' product candidates cause unacceptable adverse events in clinical trials, neither we nor our subsidiaries may be able to obtain regulatory approval or commercialize such products or, if such product candidates are approved for marketing, future adverse events could cause us or certain of our subsidiaries to withdraw such products from the market.

Delays in the commencement of our and certain of our subsidiaries' clinical trials could result in increased costs and delay our or certain of our subsidiaries' ability to pursue regulatory approval.

The commencement of clinical trials can be delayed for a variety of reasons, including, but not necessarily limited to, delays in:

- obtaining regulatory clearance to commence a clinical trial;
- identifying, recruiting and training suitable clinical investigators;
- reaching agreement on acceptable terms with prospective clinical research organizations ("CROs") and trial sites, the terms of which can be subject to extensive negotiation, may be subject to modification from time to time and may vary significantly among different CROs and trial sites;
- obtaining sufficient quantities of a product candidate for use in clinical trials;
- obtaining Institutional Review Board ("IRB") or ethics committee approval to conduct a clinical trial at a prospective site;
- identifying, recruiting and enrolling patients to participate in a clinical trial; and
- retaining (or replacing) patients who have initiated a clinical trial but may withdraw due to adverse events from the therapy, insufficient efficacy, fatigue with the clinical trial process or personal issues.

Any delays in the commencement of our or certain of our subsidiaries' clinical trials will delay our or our subsidiaries' ability to pursue regulatory approval for product candidates. In addition, many of the factors that cause, or lead to, a delay in the commencement of clinical trials may also ultimately lead to the denial of regulatory approval of a product candidate.

Suspensions or delays in the completion of clinical testing could result in increased costs and delay or prevent our or certain of our subsidiaries' ability to complete development of that product or generate product revenues.

Once a clinical trial has begun, patient recruitment and enrollment may be slower than we anticipate. Clinical trials may also be delayed as a result of ambiguous or negative interim results or difficulties in obtaining sufficient quantities of product manufactured in accordance with regulatory requirements and on a timely basis. Further, a clinical trial may be modified, suspended or terminated by us or our subsidiaries, an IRB, an ethics committee or a data safety monitoring committee overseeing the clinical trial, any clinical trial site with respect to that site, or the FDA or other regulatory authorities, due to a number of factors, including, but not necessarily limited to:

- failure to conduct the clinical trial in accordance with regulatory requirements or our or our subsidiaries' clinical protocols;
- inspection of the clinical trial operations or clinical trial site by the FDA or other regulatory authorities resulting in the imposition of a clinical hold;
- stopping rules contained in the protocol;

- unforeseen safety issues or any determination that the clinical trial presents unacceptable health risks; and
- lack of adequate funding to continue the clinical trial.

Changes in regulatory requirements and guidance also may occur, and we or certain of our subsidiaries may need to amend clinical trial protocols to reflect these changes. Amendments may require us or certain of our subsidiaries to resubmit clinical trial protocols to IRBs for re-examination, which may in turn impact the costs and timing of, and the likelihood of successfully completing, a clinical trial. If we or our subsidiaries experience delays in the completion of, or if we must suspend or terminate, any clinical trial of any product candidate, our ability or the ability of our subsidiaries to obtain regulatory approval for that product candidate will be delayed and the commercial prospects, if any, for the product candidate may suffer as a result. In addition, many of these factors may also ultimately lead to the denial of regulatory approval of a product candidate.

Even if approved, any product candidates that we or certain of our subsidiaries may develop and market may be later withdrawn from the market or subject to promotional limitations.

Neither we nor certain of our subsidiaries may be able to obtain the labeling claims necessary or desirable for the promotion of our product candidates if approved. We and certain of our subsidiaries may also be required to undertake post-marketing clinical trials. If the results of such post-marketing studies are not satisfactory or if adverse events or other safety issues arise after approval, the FDA or a comparable regulatory agency in another country may withdraw marketing authorization or may condition continued marketing on commitments from us or our subsidiaries that may be expensive and/or time consuming to complete. In addition, if we or others identify adverse side effects after any of our or our subsidiaries' products are on the market, or if manufacturing problems occur, regulatory approval may be withdrawn and reformulation of our or our subsidiaries' products, additional clinical trials, changes in labeling of our or our subsidiaries' products and additional marketing applications may be required. Any reformulation or labeling changes may limit the marketability of such products if approved.

We and certain of our subsidiaries currently rely on third parties to manufacture our preclinical and clinical pharmaceutical supplies and expect to continue to rely on them and other contractors to produce commercial supplies of our products, and our dependence on third-party suppliers could adversely impact our business.

We and certain of our subsidiaries depend on third party manufacturers for product supply. If our or our subsidiaries' contract manufacturers cannot successfully manufacture material that conforms to our specifications and with FDA regulatory requirements, we will not be able to secure and/or maintain FDA approval for those products. Our and our subsidiaries' third-party suppliers will be required to maintain compliance with cGMPs and will be subject to inspections by the FDA and comparable agencies in other jurisdictions to confirm such compliance. In the event that the FDA or such other agencies determine that our third-party suppliers have not complied with cGMP, the relevant clinical trials could be terminated or subjected to a clinical hold until such time as we are able to obtain appropriate replacement material and/or applicable compliance. Any delay, interruption or other issues that arise in the manufacture, packaging, or storage of our products as a result of a failure of the facilities or operations of our third-party suppliers to pass any regulatory agency inspection could significantly impair our ability to develop and commercialize our and our subsidiaries' products.

We and certain of our subsidiaries also rely on our manufacturers to purchase from third-party suppliers the materials necessary to produce product candidates for anticipated clinical trials. There are a small number of suppliers for certain capital equipment and raw materials that are used to manufacture those products. We do not have any control over the process or timing of the acquisition of these raw materials by our manufacturers. Moreover, we currently do not have any agreements for the commercial production of these raw materials. Any significant delay in the supply the raw material components for an ongoing clinical trial could considerably delay completion of our and our subsidiaries' clinical trials, product testing and potential regulatory approval.

We do not expect to have the resources or capacity to commercially manufacture our and certain of our subsidiaries' products internally, if approved, and will likely continue to be dependent upon third-party manufacturers. Our dependence on third parties to manufacture and supply clinical trial materials and any approved products may adversely affect our and our subsidiaries' ability to develop and commercialize products in a timely or cost-effective manner, or at all.

We and certain of our subsidiaries rely on third parties to conduct clinical trials. If these third parties do not meet agreed upon deadlines or otherwise conduct the trials as required, our or our subsidiaries' clinical development programs could be delayed or unsuccessful and neither we nor our subsidiaries may be able to obtain regulatory approval for or commercialize our product candidates when expected or at all.

Neither we nor certain of our subsidiaries have the ability to conduct all aspects of our preclinical testing or clinical trials ourselves. We and certain of our subsidiaries intend to and do use CROs to conduct planned clinical trials and will and do rely upon such CROs, as well as medical institutions, clinical investigators and consultants, to conduct our trials in accordance with specified clinical protocols. These CROs, investigators and other third parties will and do play a significant role in the conduct of our and certain of our subsidiaries' trials and the subsequent collection and analysis of data from the clinical trials.

There is no guarantee that any CROs, investigators and other third parties upon which we and our subsidiaries rely for administration and conduct of our clinical trials will devote adequate time and resources to such trials or perform as contractually required. If any of these third parties fail to meet expected deadlines, fail to adhere to our clinical protocols or otherwise perform in a substandard manner, our or our subsidiaries' clinical trials may be extended, delayed or terminated. If any of the clinical trial sites terminate for any reason, we or our subsidiaries may lose follow-up information on patients enrolled in our ongoing clinical trials unless the care of those patients is transferred to another qualified clinical trial site. In addition, principal investigators for our and our subsidiaries' clinical trials may serve as scientific advisers or consultants to us from time to time and receive cash or equity compensation in connection with such services. If these relationships and any related compensation result in perceived or actual conflicts of interest, the integrity of the data generated at the applicable clinical trial site may be jeopardized.

If our competitors develop treatments for any of the target indications of our or certain of our subsidiaries' product candidates that are approved more quickly, marketed more successfully or demonstrated to be more effective, the commercial opportunity with respect to that product candidate will be reduced or eliminated.

We and certain of our subsidiaries operate in highly competitive segments of the biopharmaceutical markets and face competition from many different sources, including commercial pharmaceutical enterprises, academic institutions, government agencies, and private and public research institutions. Our and our subsidiaries' product candidates, if successfully developed and approved, will compete with established therapies, as well as new treatments that may be introduced by our competitors. Many of our and our subsidiaries' competitors have significantly greater financial, product development, manufacturing and marketing resources than those of ours and our subsidiaries. Large pharmaceutical companies have extensive experience in clinical testing and obtaining regulatory approval for drugs. In addition, many universities and private and public research institutes are active in clinical and pre-clinical research, some in direct competition with us. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. New developments, including the development of other biological and pharmaceutical technologies and methods of treating disease, occur in the pharmaceutical and life sciences industries at a rapid pace. Developments by competitors may render our and our subsidiaries' product candidates obsolete or noncompetitive. We and our subsidiaries will also face competition from these third parties in establishing clinical trial sites and patient registration for clinical trials and in identifying and in-licensing new product candidates.

We or certain of our subsidiaries may incur substantial product liability or indemnification claims relating to the clinical testing of product candidates.

We and certain of our subsidiaries face an inherent risk of product liability exposure related to the testing of product candidates in human clinical trials, and claims could be brought against us if use or misuse of one of our or our subsidiaries' product candidates causes, or merely appears to have caused, personal injury or death. While we and our subsidiaries have and/or intend to maintain product liability insurance relating to clinical trials, that coverage may not be sufficient to cover potential claims and we or our subsidiaries may be unable to maintain such insurance. Any claims against us or our subsidiaries, regardless of their merit, could severely harm our or our subsidiaries' financial condition, strain management and other resources or destroy the prospects for commercialization of the product which is the subject of any such claim. We are unable to predict if we or our subsidiaries will be able to obtain or maintain product liability insurance for any products that may be approved for marketing. Additionally, we and certain of our subsidiaries have entered into various agreements under which we indemnify third parties for certain claims relating to product candidates. These indemnification obligations may require us or our subsidiaries to pay significant sums of money for claims that are covered by these indemnifications.

We and certain of our subsidiaries may use biological materials and hazardous materials, and any claims relating to improper handling, storage or disposal of these materials could be time consuming and costly.

We and certain of our subsidiaries may use hazardous materials, including chemicals and biological agents and compounds that could be dangerous to human health and safety or the environment. Our and certain of our subsidiaries' operations may also produce hazardous waste products. Federal, state and local laws and regulations govern the use, generation, manufacture, storage, handling and disposal of these materials and wastes. Compliance with applicable environmental laws and regulations may be expensive, and current or future environmental laws and regulations may impair our product development efforts. In addition, neither we nor our subsidiaries can entirely eliminate the risk of accidental injury or contamination from these materials or wastes. Neither we nor our subsidiaries carry specific biological or hazardous waste insurance coverage, and our property and casualty and general liability insurance policies specifically exclude coverage for damages and fines arising from biological or hazardous waste exposure or contamination. Accordingly, in the event of contamination or injury, we or any of our subsidiaries could be held liable for damages or penalized with fines in an amount exceeding our respective resources, and clinical trials or regulatory approvals could be suspended.

Although we maintain workers' compensation insurance to cover costs and expenses incurred due to injuries to our and our subsidiaries' employees resulting from the use of hazardous materials, this insurance may not provide adequate coverage against potential liabilities. Neither we nor our subsidiaries maintain insurance for environmental liability or toxic tort claims that may be asserted in connection with the storage or disposal of biological or hazardous materials.

In addition, we and certain of our subsidiaries may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our research, development or production efforts. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions.

Our success depends upon our and certain of our subsidiaries' ability to obtain and maintain intellectual property rights and take advantage of certain regulatory market exclusivity periods.

Our success depends, in large part, on our and certain of our subsidiaries' ability to obtain patent protection for product candidates and their formulations and uses. The patent application process is subject to numerous risks and uncertainties, and there can be no assurance that we, our subsidiaries, or our respective partners will be successful in obtaining patents. These risks and uncertainties include, but are not necessarily limited to, the following:

- patent applications may not result in any patents being issued;

- our and our subsidiaries' competitors, many of which have substantially greater resources than us, our subsidiaries, or our partners, and many of which have made significant investments in competing technologies, may seek, or may already have obtained, patents that may limit or interfere with our or our subsidiaries' ability to make, use, and sell potential product candidates;

- there may be significant pressure on the U.S. government and other international governmental bodies to limit the scope of patent protection both inside and outside the United States for disease treatments that prove successful as a matter of public policy regarding worldwide health concerns; and

- countries other than the United States may have patent laws less favorable to patentees than those upheld by U.S. courts, allowing foreign competitors a better opportunity to create, develop and market competing products.

In addition, patents that may be issued or in-licensed may be challenged, invalidated, modified, revoked, circumvented, found to be unenforceable, or otherwise may not provide any competitive advantage. Third parties are often responsible for maintaining patent protection for our product candidates and those of our subsidiaries. For example, University College London Business PLC ("UCLB") is responsible for prosecuting and maintaining patent protection for CNDO-109, at our expense for our territories. If UCLB fails to appropriately prosecute and maintain patent protection for this product candidate, our ability to develop and commercialize CNDO-109 may be adversely affected and we may not be able to prevent competitors from making, using and selling competing products. Such a failure to properly protect intellectual property rights relating to any of our or our subsidiaries' product candidates could have a material adverse effect on our financial condition and results of operations.

In addition, U.S. patent laws may change, which could prevent or limit us or our subsidiaries from filing patent applications or patent claims to protect products and/or technologies or limit the exclusivity periods that are available to patent holders. For example, on September 16, 2011, the Leahy-Smith America Invents Act (the "Leahy-Smith Act"), was signed into law, and includes a number of significant changes to U.S. patent law. These include changes to transition from a "first-to-invent" system to a "first-to-file" system and to the way issued patents are challenged. The formation of the Patent Trial and Appeal Board now provides a quicker and less expensive process for challenging issued patents. These changes may favor larger and more established companies that have more resources to devote to patent application filing and prosecution. The USPTO implemented the America Invents Act on March 16, 2013.

We and our subsidiaries and our respective partners also rely on trade secrets and proprietary know-how to protect product candidates. Although we have taken steps to protect our and our subsidiaries' trade secrets and unpatented know-how, including entering into confidentiality agreements with third parties, and confidential information and inventions agreements with employees, consultants and advisers, third parties may still come upon this same or similar information independently.

We also may rely on the regulatory period of market exclusivity for any of our or our subsidiaries' biologic product candidates that are successfully developed and approved for commercialization. Although this period in the United States is generally 12 years from the date of marketing approval (depending on the nature of the specific product), there is a risk that the U.S. Congress could amend laws to significantly shorten this exclusivity period, as initially proposed by President Obama. Once any regulatory period of exclusivity expires, depending on the status of our and our subsidiaries' patent coverage and the nature of the product, we may not be able to prevent others from marketing products that are biosimilar to or interchangeable with our or our subsidiaries' products, which would materially adversely affect us.

If we, certain of our subsidiaries or our respective partners are sued for infringing intellectual property rights of third parties, it will be costly and time consuming, and an unfavorable outcome in that litigation would have a material adverse effect on our business.

Our success also depends on our ability, many of our subsidiaries' ability and the ability of any of our respective current or future collaborators to develop, manufacture, market and sell product candidates without infringing the proprietary rights of third parties. Numerous U.S. and foreign issued patents and pending patent applications, which are owned by third parties, exist in the fields in which we and our subsidiaries are developing products, some of which may be directed at claims that overlap with the subject matter of our or our subsidiaries' intellectual property. Because patent applications can take many years to issue, there may be currently pending applications, unknown to us, which may later result in issued patents that our or our subsidiaries' product candidates or proprietary technologies may infringe. Similarly, there may be issued patents relevant to our or our subsidiaries' product candidates of which we are not aware.

There is a substantial amount of litigation involving patent and other intellectual property rights in the biotechnology and biopharmaceutical industries generally. If a third party claims that we, our subsidiaries or any of our respective licensors, suppliers or collaborators infringe the third party's intellectual property rights, we or our subsidiaries may have to, among other things:

- obtain licenses, which may not be available on commercially reasonable terms, if at all;
- abandon an infringing product candidate or redesign products or processes to avoid infringement;
- pay substantial damages, including the possibility of treble damages and attorneys' fees, if a court decides that the product or proprietary technology at issue infringes on or violates the third party's rights;
- pay substantial royalties, fees and/or grant cross-licenses to product candidates; and/or
- defend litigation or administrative proceedings which may be costly regardless of outcome, and which could result in a substantial diversion of financial and management resources.

We or certain of our subsidiaries may be involved in lawsuits to protect or enforce patents or the patents of licensors, which could be expensive, time consuming and unsuccessful.

Competitors may infringe our or certain of our subsidiaries' patents or the patents of our respective licensors. To counter infringement or unauthorized use, we may be required to file infringement claims, which can be expensive and time consuming. An adverse result in any litigation or defense proceedings could put one or more of our or our subsidiaries' patents at risk of being invalidated, found to be unenforceable, or interpreted narrowly and could likewise put patent applications at risk of not issuing. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our or our subsidiaries' confidential information could be compromised by disclosure during this type of litigation.

We or certain of our subsidiaries may be subject to claims that our or our subsidiaries' consultants or independent contractors have wrongfully used or disclosed to us or our subsidiaries alleged trade secrets of their other clients or former employers.

As is common in the biopharmaceutical industry, we and certain of our subsidiaries engage the services of consultants to assist in the development of product candidates. Many of these consultants were previously employed at, or may have previously been or are currently providing consulting services to, other pharmaceutical companies, including our and our subsidiaries' competitors or potential competitors. We or our subsidiaries may become subject to claims related to whether these consultants have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers or their former or current customers. Litigation may be necessary to defend against these claims. Even if we or our subsidiaries are successful in defending these claims, litigation could result in substantial costs and be a distraction to management.

Any product for which we or our subsidiaries obtain marketing approval could be subject to restrictions or withdrawal from the market and we or our subsidiaries may be subject to penalties if we fail to comply with regulatory requirements or if we experience unanticipated problems with products, when and if any of them is approved.

Any product for which we or our subsidiaries obtain marketing approval, along with the manufacturing processes and facilities, post-approval clinical data, labeling, advertising and promotional activities for such product, will be subject to continual requirements of and review by the FDA and comparable regulatory authorities. These requirements include submissions of safety and other post-marketing information and reports, registration requirements, cGMP requirements relating to quality control, quality assurance and corresponding maintenance of records and documents, requirements regarding the distribution of samples to physicians and recordkeeping. Even if we or our subsidiaries obtain regulatory approval of a product, the approval may be subject to limitations on the indicated uses for which the product may be marketed or to the conditions of approval, or contain requirements for costly post-marketing testing and surveillance to monitor the safety or efficacy of the product. We or our subsidiaries also may be subject to state laws and registration requirements covering the distribution of products. Later discovery of previously unknown problems with products, manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may result in actions such as:

- restrictions on product manufacturing, distribution or use;
- restrictions on the labeling or marketing of a product;
- requirements to conduct post-marketing studies or clinical trials;
- warning letters;
- withdrawal of the products from the market;
- refusal to approve pending applications or supplements to approved applications that we or our subsidiaries submit;
- voluntary or mandatory recall;
- fines;
- suspension or withdrawal of marketing or regulatory approvals;
- refusal to permit the import or export of products;
- product seizure or detentions;
- injunctions or the imposition of civil or criminal penalties; and
- adverse publicity.

If we, our subsidiaries or our respective suppliers, third-party contractors, clinical investigators or collaborators are slow to adapt, or are unable to adapt, to changes in existing regulatory requirements or adoption of new regulatory requirements or policies, we, our subsidiaries, or our respective collaborators may lose marketing approval for products when and if any of them are approved, resulting in decreased revenue from milestones, product sales or royalties.

Internet and internal computer system failures or compromises of our systems or security could damage our reputation and harm our business.

Although a significant portion of our business is conducted using traditional methods of contact and communications such as face-to-face meetings, a portion of our business and the business of our subsidiaries is conducted through the Internet. We could experience system failures and degradations in the future. We also rely on space and office-sharing arrangements that impose additional burdens on our information security systems. We cannot assure you that we will be able to prevent an extended and/or material system failure and the unintentional disclosure of confidential information if any of the following or similar events occurs:

- human error;
- subsystem, component, or software failure;
- a power or telecommunications failure;
- an earthquake, fire, or other natural disaster or act of God;
- hacker attacks or other intentional acts of vandalism; or
- terrorist acts or war.

We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative or executive action, either in the United States or abroad.

We cannot predict the likelihood, nature or extent of how government regulation that may arise from future legislation or administrative or executive action taken by the new U.S. presidential administration may impact our business and industry. In particular, the new administration has taken several executive actions, including the issuance of a number of Executive Orders, that could impose significant burdens on, or otherwise materially delay, the FDA's ability to engage in routine regulatory and oversight activities such as implementing statutes through rulemaking, issuance of guidance, and review and approval of marketing applications. Notably, on January 23, 2017, President Trump ordered a civilian hiring freeze for all executive departments and agencies, including the FDA, which prohibits the FDA from filling employee vacancies or creating new positions. Under the terms of the order, the freeze will remain in effect until implementation of a plan to be recommended by the Director for the Office of Management and Budget ("OMB") in consultation with the Director of the Office of Personnel Management, to reduce the size of the federal workforce through attrition. An under-staffed FDA could result in delays in FDA's responsiveness or in its ability to review submissions or applications, issue regulations or guidance or implement or enforce regulatory requirements in a timely fashion or at all. Moreover, on January 30, 2017, President Trump issued an Executive Order, applicable to all executive agencies, including the FDA, which requires that for each notice of proposed rulemaking or final regulation to be issued in fiscal year 2017, the agency shall identify at least two existing regulations to be repealed, unless prohibited by law. These requirements are referred to as the "two-for-one" provisions. This Executive Order includes a budget neutrality provision that requires the total incremental cost of all new regulations in the 2017 fiscal year, including repealed regulations, to be no greater than zero, except in limited circumstances. For fiscal years 2018 and beyond, the Executive Order requires agencies to identify regulations to offset any incremental cost of a new regulation and approximate the total costs or savings associated with each new regulation or repealed regulation. In interim guidance issued by the Office of Information and Regulatory Affairs within OMB on February 2, 2017, the administration indicates that the "two-for-one" provisions may apply not only to agency regulations, but also to significant agency guidance documents. It is difficult to predict how these requirement will be implemented, and the extent to which they will impact the FDA's ability to exercise its regulatory authority. If these executive actions impose constraints on the FDA's ability to engage in oversight and implementation activities in the normal course, our business may be negatively impacted.

Risks Relating to our Finances, Capital Requirements and Other Financial Matters

We are an early-stage company with a history of operating losses that is expected to continue and we are unable to predict the extent of future losses, whether we will generate significant or any revenues or whether we will achieve or sustain profitability.

We are an early-stage company and our prospects must be considered in light of the uncertainties, risks, expenses and difficulties frequently encountered by companies in their early stages of operations. We continue to generate operating losses in all periods including losses from operations of approximately $65.7 million, $50.5 million and $20.7 million for the years ended December 31, 2016, 2015 and 2014, respectively, and losses from operations of $17.6 million for the three months ended March 31, 2017. At March 31, 2017, we had an accumulated deficit of approximately $257.2 million. We expect to make substantial expenditures and incur increasing operating costs and interest expense in the future and our accumulated deficit will increase significantly as we expand development and clinical trial activities for our product candidates and finance investments in certain of our existing and new subsidiaries in accordance with our growth strategy. Our losses have had, and are expected to continue to have, an adverse impact on our working capital, total assets and stockholders' equity. Because of the risks and uncertainties associated with product development and our investments in certain of our subsidiaries, we are unable to predict the extent of any future losses, whether we will ever generate significant or any revenues or if we will ever achieve or sustain profitability.

At March 31, 2017, the amount of debt outstanding under our promissory note in favor of Israel Discount Bank of New York ("IDB") was $14.9 million. The loan is collateralized by a security interest, a general lien upon, and right of set off against, our money market account of $15.0 million. If we default on our obligations, IDB may declare the loan immediately payable together with accrued interest and exercise its right to set-off. If an event of default occurs, we may not be able to cure it within any applicable cure period, if at all. If the maturity of our indebtedness is accelerated, we may not have sufficient funds available for repayment or we may not have the ability to borrow or obtain sufficient funds to replace the accelerated indebtedness on terms acceptable to us, or at all. In addition, the promissory note with IDB may limit our ability to finance future operations or satisfy capital needs or to engage in, expand or pursue our business activities. It may also prevent us from engaging in activities that could be beneficial to our business and our stockholders unless we repay the outstanding debt, which may not be desirable or possible.

We may need substantial additional funding and may be unable to raise capital when needed, which may force us to delay, curtail or eliminate one or more of our R&D programs, commercialization efforts and planned acquisitions and potentially change our growth strategy.

Our operations have consumed substantial amounts of cash since inception. During the years ended December 31, 2016, 2015 and 2014, we incurred R&D expenses of approximately $35.1 million, $29.8 million and $10.2 million, respectively. For the three months ended March 31, 2017, we incurred research and development expenses of approximately $8.4 million. We expect to continue to spend significant amounts on our growth strategy. We believe that our current cash and cash equivalents will enable us to continue to fund operations in the normal course of business for at least the next 12 months. In addition, in March 2017, we raised an aggregate of $3.25 million in a private placement of subordinated promissory notes in favor of NAM Biotech Fund II, LLC - Series I and NAM Special Situations Fund I QP, LLC - FBIO Series I, and in February 2015, we raised $10.0 million in a private placement of a promissory note to NSC Biotech Venture Fund I LLC. However, until such time, if ever, as we can generate a sufficient amount of product revenue and achieve profitability, we expect to seek to finance potential cash needs. Our ability to obtain additional funding when needed, changes to our operating plans, our existing and anticipated working capital needs, the acceleration or modification of our planned R&D activities, expenditures, acquisitions and growth strategy, increased expenses or other events may affect our need for additional capital in the future and require us to seek additional funding sooner than anticipated. In addition, if we are unable to raise additional capital when needed, we might have to delay, curtail or eliminate one or more of our R&D programs and commercialization efforts and potentially change our growth strategy.

Raising additional funds by issuing securities or through licensing or lending arrangements may cause dilution to our existing stockholders, restrict our operations or require us to relinquish proprietary rights.

To the extent that we raise additional capital by issuing equity securities, the share ownership of existing stockholders will be diluted. Any future debt financing may involve covenants that restrict our operations, including limitations on our ability to incur liens or additional debt, pay dividends, redeem our stock, make certain investments and engage in certain merger, consolidation or asset sale transactions, among other restrictions. In addition, if we raise additional funds through licensing or sublicensing arrangements, it may be necessary to relinquish potentially valuable rights to our or our subsidiaries' product candidates, or grant licenses on terms that are not favorable to us.

If we fail to maintain proper and effective internal control over financial reporting in the future, our ability to produce accurate and timely financial statements could be impaired, which could harm our operating results, investors' views of us and, as a result, the value of our Common Stock.

Pursuant to Section 404 of the Sarbanes Oxley Act of 2002 and related rules, our management is required to report on, and our independent registered public accounting firm is required to attest to, the effectiveness of our internal control over financial reporting. The rules governing the standards that must be met for management to assess our internal control over financial reporting are complex and require significant documentation, testing and possible remediation. To comply with the requirements of being a reporting company under the Exchange Act, we may need to further upgrade our systems, including information technology, implement additional financial and management controls, reporting systems and procedures and hire additional accounting and finance staff. If material weaknesses or deficiencies in our internal controls exist and go undetected, our financial statements could contain material misstatements that, when discovered in the future could cause us to fail to meet our future reporting obligations and cause the price of our Common Stock to decline.

Risks Associated with our Capital Stock

Some of our executives, directors and principal stockholders can control our direction and policies, and their interests may be adverse to the interests of our other stockholders.

At March 31, 2017, Lindsay Rosenwald, our Chairman, President and Chief Executive Officer, beneficially owned 13.6% of our issued and outstanding capital stock. At March 31, 2017, Michael Weiss, our Executive Vice Chairman, Strategic Development, beneficially owned 16.0% of our issued and outstanding capital stock. By virtue of their holdings and membership on our Board of Directors, Dr. Rosenwald and Mr. Weiss may individually influence our management and our affairs and may make it difficult for us to consummate corporate transactions such as mergers, consolidations or the sale of all or substantially all of our assets that may be favorable from our standpoint or that of our other stockholders.

The market price of our Common Stock may be volatile and may fluctuate in a way that is disproportionate to our operating performance.

Our stock price may experience substantial volatility as a result of a number of factors, including, but not necessarily limited to:

- announcements we make regarding our or our subsidiaries' current product candidates, acquisition of potential new product candidates and companies and/or in-licensing through multiple subsidiaries;
- sales or potential sales of substantial amounts of our Common Stock or issuance of debt;
- our or our subsidiaries' delay or failure in initiating or completing pre-clinical or clinical trials or unsatisfactory results of any of these trials;
- announcements about us, our subsidiaries or about our competitors, including clinical trial results, regulatory approvals or new product introductions;
- developments concerning our or our subsidiaries' licensors and/or product manufacturers;
- litigation and other developments relating to our or our subsidiaries' patents or other proprietary rights or those of our competitors;
- conditions in the pharmaceutical or biotechnology industries;
- governmental regulation and legislation;
- unstable regional political and economic conditions, such as those caused by the U.S. presidential administration change;
- variations in our anticipated or actual operating results; and
- change in securities analysts' estimates of our performance, or our failure to meet analysts' expectations.

Many of these factors are beyond our control. The stock markets in general, and the market for pharmaceutical and biotechnological companies in particular, have historically experienced extreme price and volume fluctuations. These fluctuations often have been unrelated or disproportionate to the operating performance of these companies. These broad market and industry factors could reduce the market price of our Common Stock, regardless of our actual operating performance.

Sales of a substantial number of shares of our Common Stock, or the perception that such sales may occur, may adversely impact the price of our Common Stock.

Almost all of the 50.3 million outstanding shares of our Common Stock, inclusive of outstanding equity awards, as of March 31, 2017 are available for sale in the public market, either pursuant to Rule 144 under the Securities Act of 1933, as amended (the "Securities Act"), or an effective registration statement. In addition, pursuant to our current shelf registration statement on Form S-3, we may issue and sell shares of our common stock having an aggregate offering price of up to $53.0 million from time to time under our Amended and Restated At Market Issuance Sales Agreement with MLV & Co. LLC and FBR Capital Markets & Co., dated August 17, 2016.

We and certain of our subsidiaries have never paid and currently do not intend to pay cash dividends in the near future. As a result, capital appreciation, if any, will be your sole source of gain.

We and certain of our subsidiaries have never paid cash dividends on any of our or their capital stock, or made stock dividends, and we and many of our subsidiaries currently intend to retain future earnings, if any, to fund the development and growth of our businesses, and retain our stock positions. In addition, the terms of existing and future debt agreements may preclude us and certain of our subsidiaries from paying cash of stock dividends. Equally, our subsidiaries are governed by their own boards of directors with individual governance and decision-making regimes and mandates to oversee such subsidiaries in accordance with their respective fiduciary duties. As a result, we alone cannot determine the acts of our subsidiaries that could maximize value to you, such as declaring cash or stock dividends. As a result, capital appreciation, if any, of our Common Stock will be your sole source of gain for the foreseeable future.

Provisions in our certificate of incorporation, our bylaws and Delaware law might discourage, delay or prevent a change in control of our Company or changes in our management and, therefore, depress the trading price of our Common Stock.

Provisions of our certificate of incorporation, our bylaws and Delaware law may have the effect of deterring unsolicited takeovers or delaying or preventing a change in control of our Company or changes in our management, including transactions in which our stockholders might otherwise receive a premium for their shares over then-current market prices. In addition, these provisions may limit the ability of stockholders to approve transactions that they may deem to be in their best interests. These provisions include:

- the inability of stockholders to call special meetings; and

- the ability of our Board of Directors to designate the terms of and issue new series of preferred stock without stockholder approval, which could include the right to approve an acquisition or other change in our control or could be used to institute a rights plan, also known as a poison pill, that would work to dilute the stock ownership of a potential hostile acquirer, likely preventing acquisitions that have not been approved by our Board of Directors.

In addition, the Delaware General Corporation Law prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder, generally a person which together with its affiliates owns, or within the last three years has owned, 15% of our voting stock, for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner.

The existence of the foregoing provisions and anti-takeover measures could limit the price that investors might be willing to pay in the future for shares of our Common Stock. They could also deter potential acquirers of our Company, thereby reducing the likelihood that you could receive a premium for your Common Stock in an acquisition.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Exhibit Title
10.33	Placement Agency Agreement dated March 25, 2017, between Fortress Biotech, Inc., NAM Biotech Fund II, LLC - Series I and National Securities Corporation.
10.34	Placement Agency Agreement dated March 25, 2017, between Fortress Biotech, Inc., NAM Special Situations Fund I QP, LLC - FBIO Series I and National Securities Corporation.
10.35	Form of Common Stock Purchase Warrant in favor of National Securities Corporation.
10.36	Form of Note Purchase Agreement between Fortress Biotech, Inc., NAM Biotech Fund II, LLC - Series I and NAM Special Situations Fund I QP, LLC - FBIO Series I.
10.37	Form of Promissory Note issued by Fortress Biotech, Inc. to NAM Biotech Fund II, LLC - Series I and NAM Special Situations Fund I QP, LLC - FBIO Series I.
31.1	Certification of Chairman, President and Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chairman, President and Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

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.

FORTRESS BIOTECH, INC.

May 10, 2017 By: /s/ Lindsay A. Rosenwald, M.D.
Lindsay A. Rosenwald, M.D., Chairman, President and Chief Executive Officer (Principal Executive Officer)

May 10, 2017 By: /s/ Lucy Lu, M.D.
Lucy Lu, M.D., Executive Vice President and Chief Financial Officer (Principal Financial Officer)

Exhibit Index

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Exhibit 10.33

NATIONAL
SECURITIES
ESTABLISHED 1947

March 25, 2017

NAM Biotech Fund II, LLC - Series I
c/o NAM Biotech Management, LLC
410 Park Avenue
14th Floor
New York, New York 10022

Attention: David Levine
Glenn Worman

Fortress Biotech, Inc.
Gansevoort Street
9th Floor
New York, New York 10014
Attention: Lindsay Rosenwald

Re: Placement Agency Agreement

Ladies and Gentlemen:

This letter agreement (this "Agreement") sets forth the terms upon which National Securities Corporation, a registered broker dealer ("NS" or the "Placement Agent") is to be engaged by Series 1 (the "Series") of NAM Biotech Fund II, LLC, a Delaware series limited liability company (the "Company") and Fortress Biotech, Inc. a Delaware corporation ("Fortress"), for a private placement of the Series' Membership Interests (the "Interests").

The Series desires to offer and sell the Interests in a private placement (the "Offering"). The Placement Agent will conduct all sales and solicitation efforts under this Agreement in a manner consistent with the intent that the Offering be an exempt transaction pursuant to Rule 506 promulgated under the Securities Act of 1933, as amended (the "Act"). The Interests are to be sold only to investors that are accredited investors as such term is defined in Rule 501(a) of Regulation D of the Act ("Accredited Investors"). The Series' Confidential Private Placement Memorandum dated March 1, 2017, inclusive of all documents incorporated by reference therein and all annexes, supplements and appendices thereto (the "Memorandum"), which describes the Offering and which includes the Fortress Confidential Private Placement Memorandum ("Fortress PPM") dated March 24, 2017 related to Subordinated Promissory Notes ("Notes"), will be made available to prospective investors. NS shall not provide copies of the Memorandum or any other written documents or other information to any prospective investors unless and until the Series has expressly approved the form and contents of any documentation or other information to be provided. Unless otherwise defined herein, terms with capitalized initial letters are used in this Agreement with the meanings attributed to them in the Memorandum.

SECTION 1. Appointment of Placement Agent. On the basis of the representations, warranties and covenants, but subject to the terms and conditions, set forth in this Agreement. NS is hereby appointed as the exclusive placement agent of the Series for the Offering.

Subject to the performance by each of the Series and Fortress of all its obligations to be performed hereunder, and to the completeness and accuracy of all representations and warranties contained herein, NS hereby accepts such agency. NS agrees to place the Interests on the terms and conditions herein set forth on a "reasonable efforts" basis. The initial closing of the Series will occur at the time the Manager of the Series, in its sole and absolute discretion, determines to accept subscriptions for Interests in the Series (the "Closing Date"). NS's agency shall continue until the termination of this Agreement.

NS shall have the right to appoint one or more selected dealers, which shall be reasonably acceptable to the Series, to assist in the Offering, and accordingly allot all or a portion of the Placement Agent compensation contemplated by Section 5 hereof to such selected dealers. Any such selected dealer may rely upon the representations, warranties and covenants of the Series set forth in this Agreement only upon the written consent of the Series, and shall be bound and subject to the obligations of NS hereunder as fully by this Agreement as if a party hereto. NS shall evidence such obligation in any agreement it shall have with such approved additional selected dealers.

SECTION 2. Term. This Agreement shall become effective on the date it is executed and delivered by all of the parties to this Agreement and shall continue in perpetuity, unless earlier terminated by either party by written notice to the other. Any such termination shall be without liability or continuing obligation to either party, provided, however, that NS will be entitled to all compensation earned, if any, up to the date of termination; and provided further, that the provisions of this Section 2, Section 5, and Sections 8 through 15 hereof shall survive any such termination.

SECTION 3. Representations, Warranties and Covenants of the Series and Fortress.

a) The Series represents, warrants, and covenants all of the following to the Placement Agent:

(i) The Company is duly organized, validly existing and in good standing as a series limited liability company under the laws of Delaware.

(ii) All company action required to be taken by the Series for the issuance and sale of the Interests has been taken or will be taken prior to commencement of the Offering.

(iii) This Agreement has been duly authorized, executed and delivered by the Series and constitutes a legal, valid and binding obligation of the Series enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency and other laws effecting creditors rights generally.

(iv) Except with respect to its arrangements with the Placement Agent, the Series has not incurred any liability for any finder's fees or similar payments in connection with the Offering.

(v) The Memorandum does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The representations and warranties in this Section 3(a) shall not apply to statements, if any, made in reliance upon and in conformity with information furnished by NS to the Series expressly for use in the Memorandum.

(vi) The Series has filed all federal, state local and foreign tax returns which are required to be filed or has requested extensions therefore, and has paid all taxes shown on such returns and all assessments received thereby to the extent that the same have become due.

(vii) The Series will not amend or supplement the Memorandum until the Placement Agent has been given written notice of the proposed amendment or supplement.

(viii) If it is necessary to amend or supplement the Memorandum in order that such a document not contain an untrue statement of a material fact or omit any facts necessary in order to make the statements therein not misleading in light of the circumstances existing at the time the Memorandum is delivered to a subscriber, the Series shall forthwith notify the Placement Agent in writing that an amendment or supplement is required and shall prepare as promptly as practicable an amendment of, or supplement to, the Memorandum, as appropriate, which will so amend or supplement the Memorandum.

(ix) Through NS, the Series shall give to each investor, at a reasonable time prior to his, her or its purchase of the Interests, the opportunity to ask questions and receive answers concerning the terms and conditions of the Offering and to obtain any additional information that the Series possesses or can acquire without unreasonable effort or expense and that is necessary to verify the accuracy of information contained in the Memorandum.

(x) The Series will not engage in a general solicitation or employ general advertising in connection with the Offering by any means or through any medium.

b) Fortress represents, warrants, and covenants all of the following to the Placement Agent:

(i) Fortress is duly organized, validly existing and in good standing as a corporation under the laws of Delaware.

(ii) This Agreement has been duly authorized, executed and delivered and constitutes a legal, valid and binding obligation of Fortress enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency and other laws effecting creditors rights generally.

(iii) The Fortress PPM does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(iv) The representations and warranties in this Section 3(b) shall not apply to statements, if any, made in reliance upon and in conformity with information furnished by NS to Fortress expressly for use in the Fortress PPM.

(v) Fortress will not amend or supplement the Fortress PPM until the Placement Agent has been given written notice of the proposed amendment or supplement.

(vi) If it is necessary to amend or supplement the Fortress PPM in order that such a document not contain an untrue statement of a material fact or omit any facts necessary in order to make the statements therein not misleading in light of the circumstances existing at the time the Fortress PPM is delivered to a subscriber, Fortress shall forthwith notify the Placement Agent in writing that an amendment or supplement is required and shall prepare as promptly as practicable an amendment of, or supplement to, the Fortress PPM, as appropriate, which will so amend or supplement the Fortress PPM.

SECTION 4. Representations, Warranties and Covenants of NS. NS represents, warrants, and covenants all of the following to the Series:

(a) NS is duly organized, validly existing and in good standing as a corporation under the laws of Washington.

(b) This Agreement has been duly authorized, executed and delivered by NS and constitutes a legal, valid and binding obligation of NS enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency and other laws effecting creditors rights generally.

(c) NS will only solicit potential investments from persons that it reasonably believes are Accredited Investors.

(d) NS shall at all times conduct its activities in connection with this Agreement within the bounds of all applicable state and federal laws and regulations (including, without limitation, securities laws, regulations and guidelines).

(e) NS has not engaged in any activity, made any commitment, or entered into any agreement inconsistent or in derogation of the rights granted in this Agreement, and that it will not engage in any activity, make any commitment or enter into any agreement inconsistent or in derogation of the rights granted in this Agreement.

(f) NS shall not, under any circumstance, knowingly misrepresent any fact or matter concerning the Series.

SECTION 5. Offering Compensation: Expenses of the Series. As compensation for its services related to the Offering, Fortress shall

(a) pay to NS, or at its direction one or more registered representatives and/or selected dealers of NS, or cause NS or such registered representatives and/or selected dealers to be paid, a cash fee equal to ten percent (10%) of the total amount of cash proceeds received for the purchase of Interests pursuant to subscriptions from investors which are accepted by the Series as provided herein. Notwithstanding the foregoing, the Series and NS may agree in writing to a lower or eliminated commission for any particular subscriber of Interests;

(b) Fortress shall pay the Placement Agent's reasonable expenses incidental to the Offering. Such expenses include but are not limited to, legal and accounting fees, the cost of preparing preliminary and definitive versions of the Memorandum and any out-of-pocket expenses of the Placement Agent and any selected dealers appointed by the Placement Agent and approved by the Series that are incidental to the Offering; provided however, that the legal and accounting fees shall be capped at $40,000 and offering expenses for printing, shipping, meetings and similar expenses shall not exceed $10,000. Fortress shall also pay all expenses incurred, until the Notes are paid, in organizing and operating the Series and the Company including, but not limited to. overhead, legal, tax, accounting, marketing, printing and travel expenses, as well as the costs and expenses associated with all meetings of the Review Committee that are incurred by the Series or the Company;

(c) Fortress shall deliver to the Placement Agent 5-year cash only placement agent warrants equal to ten percent (10%) of the principal amount of the Notes sold divided by the closing share price of Fortress on the date of closing and exercisable at the closing share price. The warrants shall be in the form annexed hereto as Exhibit A and shall be delivered to the Placement Agent at the time of each closing of the Notes;

(d) From the date of the first closing until the date that is the twelve (12) month anniversary of the closing date, upon any proposed issuance ("Subsequent Financing") by Fortress of capital stock or debt, including common stock or similar forms of capital stock, as well as securities that may be convertible into or exercisable or exchangeable for such capital stock (including convertible and non-convertible debt), in a private financing, other than equity or convertible debt securities, units or other combinations or securities, in each case issued in connection with a strategic partnership, acquisition of another company or its assets or a merger and/or acquisition of substantially all of the assets of Fortress, the Placement Agent shall have the right, but not the obligation, to participate for twenty percent (20%) of the Subsequent Financing on the same terms, conditions and price provided for in the Subsequent Financing. During the 12 month period, the Placement Agent will also have a right of first offer to effect any proposed issuance of Fortress's capital stock or debt, as well as securities that may be convertible into or exercisable or exchangeable for such capital stock (including convertible and non-convertible debt), in a private financing. For the sake of clarity, the rights under this Section 5(d) shall not apply to a public offering of securities of the Company. Fortress agrees to provide the Placement Agent reasonable written notice of its intention to effect a Subsequent Financing which shall include the terms and conditions of such Subsequent Financing. The Placement Agent shall have five (5) business days to respond to Fortress's written notice with the Placement Agent's election to participate in the Subsequent Financing.

SECTION 6. Conditions of NS's Obligation. NS's obligation to offer and sell the Interests is subject to the accuracy of and compliance with the representations and warranties contained in Section 3 hereof and to the performance by each of the Series and Fortress of its obligations hereunder, and to the further condition that at the closing, NS shall receive the Series' assurance that the Series, together with the Parallel Funds (which shall mean a Section 3(C)(7) version of each series of the Company), has raised sufficient capital to purchase at least Three Million Dollars ($3,000,000) of the Interests.

SECTION 7. Conditions of the Obligations of the Series. The obligations of the Series and Fortress hereunder are subject to the accuracy of and compliance with representations and warranties contained in Section 4 hereof, to the performance by NS of its obligations hereunder, and to the further condition that at each closing, the Series and Fortress shall receive NS's assurance to the effect that:

(a) In offering the Interests, NS has not offered nor solicited any offers to subscribe for or buy any Interests from any person on the basis of any written information relating to the Series, except on the basis of the Memorandum therefore approved by the Series and any other documents approved for such use by the Series;

(b) The Interests were offered in compliance with Rule 506 under Regulation D, including not conducting a general solicitation and offering Interests only to investors known to NS to be Accredited Investors; and

(c) NS shall have complied with all applicable broker-dealer registration requirements with respect to the Offering.

SECTION 8. Indemnification. Regardless of whether an Offering or closing is consummated, the Series and Fortress, agree, jointly and severally, to indemnify the Placement Agent with regard to matters contemplated herein, as set forth in Schedule A, attached hereto, which is incorporated by reference as if fully set forth herein. This Section 8 shall survive the termination or expiration of this Agreement.

SECTION 9. Representations and Warranties to Survive Delivery. All representations and warranties contained in this Agreement (as made as of its date) or contained in certificates (as of their respective dates) submitted pursuant hereto shall remain operative and in full force and effect and shall survive the Closing Date for a period of 18 months.

SECTION 10. Notices. All notices hereunder shall be in writing and shall be posted by certified mail or registered first class mail, personally delivered or telegraphed and confirmed as follows:

To the Series:	Series I of NAM Biotech Fund II, LLC c/o NAM Biotech Management, II, LLC 410 Park Avenue 14th Floor New York, NY 10022 Attn: David Levine
To Fortress:	Fortress Biotech, Inc. 2 Gansevoort Street 9th Floor New York, New York 10014 Attention: Lindsay Rosenwald
To the Placement Agent:	National Securities Corporation 410 Park Avenue 14th Floor New York, NY 10022 Attn: Eugene Kim

SECTION 11. Parties. This Agreement shall inure to the benefit of and be binding upon the Series, Fortress, and NS and the Series', Fortress', and NS's successors. This Agreement and the conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto, their respective successors, and Indemnified Parties (as defined in Schedule A), and not for the benefit of any other person. Neither party may assign this Agreement or the rights or obligations hereunder without the prior written consent of the other party.

SECTION 12. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York applicable to contracts entered into and to be wholly performed within such state.

SECTION 13. Waiver. Any party hereto may waive compliance by the other with any of the terms, provisions and conditions set forth herein; provided, however, that any such waiver shall be in writing specifically setting forth those provisions waived thereby. No waiver of any one provision in any one instance shall be construed to imply a waiver of any other provision or of such waived provision on any other occasion.

SECTION 14. Attorneys' Fees. If any action, suit or other proceeding is instituted concerning or arising out of this Agreement, the prevailing party shall recover all of such party's reasonable costs and attorneys' fees incurred in each and every such action, suit or other proceeding, including any and all appeals or petitions therefrom.

SECTION 15. Entire Agreement. This Agreement represents the entire agreement between the parties hereto with regard to the subject matter hereof and is intended to supersede and does supersede any and all prior agreements (oral or written) between the parties hereto.

[Signatures appear on the following page.]

Please confirm that the foregoing correctly sets forth the understanding and agreement between NS, the Series, and Fortress by signing below, returning an executed copy to the undersigned, whereupon this Agreement shall constitute a binding agreement as of the date first above written. We look forward to working with you on this assignment.

Very truly yours,

NATIONAL SECURITIES CORPORATION

BY: /s/ David C. Levine
Name: David C. Levine
Title: Chief Executive Officer

Confirmed, accepted and agreed to
as of the date first above written:

NAM BIOTECH FUND II, LLC – SERIES I

By: NAM Biotech Management, LLC,
its Manager

By: National Asset Management, Inc., its Manager

BY: /s/ David Levine
Name: David Levine
Title: Authorized Signatory

BY: /s/ Glenn Worman
Name: Glenn Worman
Title: Authorized Signatory

FORTRESS BIOTECH, INC.

BY: /s/ Lindsay Rosenwald
Name: Lindsay Rosenwald
Title: Chairman, President and CEO

SCHEDULE A
Indemnification

To the extent permitted by law, each of the Series and Fortress (collectively, the "Indemnitors") agrees, jointly and severally, to indemnify and hold harmless NS and its affiliates and the respective officers, directors, agents, representatives and employees of NS and its affiliates, and each other person or entity controlling NS or any of its affiliates, within the meaning of either Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended (collectively, the "Indemnified Parties"), from and against any losses, claims, damages, expenses or liabilities (or actions in respect thereof), joint or several, related to, arising in any manner from, or based upon, any transaction contemplated by this Agreement or NS's engagement, as they are incurred; provided, however, that the Indemnitors will not be liable to the extent that any loss, claim, damage, expense or liability resulted from NS's negligence or willful misconduct in connection with its engagement under this Agreement or any untrue statement or omission or alleged untrue statement or omission, made in reliance upon and in conformity with written information furnished to the Indemnitors or a third party by NS which has not been expressly approved by the Indemnitors. The Indemnitors will also promptly reimburse any Indemnified Party for all expenses (including the fees, disbursements and other charges of legal counsel) as incurred in connection with the investigation of, preparation for or defense of any pending or threatened claim related to, arising in any manner from, or based upon, any transaction contemplated by this Agreement or NS's engagement thereunder, or any investigation, action, suit or proceeding arising therefrom, whether or not such claim, investigation, action, suit or proceeding is brought or initiated by the Indemnitors or a third party; provided, however, that the Indemnitors will not be liable, and such Indemnified Party shall reimburse any amounts reimbursed in advance of final resolution of a matter, to the extent that any loss, claim, damage, expense or liability is determined by a court of competent jurisdiction to have resulted from such Indemnified Party's or NS's negligence or willful misconduct in connection with its engagement under this Agreement or any untrue statement or omission or alleged untrue statement or omission, made in reliance upon and in conformity with written information furnished to the Indemnitors or a third party by NS which has not been expressly approved by the Indemnitors.

The Indemnitors further agree that no Indemnified Party shall have any liability (whether direct or indirect, in contract or tort or otherwise) to the Indemnitors for or in connection with NS's engagement under this Agreement except for the portion or share of any losses, claims, damages, liabilities or expenses that resulted solely from the negligence or willful misconduct of such Indemnified Party or any untrue statement or omission or alleged untrue statement or omission, made in reliance upon and in conformity with written information furnished to the Indemnitors or a third party by NS. In no event shall the Indemnified Parties' aggregate liability to the Indemnitors exceed the fees actually received by NS from the Indemnitors pursuant to this Agreement (excluding any amounts received as reimbursement of expenses incurred by NS).

The Indemnitors will not, without the Indemnified Parties' written consent, settle, compromise, consent to the entry of any judgment or otherwise seek to terminate any action, claim or proceeding in respect of which indemnification may be sought hereunder (whether or not such Indemnified Party is a party thereto), unless such settlement, compromise or consent includes an unconditional release of each Indemnified Party from all liability arising out of such claim, action, suit or proceeding.

Promptly after receipt by an Indemnified Party of notice of any claim or the commencement of any action, suit or proceeding with respect to which an Indemnified Party may be entitled to indemnification under this Schedule A, such Indemnified Party will notify the Indemnitors in writing of such claim or the commencement of such action, suit or proceeding. The Indemnitors shall be entitled to assume the defense of any such claim, action, suit or proceeding with counsel reasonably satisfactory to such Indemnified Party. Upon assumption by the Indemnitors of the defense of any such claim, action, suit or proceeding, such Indemnified Party shall have the right to participate in the defense of such claim, action, suit or proceeding, and to retain its own counsel but the Indemnitors shall not be liable for any legal fees or expenses subsequently incurred by such Indemnified Party in connection with the defense thereof, unless (i) the Indemnitors have agreed to pay such fees and expenses, (ii) the Indemnitors shall have failed to employ counsel reasonably satisfactory to such Indemnified Party in a timely manner or (iii) such Indemnified Party shall have reasonably determined that representation of such Indemnified Party by counsel provided by the Indemnitors pursuant to the foregoing would be inappropriate due to actual or potential conflicting interests between the Indemnitors and such Indemnified Party, including, without limitation, situations in which there are one or more legal defenses available to such Indemnified Party that are different from or additional to those available to the Indemnitors.

If the indemnification provided for in this Schedule A is judicially determined to be unavailable (other than in accordance with the terms hereof) to an Indemnified Party in respect of any losses, claims, damages or liabilities referred to herein, then, in lieu of indemnifying such Indemnified Party hereunder, the Indemnitors shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages or liabilities (and expenses relating thereto) (i) in such proportion as is appropriate to reflect the relative benefits to NS, on the one hand, and the Indemnitors, on the other hand, of the engagement or (ii) if the allocation provided by clause (i) above is not available, in such proportion as is appropriate to reflect not only the relative benefits referred to in such clause (i) but also the relative fault of each of NS and the Indemnitors, as well as any other relevant equitable considerations; provided, however, in no event shall NS's aggregate contribution to the amount paid or payable exceed the aggregate amount of fees actually received by NS under this Agreement (excluding any amounts received as reimbursement of expenses incurred by NS). For the purposes of this Schedule A, the relative benefits to the Indemnitors and NS of the engagement shall be deemed to be in the same proportion as (a) the total value paid or contemplated to be paid to, or received or contemplated to be received by, the Indemnitors or their stockholders, members, partners, and/or affiliates, as the case may be, in the transaction or transactions that are the subject of the engagement, whether or not any such transaction is consummated, bears to (b) the fees paid or to be paid to NS under this Agreement (excluding any amounts received or to be received as reimbursement of expenses by NS).

The rights accorded to Indemnified Parties hereunder shall be in addition to any rights that any Indemnified Parties may have at common law, by separate agreement or otherwise, and shall be binding upon and inure to the benefit of any successors, heirs and personal representatives of the Indemnitors or any Indemnified Party, as the case may be.

THE PROVISIONS OF THIS SCHEDULE A SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY IN SUCH STATE. THE INDEMNITORS HEREBY CONSENT, SOLELY FOR THE PURPOSE OF ALLOWING AN INDEMNIFIED PARTY TO ENFORCE ITS RIGHTS HEREUNDER, TO PERSONAL JURISDICTION AND SERVICE AND VENUE IN ANY COURT IN WHICH ANY CLAIM FOR WHICH INDEMNIFICATION MAY BE SOUGHT HEREUNDER IS BROUGHT AGAINST NS OR ANY OTHER INDEMNIFIED PARTY.

The Indemnitors also hereby irrevocably waive any right they may have to a trial by jury in respect of any claim based upon or arising out of this Agreement or the transactions contemplated hereby. The terms of this Schedule A may not be amended or otherwise modified except by an instrument signed by both the Indemnitors and NS. If any provision hereof shall be determined to be invalid or unenforceable in any respect, such determination shall not affect such provision in any other respect or any other provision of this Agreement, which shall remain in full force and effect. For avoidance of doubt, if there are more indemnitors than one hereunder, each indemnifying person agrees that its liabilities hereunder shall be joint and several.

This Schedule A, and the indemnification, reimbursement and contribution obligations hereunder, shall remain operative and in full force and effect, notwithstanding (i) any withdrawal, termination or consummation of or failure to initiate or consummate any Offering referred to in this Agreement, (ii) any investigation made by or on behalf of any Indemnified Party or (iii) any termination, completion or expiration of this Agreement or NS's engagement thereunder.

EXHIBIT A

COMMON STOCK PURCHASE WARRANT

[filed separately with SEC]

Exhibit 10.34

NATIONAL
SECURITIES
ESTABLISHED 1947

March 25, 2017

NAM Special Situations Fund I QP, LLC - FBIO Series I
c/o NAM Biotech Management, LLC
410 Park Avenue
14th Floor
New York, New York 10022
Attention: David Levine
Glenn Worman

Fortress Biotech, Inc.
2 Gansevoort Street
9th Floor
New York, New York 10014
Attention: Lindsay Rosenwald

Re: Placement Agency Agreement

Ladies and Gentlemen:

This letter agreement (this "Agreement") sets forth the terms upon which National Securities Corporation, a registered broker dealer ("NS" or the "Placement Agent") is to be engaged by FBIO Series I (the "Series") of NAM Special Situations Fund I QP, LLC, a Delaware series limited liability company (the "Company") and Fortress Biotech, Inc. a Delaware corporation ("Fortress"), for a private placement of the Series' Membership Interests (the "Interests").

The Series desires to offer and sell the Interests in a private placement (the "Offering"). The Placement Agent will conduct all sales and solicitation efforts under this Agreement in a manner consistent with the intent that the Offering be an exempt transaction pursuant to Rule 506 promulgated under the Securities Act of 1933, as amended (the "Act"). The Interests are to be sold only to investors that are accredited investors as such term is defined in Rule 501(a) of Regulation D of the Act ("Accredited Investors"). The Series' Confidential Private Placement Memorandum dated March 1, 2017, inclusive of all documents incorporated by reference therein and all annexes, supplements and appendices thereto (the "Memorandum"), which describes the Offering and which includes the Fortress Confidential Private Placement Memorandum ("Fortress PPM") dated March 24, 2017 related to Subordinated Promissory Notes ("Notes"), will be made available to prospective investors. NS shall not provide copies of the Memorandum or any other written documents or other information to any prospective investors unless and until the Series has expressly approved the form and contents of any documentation or other information to be provided. Unless otherwise defined herein, terms with capitalized initial letters are used in this Agreement with the meanings attributed to them in the Memorandum.

SECTION 1. Appointment of Placement Agent. On the basis of the representations, warranties and covenants, but subject to the terms and conditions, set forth in this Agreement, NS is hereby appointed as the exclusive placement agent of the Series for the Offering.

Subject to the performance by each of the Series and Fortress of all its obligations to be performed hereunder, and to the completeness and accuracy of all representations and warranties contained herein, NS hereby accepts such agency. NS agrees to place the Interests on the terms and conditions herein set forth on a "reasonable efforts" basis. The initial closing of the Series will occur at the time the Manager of the Series, in its sole and absolute discretion, determines to accept subscriptions for Interests in the Series (the "Closing Date"). NS's agency shall continue until the termination of this Agreement.

NS shall have the right to appoint one or more selected dealers, which shall be reasonably acceptable to the Series, to assist in the Offering, and accordingly allot all or a portion of the Placement Agent compensation contemplated by Section 5 hereof to such selected dealers. Any such selected dealer may rely upon the representations, warranties and covenants of the Series set forth in this Agreement only upon the written consent of the Series, and shall be bound and subject to the obligations of NS hereunder as fully by this Agreement as if a party hereto. NS shall evidence such obligation in any agreement it shall have with such approved additional selected dealers.

SECTION 2. Term. This Agreement shall become effective on the date it is executed and delivered by all of the parties to this Agreement and shall continue in perpetuity, unless earlier terminated by either party by written notice to the other. Any such termination shall be without liability or continuing obligation to either party, provided, however, that NS will be entitled to all compensation earned, if any, up to the date of termination; and provided further, that the provisions of this Section 2, Section 5, and Sections 8 through 15 hereof shall survive any such termination.

SECTION 3. Representations, Warranties and Covenants of the Series and Fortress.

a) The Series represents, warrants, and covenants all of the following to the Placement Agent:

(i) The Company is duly organized, validly existing and in good standing as a series limited liability company under the laws of Delaware.

(ii) All company action required to be taken by the Series for the issuance and sale of the Interests has been taken or will be taken prior to commencement of the Offering.

(iii) This Agreement has been duly authorized, executed and delivered by the Series and constitutes a legal, valid and binding obligation of the Series enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency and other laws effecting creditors rights generally.

(iv) Except with respect to its arrangements with the Placement Agent, the Series has not incurred any liability for any finder's fees or similar payments in connection with the Offering.

(v) The Memorandum does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The representations and warranties in this Section 3(a) shall not apply to statements, if any, made in reliance upon and in conformity with information furnished by NS to the Series expressly for use in the Memorandum.

(vi) The Series has filed all federal, state local and foreign tax returns which are required to be filed or has requested extensions therefore, and has paid all taxes shown on such returns and all assessments received thereby to the extent that the same have become due.

(vii) The Series will not amend or supplement the Memorandum until the Placement Agent has been given written notice of the proposed amendment or supplement.

(viii) If it is necessary to amend or supplement the Memorandum in order that such a document not contain an untrue statement of a material fact or omit any facts necessary in order to make the statements therein not misleading in light of the circumstances existing at the time the Memorandum is delivered to a subscriber, the Series shall forthwith notify the Placement Agent in writing that an amendment or supplement is required and shall prepare as promptly as practicable an amendment of, or supplement to, the Memorandum, as appropriate, which will so amend or supplement the Memorandum.

(ix) Through NS, the Series shall give to each investor, at a reasonable time prior to his, her or its purchase of the Interests, the opportunity to ask questions and receive answers concerning the terms and conditions of the Offering and to obtain any additional information that the Series possesses or can acquire without unreasonable effort or expense and that is necessary to verify the accuracy of information contained in the Memorandum.

(x) The Series will not engage in a general solicitation or employ general advertising in connection with the Offering by any means or through any medium.

b) Fortress represents, warrants, and covenants all of the following to the Placement Agent:

(i) Fortress is duly organized, validly existing and in good standing as a corporation under the laws of Delaware.

(ii) This Agreement has been duly authorized, executed and delivered and constitutes a legal, valid and binding obligation of Fortress enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency and other laws effecting creditors rights generally.

(iii) The Fortress PPM does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(iv) The representations and warranties in this Section 3(b) shall not apply to statements, if any, made in reliance upon and in conformity with information furnished by NS to Fortress expressly for use in the Fortress PPM.

(v) Fortress will not amend or supplement the Fortress PPM until the Placement Agent has been given written notice of the proposed amendment or supplement.

(vi) If it is necessary to amend or supplement the Fortress PPM in order that such a document not contain an untrue statement of a material fact or omit any facts necessary in order to make the statements therein not misleading in light of the circumstances existing at the time the Fortress PPM is delivered to a subscriber, Fortress shall forthwith notify the Placement Agent in writing that an amendment or supplement is required and shall prepare as promptly as practicable an amendment of, or supplement to, the Fortress PPM, as appropriate, which will so amend or supplement the Fortress PPM.

SECTION 4. Representations, Warranties and Covenants of NS. NS represents, warrants, and covenants all of the following to the Series:

(a) NS is duly organized, validly existing and in good standing as a corporation under the laws of Washington.

(b) This Agreement has been duly authorized, executed and delivered by NS and constitutes a legal, valid and binding obligation of NS enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency and other laws effecting creditors rights generally.

(c) NS will only solicit potential investments from persons that it reasonably believes are Accredited Investors.

(d) NS shall at all times conduct its activities in connection with this Agreement within the bounds of all applicable state and federal laws and regulations (including, without limitation, securities laws, regulations and guidelines).

(e) NS has not engaged in any activity, made any commitment, or entered into any agreement inconsistent or in derogation of the rights granted in this Agreement, and that it will not engage in any activity, make any commitment or enter into any agreement inconsistent or in derogation of the rights granted in this Agreement.

(f) NS shall not, under any circumstance, knowingly misrepresent any fact or matter concerning the Series.

SECTION 5. Offering Compensation; Expenses of the Series. As compensation for its services related to the Offering, Fortress shall

(a) pay to NS, or at its direction one or more registered representatives and/or selected dealers of NS, or cause NS or such registered representatives and/or selected dealers to be paid, a cash fee equal to ten percent (10%) of the total amount of cash proceeds received for the purchase of Interests pursuant to subscriptions from investors which are accepted by the Series as provided herein. Notwithstanding the foregoing, the Series and NS may agree in writing to a lower or eliminated commission for any particular subscriber of Interests;

(b) Fortress shall pay the Placement Agent's reasonable expenses incidental to the Offering. Such expenses include but are not limited to, legal and accounting fees, the cost of preparing preliminary and definitive versions of the Memorandum and any out-of-pocket expenses of the Placement Agent and any selected dealers appointed by the Placement Agent and approved by the Series that are incidental to the Offering; provided however, that the legal and accounting fees shall be capped at $40,000 and offering expenses for printing, shipping, meetings and similar expenses shall not exceed $10,000. These amounts shall be an aggregate amount incurred by the Placement Agent in connection with the Offering and other offerings made by the Parallel Funds, as hereafter defined, if any. Fortress shall also pay all expenses incurred, until the Notes are paid, in organizing and operating the Series and the Company including, but not limited to, overhead, legal, tax, accounting, marketing, printing and travel expenses, as well as the costs and expenses associated with all meetings of the Review Committee that are incurred by the Series or the Company;

(c) Fortress shall deliver to the Placement Agent 5-year cash only placement agent warrants equal to ten percent (10%) of the principal amount of the Notes sold to the Company divided by the closing share price of Fortress on the date of closing and exercisable at the closing share price. The warrants shall be in the form annexed hereto as Exhibit A and shall be delivered to the Placement Agent at the time of each closing of the Notes;

(d) From the date of the first closing until the date that is the twelve (12) month anniversary of the closing date, upon any proposed issuance ("Subsequent Financing") by Fortress of capital stock or debt, including common stock or similar forms of capital stock, as well as securities that may be convertible into or exercisable or exchangeable for such capital stock (including convertible and non-convertible debt), in a private financing, other than equity or convertible debt securities, units or other combinations or securities, in each case issued in connection with a strategic partnership, acquisition of another company or its assets or a merger and/or acquisition of substantially all of the assets of Fortress, the Placement Agent shall have the right, but not the obligation, to participate for twenty percent (20%) of the Subsequent Financing on the same terms, conditions and price provided for in the Subsequent Financing. During the 12 month period, the Placement Agent will also have a right of first offer to effect any proposed issuance of Fortress' capital stock or debt, as well as securities that may be convertible into or exercisable or exchangeable for such capital stock (including convertible and non-convertible debt), in a private financing. For the sake of clarity, the rights under this Section 5(d) shall not apply to a public offering of securities of the Company. Fortress agrees to provide the Placement Agent reasonable written notice of its intention to effect a Subsequent Financing which shall include the terms and conditions of such Subsequent Financing. The Placement Agent shall have five (5) business days to respond to Fortress' written notice with the Placement Agent's election to participate in the Subsequent Financing.

SECTION 6. Conditions of NS's Obligation. NS's obligation to offer and sell the Interests is subject to the accuracy of and compliance with the representations and warranties contained in Section 3 hereof and to the performance by each of the Series and Fortress of its obligations hereunder, and to the further condition that at the closing, NS shall receive the Series' assurance that the Series, together with the Parallel Funds (which shall mean a Section 3(C)(1) version of each series of the Company), has raised sufficient capital to purchase at least Three Million Dollars ($3,000,000) of the Interests.

SECTION 7. Conditions of the Obligations of the Series. The obligations of the Series and Fortress hereunder are subject to the accuracy of and compliance with representations and warranties contained in Section 4 hereof, to the performance by NS of its obligations hereunder, and to the further condition that at each closing, the Series and Fortress shall receive NS's assurance to the effect that:

(a) In offering the Interests, NS has not offered nor solicited any offers to subscribe for or buy any Interests from any person on the basis of any written information relating to the Series, except on the basis of the Memorandum therefore approved by the Series and any other documents approved for such use by the Series;

(b) The Interests were offered in compliance with Rule 506 under Regulation D, including not conducting a general solicitation and offering Interests only to investors known to NS to be Accredited Investors; and

(c) NS shall have complied with all applicable broker-dealer registration requirements with respect to the Offering.

SECTION 8. Indemnification. Regardless of whether an Offering or closing is consummated, the Series and Fortress, agree, jointly and severally, to indemnify the Placement Agent with regard to matters contemplated herein, as set forth in Schedule A, attached hereto, which is incorporated by reference as if fully set forth herein. This Section 8 shall survive the termination or expiration of this Agreement.

SECTION 9. Representations and Warranties to Survive Delivery. All representations and warranties contained in this Agreement (as made as of its date) or contained in certificates (as of their respective dates) submitted pursuant hereto shall remain operative and in full force and effect and shall survive the Closing Date for a period of 18 months.

SECTION 10. Notices. All notices hereunder shall be in writing and shall be posted by certified mail or registered first class mail, personally delivered or telegraphed and confirmed as follows:

To the Series:
NAM Special Situations Fund I QP, LLC - FBIO Series I
c/o NAM Biotech Management, LLC
410 Park Avenue
14th Floor
New York, NY 10022
Attn: David Levine

To Fortress:
Fortress Biotech, Inc.
2 Gansevoort Street
9th Floor
New York, New York 10014
Attention: Lindsay Rosenwald

To the Placement Agent:
National Securities Corporation
410 Park Avenue
14th Floor
New York, NY 10022
Attn: Eugene Kim

SECTION 11. Parties. This Agreement shall inure to the benefit of and be binding upon the Series, Fortress, and NS and the Series', Fortress', and NS's successors. This Agreement and the conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto, their respective successors, and Indemnified Parties (as defined in Schedule A), and not for the benefit of any other person. Neither party may assign this Agreement or the rights or obligations hereunder without the prior written consent of the other party.

SECTION 12. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York applicable to contracts entered into and to be wholly performed within such state.

SECTION 13. Waiver. Any party hereto may waive compliance by the other with any of the terms, provisions and conditions set forth herein; provided, however, that any such waiver shall be in writing specifically setting forth those provisions waived thereby. No waiver of any one provision in any one instance shall be construed to imply a waiver of any other provision or of such waived provision on any other occasion.

SECTION 14. Attorneys' Fees. If any action, suit or other proceeding is instituted concerning or arising out of this Agreement, the prevailing party shall recover all of such party's reasonable costs and attorneys' fees incurred in each and every such action, suit or other proceeding, including any and all appeals or petitions therefrom.

SECTION 15. Entire Agreement. This Agreement represents the entire agreement between the parties hereto with regard to the subject matter hereof and is intended to supersede and does supersede any and all prior agreements (oral or written) between the parties hereto.

[Signatures appear on the following page.]

Please confirm that the foregoing correctly sets forth the understanding and agreement between NS, the Series, and Fortress by signing below, returning an executed copy to the undersigned, whereupon this Agreement shall constitute a binding agreement as of the date first above written. We look forward to working with you on this assignment.

Very truly yours,

NATIONAL SECURITIES CORPORATION

BY: /s/ David C. Levine
Name: David C. Levine
Title: Chief Executive Officer

Confirmed, accepted and agreed to
as of the date first above written:

NAM Special Situations Fund 1 QP, LLC - FBIO Series 1

By: NAM Biotech Management, LLC, its Manager

BY: /s/ David Levine
Name: David Levine
Title: Authorized Signatory

BY: /s/ Glenn Worman
Name: Glenn Worman
Title: Authorized Signatory

FORTRESS BIOTECH, INC.

BY: /s/ Lindsay Rosenwald
Name: Lindsay Rosenwald
Title: Chairman, President and CEO

SCHEDULE A
Indemnification

To the extent permitted by law, each of the Series and Fortress (collectively, the "Indemnitors") agrees, jointly and severally, to indemnify and hold harmless NS and its affiliates and the respective officers, directors, agents, representatives and employees of NS and its affiliates, and each other person or entity controlling NS or any of its affiliates, within the meaning of either Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended (collectively, the "Indemnified Parties"), from and against any losses, claims, damages, expenses or liabilities (or actions in respect thereof), joint or several, related to, arising in any manner from, or based upon, any transaction contemplated by this Agreement or NS's engagement, as they are incurred; provided, however, that the Indemnitors will not be liable to the extent that any loss, claim, damage, expense or liability resulted from NS's negligence or willful misconduct in connection with its engagement under this Agreement or any untrue statement or omission or alleged untrue statement or omission, made in reliance upon and in conformity with written information furnished to the Indemnitors or a third party by NS which has not been expressly approved by the Indemnitors. The Indemnitors will also promptly reimburse any Indemnified Party for all expenses (including the fees, disbursements and other charges of legal counsel) as incurred in connection with the investigation of, preparation for or defense of any pending or threatened claim related to, arising in any manner from, or based upon, any transaction contemplated by this Agreement or NS's engagement thereunder, or any investigation, action, suit or proceeding arising therefrom, whether or not such claim, investigation, action, suit or proceeding is brought or initiated by the Indemnitors or a third party; provided, however, that the Indemnitors will not be liable, and such Indemnified Party shall reimburse any amounts reimbursed in advance of final resolution of a matter, to the extent that any loss, claim, damage, expense or liability is determined by a court of competent jurisdiction to have resulted from such Indemnified Party's or NS's negligence or willful misconduct in connection with its engagement under this Agreement or any untrue statement or omission or alleged untrue statement or omission, made in reliance upon and in conformity with written information furnished to the Indemnitors or a third party by NS which has not been expressly approved by the Indemnitors.

The Indemnitors further agree that no Indemnified Party shall have any liability (whether direct or indirect, in contract or tort or otherwise) to the Indemnitors for or in connection with NS's engagement under this Agreement except for the portion or share of any losses, claims, damages, liabilities or expenses that resulted solely from the negligence or willful misconduct of such Indemnified Party or any untrue statement or omission or alleged untrue statement or omission, made in reliance upon and in conformity with written information furnished to the Indemnitors or a third party by NS. In no event shall the Indemnified Parties' aggregate liability to the Indemnitors exceed the fees actually received by NS from the Indemnitors pursuant to this Agreement (excluding any amounts received as reimbursement of expenses incurred by NS).

The Indemnitors will not, without the Indemnified Parties' written consent, settle, compromise, consent to the entry of any judgment or otherwise seek to terminate any action, claim or proceeding in respect of which indemnification may be sought hereunder (whether or not such Indemnified Party is a party thereto), unless such settlement, compromise or consent includes an unconditional release of each Indemnified Party from all liability arising out of such claim, action, suit or proceeding.

Promptly after receipt by an Indemnified Party of notice of any claim or the commencement of any action, suit or proceeding with respect to which an Indemnified Party may be entitled to indemnification under this Schedule A, such Indemnified Party will notify the Indemnitors in writing of such claim or the commencement of such action, suit or proceeding. The Indemnitors shall be entitled to assume the defense of any such claim, action, suit or proceeding with counsel reasonably satisfactory to such Indemnified Party. Upon assumption by the Indemnitors of the defense of any such claim, action, suit or proceeding, such Indemnified Party shall have the right to participate in the defense of such claim, action, suit or proceeding, and to retain its own counsel but the Indemnitors shall not be liable for any legal fees or expenses subsequently incurred by such Indemnified Party in connection with the defense thereof, unless (i) the Indemnitors have agreed to pay such fees and expenses, (ii) the Indemnitors shall have failed to employ counsel reasonably satisfactory to such Indemnified Party in a timely manner or (iii) such Indemnified Party shall have reasonably determined that representation of such Indemnified Party by counsel provided by the Indemnitors pursuant to the foregoing would be inappropriate due to actual or potential conflicting interests between the Indemnitors and such Indemnified Party, including, without limitation, situations in which there are one or more legal defenses available to such Indemnified Party that are different from or additional to those available to the Indemnitors.

If the indemnification provided for in this Schedule A is judicially determined to be unavailable (other than in accordance with the terms hereof) to an Indemnified Party in respect of any losses, claims, damages or liabilities referred to herein, then, in lieu of indemnifying such Indemnified Party hereunder, the Indemnitors shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages or liabilities (and expenses relating thereto) (i) in such proportion as is appropriate to reflect the relative benefits to NS, on the one hand, and the Indemnitors, on the other hand, of the engagement or (ii) if the allocation provided by clause (i) above is not available, in such proportion as is appropriate to reflect not only the relative benefits referred to in such clause (i) but also the relative fault of each of NS and the Indemnitors, as well as any other relevant equitable considerations; provided, however, in no event shall NS's aggregate contribution to the amount paid or payable exceed the aggregate amount of fees actually received by NS under this Agreement (excluding any amounts received as reimbursement of expenses incurred by NS). For the purposes of this Schedule A, the relative benefits to the Indemnitors and NS of the engagement shall be deemed to be in the same proportion as (a) the total value paid or contemplated to be paid to, or received or contemplated to be received by, the Indemnitors or their stockholders, members, partners, and/or affiliates, as the case may be, in the transaction or transactions that are the subject of the engagement, whether or not any such transaction is consummated, bears to (b) the fees paid or to be paid to NS under this Agreement (excluding any amounts received or to be received as reimbursement of expenses by NS).

The rights accorded to Indemnified Parties hereunder shall be in addition to any rights that any Indemnified Parties may have at common law, by separate agreement or otherwise, and shall be binding upon and inure to the benefit of any successors, heirs and personal representatives of the Indemnitors or any Indemnified Party, as the case may be.

THE PROVISIONS OF THIS SCHEDULE A SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY IN SUCH STATE. THE INDEMNITORS HEREBY CONSENT, SOLELY FOR THE PURPOSE OF ALLOWING AN INDEMNIFIED PARTY TO ENFORCE ITS RIGHTS HEREUNDER, TO PERSONAL JURISDICTION AND SERVICE AND VENUE IN ANY COURT IN WHICH ANY CLAIM FOR WHICH INDEMNIFICATION MAY BE SOUGHT HEREUNDER IS BROUGHT AGAINST NS OR ANY OTHER INDEMNIFIED PARTY.

The Indemnitors also hereby irrevocably waive any right they may have to a trial by jury in respect of any claim based upon or arising out of this Agreement or the transactions contemplated hereby. The terms of this Schedule A may not be amended or otherwise modified except by an instrument signed by both the Indemnitors and NS. If any provision hereof shall be determined to be invalid or unenforceable in any respect, such determination shall not affect such provision in any other respect or any other provision of this Agreement, which shall remain in full force and effect. For avoidance of doubt, if there are more indemnitors than one hereunder, each indemnifying person agrees that its liabilities hereunder shall be joint and several.

This Schedule A, and the indemnification, reimbursement and contribution obligations hereunder, shall remain operative and in full force and effect, notwithstanding (i) any withdrawal, termination or consummation of or failure to initiate or consummate any Offering referred to in this Agreement, (ii) any investigation made by or on behalf of any Indemnified Party or (iii) any termination, completion or expiration of this Agreement or NS's engagement thereunder.

EXHIBIT A

COMMON STOCK PURCHASE WARRANT

[filed separately with SEC]

Exhibit 10.35

NEITHER THIS SECURITY NOR THE SECURITIES INTO WHICH THIS SECURITY IS EXERCISABLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "*SECURITIES ACT*"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY.

FORM OF COMMON STOCK PURCHASE WARRANT

To Purchase [_____] Shares of Common Stock of

Fortress Biotech, Inc.

THIS COMMON STOCK PURCHASE WARRANT (THIS "WARRANT") CERTIFIES that, for value received, National Securities Corporation, or assigns (the "Holder"), is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after the date hereof (the "Initial Exercise Date") and on or prior to the close of business on the fifth anniversary of the date hereof (the "Termination Date") but not thereafter, to subscribe for and purchase from Fortress Biotech, Inc., a corporation incorporated in the State of Delaware (the "Company"), up to [_____] shares (the "Warrant Shares") of Common Stock, par value $0.001 per share, of the Company (the "Common Stock"). The purchase price of one share of Common Stock (the "Exercise Price") under this Warrant shall be $[_____], subject to adjustment hereunder. The Exercise Price and the number of Warrant Shares for which the Warrant is exercisable shall be subject to adjustment as provided herein. This Warrant is being issued to the Holder for acting as the placement agent in connection with the sale of the Notes, pursuant to the Confidential Private Placement Memorandum.

1. *Title to Warrant.* Prior to the Termination Date and subject to compliance with applicable laws and Section 7 of this Warrant, this Warrant and all rights hereunder are transferable, in whole or in part, at the office or agency of the Company by the Holder in person or by duly authorized attorney, upon surrender of this Warrant together with the "Assignment Form" annexed hereto properly endorsed. The transferee shall sign an investment letter in form and substance reasonably satisfactory to the Company.

2. *Authorization of Shares.* The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

3. *Exercise of Warrant.* Exercise of the purchase rights represented by this Warrant may be made at any time or times, in whole or in part, on or after the Initial Exercise Date and on or before the Termination Date by the surrender of this Warrant and the "Notice of Exercise Form" annexed hereto duly executed, at the office of the Company (or such other office or agency of the Company as it may designate by notice in writing to the registered Holder at the address of such Holder appearing on the books of the Company) and, upon payment of the Exercise Price of the shares thereby purchased by wire transfer or cashier's check drawn on a United States bank, if applicable, the Holder shall be entitled to receive a certificate for the number of Warrant Shares so purchased. Certificates for shares purchased hereunder shall be delivered to the Holder within ten (10) business days after the date on which this Warrant shall have been exercised as aforesaid. This Warrant shall be deemed to have been exercised, such certificate or certificates shall be deemed to have been issued, and the Holder or any other person so designated to be named therein shall be deemed to have become a holder of record of such shares for all purposes, as of the date the Warrant has been exercised by payment to the Company of the Exercise Price and all taxes required to be paid by the Holder, if any, pursuant to Section 5 prior to the issuance of such shares have been paid. If this Warrant shall have been exercised in part, the Company shall, at the time of delivery of the certificate or certificates representing Warrant Shares, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

4. *No Fractional Shares or Scrip.* No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which Holder would otherwise be entitled to purchase upon such exercise, the Company shall pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price.

5. *Charges, Taxes and Expenses.* Issuance of certificates for Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of such certificate, all of which taxes and expenses shall be paid by the Company, and such certificates shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; *provided*, *however*, that in the event certificates for Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the "Assignment Form" attached hereto duly executed by the Holder; and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto.

6. *Closing of Books.* The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

7. *Transfer, Division and Combination.*

a) Subject to compliance with any applicable securities laws and the conditions set forth inSections 1 and 7(e) hereof, this Warrant and all rights hereunder are transferable, in whole or in part, upon surrender of this Warrant at the office of the Company, together with a written assignment of this Warrant substantially in the "Assignment Form" attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment: (i) the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees and in the denomination or denominations specified in such instrument of assignment (ii) the Company shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and (iii) this Warrant shall promptly be cancelled. A Warrant, if properly assigned, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b) The Company may require, as a condition of allowing such transfer, (i) that the Holder or transferee of this Warrant, as the case may be, furnish to the Company a written opinion of counsel (which opinion shall be in form, substance and scope customary for opinions of counsel in comparable transactions) to the effect that such transfer may be made without registration under the Securities Act and under applicable state securities or blue sky laws and (ii) that the Holder or transferee execute and deliver to the Company an investment letter in form and substance acceptable to the Company.

8. *No Rights as Shareholder until Exercise.* This Warrant does not entitle the Holder to any voting rights or other rights as a shareholder of the Company prior to the exercise hereof. Upon the surrender of this Warrant and the payment of the aggregate Exercise Price, the Warrant Shares so purchased shall be and be deemed to be issued to such Holder as the record owner of such shares as of the close of business on the later of the date of such surrender or payment.

9. *Loss, Theft, Destruction or Mutilation of Warrant.* The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

10. *Saturdays, Sundays, Holidays, etc.* If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall be a Saturday, Sunday or a legal holiday, then such action may be taken or such right may be exercised on the next succeeding day not a Saturday, Sunday or legal holiday.

11. *Adjustments of Exercise Price and Number of Warrant Shares.* The number and kind of securities purchasable upon the exercise of this Warrant at the Exercise Price shall be subject to adjustment from time to time in accordance with the following: In case the Company shall (i) pay a dividend in shares of Common Stock or make a distribution in shares of Common Stock to all holders of its outstanding Common Stock, (ii) subdivide its outstanding shares of Common Stock into a greater number of shares, (iii) combine its outstanding shares of Common Stock into a smaller number of shares of Common Stock, or (iv) issue any shares of its capital stock in a reclassification of the Common Stock, then the number of Warrant Shares purchasable upon exercise of this Warrant immediately prior thereto shall be adjusted so that the Holder shall be entitled to receive the kind and number of Warrant Shares or other securities of the Company which it would have owned or have been entitled to receive had such Warrant been exercised in advance thereof. Upon each such adjustment of the kind and number of Warrant Shares or other securities of the Company which are purchasable hereunder, the Holder shall thereafter be entitled to purchase the number of Warrant Shares or other securities resulting from such adjustment at an Exercise Price per Warrant Share or other security obtained by multiplying the Exercise Price in effect immediately prior to such adjustment by the number of Warrant Shares purchasable pursuant hereto immediately prior to such adjustment and dividing by the number of Warrant Shares or other securities of the Company resulting from such adjustment. An adjustment made pursuant to this paragraph shall become effective immediately after the effective date of such event retroactive to the record date, if any, for such event. The Company will provide fifteen (15) days' advance notice of any such adjustment to the Holder.

12. *Reclassification, Merger, Consolidation or Disposition of Assets.* In case the Company shall reclassify its Common Stock, consolidate or merge with or into another corporation (where the Company is not the surviving corporation), or sell, transfer or otherwise dispose of all or substantially all its property, assets or business to another corporation and, pursuant to the terms of such reclassification, merger, consolidation or disposition of assets, shares of common stock of the successor or acquiring corporation, or any cash, shares of stock or other securities or property of any nature whatsoever (including warrants or other subscription or purchase rights) in addition to or in lieu of common stock of the successor or acquiring corporation ("Other Property"), are to be received by or distributed to the holders of Common Stock of the Company, then the Holder shall have the right thereafter to receive, upon exercise of this Warrant, the number of shares of common stock of the successor or acquiring corporation and Other Property receivable upon or as a result of such reclassification, merger, consolidation or disposition of assets by a holder of the total number of shares of Common Stock for which this Warrant is exercisable immediately prior to such event. Prior to any such reclassification, merger, consolidation or disposition of assets, the Company will provide fifteen (15) days' advance notice to the Holder. In case of any such reclassification, merger, consolidation or disposition of assets, the successor or acquiring corporation (if other than the Company) shall expressly assume the due and punctual observance and performance of each and every covenant and condition of this Warrant to be performed and observed by the Company and all the obligations and liabilities hereunder, subject to such modifications as may be deemed appropriate (as determined in good faith by resolution of the Board of Directors of the Company) in order to provide for adjustments of Warrant Shares for which this Warrant is exercisable which shall be as nearly equivalent as practicable to the adjustments provided for in this Section 12. For purposes of this Section 12, "common stock of the successor or acquiring corporation" shall include stock of such corporation of any class which is not preferred as to dividends or assets over any other class of stock of such corporation and which is not subject to redemption and shall also include any evidences of indebtedness, shares of stock or other securities which are convertible into or exchangeable for any such stock, either immediately or upon the arrival of a specified date or the happening of a specified event and any warrants or other rights to subscribe for or purchase any such stock. The foregoing provisions of this Section 12 shall similarly apply to successive reorganizations, reclassifications, mergers, consolidations or disposition of assets.

13. *Notice of Adjustment.* Whenever the number of Warrant Shares or number or kind of securities or other property purchasable upon the exercise of this Warrant or the Exercise Price is adjusted, as herein provided, the Company shall give notice thereof to the Holder, which notice shall state the number of Warrant Shares (and other securities or property) purchasable upon the exercise of this Warrant and the Exercise Price of such Warrant Shares (and other securities or property) after such adjustment, setting forth a brief statement of the facts requiring such adjustment and setting forth the computation by which such adjustment was made.

14. *Authorized Shares.* The Company covenants that during the period the Warrant is outstanding, it will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of executing stock certificates to execute and issue the necessary certificates for the Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the NASDAQ or any other exchange on which the Common Stock may be listed.

15. *Miscellaneous.*

a) *Jurisdiction.* This Warrant shall constitute a contract made under the laws of New York, without regard to its conflict of law, principles or rules.

b) *Restrictions.* The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant will have restrictions upon resale imposed by state and federal securities laws and will have an appropriate legend imprinted thereon.

c) *Nonwaiver.* No course of dealing or any delay or failure to exercise any right hereunder on the part of the Holder shall operate as a waiver of such right or otherwise prejudice the Holder's rights, powers or remedies; provided, however, that all rights hereunder terminate on the Termination Date.

d) *Notices.* Any notice, request or other document required or permitted to be given or delivered to the Holder by the Company shall be delivered in accordance with the notice provisions of the Agreement; provided that upon any permitted assignment of this Warrant, the assignee shall promptly provide the Company with its contact information.

e) *Limitation of Liability.* No provision hereof, in the absence of any affirmative action by the Holder to exercise this Warrant or purchase Warrant Shares, and no enumeration herein of the rights or privileges of Holder, shall give rise to any liability of Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

f) *Successors and Assigns.* Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors of the Company and the successors and permitted assigns of the Holder. The provisions of this Warrant are intended to be for the benefit of all Holders from time to time of this Warrant and shall be enforceable by any such Holder or holder of Warrant Shares.

g) *Amendment.* This Warrant may be modified or amended (or the provisions hereof waived) with the written consent of the Company and the Holder.

h) *Severability.* Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

i) *Headings.* The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized.

Dated:

Fortress Biotech, Inc.

By: _____

Name:
Title:

NOTICE OF EXERCISE FORM

To: Fortress Biotech, Inc.
2 Gansevoort Street, 9th Floor
New York, NY 10014
Attn: Legal Department

(1) The undersigned hereby elects to purchase _____ Warrant Shares of Fortress Biotech, Inc. pursuant to the terms of the attached Warrant, and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Please issue a certificate or certificates representing said Warrant Shares in the name of the undersigned or in such other name as is specified below:

_____

The Warrant Shares shall be delivered to the following:

_____

_____

_____

(3) *Accredited Investor.* The undersigned is an "accredited investor" as defined in Regulation D promulgated under the Securities Act of 1933, as amended.

[PURCHASER]

By: _____
Name:
Title:

Dated: _____

ASSIGNMENT FORM

(To assign the foregoing warrant, execute
this form and supply required information.
Do not use this form to exercise the warrant.)

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

_____ whose address is

_____

_____

Dated: _____, _____

Holder's Signature: _____

Holder's Address: _____

_____

Signature Guaranteed: _____

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank or trust company. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

Exhibit 10.36

FORM OF NOTE PURCHASE AGREEMENT

This **NOTE PURCHASE AGREEMENT** (as amended, supplemented or otherwise modified from time to time, this "**Agreement**") is made as of the last date set forth on the signature page hereof between **FORTRESS BIOTECH, INC.**, a Delaware corporation having its principal place of business at 2 Gansevoort St., 9th Floor, New York, NY 10014 (the "**Company**"), and the undersigned (together with its successors and permitted assigns, the "**Subscriber**").

WITNESSETH:

WHEREAS, the Company has retained National Securities Corp. (together with its successors and permitted assigns, the "**Placement Agent**") to act as its exclusive placement agent, on a "best efforts" basis, in a private offering (the "Offering") of up to an aggregate principal amount of $40,000,000 (the "**Principal Loan Amount**"), plus an over-subscription option of up to $10,000,000, in promissory notes in substantially the form attached hereto as Exhibit A (as amended, supplemented or otherwise modified from time to time, the "**Notes**");

WHEREAS, the terms of the Offering are summarized in that certain Offering Term Sheet attached hereto as Exhibit B (the "**Term Sheet**"); and

WHEREAS, the Company desires to enter into this Agreement to issue and sell the Notes and the Subscriber desires to purchase the principal amount of Notes set forth on the signature page hereto on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the promises and the mutual representations and covenants hereinafter set forth, the parties hereto do hereby agree as follows:

I. SUBSCRIPTION FOR NOTES AND REPRESENTATIONS BY SUBSCRIBER

1.1 Subject to the terms and conditions hereinafter set forth, the Subscriber hereby irrevocably subscribes for and agrees to purchase from the Company, and the Company hereby irrevocably agrees to issue and sell to the Subscriber, that portion of the aggregate principal amount of the Principal Loan Amount authorized to be issued by the Company set forth on the signature page hereto (the "**Subscriber Loan Amount**") in immediately available U.S. dollars in the amount of such Subscription Loan Amount delivered by wire transfer to:

Bank:	[_____]
ABA Number:	[_____]
Further Credit to Account Name:	[_____]
Account #:	[_____]
Reference:	[_____]
Attention:	[_____]

Upon acceptance by the Placement Agent and the Company of subscriptions of at least an aggregate principal amount of $3,000,000, the Placement Agent and the Company shall have the right at any time thereafter to effect an initial closing with respect to the Offering (the "**Initial Closing**"). Thereafter, the Placement Agent and the Company shall continue to accept additional subscriptions for, and continue to have closings (together with the Initial Closing, each a "**Closing**" and the date thereof the "**Closing Date**"), with respect to subscriptions for Notes from new or existing investors from time to time up to the Principal Loan Amount.

The Subscriber understands that the Company's and the Placement Agent's respective officers, directors, employees and/or affiliates may purchase Notes in this Offering. In addition, certain employees of the Placement Agent and its affiliates are current stockholders of the Company. Finally, the Placement Agent is an indirect majority owned subsidiary of the Company.

1.2 The Subscriber recognizes that the purchase of the Notes involves a high degree of risk including, but not limited to, the following: (a) the Company proposes to use a portion of the net proceeds from the sale of Notes to repay related-party debt; (b) the Company remains a development stage business and requires substantial funds in addition to the proceeds of the Offering; (c) an investment in the Company is highly speculative, and only investors who can afford the loss of their entire investment should consider investing in the Company and the Notes; (d) the Subscriber may not be able to liquidate its investment; (e) transferability of the Notes and the PIK Shares (as defined in the Notes) is limited; and (f) in the event of a disposition of the Notes, the Subscriber could sustain the loss of its entire investment. Without limiting the generality of the representations set forth in Section 1.5 below, the Subscriber represents that the Subscriber has carefully reviewed the "Introduction and Overview – Use of Proceeds," "Conflicts of Interest" and "Risk Factors" sections of the accompanying Confidential Private Placement Memorandum (including any amendment or supplement thereto), as well as the section of the Company's filings with the United States Securities and Exchange Commission ("the **SEC**") (such filings, the "**SEC Filings**") captioned "Risk Factors."

1.3 The Subscriber represents that the Subscriber is an "accredited investor" as such term is defined in Rule 501 of Regulation D ("**Regulation D**") promulgated under the Securities Act of 1933, as amended (the "**Securities Act**"), as indicated by the Subscriber's responses to the questions contained in Article VII hereof, and that the Subscriber is able to bear the economic risk of an investment in the Notes. If the Subscriber is a natural person, the Subscriber has reached the age of majority in the state or other jurisdiction in which the Subscriber resides, has adequate means of providing for the Subscriber's current financial needs and contingencies, is able to bear the substantial economic risks of an investment in the Notes for an indefinite period of time, has no need for liquidity in such investment and, at the present time, could afford a complete loss of such investment.

1.4 The Subscriber hereby acknowledges and represents that (a) the Subscriber has sufficient knowledge and experience in business and financial matters, prior investment experience, including investment in securities that are non-listed, unregistered and/or not traded on a national securities exchange, or the Subscriber has employed the services of a "purchaser representative" (as defined in Rule 501 of Regulation D), attorney and/or accountant to read all of the documents furnished or made available by the Company both to the Subscriber and to all other prospective investors in the Notes in order to evaluate the merits and risks of such an investment on the Subscriber's behalf; (b) the Subscriber recognizes the highly speculative nature of this investment; and (c) the Subscriber is able to bear the economic risk that the Subscriber hereby assumes.

1.5 The Subscriber hereby acknowledges receipt and careful review of this Agreement, the Notes, the Private Placement Memorandum of the Company dated March 24, 2017 and the SEC Filings (which includes the Risk Factors), including all exhibits thereto (collectively referred to as the "**Offering Materials**") and hereby represents that the Subscriber has been furnished by the Company during the course of the Offering with all information regarding the Company, the terms and conditions of the Offering and any additional information that the Subscriber, its purchaser representative, attorney and/or accountant has requested or desired to know, and has been afforded the opportunity to ask questions of and receive answers from duly authorized officers or other representatives of the Company concerning the Company and the terms and conditions of the Offering.

1.6 (a) In making the decision to invest in the Notes, the Subscriber has relied solely upon the information provided by the Company in the Offering Materials. To the extent necessary, the Subscriber has retained, at its own expense, and relied upon appropriate professional advice regarding the investment, tax and legal merits and consequences of this Agreement and the purchase of the Notes hereunder. The Subscriber disclaims reliance on any statements made or information provided by any person or entity in the course of Subscriber's consideration of an investment in the Notes other than the Offering Materials. The Subscriber acknowledges and agrees that (i) the Company has prepared the Offering Materials and that no other person, including without limitation, the Placement Agent, has supplied any information for inclusion in the Offering Materials other than information furnished in writing to the Company by the Placement Agent specifically for inclusion in those parts of the Offering Materials relating specifically to the Placement Agent, (ii) the Placement Agent has no responsibility for the accuracy or completeness of the Offering Materials and (iii) the Subscriber has not relied upon the independent investigation or verification, if any, that may have been undertaken by the Placement Agent.

(b) The Subscriber represents that (i) the Subscriber was contacted regarding the sale of the Notes by the Company or the Placement Agent (or an authorized agent or representative of the Company or the Placement Agent) with whom the Subscriber had a prior substantial pre-existing relationship and (ii) no Notes were offered or sold to it by means of any form of general solicitation or general advertising, and in connection therewith, the Subscriber did not (A) receive or review any advertisement, article, notice or other communication published in a newspaper or magazine or similar media or broadcast over television or radio, whether closed circuit, or generally available; or (B) attend any seminar meeting or industry investor conference whose attendees were invited by any general solicitation or general advertising.

1.7 The Subscriber hereby represents that the Subscriber, either by reason of the Subscriber's business or financial experience or the business or financial experience of the Subscriber's professional advisors (who are unaffiliated with and not compensated by the Company or any affiliate or selling agent of the Company, including the Placement Agent, directly or indirectly), has the capacity to protect the Subscriber's own interests in connection with the transaction contemplated hereby.

1.8 The Subscriber hereby acknowledges that the Offering has not been reviewed by the SEC nor any state regulatory authority since the Offering is intended to be exempt from the registration requirements of Section 5 of the Securities Act pursuant to Regulation D promulgated thereunder. The Subscriber understands that the Notes and PIK Shares have not been registered under the Securities Act or under any state securities or "blue sky" laws and agrees not to sell, pledge, assign or otherwise transfer or dispose of the Notes or PIK Shares unless they are registered under the Securities Act and under any applicable state securities or "blue sky" laws or unless an exemption from such registration is available.

1.9 The Subscriber understands that the Notes and PIK Shares have not been registered under the Securities Act or any state securities laws by reason of a claimed exemption under the provisions of the Securities Act and such state securities laws that depends, in part, upon the Subscriber's investment intention. The Subscriber hereby represents that the Subscriber is purchasing the Notes for the Subscriber's own account for investment and not with a view toward the resale or distribution to others.

1.10 The Subscriber understands that there is no public market for the Notes and that no market may develop for any of such Notes. The Subscriber understands that even if a public market develops for such Notes, Rule 144 ("**Rule 144**") promulgated under the Securities Act requires for non- affiliates, among other conditions, a six month holding period prior to the resale of securities acquired in a non-public offering without having to satisfy the registration requirements under the Securities Act. The Subscriber understands and hereby acknowledges that the Company is under no obligation to register any of the Notes under the Securities Act or any state securities or "blue sky" laws.

1.11 The Subscriber consents to the placement of a legend on any certificate or other document evidencing the Notes that such Notes and PIK Shares have not been registered under the Securities Act or any state securities or "blue sky" laws and setting forth or referring to the restrictions on transferability and sale thereof contained in this Agreement. The Subscriber is aware that the Company will make a notation in its appropriate records with respect to the restrictions on the transferability of such Notes and, if applicable, any PIK Shares. The legend to be placed on each certificate shall be in form substantially similar to the following:

> "THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "ACT") OR ANY STATE SECURITIES OR "BLUE SKY LAWS", AND MAY NOT BE OFFERED, SOLD, TRANSFERRED, ASSIGNED, PLEDGED OR HYPOTHECATED ABSENT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT, OR UNLESS THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL, REASONABLY SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED."

1.12 The Subscriber hereby represents that the address of the Subscriber furnished by Subscriber on the signature page hereof is the Subscriber's principal residence if Subscriber is an individual or its principal business address if it is a corporation or other entity.

1.13 The Subscriber represents that the Subscriber has full power and authority (corporate, statutory and otherwise) to execute and deliver this Agreement and to purchase the Notes. This Agreement constitutes the legal, valid and binding obligation of the Subscriber, enforceable against the Subscriber in accordance with its terms, subject to laws of general application relating to bankruptcy, insolvency and the relief of debtors and rules of law governing specific performance, injunctive relief or other equitable remedies, and to limitations of public policy.

1.14 If the Subscriber is a corporation, partnership, limited liability company, trust, employee benefit plan, individual retirement account, Keogh Plan, or other tax-exempt entity, (a) it is authorized and qualified to purchase the Notes and the person signing this Agreement on behalf of such entity has been duly authorized by such entity to do so and (b) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization.

1.15 The Subscriber acknowledges that if he or she is a Registered Representative of a Financial Industry Regulatory Authority ("**FINRA**") member firm, he or she must give such firm the notice required by NASD Rule 3050, receipt of which must be acknowledged by such firm in Section 7.3 below.

1.16 (a) The Subscriber agrees not to issue any public statement with respect to the Subscriber's purchase of the Notes or the terms of any agreement or covenant between them and the Company with respect to the Notes or this Agreement without the Company's prior written consent (such consent not to be unreasonably withheld, conditioned or delayed), except such disclosures as may be required under applicable law or under any applicable order, rule or regulation.

(b) The Company agrees not to disclose the names, addresses or any other information about the Subscribers, except as required by law.

1.17 The Subscriber represents and warrants that it has not engaged, consented to or authorized any broker, finder or intermediary to act on its behalf, directly or indirectly, as a broker, finder or intermediary in connection with the transactions contemplated by this Agreement. The Subscriber hereby agrees to indemnify and hold harmless the Company from and against all fees, commissions or other payments owing to any such person or firm acting on behalf of such Subscriber hereunder, except to the extent that such liability arises from the Company's gross negligence, willful fraud or willful misconduct.

1.18 The Subscriber agrees to hold the Company and its directors, officers, employees, affiliates, controlling persons and agents (including the Placement Agent and its officers, directors, employees, counsel, controlling persons and agents) and their respective heirs, representatives, successors and assigns (each such person, an "Indemnified Party") harmless and to indemnify them against all liabilities, costs and expenses incurred by them as a result of (a) any sale or distribution of the Notes by the Subscriber in violation of the Securities Act or any applicable state or foreign securities or "blue sky" laws; or (b) any false representation or warranty or any breach or failure by the Subscriber to comply with any covenant made by the Subscriber in this Agreement (including the Confidential Investor Questionnaire contained in Article VII herein) or any other document furnished by the Subscriber to any of the foregoing in connection with this Agreement and the transactions contemplated hereby, except to the extent that such liability arises from any Indemnified Party's gross negligence, willful fraud or willful misconduct; provided, however, that in no event shall any indemnity under this Subsection 1.18 exceed the aggregate principal amount of the Notes subscribed for by the Subscriber pursuant to this Agreement, except in the case of willful fraud by the Subscriber.

1.19 The Subscriber understands, acknowledges and agrees with the Company that this subscription may be rejected, in whole or in part, by the Company, in the sole and absolute discretion of the Company, at any time before the Closing Date notwithstanding prior receipt by the Subscriber of notice of acceptance of the Subscriber's subscription.

1.20 The Subscriber acknowledges that the information contained in the Offering Materials or otherwise made available to the Subscriber (other than the SEC Filings) is confidential and non-public and agrees that all such information shall be kept in confidence by the Subscriber and neither used by the Subscriber for the Subscriber's personal benefit (other than in connection with this subscription) nor disclosed to any third party for any reason, notwithstanding that a Subscriber's subscription may not be accepted by the Company; provided, however, that (a) the Subscriber may disclose such information to its attorneys and advisors who may have a need for such information in connection with providing advice to the Subscriber with respect to its investment in the Company, so long as such affiliates and advisors have an obligation of confidentiality, and (b) this obligation shall not apply to any such information that (i) is part of the public knowledge or literature and readily accessible at the date hereof, (ii) becomes part of the public knowledge or literature and readily accessible by publication (except as a result of a breach of this provision), (iii) is received from third parties without an obligation of confidentiality (except third parties who disclose such information in violation of any confidentiality agreements or obligations, including, without limitation, any subscription or other similar agreement entered into with the Company), (iv) is required or requested by any federal or state regulatory authority or examiner, or any insurance industry association, or as reasonably believed by the Subscriber to be compelled by any court decree, subpoena or legal or administrative order or process, (v) is, on the advice of the Subscriber's counsel, is required by law, (vi) is in connection with the exercise of any right or remedy under this Agreement, the Notes or any other document in connection herewith or in connection with any litigation to which the Subscriber is a party, or (vii) ceases to be confidential through no fault of the Subscriber.

1.21 The Subscriber represents that no authorization, approval, consent or license of any person is required to be obtained for the purchase of the Notes by the Subscriber, other than as have been obtained and are in full force and effect or any authorization, approval, consent or license which could reasonably be expected to have a material adverse effect on the Subscriber's ability to purchase the Notes.

1.22 The Subscriber represents that the representations, warranties and agreements of the Subscriber contained herein and in any other writing delivered in connection with the transactions contemplated hereby shall be true and correct in all material respects on the date hereof and as of the Closing Date on which the Subscriber purchases Notes (except to the extent stated to relate to a specific earlier date, in which case such representations, warranties and agreements shall be true and correct in all material respects as of such earlier date) as if made on and as of such date and shall survive the execution and delivery of this Agreement and the purchase of the Notes. The Subscriber agrees that the Company and the Placement Agent shall be entitled to rely on the representations, warranties and agreements of the Subscriber contained herein.

1.23 The Subscriber understands, acknowledges and agrees with the Company that, except as otherwise set forth herein, the subscription hereunder is irrevocable by the Subscriber, that, except as required by law, the Subscriber is not entitled to cancel, terminate or revoke this Agreement or any agreements of the Subscriber hereunder and that this Agreement and such other agreements shall survive the death or disability of the Subscriber and shall be binding upon and inure to the benefit of the parties and their heirs, executors, administrators, successors, legal representatives and permitted assigns. If the Subscriber is more than one person, the obligations of the Subscriber hereunder shall be joint and several and the agreements, representations, warranties and acknowledgments herein contained shall be deemed to be made by and be binding upon each such person and his/her heirs, executors, administrators, successors, legal representatives and permitted assigns.

1.24 The Subscriber understands, acknowledges and agrees with the Company that the Offering is intended to be exempt from registration under the Securities Act by virtue of the provisions of Regulation D thereunder, which is in part dependent upon the truth, completeness and accuracy of the representations and covenants made by the Subscriber in this Agreement.

1.25 (a) Any Subscriber subject to jurisdiction in the European Economic Area ("**EEA**") either (i) is a qualified investor for the purposes of Directive 2003/71/EC of the European Parliament and the Council (a "**Qualified Investor**"); that is, a person falling within Article 2.1(e)(i), (ii) or (iii) of such directive or a person authorized by any such jurisdiction to be considered as a qualified investor for the purposes of such directive, or (ii) it has notified the Placement Agent in writing that it is not a Qualified Investor;

(b) Any EEA Subscriber entering into this Agreement and acquiring Notes is either (i) acting on its own account and not for the account of or otherwise on behalf any other person or persons or (ii) if a Qualified Investor in the United Kingdom, it is acting as an agent in the circumstances contemplated in section 86(2) of the United Kingdom Financial Services and Markets Act 2000;

(c) Any Subscriber, if in the United Kingdom, is (a) a person falling within Article 19(5) of the United Kingdom Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 ("**FPO**") or (b) a person falling within Article 49(2) (a) to (d) of the FPO;

(d) Each Subscriber acknowledges that neither the Placement Agent nor any person acting on its behalf is making any recommendations to it or advising it regarding the suitability or merits of purchasing Notes or any transaction it may enter into in connection with the offering of the Notes, and acknowledges that its participation in the offering of Notes is on the basis that it is not and will not be a client or customer of the Placement Agent and that neither the Placement Agent nor any person acting on its behalf has any duties or responsibilities to it for providing the protections afforded to their clients or customers or for providing advice in relation to the offering of the Notes.

II. REPRESENTATIONS BY AND COVENANTS OF THE COMPANY

The Company hereby represents and warrants to the Subscriber that:

2.1 Organization, Good Standing and Qualification. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has full corporate power and authority to conduct its business as currently conducted. The Company is duly qualified as a foreign corporation to do business and is in good standing in every jurisdiction in which the property owned or leased by it or the nature of the business conducted by it makes such qualification necessary, except to the extent that the failure to be so qualified or in good standing would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on the business, operations, conditions (financial or otherwise), properties, assets or results of operations of the Company (a "**Material Adverse Effect**").

2.2 Capitalization and Voting Rights. The authorized, issued and outstanding shares of the capital stock of the Company is as set forth in the SEC Filings and all issued and outstanding shares of the Company are validly issued, fully paid and nonassessable. Except as set forth in the SEC Filings, there are no outstanding options, warrants, agreements, convertible securities, preemptive rights or other rights to subscribe for or to purchase any shares of capital stock of the Company. Except as set forth in the Offering Materials and as otherwise required by law, there are no restrictions upon the voting or transfer of any of the shares of capital stock of the Company pursuant to the Company's certificate of incorporation, as amended (the "**Certificate of Incorporation**"), by-laws or other governing documents or any agreement or other instruments to which the Company is a party or by which the Company is bound.

2.3 Authorization; Enforceability. The Company has all corporate right, power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. All corporate action on the part of the Company, its directors and stockholders necessary for the (i) authorization, execution, delivery and performance of this Agreement by the Company; and (ii) authorization, sale, issuance and delivery of the Notes contemplated hereby and the performance of the Company's obligations hereunder has been taken. This Agreement has been duly executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to laws of general application relating to bankruptcy, insolvency and the relief of debtors and rules of law governing specific performance, injunctive relief or other equitable remedies, and to limitations of public policy. The Notes, when issued and fully paid for in accordance with the terms of this Agreement, will be validly issued. The issuance and sale of the Notes contemplated hereby will not give rise to any preemptive rights or rights of first refusal on behalf of any person which have not been waived in connection with this Offering.

2.4 No Conflict; Governmental Consents; Compliance with Laws.

(a) The execution and delivery by the Company of this Agreement and the consummation of the transactions contemplated hereby will not result in the violation of any law, statute, rule, regulation, order, writ, injunction, judgment or decree of any court or governmental authority to or by which the Company is bound, or of any provision of the Certificate of Incorporation or by-laws of the Company, and will not conflict with, or result in a breach or violation of, any of the terms or provisions of, or constitute (with due notice or lapse of time or both) a default under, any lease, loan agreement, mortgage, security agreement, trust indenture or other agreement or instrument to which the Company is a party or by which it is bound or to which any of its properties or assets is subject, nor result in the creation or imposition of any lien upon any of the properties or assets of the Company.

(b) No consent, approval, authorization or other order of any governmental authority or other third party is required to be obtained by the Company in connection with the authorization, execution and delivery of this Agreement or with the authorization, issue and sale of the Notes, except as have been obtained or such filings as may be required to be made with the SEC and with any state or foreign blue sky or securities regulatory authority relating to an exemption from registration thereunder.

(c) The Company is in compliance, with all laws, rules, regulations, orders and decrees which are applicable to the Company or to any of its properties, except which the failure to comply with could, individually or in the aggregate, have a Material Adverse Effect.

2.5 Licenses. Except as would not reasonably be expected to have a Material Adverse Effect, the Company has sufficient licenses, permits and other governmental authorizations currently required for the conduct of its business or ownership of properties and is complying therewith.

2.6 Litigation. The Company knows of no pending or threatened legal or governmental proceedings against the Company which (i) questions the validity of this Agreement or any agreements related to the transactions contemplated hereby or the right of the Company to enter into any of such agreements, or to consummate the transactions contemplated hereby or thereby or (ii) could, if there were an unfavorable decision, have a Material Adverse Effect. There is no action, suit, proceeding or investigation by the Company currently pending in any court or before any arbitrator or that the Company intends to initiate.

2.7 Investment Company. The Company is not an "investment company", or a company "controlled" by an "investment company", within the meaning of such term under the Investment Company Act of 1940, as amended, and the rules and regulations of the SEC thereunder.

2.8 Placement Agent. The Company has engaged, consented to and authorized the Placement Agent to act as agent of the Company in connection with the transactions contemplated by this Agreement, in accordance with the Placement Agency Agreement (as outlined in the Term Sheet). The Company will pay the Placement Agent a commission in the form of cash, and the Company agrees to indemnify and hold harmless the Subscribers from and against all fees, commissions or other payments owing by the Company to the Placement Agent or any other person or firm acting on behalf of the Company hereunder.

2.9 Financial Statements. The financial statements of the Company included in the SEC Filings (the "**Financial Statements**") fairly present in all material respects the financial condition and results of operations of the Company at the dates and for the periods indicated and have been prepared in conformity with generally accepted accounting principles in the United States ("**GAAP**") consistently applied throughout the periods covered thereby, except as may be otherwise specified in such Financial Statements or the notes thereto, and except that unaudited financial statements do not contain all footnotes and do not contain the cash flow statement required by GAAP, and fairly present in all material respects the financial condition of the Company as of the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal year-end audit adjustments. Said Financial Statements and related notes disclose all liabilities, actual or contingent, of the Company as of the respective dates thereof and for the respective periods indicated, when read in conjunction with the SEC Filings. Since the date of the most recent balance sheet included as part of the Financial Statements, there has not been to the Company's knowledge: (i) any change in the assets, liabilities, financial condition or operations of the Company from that reflected in the Financial Statements, other than changes in the ordinary course of business, none of which individually or in the aggregate would reasonably be expected to have a Material Adverse Effect; or (ii) any other event or condition of any character that, either individually or cumulatively, would reasonably be expected to have a Material Adverse Effect, except for the expenses incurred in connection with the transactions contemplated by this Agreement. None of the SEC Filings, including any financial statements, schedules or exhibits included or incorporated by reference therein at the time they were filed (or, if amended or superseded by a subsequent filing, as of the date of the last such amendment or superseding filing prior to the date hereof), contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

2.10 Title to Properties and Assets; Liens, Etc. The Company has good and marketable title to its properties and assets, including the properties and assets reflected in the most recent balance sheet included in the Financial Statements, and good title to its leasehold estates, in each case subject to no mortgage, pledge, lien, lease, encumbrance or charge, other than (a) the equity securities of the Placement Agent owned by the Company that are subject to a security interest in favor of Opus Point Healthcare Innovations Fund, LP and liens in favor of Israel Discount Bank pursuant to a Pledge Agreement dated February 13, 2014; (b) those resulting from taxes which have not yet become delinquent; (c) liens and encumbrances which do not materially detract from the value of the property subject thereto or materially impair the operations of the Company; and (d) those that have otherwise arisen in the ordinary course of business. The Company is in compliance with all material terms of each lease to which it is a party or is otherwise bound.

2.11 Patents and Trademarks. Except as would not reasonably be expected to have a Material Adverse Effect or as disclosed in the SEC Filings, to the Company's knowledge, (i) the Company owns or possesses adequate licenses or other rights to use all patents, patent applications, trademarks, trademark applications, service marks, service mark applications, trade names, copyrights, manufacturing processes, formulae, trade secrets, licenses, customer lists and know how (collectively, "**Intellectual Property**"), (ii) the Company has not received any communications alleging that the Company has violated or, by conducting its business as conducted, would violate any of the patents, trademarks, service marks, trade names, copyrights or trade secrets or other proprietary rights or processes of any other person or entity, nor is the Company aware of any basis therefor and (iii) no claim is pending or, to the Company's knowledge after due inquiry, threatened to the effect that any Intellectual Property owned or licensed by the Company, or which the Company otherwise has the right to use, is invalid or unenforceable by the Company.

2.12 Obligations to Related Parties. Except as disclosed in the SEC Filings, there are no obligations of the Company to officers, directors, stockholders, or employees of the Company other than (a) for payment of salary or other compensation for services rendered, (b) reimbursement for reasonable expenses incurred on behalf of the Company, (c) standard indemnification provisions in the certificate of incorporation and by-laws, and (d) for other standard employee benefits made generally available to all employees (including stock option agreements outstanding under any stock option plan approved by the Board of Directors of the Company). Except as may be disclosed in the Financial Statements, the Company is not a guarantor or indemnitor of any indebtedness of any other person, firm or corporation other than its subsidiaries.

2.13 Employee Relations; Employee Benefit Plans. The Company is not a party to any collective bargaining agreement or a union contract. The Company believes that its relations with its employees are good. No executive officer (as defined in Rule 501(f) of the Securities Act) of the Company has notified the Company that such officer intends to leave the Company or otherwise terminate such officer's employment with the Company. The Company is in compliance with all federal, state, local and foreign laws and regulations respecting employment and employment practices, terms and conditions of employment and wages and hours, except where failure to be in compliance would not, either individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect. Except as disclosed in the SEC Filings, the Company does not maintain any compensation or benefit plan, agreement, arrangement or commitment (including, but not limited to, "employee benefit plans", as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**")) for any present or former employees, officers or directors of the Company or with respect to which the Company has liability or makes or has an obligation to make contributions, other than any such plans, agreements, arrangements or commitments made generally available to the Company's employees.

2.14 Regulatory Compliance. As to each product subject to the U.S. Federal Food, Drug, and Cosmetic Act, as amended (the "**FD&C Act**"), and the regulations of the FDA promulgated thereunder or similar laws in any foreign jurisdiction that is or has been developed, manufactured and/or tested, distributed or sold, by or on behalf of the Company (each such product, a "**Drug**"), each such Drug is being or has been developed, manufactured, labeled, stored, researched, distributed and/or tested in compliance with all applicable requirements under the FD&C Act, the regulations of the FDA promulgated thereunder, the Public Health Service Act, their applicable implementing regulations and similar foreign, state and local laws and regulations, including those relating to investigational use, good manufacturing practices, good clinical practices, good laboratory practices, labeling, record keeping and filing of required reports. The Company has not received any notice or other communication from the FDA or any other authority (a) withdrawing the new drug application of any drug product of the Company, (b) withdrawing the investigational new drug application ("**IND**") of any product candidate of the Company, (c) placing any IND of the Company on "clinical hold", or (iv) otherwise alleging any violation by the Company of any laws or judgments applicable to any Drug. All applicable approvals, clearances, authorizations, licenses, drug listings, permits and registrations required by the FDA or any other authority to permit any manufacturing, labeling, storing, testing, distribution, sale, research and development of a Drug as previously conducted or currently being conducted by or on behalf of the Company have been obtained. The Company is in compliance with all reporting and recordkeeping requirements related to the foregoing approvals, clearances, authorizations, licenses, drug listings, permits and registrations.

2.15 Tax Status. The Company (i) has made or filed all federal and state income and all other tax returns, reports and declarations required by any jurisdiction to which it is subject, (ii) has paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations, except those being contested in good faith and (iii) has set aside on its books provision reasonably adequate for the payment of all taxes for periods subsequent to the periods to which such returns, reports or declarations apply. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the Company knows of no basis for any such claim.

2.16 Absence of Certain Changes. Since the date of the SEC Filings, there has been no change in the business, operations, conditions (financial or otherwise), prospects, assets or results of operations of the Company or any of its subsidiaries that could reasonably be expected to have a Material Adverse Effect.

2.17 Disclosure. The information set forth in the Offering Materials as of the date hereof, this Agreement, the Notes and any other document or certificate or written statement furnished to the Subscriber by or on behalf of the Company for use in connection with the transactions contemplated by this Agreement contains no untrue statement of a material fact nor omits to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

2.18 Indemnification. The Company agrees to hold the Subscriber and its directors, officers, employees, affiliates, controlling persons and agents and their respective heirs, representatives, successors and assigns (including any future holder of Notes) harmless and to indemnify them against all liabilities, costs and expenses incurred by them as a result of (a) any sale or distribution of the Notes by the Company in violation of the Securities Act or any applicable state or foreign securities or "blue sky" laws; or (b) any false representation or warranty or any breach or failure by the Company to comply with any covenant made by the Company in this Agreement or any other document furnished by the Company to any of the foregoing in connection with this transaction; provided, however, that in no event shall any indemnity under this Subsection 2.18 exceed the aggregate principal amount of the Notes subscribed for by the Subscriber pursuant to this Agreement, except in the case of willful fraud by the Company. The obligation of the Company under this Section 2.18 shall survive the payment or transfer of the Notes, except as otherwise provided.

2.19 Fund Investors. In the event Subscriber is a Fund, (i) the Fund investors shall be permitted to rely on the representations and warranties of the Company set forth in this Section 2 in connection with such investors' investment in the Fund, (ii) the Company consents to the use of the SEC Filings by Fund investors in connection with their investment in the Fund and (iii) the Fund investors shall be permitted to rely on the opinions of Company counsel delivered herewith. "Fund" means an entity whose sole business is the purchase of the Notes.

2.20 Solvency. Based on the financial condition of the Company as of the Closing Date, after giving effect to the receipt by the Company of the proceeds from the sale of the Notes hereunder: (i) the fair saleable value of the Company's assets exceeds the amount that will be required to be paid on or in respect of the Company's existing debts and other liabilities (including known contingent liabilities) as they mature, (ii) the Company's assets do not constitute unreasonably small capital to carry on its business as now conducted and as proposed to be conducted including its capital needs taking into account the particular capital requirements of the business conducted by the Company, and projected capital requirements and capital availability thereof, and (iii) the current cash flow of the Company, together with the proceeds the Company would receive, were it to liquidate all of its assets, after taking into account all anticipated uses of the cash, would be sufficient to pay all amounts on or in respect of its liabilities when such amounts are required to be paid. The Company does not intend to incur debts beyond its ability to pay such debts as they mature (taking into account the timing and amounts of cash to be payable on or in respect of its debt). The Company has no knowledge of any facts or circumstances which lead it to believe that it will file for reorganization or liquidation under the bankruptcy or reorganization laws of any jurisdiction within one year from the Closing Date. For the purposes of this Agreement, "Indebtedness" means (x) any liabilities for borrowed money and other amounts owed in excess of $50,000 (other than trade accounts payable incurred in the ordinary course of business), (y) all guaranties, endorsements and other contingent obligations in respect of indebtedness of others, whether or not the same are or should be reflected in the Company's balance sheet (or the notes thereto), except guaranties by endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business; and (z) the present value of any lease payments in excess of $50,000 due under leases required to be capitalized in accordance with GAAP. The Company is not in default with respect to any Indebtedness.

2.21 Sarbanes-Oxley; Internal Accounting Controls. The Company is in compliance with any and all applicable requirements of the Sarbanes-Oxley Act of 2002 that are effective as of the date hereof, and any and all applicable rules and regulations promulgated by the Commission thereunder that are effective as of the date hereof and as of the Closing Date. The Company maintains a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Company has established disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d- 15(e)) for the Company and designed such disclosure controls and procedures to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. The Company's certifying officers have evaluated the effectiveness of the disclosure controls and procedures of the Company as of the end of the period covered by the most recently filed periodic report under the Exchange Act (such date, the "Evaluation Date"). The Company presented in its most recently filed periodic report under the Exchange Act the conclusions of the certifying officers about the effectiveness of the disclosure controls and procedures based on their evaluations as of the Evaluation Date. Since the Evaluation Date, there have been no changes in the internal control over financial reporting (as such term is defined in the Exchange Act) that have materially affected, or is reasonably likely to materially affect, the internal control over financial reporting of the Company.

III. TERMS OF SUBSCRIPTION

3.1 The minimum purchase that may be made by any prospective investor shall be $50,000 aggregate principal amount of Notes. Subscriptions for investment below the minimum investment may be accepted at the discretion of the Placement Agent and the Company. The Company and the Placement Agent reserve the right to reject any subscription made hereby, in whole or in part, in their sole discretion. The Company's agreement with each Subscriber is a separate agreement and the sale of the Notes to each Subscriber is a separate sale.

3.2 At any time after the Company has received subscriptions and related funds of at least a principal amount of $3,000,000, the Company may conduct a Closing and may conduct subsequent Closings on an interim basis until the Principal Loan Amount has been obtained.

3.4 The Note purchased by the Subscriber pursuant to this Agreement will be prepared for delivery to the Subscriber promptly following the Closing at which such purchase takes place. The Subscriber hereby authorizes and directs the Company to deliver the Note purchased by the Subscriber pursuant to this Agreement to the residential or business address indicated on the signature page hereto.

IV. CONDITIONS TO OBLIGATIONS OF THE PARTIES

4.1 In addition to the Company's right to reject, in whole or in part, any subscription at any time before the Closing Date, the Company's obligation to issue the Notes at each Closing to the applicable Subscriber is subject to the fulfillment on or prior to such Closing of the following conditions, which conditions may be waived at the option of the Company to the extent permitted by law:

(a) The representations and warranties made by each Subscriber in Article I hereof shall be true and correct in all material respects.

(b) All covenants, agreements and conditions contained in this Agreement to be performed by such Subscriber on or prior to the date of such Closing shall have been performed or complied with in all material respects.

(c) There shall not then be in effect any legal or other order enjoining or restraining the transactions contemplated by this Agreement.

(d) There shall not be in effect any law, rule or regulation prohibiting or restricting such sale or requiring any consent or approval of any person, which shall not have been obtained, to issue the Notes (except as otherwise provided in this Agreement).

4.2 The Subscriber's obligation to purchase the Notes at the Closing at which such purchase is to be consummated is subject to the fulfillment on or prior to such Closing of the following conditions, which conditions may be waived at the option of each Subscriber to the extent permitted by law:

(a) The representations and warranties made by the Company in Article II hereof shall be true and correct in all material respects.

(b) All covenants, agreements and conditions contained in this Agreement to be performed by the Company on or prior to the date of such Closing shall have been performed or complied with in all material respects.

(c) There shall not then be in effect any legal or other order enjoining or restraining the transactions contemplated by this Agreement.

(d) There shall not be in effect any law, rule or regulation prohibiting or restricting such sale or requiring any consent or approval of any person, which shall not have been obtained, to issue the Notes (except as otherwise provided in this Agreement).

(e) The Placement Agent shall have received an opinion of counsel to the Company addressed to the Subscribers (which the Placement Agent may be permitted to rely on as if it were addressed to it) containing certain opinions to be substantially as set forth in Exhibit C, which opinion will be subject to standard qualifications and assumptions to be reasonably acceptable to the Subscribers.

(f) The Placement Agent shall have received an Officer's Certificate addressed to the Subscribers, signed by the authorized officer of the Company and dated as of the Closing. The certificate shall state, among other things, that the representations and warranties contained herein and in the Offering Materials are true and accurate in all material respects at such Closing Date with the same effect as though expressly made at such Closing Date and the Placement Agent shall be entitled to rely on such representations of the Company in the Offering Materials as if they were made directly to the Placement Agent.

V. RESERVED.

VI. MISCELLANEOUS

6.1 Any notice or other communication given hereunder shall be deemed sufficient if in writing and sent by registered or certified mail, return receipt requested, or delivered by hand against written receipt therefor, addressed as follows:

if to the Company, to it at:

Fortress Biotech, Inc.
2 Gansevoort Street, 9th Floor
New York, NY 10014
Attn: Chief Executive Officer

With a copy to:

Wyrick Robbins Yates & Ponton LLP
4101 Lake Boone Trail, Suite 300
Raleigh, NC 27607-7506
Facsimile: (919) 781-4865
Attn: W. David Mannheim, Esq.

if to the Subscriber, to the Subscriber's address indicated on the signature page of this Agreement.

Notices shall be deemed to have been given or delivered on the date of mailing, except notices of change of address, which shall be deemed to have been given or delivered when received.

6.2 Except as otherwise expressly provided herein, any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance, either retroactively or prospectively and either for a specified period of time or indefinitely) with the written consent of the Company and subscribers holding Notes evidencing at least sixty six and two-thirds percent (66 2/3%) of the then outstanding Principal Loan Amount of the Notes issued pursuant to this Agreement and substantially similar agreements; provided that no such agreement shall (a) increase a Subscriber's Subscriber Loan Amount without the written consent of such Subscriber, (b) reduce or forgive the principal amount of any Note or reduce the rate of interest thereon, or reduce or forgive any interest or fees payable hereunder, without the written consent of each Subscriber directly affected thereby, (c) postpone any scheduled date of payment of the principal amount of any Note, or any date for the payment of any interest, fees or other obligations payable hereunder, or reduce the amount of, waive or excuse any such payment without the written consent of each Subscriber directly affected thereby, or (d) change any of the provisions of this Section 6.2 without the written consent of each Subscriber. Any amendment or waiver effected in accordance with this Section 6.2 shall be binding upon the Subscriber and the Company (even if the Subscriber does not consent to such amendment or waiver), and upon the effectuation of each such amendment or waiver, the Company shall promptly give written notice thereof to the Subscriber if the Subscriber has not previously consented thereto in writing.

6.3 This Agreement shall be binding upon and inure to the benefit of the parties hereto and to their respective heirs, legal representatives, successors and assigns. This Agreement sets forth the entire agreement and understanding between the parties as to the subject matter hereof and merges and supersedes all prior discussions, agreements and understandings of any and every nature among them.

6.4 Upon the execution and delivery of this Agreement by the Subscriber, this Agreement shall become a binding obligation of the Subscriber with respect to the purchase of Notes as herein provided, subject, however, to the right hereby reserved by the Company to enter into the same agreements with other subscribers and to add and/or delete other persons as subscribers.

6.5 NOTWITHSTANDING THE PLACE WHERE THIS AGREEMENT MAY BE EXECUTED BY ANY OF THE PARTIES HERETO, THE PARTIES EXPRESSLY AGREE THAT ALL THE TERMS AND PROVISIONS HEREOF SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE SUBSTANTIVE AND PROCEDURAL LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO SUCH STATE'S PRINCIPLES OF CONFLICTS OF LAW. IN THE EVENT THAT A JUDICIAL PROCEEDING IS NECESSARY, THE SOLE FORUM FOR RESOLVING DISPUTES ARISING OUT OF OR RELATING TO THIS AGREEMENT IS THE STATE AND FEDERAL COURTS SITTING IN THE BOROUGH OF MANHATTAN, COUNTY OF NEW YORK. THE PARTIES HEREBY IRREVOCABLY CONSENT TO THE JURISDICTION OF SUCH COURTS AND AGREE TO SAID VENUE. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY NOTE OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE OR OTHER AGENT (INCLUDING ANY ATTORNEY) OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

6.6 The holding of any provision of this Agreement to be invalid or unenforceable by a court of competent jurisdiction shall not affect any other provision of this Agreement, which shall remain in full force and effect. If any provision of this Agreement shall be declared by a court of competent jurisdiction to be invalid, illegal or incapable of being enforced in whole or in part, such provision shall be interpreted so as to remain enforceable to the maximum extent permissible consistent with applicable law and the remaining conditions and provisions or portions thereof shall nevertheless remain in full force and effect and enforceable to the extent they are valid, legal and enforceable, and no provisions shall be deemed dependent upon any other covenant or provision unless so expressed herein.

6.7 It is agreed that a waiver by either party of a breach of any provision of this Agreement shall not operate, or be construed, as a waiver of any subsequent breach by that same party.

6.8 The parties agree to execute and deliver all such further documents, agreements and instruments and take such other and further action as may be necessary or appropriate to carry out the purposes and intent of this Agreement.

6.9 This Agreement may be executed in two or more counterparts each of which shall be deemed an original, but all of which shall together constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Agreement by telecopy, emailed pdf. or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement.

6.10 Nothing in this Agreement shall create or be deemed to create any rights in any person or entity not a party to this Agreement, except that the Placement Agent may rely upon the representations and acknowledgements of the Subscriber in Articles I and VII hereof and the representations and warranties of the Company in Article II hereof.

6.11 At the Initial Closing, the Company shall pay the fees and expenses specified in the Placement Agent Agreement with National Securities Corp., such fees and expenses not to exceed $54,000.

6.12 The Company agrees to and shall pay on demand (a) all costs and expenses of the Subscriber (including recording and other similar taxes, costs of appraisals, UCC searches, certified corporate documents, intellectual property searches and filings, attorneys' fees, costs and expenses and other professional fees) in connection with the preparation, negotiation, execution, delivery, closing and administration (including perfection and protection of any collateral) of this Agreement, the Notes and all other documents provided for herein or therein or delivered or to be delivered hereunder or thereunder or in connection herewith or therewith (such documents, collectively, the "Loan Documents") (including any amendment, supplement or waiver to any Loan Document) and the issuance of the Notes, whether or not the transactions contemplated hereby or thereby shall be consummated, and all reasonable out-of-pocket costs and expenses (including recording and other similar taxes, costs of appraisals, attorneys' fees, costs and expenses and other professional fees) incurred by the Subscriber after the occurrence of an Event of Default (as defined in the Notes), in protecting, preserving or maintaining any collateral or collecting the obligations due and owing under any of the Loan Documents or enforcing this Agreement, the other Loan Documents or any such other documents or during any workout, restructuring or negotiations in respect thereof, (b) any and all any placement fees, including to the Placement Agent, incurred in connection with the offering of interests in the Subscriber, and (c) all other organizational, operational and other expenses incurred by the Subscriber throughout its term. The Company agrees to and shall reimburse the Subscriber and its manager and their respective affiliates for any such expenses advanced by any such party. All obligations provided for in this Section 6.12 shall survive repayment of the Notes and termination of this Agreement for a period of one (1) year.

Remainder of Page Intentionally Left Blank.

VII. CONFIDENTIAL INVESTOR QUESTIONNAIRE

7.1 **ALL INVESTORS - The undersigned represents and warrants as indicated below by the undersigned's mark**:

A. Individual investors: (Please mark one or more of the following statements)

1. _____ I certify that I am an accredited investor because I have had individual income (exclusive of any income earned by my spouse) of more than $200,000 in each of the most recent two years and I reasonably expect to have an individual income in excess of $200,000 for the current year.

2. _____ I certify that I am an accredited investor because I have had joint income with my spouse in excess of $300,000 in each of the most recent two years and reasonably expect to have joint income with my spouse in excess of $300,000 for the current year.

3. _____ I certify that I am an accredited investor because I have an individual net worth, or my spouse and I have a joint net worth, in excess of $1,000,000 (exclusive of my personal residence).

4. _____ I am a director or executive officer of Fortress Biotech, Inc.

B. Partnerships, corporations, trusts or other entities: (Please mark one of the following seven statements). The undersigned hereby certifies that it is an accredited investor because it is:

1. _____ an employee benefit plan whose total assets exceed $5,000,000;

2. _____ an employee benefit plan whose investments decisions are made by a plan fiduciary which is either a bank, savings and loan association or an insurance company (as defined in Section 3(a) of the Securities Act) or an investment adviser registered as such under the Investment Advisers Act of 1940;

3. _____ a self-directed employee benefit plan, including an Individual Retirement Account, with investment decisions made solely by persons that are accredited investors;

4. _____ an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, not formed for the specific purpose of acquiring the Notes or PIK Shares, with total assets in excess of $5,000,000;

5. _____ a corporation, partnership, limited liability company, limited liability partnership, other entity or similar business trust, not formed for the specific purpose of acquiring the Notes or PIK Shares, with total assets excess of $5,000,000;

6. _____ a trust, not formed for the specific purpose of acquiring the Notes or PIK Shares, with total assets exceed $5,000,000, whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of an investment in the Notes; or

7. _____ an entity (including a revocable grantor trust but other than a conventional trust) in which each of the equity owners qualifies as an accredited investor.

7.2 **EUROPEAN ECONOMIC AREA ("EEA") INVESTORS - The undersigned further represents and warrants as indicated below by the undersigned's mark**:

A. Please mark one of the following statements:

either

1. _____ The undersigned hereby certifies that it is a Qualified Investor for the purposes of Directive 2003/71/EC because it is a person falling within Article 2.1(e)(i), (ii) or (iii) of such directive or a person authorized by a jurisdiction in the EEA to be considered as a qualified investor for the purposes of such directive;

or

2. _____ The undersigned hereby certifies that it is not a Qualified Investor for the purposes of Directive 2003/71/EC.

B. Please mark one of the following statements.

1. _____ The undersigned hereby certifies that it is acting on its own account and not for the account of or otherwise on behalf of any person or persons; or

2. _____ The undersigned is in the United Kingdom and is a Qualified Investor for the purposes of Directive 2003/71/EC and is acting as an agent in the circumstances contemplated in section 86(2) of the United Kingdom Financial Services and Markets Act 2000.

C. Please mark the following statement:

1. _____ The undersigned hereby certifies that it has not received any recommendation from the Placement Agent nor any person acting on their behalf in relation to the purchase of the Notes.

D. Please mark one of the following statements:

1. _____ The undersigned hereby certifies that it is not in the United Kingdom.

2. _____ The undersigned hereby certifies that it is a person falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 ("FPO").

3. _____ The undersigned hereby certifies that it is a person falling within Article 49(2)(a) to the (d) of the FPO.

7.3 **ALL INVESTORS - The undersigned further represents and warrants as indicated below by the undersigned's mark**:

FINRA AFFILIATION.

Are you affiliated or associated with an FINRA member firm:

Yes _____ No _____

If Yes, please describe:

_____
_____
_____

*If subscriber is a Registered Representative with an FINRA member firm, have the following acknowledgment signed by the appropriate party:

The undersigned FINRA member firm acknowledges receipt of the notice required by NASD Rule 3050.

_____
Name of FINRA Member Firm

By: _____
Authorized Officer

Date: _____

7.4 **ALL INVESTORS - Indicate manner in which title is to be held** (circle one)

(a) Individual Ownership
(b) Community Property
(c) Joint Tenant with Right of Survivorship (both parties must sign)
(d) Partnership
(e) Tenants in Common
(f) Corporation
(g) Limited Liability Company
(h) Trust
(i) Other

The undersigned is informed of the significance to the Company of the foregoing representations and answers contained in the Confidential Investor Questionnaire contained in this Article VII and such answers have been provided under the assumption that the Company will rely on them.

AGGREGATE PRINCIPAL AMOUNT OF NOTES = $_____ (TOTAL INVESTMENT)

Signature	Signature (if purchasing jointly)
Name Typed or Printed	Name Typed or Printed
Entity Name	Entity Name
Address	Address
City, State and Zip Code	City, State and Zip Code
Telephone-Business	Telephone-Business
Telephone-Residence	Telephone-Residence
Facsimile-Business	Facsimile-Business
Facsimile-Residence	Facsimile-Residence
Tax ID # or Social Security #	Tax ID # or Social Security #
Name in which securities should be issued:	

Dated: _____ , 201_

This Note Purchase Agreement is agreed to and accepted as of _____.

FORTRESS BIOTECH, INC.

By: _____
Name:
Title:

Annex A

CERTIFICATE OF SIGNATORY

(To be completed if Notes are
being subscribed for by an entity)

I,_____, am the_____ of _____ (the "Entity").

I certify that I am empowered and duly authorized by the Entity to execute and carry out the terms of the Note Purchase Agreement and to purchase and hold the Notes, and certify further that the Note Purchase Agreement has been duly and validly executed on behalf of the Entity and constitutes a legal and binding obligation of the Entity.

IN WITNESS WHEREOF, I have set my hand this _____ day of _____, 201_

_____
(Signature)

EXHIBIT A

Form of Note

[filed separately with SEC]

EXHIBIT B

Term Sheet

FORTRESS BIOTECH, INC.

Q4 2016

The following summarizes the principal terms of a proposed note offering of Fortress Biotech, Inc. ("***Fortress***"). This term sheet is qualified in its entirety by the actual terms of the financing documents for this transaction. This Term Sheet will not be binding upon any party hereto and is intended to be a summary of terms contained in any such financing documents; except that the terms under the heading "Confidentiality" will be binding on each signatory hereto. In the event of any conflict or inconsistency between this Term Sheet and the financing documents, the terms of the investment documents will govern.

Securities Offered	Subordinated promissory notes (the "***Notes***") of Fortress. The Notes will be offered only to persons reasonably believed to qualify as "accredited investors" as that term is defined in Regulation D of the Securities Act.
Offering	Between $3,000,000 and $40,000,000 offered on a "best efforts" basis by National Securities Corp. ("***National Securities***") as the placement agent. Should demand exist in excess of $40,000,000, Fortress may, in its sole discretion, agree to accept up to an additional $10,000,000.
Interest Rate	Eight percent (8%) per year of the outstanding principal amount of the Notes, on a quarterly basis. Interest shall commence accruing on the issuance date, be computed on the basis of a 365-day year, and be paid in arrears for each quarter on January 1, April 1, July 1 and October 1 of each year, (each date that interest is payable is an "***Interest Date***"), with the first Interest Date being April 1, 2017. Interest shall be payable on each Interest Date, to the record holder of such Note on the applicable Interest Date in cash (the "***Interest***").
PIK Interest Rate	Seven percent (7%) per year of the outstanding principal amount of the Notes paid in PIK Shares on a quarterly basis. "***PIK Shares***" shall mean shares of Fortress Common Stock and/or shares of common stock of Fortress Companies that are publicly-traded on either NASDAQ or the NYSE AMEX, in good standing in regards to both corporate and financial reporting, have minimum share prices of at least $1, market capitalizations of at least $50 million and average daily trading volume of at least 20,000 shares at the time of the calculation. If the PIK Shares shall be payable in any security other than Fortress Common Stock, the Company shall provide investors with ten (10) days' advance notice of which securities and in what amounts the PIK shares shall comprise. The value of the PIK Shares shall be determined based on a ten percent (10%) discount to the 10-day VWAP for such PIK Shares.
Maturity	3 years with two (2) one-year extensions, at Fortress's discretion; provided that Fortress may pre-pay any Note in full without penalty after the expiration of the first twelve (12) months. If Fortress elects to extend, it will provide investors with ninety (90) days' advance notice of such extension, and each requested extension shall result in the Interest Rate being adjusted upward by one percent (1%), resulting in an annualized Interest Rate of nine percent (9%) in year 4 and ten percent (10%) in year 5, if elected.

Transfer	The Notes may be offered, sold, assigned or transferred by the holder without the consent of Fortress, subject to the terms and conditions of the note purchase agreement.
Amendment	The prior written consent of the holders of at least sixty six and two-thirds percent (66 2/3%) of the total principal outstanding under the Notes shall be required for any change or amendment to the Notes.
Placement Agent Fees and Expenses	National Securities will act as placement agent in the sale of the Notes. National Securities will receive a placement fee equal to ten percent (10%) of the principal amount of the Notes sold. National Securities shall also receive 5-year cash-only placement agent warrants equal to ten percent (10%) of the principal amount of the Notes sold divided by the closing share price of Fortress on the date of closing and exercisable at the closing share price. Fortress also hereby agrees to reimburse National Securities' capped legal fees of $40,000, escrow fees of $4,000 and capped offering expenses for printing, shipping, meetings, etc. of $10,000.
Confidentiality	This Term Sheet and all information pertaining to Fortress provided by Fortress pursuant to this offering shall be maintained as confidential and may not be disclosed publicly or privately except with the written consent of Fortress.

The following parties agree to the terms in this Term Sheet.

FORTRESS BIOTECH, INC.

By: _____
Name: _____
Title: _____

NATIONAL SECURITIES CORPORATION

By: _____
Name: _____
Title: _____

EXHIBIT C

Legal Opinion

1. The Company (a) is a corporation validly existing in good standing under the laws of the State of Delaware and New York and (b) has the corporate power to own its property, to execute, deliver and perform its obligations under the Transaction Documents and to own, lease and operate its properties and conduct the business in which it is engaged as described in the SEC Filings, to execute and deliver each of the Transaction Documents to which it is a party and to perform its obligations thereunder.

2. The Company has duly authorized, executed and delivered each of the Transaction Documents and each such Transaction Document constitutes the legal, valid and binding obligation of the Company and is enforceable against the Company in accordance with its terms.

3. The Notes being issued pursuant to the Note Purchase Agreements have been duly authorized and, when delivered and paid for pursuant to the Note Purchase Agreements, will be validly issued, and to our knowledge the issuance thereof will not violate any preemptive rights under Delaware law, the Company's Certificate of Incorporation or the Company's bylaws.

4. No approval, authorization, waiver, consent, registration, filing, qualification, license or permit of or with any court, regulatory, administrative or other governmental body is required for the execution and delivery of the Note Purchase Agreements or the consummation of the transactions contemplated thereby, except such as we understand will be timely filed under Regulation D of the Securities Act of 1933, as amended (the "Securities Act"), and such as may be required under applicable "Blue Sky" laws in connection with the issuance of the Notes.

5. The execution, delivery and performance of the Transaction Documents by the Company and the issuance and sale of the Notes does not and will not conflict with or result in a breach or violation of any of the terms and provisions of, or constitute a default under (i) the Company's Certificate of Incorporation or bylaws, (ii) any statute, rule, regulation or order of any governmental agency or body or any court, domestic or foreign, having jurisdiction over the Company or any of its respective assets or properties, or (iii) any of the agreements and instruments described in the SEC Filings.

6. Except as described in the SEC Filings, to our knowledge, there are no pending actions, suits or proceedings against or affecting the Company.

7. Assuming the accuracy of the representations of each party in the Note Purchase Agreements and the Placement Agreement, the initial sale of the Notes as contemplated by the Note Purchase Agreements is exempt from the registration and prospectus delivery requirements of the Securities Act.

8. To our knowledge, the SEC Filings, as of their respective dates, do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statement therein, in light of the circumstances under which they were made, not misleading with respect to the Company.

Exhibit 10.37

FORM OF FORTRESS BIOTECH, INC.

PROMISSORY NOTE

Original Issuance Date: _____ Original Principal Amount: U.S. $_____

FOR VALUE RECEIVED, FORTRESS BIOTECH, INC., a Delaware corporation (the "**Company**"), hereby promises to pay to the order of [NAM BIOTECH FUND II, LLC – SERIES I / NAM SPECIAL SITUATIONS FUND I QP, LLC - FBIO SERIES I] or its registered assigns ("**Holder**") the amount set out above as the Original Principal Amount (the "**Principal**") on the Maturity Date (as defined below), and to pay interest ("**Interest**") on any outstanding Principal (as defined below) at the applicable Interest Rate (as defined below) from the date set out above as the Original Issuance Date (the "**Issuance Date**") until the same becomes due and payable. This Promissory Note (including all Promissory Notes issued in exchange, transfer or replacement hereof, as amended, supplemented or otherwise modified from time to time, this "**Note**") is one of an issue of Promissory Notes issued pursuant to the Note Purchase Agreements (as defined below) on the Closing Dates (as defined below) (collectively, the "**Notes**"). Certain capitalized terms used herein are defined in Section 17.

1 . PAYMENTS OF PRINCIPAL . The last day of the 36th month after the Issuance Date will be the "**Maturity Date**"; provided that the Company may extend the Maturity Date for two one-year periods in its discretion by giving written notice to the Holder (such extension being the "**Maturity Date Extension**"). If the Company elects to exercise a Maturity Date Extension, it shall provide Holders with ninety (90) days' advance notice of such Maturity Date Extension, and each such Maturity Date Extension shall result in a one percent (1%) increase in the Interest Rate (as defined below), such that, if elected, an annualized Interest Rate of nine percent (9%) shall take effect in Year 4 and an annualized Interest Rate of ten percent (10%) shall take effect in Year 5. On the Maturity Date, the Company shall pay to the Holder an amount in cash representing all outstanding Principal, accrued and unpaid Interest and accrued and unpaid Late Charges on such Principal and Interest. The Company may prepay any portion of the outstanding Principal, accrued and unpaid Interest or accrued and unpaid Late Charges on Principal and Interest, if any, at any time after the first twelve months of the term. For the avoidance of doubt, interest rate applicable to the PIK Shares will not increase in the event that the Company elects to extend the maturity date of any Notes.

2. INTEREST; PIK INTEREST.

(a) Interest on this Note shall commence accruing on the Issuance Date and shall be computed on the basis of a 365-day year, and shall be payable in arrears for each quarter on January 1, April 1, July 1 and October 1 of each year (each date that interest is payable is an "**Interest Date**"), with the first Interest Date being April 1, 2017. Interest shall be payable in cash to the Holder of this Note on each Interest Date.

(b) Interest on this Note shall accrue at the rate of eight percent (8%) per annum (the "**Interest Rate**"). From and after the occurrence and during the continuance of any Event of Default (as defined in Section 3(a) below), the Interest Rate shall automatically be increased to twelve percent (12%). In the event that such Event of Default is subsequently cured, the adjustment referred to in the preceding sentence shall cease to be effective as of the calendar day immediately following the date of such cure; provided that the Interest as calculated and unpaid at such increased rate during the continuance of such Event of Default shall continue to apply to the extent relating to the days after the occurrence of such Event of Default through and including the date of such cure of such Event of Default.

(c) Additional Interest ("**PIK Interest**") shall accrue at the rate of seven percent (7%) per annum of the outstanding principal amount of the Notes, payable in PIK Shares on a quarterly basis on each Interest Date. The value of the PIK Shares will be determined based on a ten percent (10%) discount to the 10-day volume weighted average price for such PIK Shares (the "**Share VWAP**"). For the avoidance of any doubt, the Share VWAP will be based on the 10-day period immediately preceding the Calculation Date. The Company will provide the Holder with five (5) Business Days' advance notice of which securities and in what amounts the PIK Shares will be comprised. If the Holder does not approve of the receipt of any PIK Shares, it must notify the Company of any such deficiency in reasonably specific terms to enable the Company to assess the concern and correct such deficiency. If the Company and the Holder disagree on the deficiency, the parties shall have five (5) Business Days to meet to discuss and agree on a resolution. If no agreement is reached then NHLD's independent auditors will review the PIK Shares and make a determination, binding on both parties, of the adequacy of the consideration based solely on compliance with the terms of the Note Purchase Agreement. If NHLD's independent auditors determine that there is a deficiency regarding the relevant PIK Shares, then the Company will make such adjustments as will be necessary to satisfy NHLD's independent auditors. Notwithstanding the foregoing, if the Holder determines that the particular Subsidiary of the Company to which the PIK Shares relate presents a unique conflict that it is unable to approve, then the Company will propose PIK Shares of the Company such other Subsidiary of the Company as will be satisfactory to the Holder, including but not limited to, the Company. To the extent that any such distribution would result in distribution of fractional shares to the Holder or its beneficial owners, the Holder may return such fractional shares to the Company in exchange for cash.

3. RIGHTS UPON EVENT OF DEFAULT.

(a) Event of Default. Each of the following events shall constitute an "**Event of Default**":

(i) the Company's failure to pay to the Holder any amount of Principal, Interest, Late Charges or other amounts when and as due under this Note or any other agreement, document, certificate or other instrument delivered in connection with the transactions contemplated hereby, except, in the case of a failure to pay Interest and Late Charges when and as due, only if such failure remains uncured for a period of at least five (5) business days;

(ii) bankruptcy, insolvency, reorganization or liquidation proceedings or other proceedings for the relief of debtors shall be instituted against the Company and, shall not be dismissed within thirty (30) days of their initiation; or

(iii) the commencement by the Company of a voluntary case or proceeding under any applicable federal, state or foreign bankruptcy, insolvency, reorganization or other similar law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the execution of a composition of debts, or the occurrence of any other similar federal, state or foreign proceeding, or the admission by it in writing of its inability to pay its debts generally as they become due.

4 . VOTING RIGHTS. The Holder shall have no voting rights in respect of the Company as the holder of this Note, except as required by law (including, without limitation, the Delaware General Corporation Law) and as expressly provided in this Note.

5 . AMENDING THE TERMS OF THIS NOTE. Excluding a Maturity Date Extension, the prior written consent of the Holders of at least 66 2/3% of the total Principal outstanding under the Notes shall be required for any change or amendment to this Note.

6 . TRANSFER. This Note may be offered, sold, assigned or transferred by the Holder without the consent of the Company, subject to the terms and conditions of the Note Purchase Agreement.

7. REISSUANCE OF THIS NOTE.

(a) Transfer. If this Note is to be transferred, the Holder shall surrender this Note to the Company, whereupon the Company will forthwith issue and deliver upon the order of the Holder a new Note, registered as the Holder may request, representing the outstanding Principal being transferred by the Holder and, if less than the entire outstanding Principal is being transferred, a new Note to the Holder representing the outstanding Principal not being transferred.

(b) Lost, Stolen or Mutilated Note. Upon receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Note (as to which a written certification and the indemnification contemplated below shall suffice as such evidence), and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Company in customary and reasonable form and, in the case of mutilation, upon surrender and cancellation of this Note, the Company shall execute and deliver to the Holder a new Note representing the outstanding Principal.

8 . REMEDIES, CHARACTERIZATIONS, OTHER OBLIGATIONS, BREACHES AND INJUNCTIVE RELIEF . The remedies provided in this Note shall be cumulative and in addition to all other remedies available under this Note and Note Purchase Agreement at law or in equity (including a decree of specific performance and/or other injunctive relief), and nothing herein shall limit the Holder's right to pursue actual and consequential damages for any failure by the Company to comply with the terms of this Note. The Company covenants to the Holder that there shall be no characterization concerning this instrument other than as expressly provided herein. Amounts set forth or provided for herein with respect to payments, shall be the amounts to be received by the Holder and shall not, except as expressly provided herein, be subject to any other obligation of the Company (or the performance thereof). The Company acknowledges that a breach by it of its obligations hereunder may cause irreparable harm to the Holder and that the remedy at law for any such breach may be inadequate. The Company therefore agrees that, in the event of any such breach or threatened breach, the Holder shall be entitled, in addition to all other available remedies, to seek an injunction restraining any such breach or any such threatened breach, without the necessity of showing economic loss and without any bond or other security being required. The Company shall provide all information and documentation to the Holder that is requested by the Holder to enable the Holder to confirm the Company's compliance with the terms and conditions of this Note.

9 . PAYMENT OF COLLECTION, ENFORCEMENT AND OTHER COSTS . If (a) this Note is placed in the hands of an attorney for collection or enforcement or is collected or enforced through any legal proceeding or the Holder otherwise takes action to collect amounts due under this Note or to enforce the provisions of this Note or (b) there occurs any bankruptcy, reorganization, receivership of the Company or other proceedings affecting Company creditors' rights and involving a claim under this Note, then the Company shall pay the reasonable costs incurred by the Holder for such collection, enforcement or action or in connection with such bankruptcy, reorganization, receivership or other proceeding, including, without limitation, attorneys' fees and disbursements.

10. CONSTRUCTION; HEADINGS. This Note shall be deemed to be jointly drafted by the Company and the Holder and shall not be construed against any Person as the drafter hereof. The headings of this Note are for convenience of reference and shall not form part of, or affect the interpretation of, this Note. Terms used in this Note but defined in the Note Purchase Agreement shall have the meanings ascribed to such terms on the Closing Date in such Note Purchase Agreement unless otherwise consented to in writing by the Holder.

11. FAILURE OR INDULGENCE NOT WAIVER. No failure or delay on the part of the Holder in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege. No waiver shall be effective unless it is in writing and signed by the Holders of at least 66 2/3% of the total Principal outstanding under the Notes.

12. NOTICES; CURRENCY; PAYMENTS.

(a) Notices. Whenever notice is required to be given under this Note, unless otherwise provided herein, such notice shall be given in accordance with Section 6.1 of the Note Purchase Agreement. The Company shall provide the Holder with prompt written notice of all actions taken pursuant to this Note, including in reasonable detail a description of such action and the reason therefore.

(b) Currency. All dollar amounts referred to in this Note are in United States Dollars ("**U.S. Dollars**"), and all amounts owing under this Note shall be paid in U.S. Dollars.

(c) Payments. Whenever any payment of cash is to be made by the Company to any Person pursuant to this Note, unless otherwise expressly set forth herein, such payment shall be made in lawful money of the United States of America by a check drawn on the account of the Company and sent to such Person at such address as previously provided to the Company in writing (which address, in the case of each of the Buyers, shall initially be as set forth on the Note Purchase Agreement), provided that the Holder may elect to receive a payment of cash via wire transfer of immediately available funds by providing the Company with prior written notice setting out such request and the Holder's wire transfer instructions. Whenever any amount expressed to be due by the terms of this Note is due on any day which is not a Business Day, the same shall instead be due on the next succeeding day which is a Business Day. Any amount of Principal or Interest which is not paid when due shall result in a late charge being incurred and payable by the Company in an amount equal to interest on such amount at the rate of twelve (12%) per annum from the date such amount was due until the same is paid in full ("**Late Charge**").

13. CANCELLATION. After all Principal, accrued Interest, Late Charges and other amounts at any time owed on this Note have been paid in full, this Note shall automatically be deemed canceled, shall be surrendered to the Company for cancellation and shall not be reissued.

14. WAIVER OF NOTICE. To the extent permitted by law, the Company hereby irrevocably waives demand, notice, presentment, protest and all other demands and notices in connection with the delivery, acceptance, performance, default or enforcement of this Note and the Note Purchase Agreement.

15. GOVERNING LAW. This Note shall be construed and enforced in accordance with, and all questions concerning the construction, validity, interpretation and performance of this Note shall be governed by, the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of New York. The Company hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in The City of New York, Borough of Manhattan, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. In the event that any provision of this Note is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of this Note. Nothing contained herein shall be deemed or operate to preclude the Holder from bringing suit or taking other legal action against the Company in any other jurisdiction to collect on the Company's obligations to the Holder, to realize on any collateral or any other security for such obligations, or to enforce a judgment or other court ruling in favor of the Holder. **THE COMPANY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS NOTE OR ANY TRANSACTION CONTEMPLATED HEREBY.**

16. MAXIMUM PAYMENTS. Nothing contained herein shall be deemed to establish or require the payment of a rate of interest or other charges in excess of the maximum permitted by applicable law. In the event that the rate of interest required to be paid or other charges hereunder exceed the maximum permitted by such law, any payments in excess of such maximum shall be credited against amounts owed by the Company to the Holder and thus refunded to the Company.

17. CERTAIN DEFINITIONS. For purposes of this Note, the following terms shall have the following meanings:

(a) "**Business Day**" means any day other than Saturday, Sunday or other day on which commercial banks in the City of New York are authorized or required by law to remain closed.

(b) "**Closing Date**" has the meaning set forth in the Note Purchase Agreement, which date is the date the Company issued the Note pursuant to the terms of the Note Purchase Agreement.

(c) "**NHLD**" means National Holdings Corporation.

(d) "**Note Purchase Agreement**" means those certain Note Purchase Agreements by and among the Company and the Holders pursuant to which the Company issued the Notes, as may be amended from time to time.

(e) "**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity or a government or any department or agency thereof.

(f) "**PIK Shares**" means, at the Company's discretion: (i) shares of the Company, (ii) shares of common stock of Subsidiaries that are traded on NASDAQ or the NYSE MKT, in good standing in regards to both corporate and financial reporting, and have minimum per-share prices of at least $1.00, market capitalizations of at least $50 million and average daily trading volume of at least 20,000 shares as of the date that is five (5) Business Days before the Interest Date (the "**Calculation Date**"), and (iii) any combination of the foregoing clauses (i) and (ii).

(g) "**Quarter**" means each of: (i) the period beginning on and including January 1 and ending on and including March 31; (ii) the period beginning on and including April 1 and ending on and including June 30; (iii) the period beginning on and including July 1 and ending on and including September 30; and (iv) the period beginning on and including October 1 and ending on and including December 31.

(h) "**Subsidiary**" means, as of any date of determination, any Person which the Company, directly or indirectly) controls.

IN WITNESS WHEREOF, the Company has caused this Promissory Note to be duly executed as of the Issuance Date set out above.

FORTRESS BIOTECH, INC.

By: _____
Name:
Title:

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Lindsay A. Rosenwald, M.D., certify that:

(1) I have reviewed this Quarterly Report on Form 10-Q of Fortress Biotech, Inc. (the "Registrant");

(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 Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth 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 controls over financial reporting.

Dated: May 10, 2017

By: /s/ Lindsay A. Rosenwald, M.D.
Lindsay A. Rosenwald, M.D.
Chairman, President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Lucy Lu, M.D., certify that:

(1) I have reviewed this Quarterly Report on Form 10-Q of Fortress Biotech, Inc. (the "Registrant");

(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 Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth 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 controls over financial reporting.

Dated: May 10, 2017

By: /s/ Lucy Lu, M.D.
Lucy Lu, M.D.
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Fortress Biotech, Inc. (the "Company") for the quarterly period ended March 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lindsay A. Rosenwald, M.D., Chairman, President, and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company, as of, and for, the periods presented in the Report.

Dated: May 10, 2017

By: /s/ Lindsay A. Rosenwald, M.D.
Lindsay A. Rosenwald, M.D.
Chairman, President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Fortress Biotech, Inc. (the "Company") for the quarterly period ended March 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lucy Lu, M.D., Executive Vice President and Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company, as of, and for, the periods presented in the Report.

Dated: May 10, 2017

By: /s/ Lucy Lu, M.D.
Lucy Lu, M.D.
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)