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Court File No. CV-18-603054-00CL

FOURTH REPORT OF RICHTER ADVISORY GROUP INC., IN ITS CAPACITY AS MONITOR OF ARALEZ PHARMACEUTICALS INC. AND ARALEZ PHARMACEUTICALS CANADA INC.

November 14, 2018

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Court File No. CV-18-603054-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT,* R.S.C.1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF ARALEZ PHARMACEUTICALS INC. AND ARALEZ PHARMACEUTICALS CANADA INC.

FOURTH REPORT OF RICHTER ADVISORY GROUP INC., IN ITS CAPACITY AS MONITOR OF ARALEZ PHARMACEUTICALS INC. AND ARALEZ PHARMACEUTICALS CANADA INC.

NOVEMBER 14, 2018

I. INTRODUCTION

1. On August 10, 2018 (the "**Filing Date**"), the Ontario Superior Court of Justice (Commercial List) (the "**Court**") issued an order (the "**Initial Order**") granting Aralez Pharmaceuticals Inc. ("**API**") and Aralez Pharmaceuticals Canada Inc. ("**Aralez Canada**" and together with API, the "**Companies**") protection pursuant to the *Companies' Creditors Arrangement Act,* R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), and appointing Richter Advisory Group Inc. ("**Richter**") as Monitor of the Companies in the CCAA proceedings (the "**Monitor**"). The Initial Order provided the Companies with a stay of proceedings until September 7, 2018 (the "**Stay Period**"). The Companies' CCAA proceedings are referred to herein as the "**CCAA Proceedings**".

2. Also on the Filing Date, Aralez Pharmaceuticals Management Inc., Aralez Pharmaceuticals R&D Inc., Aralez Pharmaceuticals U.S. Inc., POZEN Inc., Halton Laboratories LLC, Aralez Pharmaceuticals Holdings Limited and Aralez Pharmaceuticals Trading DAC (collectively, the "**Chapter 11 Entities**", and with the Companies, collectively the "**Aralez Entities**") each filed voluntary petitions with the United States Bankruptcy Court for the Southern District of New York (the "**U.S. Court**" and together with the Court, the "**Courts**") for relief under title 11 of the United States Bankruptcy Code, 11 U.S.C § 101-1532 (the "**Chapter 11 Proceedings**" and together with the CCAA proceedings, the "**Restructuring Proceedings**").

3. On September 5, 2018, the Court issued the Amended and Restated Initial Order (the "**Amended Initial Order**"), which incorporated certain amendments to the Initial Order granted on August 10, 2018. On September 5, 2018, the Court also issued an order extending the stay of proceedings in respect of the Companies to November 14, 2018.

4. On October 10, 2018, the Court granted orders approving, among other things:

   (i) the proposed sales process (the "**Sales Process**"), including the bidding procedures (the "**Bidding Procedures**") and bid protections to be used in connection with the Sales Process;

   (ii) the share purchase agreement (the "**Canadian Stalking Horse Agreement**") dated September 18, 2018, between the Companies and Nuvo Pharmaceuticals Inc. ("**Nuvo**") for the sale of all of the shares of Aralez Canada (the "**Canadian Assets**"), which would serve as a stalking horse bid as part of the Sales Process;

   (iii) the procedure (the "**Claims Process**") to solicit claims against the Companies and any of the Companies' current and former directors and officers; and

   (iv) an extension of the stay of proceedings in respect of the Companies to December 7, 2018.

5. On October 25, 2018, the Court granted an order approving a cross-border insolvency protocol (the "**Cross-Border Protocol**") to provide coordination and cooperation between the Court and the U.S. Court overseeing the Chapter 11 Proceedings.

6. Richter, in its capacities as Proposed Monitor and Monitor, has previously provided this Court with four reports (the "**Prior Reports**"). The Prior Reports, the Amended Initial Order and copies of other material documents pertaining to the CCAA Proceedings are available on the Monitor's website at http://insolvency.richter.ca/A/Aralez-Pharmaceuticals.

II. PURPOSE OF REPORT

7. The purpose of this report of the Monitor (the "**Fourth Report**") is to provide information to the Court pertaining to:

   (i) an overview of the activities of the Monitor since October 23, 2018, the date of the Monitor's third report to the Court (the "**Third Report**);

   (ii) the key terms and conditions of the Companies' proposed key employee retention plan (the "**KERP**");

   (iii) the key terms and conditions of the Companies' proposed key executive incentive plan (the "**KEIP**");

   (iv) the Companies' request for a charge (the "**Key Employees Charge**") in favour of the KERP Participants and the KEIP Participants (collectively, the "**Key Employees**"); and

   (v) the Monitor's support for the Companies' request that this Court grant an Order:

      (a) approving the KERP and the KEIP; and

      (b) granting the Key Employees Charge.

III. TERMS OF REFERENCE

8. In preparing this Fourth Report, the Monitor has relied solely on information and documents provided by the Aralez Entities and their financial advisor, Alvarez & Marsal Canada Inc. and Alvarez & Marsal Healthcare Industry Group LLC (collectively, "**A&M**"), including unaudited financial information, declarations and affidavits of the Companies' executives and other information from the Companies' financial advisor (collectively, the "**Information**"). In accordance with industry practice, Richter has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Auditing Standards ("**GAAS**") pursuant to the *Chartered Professional*

Accountants of Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.

9. Unless otherwise stated, all monetary amounts noted herein are expressed in United States dollars, which is the Companies' common reporting currency.

10. Capitalized terms used but not defined in this Fourth Report are defined in the the Amended Initial Order or the Affidavit of Mr. Adrian Adams sworn November 9, 2018 (the "**November 9 Adams Affidavit**") filed in support of the within motion. This Fourth Report should be read in conjunction with the November 9 Adams Affidavit, as certain information contained in the November 9 Adams Affidavit has not been included herein in order to avoid unnecessary duplication.

IV. ACTIVITIES OF THE MONITOR

11. Since the date of the Third Report, the Monitor's activities have included:

 (i) monitoring of the Companies' cash flows and reviewing analyses on variances to the Companies' cash flow forecast;

 (ii) approving the payment of certain pre-filing obligations of the Companies pursuant to the terms of the Amended Initial Order;

 (iii) attending at Court in connection with the order approving the Cross-Border Protocol;

 (iv) attending at the Companies' premises and meeting with the Companies' management to discuss the Companies' operations and the CCAA Proceedings;

 (v) corresponding and communicating extensively with the Companies and their advisors with respect to the Canadian Assets and the Sales Process, and with respect to other potential sale transactions;

 (vi) corresponding with the Companies, their legal counsel, A&M, U.S. counsel to the Chapter 11 Entities, and the DIP Lender in connection with, among other things, the KEIP and the KERP;

 (vii) corresponding and communicating with the DIP Lender and its legal counsel;

 (viii) corresponding and communicating with the Monitor's legal counsel, Torys LLP ("**Torys**");

 (ix) corresponding and communicating with the Canadian counsel to the Official Committee of Unsecured Creditors (the "**UCC**") appointed in the Chapter 11 Proceedings with respect to the KEIP;

 (x) responding to calls and enquiries from creditors and other stakeholders regarding the CCAA Proceedings and the Claims Process;

(xi) preparing this Fourth Report; and

(xii) otherwise monitoring and assisting the Companies in the performance of its operations.

V. THE KEY EMPLOYEE RETENTION PLAN

12. As detailed in the November 9 Adams Affidavit, the Companies propose to implement the KERP to incentivize certain key employees to remain with Aralez Canada during the pendency of the Sales Process. The KERP covers three employees (the "**KERP Participants**"), all of whom the Companies have advised the Monitor are essential to the successful value-maximizing outcome of the Sales Process by ensuring the business continues to operate productively and in the ordinary course during the Sales Process. Further, as noted in the November 9 Adams Affidavit, the Canadian Stalking Horse Agreement contemplates that, should the Companies seek approval of a key employee retention plan, certain of the KERP Participants are required to be included. Thus, the Companies are concerned that without the approval of the KERP, the KERP Participants may seek alternative employment, which could jeopardize the Canadian Stalking Horse Agreement, as well as the success of the Sales Process and the CCAA Proceedings.

13. The Monitor notes that the Aralez Entities, in conjunction with A&M, began developing the KERP (and KEIP) prior to the Filing Date, as referenced in the Prior Reports. The KERP Participants have been acting in good faith and fulfilling their duties since the onset of the CCAA Proceedings, but under the expectation that the Companies would seek approval the KERP in due course.

14. The salient terms of the proposed KERP are as follows:

    (i) the KERP Participants would receive retention bonuses between 25% and 50% of their annual salary;

    (ii) proposed compensation under the KERP is based on each respective KERP Participant's position, responsibilities, compensation package, and other factors;

    (iii) the aggregate retention pool under the proposed KERP is $256,710, with payments ranging from $37,500 to $157,410, with an average of $85,570 per KERP Participant; and

    (iv) payments would be made upon the earlier of: (a) termination without cause by the Companies or upon death or permanent disability, and (b) the closing of a sale transaction for the Canadian Assets;

15. The KERP does not provide for amounts payable to executives of API, as a separate incentive plan has been designed for these individuals, as described in the next section.

16. Attached hereto as **Appendix "A"** is a redacted copy of the term sheet setting forth a summary of the KERP and the KEIP. Filed with this Court on a sealed and confidential basis as **Confidential Appendix "1"** is a detailed

listing of the KERP Participants with their names, current positions, salaries and proposed payments under the KERP. Confidential Appendix 1 is the subject of a request for a sealing order from the Court pending further order of this Court. The Monitor is of the view that it should not be necessary to publicize the individual names and details of the KERP Participants for privacy reasons and supports the Companies' request for a sealing order, as detailed in the November 9 Adams Affidavit. Confidential Appendix 1 will be provided to the Court electronically and in a sealed envelope prior to the return of the within motion.

17. As noted in the November 9 Adams Affidavit, the API board of directors, as well as the board of Aralez Canada, reviewed and approved the proposed KERP. Further, Deerfield Private Design Fund III, L.P. and Deerfield Partners, L.P. (collectively, "**Deerfield**"), the Companies' senior secured creditor and debtor-in-possession ("**DIP**") lender, have reviewed and do not oppose the approval ofthe KERP.

18. The Chapter 11 Entities filed a motion heard by the U.S. Court on November 13, 2018, seeking approval of a similar key employee retention plan for certain of their employees in the Chapter 11 Proceedings. The Monitor notes that none of the KERP Participants are included in the retention plan sought by the Chapter 11 Entities.

19. The Monitor has reviewed the calculation of the proposed payments under the KERP and is of the view that these amounts are comparable to key employee retention plans approved in other CCAA cases and, as such, reasonable in the circumstances

VI. THE KEY EMPLOYEE INCENTIVE PLAN

Overview

20. In addition to the KERP, the Companies propose to implement the KEIP for nine (9) key executives of the Aralez Entities, including the Chief Executive Officer, the Chief Financial Officer (the "**CFO**"), the President and Chief Business Officer, the Executive Vice President - Human Resources, the General Counsel and Chief Compliance Officer, the Vice President - Business Development, the Treasurer, and Executive Director – Managed Markets and the Vice-President & General Manager – Ireland (collectively the "**KEIP Participants**"). Due to the global nature of the Aralez Entities' business and operations, all but one of the KEIP Participants provide value to both the Companies and the Chapter 11 Entities. Accordingly, the proposed KEIP was developed in conjunction with the Chapter 11 Entities, with incentive payments to be allocated between the Companies and the Chapter 11 Entities, as discussed below. A copy of the proposed KEIP (excluding individual names) is included in Appendix "A".

21. The Monitor understands based on discussions with A&M and U.S. and Canadian counsel to the Aralez Entities that each of the KEIP Participants are critical to the success of the Restructuring Proceedings and the Sales

Process. The KEIP Participants have and will continue to be involved in all aspects of the Aralez Entities' restructuring, including but not limited to:

(i) managing key relationships with customers and suppliers;

(ii) managing post-filing supply agreements and the continued availability of products;

(iii) focussing on revenue generation from existing product portfolio and controlling operating expenses;

(iv) communicating with employees and other key stakeholders;

(v) managing the relationship with Deerfield and providing information as required pursuant to the DIP financing facilities; and

(vi) advancing the Sales Process, including negotiating the terms of the stalking horse agreements, assisting with due diligence and participating in management presentations, and working with qualified bidders in any auction process.

22. The KEIP was developed by A&M to align with the Aralez Entities' previous compensation plans for its executives with a focus on metrics that relate to the Restructuring Proceedings and the Sales Process. Under the proposed KEIP, incentive payments are tied to the KEIP Participants' ability to achieve or exceed one or both of the following performance metrics: (i) a financial performance target based on net operating cash flow (the "**Cash Flow Metric**"); and (ii) an asset sale target based on proceeds received from closing one or more transactions (the "**Asset Sale Metric**") as part of the Sales Process, each of which is discussed in further detail below.

23. Incentive payments to the KEIP Participants are equally weighted (i.e. 50% each) between the Cash Flow Metric and the Asset Sale Metric. The sum of both of these at the Target level for incentive payments is set at 50% of salary for the KEIP Participants, but payments can increase when performance exceeds an agreed upon milestone. Below is a summary of the incentive levels and associated payouts:

Incentive Level	Cash Flow Metric Payout as % of Salary	Asset Sale Metric Payout as % of Salary	Combined Payout as % of Salary	Combined Payout ($)
Below Target/Threshold	0%	0%	0%	$0
Threshold	0%(1)	18.75%	18.75%	$608,754
Target	25%	25%	50%	$1,623,344
Stretch	37.5%	37.5%	75%	$2,435,016
Super-Stretch	62.5%	62.5%	125%	$4,058,360

(1) The Threshold incentive level was removed in response to the objection of the U.S. Trustee in the Chapter 11 Proceedings and therefore not applicable under the Cash Flow Metric.

24. As noted in the table above, the KEIP could result in total payments of between $0 and approximately $4.1 million to the KEIP Participants, which would represent a range of 0 to 125% of the KEIP Participants' annual salaries. The Monitor notes that a portion of these payments will be allocated to, and payable by, the Companies, based on the allocation principles discussed in the report. The ultimate amount of any payments made pursuant to the KEIP will depend upon the actual performance of the Aralez Entities as compared to the criteria set forth under the Cash Flow Metric and the Asset Sale Metric. However based on the aggregate value of the Stalking Horse Bids and the cash flow results as at November 9, 2018, the KEIP Participants would receive payments totalling approximately $2.6 million based on the current performance to date. Of this amount, only a portion (i.e. between $0.2 million and $2.0 million, depending on the relative performance of the Companies on the Cash Flow Metric) would be allocated and payable by the Companies.

25. As noted in the November 9 Adams Affidavit, the API board of directors (excluding KEIP Participants), as well as the boards of directors of each of the Aralez Entities that employ the KEIP Participants, reviewed and approved the proposed KEIP. Further, Deerfield reviewed and does not oppose the approval of the KEIP. The Monitor notes that none of the KEIP Participants are included in the KERP or a similar retention plan sought by the Chapter 11 Entities.

Cash Flow Metric

26. The Cash Flow Metric measures the ability of the Aralez Entities to meet or outperform the projected net operating cash flow (the "**Net Operating Cash Flow Variance**") for the 18-week period from August 10, 2018, to December 7, 2018 (the "**Consolidated DIP Budget**"). The Monitor understands from its discussions with A&M that the KEIP Participants are those individuals that have the most direct control and oversight of the Aralez Entities' cash flows.

27. The Consolidated DIP Budget consolidates the rolling cash flow forecasts prepared by the Companies and the Chapter 11 Entities, and approved by Deerfield pursuant to their respective DIP financing facilities, from the Filing Date to the anticipated date of approval of one or more transactions in the Sales Process. The Consolidated DIP Budget does not take into account the payment of any professional fees or DIP financing costs incurred by the Aralez Entities as part of these Restructuring Proceedings, as these are costs not within the control of the KEIP Participants. The Monitor notes that the cash flow forecasts submitted by the Aralez Entities pursuant to their respective DIP financing facilities were extensively reviewed and negotiated with Deerfield prior to and after the Filing Date. The Consolidated DIP Budget, a copy of which is attached as Exhibit "B" to the November 9 Adams Affidavit, forecasts a total net operating cash outflow of $9.9 million (the "**Cash Flow Target**") over the 18-week period, of which $1.4 million is related to the Chapter 11 Entities and $8.5 million related to the Companies.

28. The incentive payment levels and associated illustrative payouts based on the Cash Flow Metric are summarized in the table below:

Incentive Level	Net Operating Cash Flow Variance	Illustrative Incentive Payments
Below Target	< 100% of Cash Flow Target	$0
Target	100% Cash Flow Target + up to $2.399 million of incremental positive cash flow	$811,672
Stretch	Cash Flow Target + $2.4 - 4.099 million of incremental positive cash flow	$1,217,508
Super-Stretch	Cash Flow Target + $4.1 million or higher of incremental positive cash flow	$2,029,180

29. Incentive payments under the Cash Flow Metric have been structured into 4 categories: Below Target, Target, Stretch and Super-Stretch. As noted above, the Aralez Entities need to meet or outperform the Cash Flow Target in order for the KEIP Participants to receive an incentive payment based on the Cash Flow Metric. The Monitor notes that payment for the Target incentive level is fixed, and any payment thereunder would be equally allocated (i.e. 50/50) between the Companies and the Chapter 11 Entities.

30. If the Aralez Entities outperform the Cash Flow Target by $2.4 million or higher (i.e. consolidated net operating cash outflow of $7.5 million or lower), incentive payments will fall into the Stretch and Super-Stretch categories. Incentive payments between these levels will be based on actual performance achieved, and payment amounts and allocations are not fixed as in the case of the Target incentive level. At the Stretch level, the minimum payment is $1,217,508 (which represents 37.5% of the KEIP Participants' annual salaries) but this can increase by $1 for every $2 of positive Net Operating Cash Flow Variance between $2.4 million and $4.099 million as compared to the Cash Flow Target. At the Super-Stretch level, the payment is fixed at $2,029,180 (which represents 62.5% of the KEIP Participants salaries) for a positive Net Operating Cash Flow Variance of $4.1 million or higher as compared to the Cash Flow Target. Incentive payments at the Stretch and Super-Stretch levels would be allocated proportionally between the Companies and the Chapter 11 Entities based on the relative contribution to the positive Net Operating Cash Flow Variance above the Cash Flow Target.

31. Based on the declaration of the CFO filed in support of the Chapter 11 Entities' motion for an order approving, among other things, the KEIP, the Monitor understands that, as of November 9, 2018, the Aralez Entities had generated approximately $15.8 million in incremental positive cash flow above the Consolidated DIP Budget. Further, the CFO notes that after accounting for reasonably anticipated adjustments, the Aralez Entities will have positive incremental cash flow of approximately $7 million to $10 million above the Cash Flow Target, which would put the KEIP Participants well into the Super-Stretch category and result in the maximum payment of

$2,029,180. As at the date of this Fourth Report, the Monitor has not reviewed the reconciliation of cash flow results for the Aralez Entities as compared to the Consolidated DIP Budget, nor does the Monitor know the relative contribution by the Companies and the Chapter 11 Entities.

32. The Net Operating Cash Flow Variance will be measured as of the date of approval of one or more transactions in the Sales Process, but incentive payments based on the Cash Flow Metric, if any, will not be payable until the first such transaction is closed. The Monitor notes that the determination of the Net Operating Cash Flow Variance will be reviewed and adjusted, as necessary, to take into account any variances related to timing differences associated with pre-filing or post-filing liabilities that were not paid. The Aralez Entities will consult with the Monitor prior to making a final determination of payout and allocation amounts based on the Cash Flow Metric.

Asset Sale Metric

33. The Asset Sale Metric measures the ability of the Aralez Entities to maximize the value of its assets (the "**Asset Sales Consideration**") by completing one or more transactions as part of the Sales Process, generating incremental value above the consideration set forth under the Stalking Horse Bids, and/or selling the assets of the Aralez Entities not included as part of the Stalking Horse Bids. Based on discussions with A&M and counsel to the Companies, the Monitor understands that the KEIP Participants are those Aralez individuals that have the most direct involvement in the Sales Process, which included the negotiation of the Stalking Horse Bids. Payment of any incentives under the Asset Sale Metric is conditioned upon achieving at least $230 million (the "**Asset Sales Threshold**") in total consideration from sale(s) of the assets of the Aralez Entities, which amount is $10 million lower than the current aggregate value of the Stalking Horse Bids.

34. The incentive payment levels and associated illustrative payouts based on the Asset Sale Metric are summarized in the table below:

Incentive Level	Asset Sales Consideration	Total Incentive Payments
Below Threshold	$0 to $229.99 million	$0
Threshold	$230 million to $249.99 million	$608,754
Target	$250 million to $259.99 million	$811,672
Stretch	$260 million to $279.99 million	$1,217,508
Super-Stretch	$280 million and higher	$2,029,180

35. As noted above, incentive payments are payable at the Threshold level, which payments represent approximately 18.75% of the KEIP Participants' salaries. The Target incentive level, which represents 25% of the KEIP Participants' salaries, is set at $250 million to $259.99 million, meaning any additional incentive payment is dependent upon the Aralez Entities generating at least an additional $10 million incremental value over the Stalking Horse Bids.

36. Unlike the Cash Flow Metric, incentive payments for all categories under the Asset Sale Metric are fixed (i.e. no incremental payment amounts between levels) and the allocation of payments is based on the relative proportion of consideration generated by the Companies and the Chapter 11 Entities.

37. The Asset Sales Consideration will be measured from the period commencing on the Filing Date and ending as of the approval of one or more transactions that result in total sale consideration of at least $230 million. The Monitor notes that any liabilities assumed by any purchaser in excess of those currently provided for in the Stalking Horse Bids, and any proceeds from sales of the Aralez Entities' assets in addition to those covered by the Stalking Horse Bids, in each case, will count toward the determination of Asset Sales Consideration for purposes of calculating incentive payments under the Asset Sale Metric.

Allocation of Incentive Payments

38. As previously noted, all but one of the KEIP Participants provide value to both the Companies and the Chapter 11 Entities. As such, any incentive payment related to this one individual will be entirely allocated (the "**Allocation Adjustment**") to the Chapter 11 Entities, whereas payments to the remaining KEIP Participants will be shared between the Companies and the Chapter 11 Entities.

39. Subject to the Allocation Adjustment, incentive payments at the Target level for the Cash Flow Metric will be allocated 50/50 between the Companies and the Chapter 11 Entities. Further, the allocation of any incentive payments at the Stretch or Super-Stretch levels will be allocated based on the relative contribution to the positive incremental cash flow by Companies and the Chapter 11 Entities. For example, if the Aralez Entities generate positive incremental cash flow of $3 million ($2 million generated by the Chapter 11 Entities and $1 million by the Companies) as compared to the Cash Flow Target, the KEIP Participants would receive incentive payments totalling approximately $1.5 million, of which approximately $1 million would be allocated to, and payable by, the Chapter 11 Entities and $0.5 million allocated to, and payable by, the Companies, prior to the Allocation Adjustment. Similarly, if the entire $3 million of incremental cash flow was generated by the Companies, 100% of the incentive payment (i.e. $1.5 million) would be allocated to the Companies.

40. As noted, incentive payments under the Asset Sale Metric are to be allocated based on the relative proportion of proceeds generated by Companies and the Chapter 11 Entities. Based on the current Stalking Horse Bids, incentive payments to the KEIP Participants under the Asset Sale Metric would amount to $608,754, of which 74% (or approximately $450,000) would be allocated to the Chapter 11 Entities and 26% (or approximately $160,000) would be allocated to the Companies, prior to the Allocation Adjustment.

41. The Aralez Entities will consult with the Monitor prior to making a final determination of incentive payments and allocation of amounts amongst the Companies and the Chapter 11 Entities.

Compensation Considerations

42. In developing the KEIP, A&M reviewed the KEIP in comparison to: (a) the KEIP Participants' existing compensation structure; and (b) incentive plans implemented in similar Chapter 11 cases to ensure market reasonability. A&M concluded that the proposed KEIP was within the range of market practice as compared to similar restructuring cases it reviewed, and also in line with the pre-filing performance compensation structure of the KEIP Participants (although the UCC has contested this position).

43. The Monitor reviewed the proposed incentive payments under the KEIP and notes that if the Target level is achieved on both the Cash Flow Metric and the Asset Sale Metric, the KEIP Participants will collectively receive incentive payments totalling $1.6 million (equivalent to 50% of their annual salaries), of which approximately $0.6 million would be paid by the Companies based on the allocation principles noted above. The Monitor is of the view that this amount is reasonable in the circumstances and comparable to key employee incentive programs approved in similar CCAA cases of this nature. However, if the Stretch or Super-Stretch level is achieved on both metrics, the KEIP Participants will collectively receive incentive payments totalling a minimum of $2.4 million (75% of annual salaries) up to $4.1 million (125% of annual salaries). The Monitor is of the view that these amounts are high, on average, relative to incentive payments approved in similar CCAA cases. However, the Monitor notes that Deerfield, who is projected to experience a shortfall on its secured advances to the Aralez Entities, has reviewed and approved of the KEIP, including the quantum of the incentive payments thereunder.

Monitor's Observations

44. As previously noted, A&M, as financial advisor to the Aralez Entities, began developing the KEIP in August 2018, prior to the Filing Date. However, based on the materials filed by the Chapter 11 Entities in support of the KEIP, the Monitor understands the Aralez Entities did not seek approval of the KEIP from the Courts at the onset of the Restructuring Proceedings as Deerfield wanted the Aralez Entities' efforts focussed on finalizing the Stalking Horse Bids, the Bidding Procedures and the Sales Process, and addressing other challenges that were facing

the Aralez Entities. As such, the KEIP Participants devoted their efforts toward maximizing the value of the assets of the Aralez Entities, in reliance upon and with the expectation that the KEIP would be submitted to the Courts at a later date.

45. Since the Filing Date, the Monitor has had extensive discussions with A&M and the Aralez Entities related to previous versions of the KEIP. The Monitor's primary concerns included ensuring that the KEIP: (a) provided for a fair allocation of incentive payments between the Companies and the Chapter 11 Entities; and (b) did not unfairly incentivize the KEIP Participants to promote an asset transaction over a share transaction for the Canadian Assets. In response to the concerns raised by the Monitor, the Aralez Entities amended the terms of the KEIP to provide for, among other things:

(i) the Net Operating Cash Flow Variance would be adjusted for any timing differences related to the non-payment of any pre-filing or post-filing liabilities;

(ii) other than the Target level for the Cash Flow Metric, the allocation of incentive payments between the Companies and the Chapter 11 Entities would be based on relative performance rather than a predetermined allocation;

(iii) based on (ii) above, the incremental benefit to the KEIP Participants of an asset deal over a share deal for the Canadian Assets would be minimal, ensuring the alignment of interests between the Canadian stakeholders and the KEIP Participants; and

(iv) the Monitor's right to consultation and review prior to the Aralez Entities making a final determination of incentive payments and allocation of amounts amongst the Companies and the Chapter 11 Entities.

46. In addition to the above, the Aralez Entities have amended the original form of the KEIP as filed with the U.S. Court to address certain concerns raised by the Office of the United States Trustee for Region 2 (the "**U.S. Trustee**") by, among other things, raising the threshold levels at which the KEIP Participants could earn incentive payments under both the Cash Flow Metric and the Asset Sale Metric.

47. Based on the current Canadian Stalking Horse Agreement, the creditor that would be impacted by the approval of the KEIP in Canada would be Deerfield, as the Companies' obligations to unsecured creditors (excluding intercompany creditors) and employees would be assumed by Nuvo under the Canadian Stalking Horse Agreement. As noted, Deerfield is supportive of the KEIP and does not oppose the granting of the relief sought by the Companies on the within motion.

48. The Monitor is satisfied that the proposed KEIP is designed to align the interests of the KEIP Participants to the overall objectives of the Restructuring Proceedings. The Monitor is of the view that the structure is beneficial to

the interests of creditors generally as there is increased incentive to maximize the overall enterprise value. Accordingly, the Monitor is satisfied that the proposed KEIP addresses the Monitor's initial concerns and protects the interests of Canadian stakeholders such that they are not materially prejudiced by the approval of the KEIP.

UCC Objections

49. The Chapter 11 Entities filed a motion heard by the U.S. Court on November 13, 2018, seeking approval of the KEIP in the Chapter 11 Proceedings. As noted in the November 9 Adams Affidavit, the UCC filed an objection with the U.S. Court opposing the approval of the KEIP in the Chapter 11 Proceedings, a copy of which is attached as Exhibit "A" to the November 9 Adams Affidavit. Further, the U.S. Court permitted the UCC to conduct examinations of A&M and the CFO, each of whom filed declarations in support of the Chapter 11 Entities' motion seeking approval of the KEIP, on November 11 and November 12, respectively.

50. On November 13, 2108, the U.S. Court reserved on this matter and advised it would issue a decision in the coming days. The Companies will update the Court at the hearing on November 16, 2018 as to the resolution, if any, of these issues in the Chapter 11 Proceedings. It is the Monitor's expectation that any changes agreed to by the relevant parties with respect to the KEIP (including any increase to the threshold amounts for the various incentive levels) would also be made, as applicable, in these CCAA Proceedings so as to not unfairly prejudice the interests of the Canadian stakeholders.

51. Counsel to the UCC has advised the Companies and the Monitor that the UCC intends to object to the approval of the KEIP in Canada at the hearing on November 16, 2018. The Monitor questions what interest the UCC has in the CCAA Proceedings as, on a net basis, the Chapter 11 Entities are not creditors of the Companies, but rather the Companies have a significant net claim as against the Chapter 11 Entities, as discussed below. Further, the Canadian Stalking Horse Agreement contemplates a share deal and thus, the only creditor impacted by the payment of the KEIP by the Companies would be Deerfield.

52. The Monitor has reviewed and considered the issues raised by the UCC In its objection filed in the Chapter 11 Proceedings, but still supports the approval of the KEIP in the CCAA Proceedings for the reasons outlined in this report. However, the Monitor will consider further the position of the UCC in the Canadian proceedings once the UCC files its objecting materials, particularly with respect to its articulation of the UCC's interest in the Companies' prospective entry into the KEIP.

VII. THE KEY EMPLOYEES CHARGE

53. As security for payment of amounts earned pursuant to the KERP and the KEIP, the Companies are seeking, as part of the within motion, a priority charge of up to a maximum amount of $2.8 million, in favour of the Key Employees, excluding the one individual whose KEIP payments, if any, will be entirely allocated to the Chapter 11 Entities.

54. The amount of the Key Employees Charge has been calculated by the Companies by taking into the account the potential maximum exposure of the Companies with respect to the KERP and the KEIP, namely: (i) the aggregate of the retention amounts payable to the KERP Participants, (ii) the Super-Stretch incentive level is reached on the Cash Flow Metric based entirely on the performance of the Companies (and therefore the incentive payment would be 100% allocated to the Companies), and (iii) the Super-Stretch incentive level is reached on the Asset Sale Metric due to an increase of $40 million in the value of the Canadian Assets as compared to the Canadian Stalking Horse Agreement (while the other Stalking Horse Bids remain unchanged).

55. Each of the Key Employees will only obtain the benefit of the Key Employees Charge up to their respective individual entitlements under the KERP or the KEIP.

56. As noted in the November 9 Adams Affidavit, Deerfield does not object to the granting of the Key Employees Charge. The Key Employees Charge will rank subordinate to the Administration Charge, the DIP Lender's Charge and the Bid Protections Charge but in priority to the D&O Charge and the Transactional Charge.

57. Given the foregoing, the Monitor is of the view that the proposed Key Employees Charge is reasonable in the circumstances.

VIII. OTHER MATTERS

Intercompany Amounts

58. As noted in the Prior Reports, there was a high degree of operational interdependency between the Companies and the Chapter 11 Entities prior to the Filing Date, including sharing certain executive management personnel, cash management/financing functions, etc. As such, there had historically been intercompany transactions and movement of cash between the Companies and the Chapter 11 Entities to fund various costs and ensure that entities have the required funds to operate. Below is a summary prepared by management of the intercompany balances between the Aralez Entities as at the Filing Date:

Intercompany Summary As at August 9, 2018 (USD; unaudited)				
Chapter 11 Entities	**Jurisdiction**	**API**	**Aralez Canada**	**Total**
Aralez Pharmaceuticals Management Inc.	Delaware	7,501,028	(94,810)	7,406,219
Aralez Pharmaceuticals Holdings Limited	Ireland	-	-	-
Aralez Pharmaceuticals Trading DAC	Ireland	1,666,943	(5,472,356)	(3,805,414)
POZEN Inc.	Delaware	116,244	-	116,244
Aralez Pharmaceuticals US Inc.	Delaware	9,791,208	(347,521)	9,443,686
Halton Laboratories LLC	Delaware	-	267,155	267,155
Aralez Pharmaceuticals R&D Inc.	Delaware	477,565	6,914	484,479
Due (to)/from Chapter 11 Entities(1)		**19,552,987**	**(5,640,618)**	**13,912,369**

Notes: (1) A positive number represents a payable for the Chapter 11 Entities and a negative number represents a receivable for the Chapter 11 Entities.

59. As detailed in the table above, on a net basis the Chapter 11 Entitles owed the Companies a combined $13.9 million as at the Filing Date. However, on an individual basis, API was in a net receivable position with the Chapter 11 Entities and was owed a combined $19.5 million. Aralez Canada on the other hand was in a net payable position and owed a combined $5.6 million to Chapter 11 Entities, of which approximately $5.5 million was owed to Aralez Pharmaceuticals Trading DAC, an entity that was incorporated under the laws of Ireland.

60. The Monitor notes the above information is based on the Aralez Entities' internal and unaudited books and records, and the Monitor has not had an opportunity to review, examine or verify the accuracy or completeness of the information provided.

Security Review

61. Deerfield has a first priority security interest in substantially all present and after-acquired property of the Aralez Entities, including intangible property (collectively, the "**Deerfield Security**"). As noted in the Prior Reports, the Monitor had previously advised the Court that it had received a verbal opinion from Torys on the validity and enforceability of the Deerfield Security in the Province of Ontario.

62. The Monitor has received written opinions from Torys in Ontario and New York, and from Berger Harris LLP, local counsel to the Monitor in Delaware, confirming that subject to the typical assumptions and qualifications for opinions of this nature, the loan and security documents granted by the Companies to Deerfield, including the Deerfield Security, are, as applicable, valid and enforceable and, in the case of the Ontario opinion, the applicable security interests have been created and perfected.

IX. MONITOR'S CONCLUSION AND RECOMMENDATIONS

63. The Monitor is of the view that the relief requested by the Companies on the within motion is both appropriate and reasonable, based on the following:

(i) the proposed payments under the KERP and the KEIP (Threshold and Target levels) are comparable to similar plans approved in other CCAA cases;

(ii) the KERP Participants are essential to the successful value-maximizing outcome of the Sales Process by ensuring Aralez Canada continues to operate productively and in the ordinary course during the Sales Process;

(iii) the Monitor is advised by A&M and counsel to the Companies that the KEIP Participants have and will continue to be involved in all aspects of the Aralez Entities' restructuring, and are critical to the success of the Restructuring Proceedings and the Sales Process;

(iv) the KEIP provides for a fair allocation of incentive payments between the Companies and the Chapter 11 Entities, and the Monitor will be consulted by the Aralez Entities prior to making a final determination of incentive payments and allocations;

(v) the Canadian Stalking Horse Agreement is a share purchase agreement that provides for trade creditors other than Deerfield such that they are not bearing the cost of the KEIP or the KERP;

(vi) the Key Employees have been acting in good faith and fulfilling their duties since the onset of the Restructuring Proceedings, in reliance upon and with the expectation that the KERP and the KEIP would be submitted to the Courts for approval in due course; and

(vii) Deerfield does not oppose the approval of the KERP, the KEIP and the Key Employees Charge.

64. Based on the foregoing, the Monitor recommends that this Court make an order approving the KERP, the KEIP and the Key Employees Charge.

All of which is respectfully submitted this 14th day of November, 2018.

Richter Advisory Group Inc.
In its capacity as Monitor of
Aralez Pharmaceuticals Inc. and
Aralez Pharmaceuticals Canada Inc. and not
in its personal or corporate capacity

Per:

Paul van Eyk,
CPA, CA-IFA, CIRP, LIT, Fellow of INSOL
Senior Vice President

Pritesh Patel,
MBA, CFA, CIRP, LIT
Vice President

APPENDIX A

REVISED KEY EMPLOYEE COMPENSATION PLANS TERM SHEET

Key Executive Incentive Plan

a. Summary:
   i. Aralez Pharmaceuticals Inc. and certain of its direct and indirect subsidiaries that have filed proceedings either in the Ontario Superior Court of Justice (the "Canadian Court") under the Company's Companies' Creditor Arrangement Act or in the United States Bankruptcy Court for the Southern District of New York (the "US Bankruptcy Court," and together with the Canadian Court, the "Courts") under chapter 11 of title 11 of the United States Code (collectively, the "Company") intends, subject to approval by the Courts, as the case may be, to implement a key executive incentive program (the "KEIP") that will properly align management's goals with the overall goals of the Company and its stakeholders, including creditors of the Company.
   ii. The KEIP has been developed in alignment with the Company's previous compensation plans with a focus and metrics that relate to the Company's recent restructuring proceedings filings and ongoing sales process:
      1. Philosophy
         a. To promote the achievement of financial performance objectives;
         b. To ensure that key executives' interests are aligned with maximizing stakeholder value; and
         c. To provide compensation packages that will motivate key executives during the proceedings and sales process.
   iii. The KEIP is designed to reward achievement of corporate and strategic goals and provide higher levels of pay when performance exceeds an agreed set of standards.

b. Compensation Target and Metrics
   i. Under the KEIP, the incentive bonus is based on the achievement of Company financial performance and strategic asset sale goals, subject to the allocation methodology set forth below.
   ii. All KEIP participants payout target level is set at 50% of salary for all KEIP participants.
   iii. There is a weighting of 50% for financial performance and 50% for asset sale goals.
   iv. Performance Metrics:
      1. **Financial Performance: Debtor in Possession Net Operating Cash Flow**
         a. Justification of the DIP Budget Metric:
            i. The KEIP participants are those individuals that have the most control and oversight of the Company's cash flow process. Incentivizing their performance will ensure that

the process takes place as efficiently and quickly as possible, thereby maximizing value for creditors.

ii. The KEIP participants are not guaranteed any payments and must achieve specific Net Cash Flow targets.

iii. The DIP Budget itself was heavily negotiated with the Company's DIP loan lenders.

b. The threshold level of performance to be achieved under the KEIP is conditioned on achieving net cash flow improvement from the Consolidated US / Ireland / Canada DIP budgets from Petition Date to the Sale approval date. The test will be applicable timing of receipts and disbursements from week to week. Each performance level is assigned a threshold and/or target, stretch, and super-stretch level. The Target (Threshold) payment for the net operating cash flow metric is meeting at least 100% of Consolidated DIP Budget. Payout from Stretch to Super-Stretch are interpolated in a straight-line basis of 2x per payout incremental positive cash flow generation performance.

c. Final determination of incremental positive cash flow will be adjusted to take into account any non-payment of any pre-filing or post-filing liabilities that were not paid from a timing perspective outside of the ordinary course of business.

d. Payout (as a percentage of weighted target) for illustrative purposes at each level of achievement is set forth below:

	Payout as a Percentage of Target	Net Operating Cash Flow Variance	Total Payouts
Below Target	0%	< 100% of DIP Budget NOCF	$0
Target (Threshold)	100%	100% of DIP Budget NOCF	$811,672
Stretch	150%	DIP Budget NOCF + $2.4MM incremental positive cash flow	$1,217,508
Super-Stretch	250%	DIP Budget NOCF + $4.1MM incremental positive cash flow	$2,029,180

2. **Asset Sales:**

a. Payments under the KEIP are conditioned on achieving a sliding scale based on incremental proceeds that are achieved. The Threshold sale target is the aggregate base purchase price represented by the Stalking Horse Bids. Payouts are on a "Stair Step" approach to pay each percentage of target bonus based on each tier. This is representative of the aggregate base purchase price of all assets sales across both Canada and US/Ireland Assets.

b. Below are the payout levels for each Asset Sale and Tier:

	Payout as a Percentage of Target	Asset Sales	Total Payouts
Below Threshold	0%	$0 – 229.99 million	$0
Threshold	75%	$230 – 249.99 million	$608,754
Target	100%	$250 – 259.99 million	$811,672
Stretch	150%	$260 – 279.99 million	$1,217,508
Super-Stretch	250%	$280 million	$2,029,180

3. **Total Consideration**

The following chart illustrates the total consideration that may be payable under the KEIP at different performance levels. Under the KEIP, however, different levels of performance may be achieved under the Financial Performance metric and Asset Sale metric. For greater certainty, payment under the Financial Performance metric is not conditional on any payment under the Asset Sale metric, and vice-versa.

	Payout as a Percentage of Target	Net Operating Cash Flow Variance	Total Payouts
Below Threshold	0%	$<230 million + <100% of DIP Budget NOCF	$0
Threshold	75%	$230 – 249.99 million	$608,754
Target	100%	$250 million-$259.99 million + DIP Budget NOCF	$1,623,344
Stretch	150%	$260 million - $279.99 million + DIP Budget NOCF + $2.4 million incremental positive cash flow	$2,435,016
Super-Stretch	250%	$280 million + DIP Budget NOCF + $4.1 million incremental positive cash flow	$4,058,360

c. Allocation of the KEIP Payments

i. Payments under the KEIP will be allocated between the CCAA proceedings and the chapter 11 proceedings; provided that the Executive Director of Managed Markets will be allocated 100% to the US.

ii. Payments related to the Financial Performance Net Operating Cash flow metric will be made from the CCAA proceedings and the chapter 11 proceedings, respectively, based on performance of each cash flow in the jurisdiction.

iii. For Target Payout – the allocation will be 50% / 50% (except as set forth in 3.c.i. immediately above). Any incremental achievement above 100% DIP Budget Net Operating Cash Flow will be paid proportionally from each jurisdiction (except as set forth in 3.c.i. immediately above).

iv. The Company will consult with the Monitor prior to making a final determination of payout and allocation amounts.

v. The following is an illustrative allocation of payments related to any incremental cash flow created. The below is an illustration of the "Stretch" tier allocation split proportionally 50% / 50% from CCAA and chapter 11:

	Net Operating Cash Flow	**Percentage of Payout**	**Adjusted Allocation**	**Payments**
United States/Ireland	$1,217,508	50%	54%	$656,435
Canada	$1,217,508	50%	46%	$561,073
Total	**$2,435,016**	**100%**	**100%**	**$1,217,508**

vi. Payments related to the Asset Sale metric will be made from the CCAA proceedings and the chapter 11 proceedings, respectively, based on to the total purchase price consideration for the assets and/or business sold in each jurisdiction.

vii. The following is an illustrative allocation of payments related to the Asset Sale metric based on the Stalking Horse Bids:

	Asset Sales	**Percentage of Payout**	**Adjusted Allocation**	**Payments**
United States/Ireland	$177,500,000	74%	76%	$462,641
Canada	$62,500,000	26%	24%	$146,113
Total	**$240,000,000**	**100%**	**100%**	**$608,754**

viii. Regarding Asset Sales, Executive Director of Managed Markets will be allocated 100% to US-IRE jurisdiction.

ix. Below is a sensitivity chart illustrating the allocation of US-IRE Assets and Canada Assets with applicable payouts (by color-coded tier and jurisdiction the top number per price is for US-IRE and bottom for CAN) tiers on Total Asset Sales (the below excludes US allocation for Executive Director of Managed Markets to the US) (in millions):

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Canada Asset Sales		United States Asset Sales										
		$140	$150	$160	$170	$180	$190	$200	$210	$220	$230	$240
	$10	**$0.57**	**$0.57**	**$0.57**	**$0.57**	**$0.58**	**$0.58**	**$0.58**	**$0.58**	**$0.58**	**$0.58**	**$0.78**
		$0.04	$0.04	$0.04	$0.04	$0.03	$0.03	$0.03	$0.03	$0.03	$0.03	$0.03
	$20	**$0.53**	**$0.54**	**$0.54**	**$0.54**	**$0.55**	**$0.55**	**$0.55**	**$0.56**	**$0.56**	**$0.75**	**$1.10**
		$0.08	$0.07	$0.07	$0.07	$0.06	$0.06	$0.06	$0.05	$0.05	$0.06	$0.12
	$30	**$0.50**	**$0.51**	**$0.51**	**$0.52**	**$0.52**	**$0.53**	**$0.53**	**$0.53**	**$0.71**	**$1.00**	**$1.08**
		$0.11	$0.10	$0.10	$0.09	$0.09	$0.08	$0.08	$0.08	$0.10	$0.22	$0.14
	$40	**$0.47**	**$0.48**	**$0.49**	**$0.49**	**$0.50**	**$0.50**	**$0.51**	**$0.68**	**$1.00**	**$1.04**	**$1.74**
		$0.14	$0.13	$0.12	$0.12	$0.11	$0.11	$0.10	$0.13	$0.22	$0.18	$0.29
	$50	**$0.45**	**$0.46**	**$0.46**	**$0.47**	**$0.48**	**$0.48**	**$0.65**	**$1.00**	**$0.99**	**$1.67**	**$1.68**
		$0.16	$0.15	$0.15	$0.14	$0.13	$0.13	$0.16	$0.22	$0.23	$0.36	$0.35
	$60	**$0.43**	**$0.43**	**$0.44**	**$0.45**	**$0.46**	**$0.62**	**$1.00**	**$0.95**	**$1.59**	**$1.61**	**$1.62**
		$0.18	$0.18	$0.17	$0.16	$0.15	$0.19	$0.22	$0.27	$0.44	$0.42	$0.41
	$70	**$0.41**	**$0.42**	**$0.42**	**$0.43**	**$0.58**	**$1.00**	**$0.90**	**$1.52**	**$1.54**	**$1.56**	**$1.57**
		$0.20	$0.19	$0.19	$0.18	$0.23	$0.22	$0.32	$0.51	$0.49	$0.47	$0.46
	$80	**$0.39**	**$0.40**	**$0.41**	**$0.55**	**$1.00**	**$0.86**	**$1.45**	**$1.47**	**$1.49**	**$1.51**	**$1.52**
		$0.22	$0.21	$0.20	$0.26	$0.22	$0.36	$0.58	$0.56	$0.54	$0.52	$0.51
	$90	**$0.37**	**$0.38**	**$0.52**	**$1.00**	**$0.81**	**$1.38**	**$1.40**	**$1.42**	**$1.44**	**$1.46**	**$1.48**
		$0.24	$0.23	$0.29	$0.22	$0.41	$0.65	$0.63	$0.61	$0.59	$0.57	$0.55
	$100	**$0.36**	**$0.49**	**$1.00**	**$0.77**	**$1.30**	**$1.33**	**$1.35**	**$1.37**	**$1.40**	**$1.41**	**$1.43**
		$0.25	$0.32	$0.22	$0.45	$0.73	$0.70	$0.68	$0.66	$0.63	$0.62	$0.60

($ in Millions)

Payout Tier Legend: Threshold Target Stretch Super-Stretch

The actual final allocation of payments related to the Asset Sale metric will be determined based on the final aggregate purchase price of the winning bid(s).

Key Employee Retention Plans (United States, Ireland, and Canada)

a. Summary:

i. The Company wishes to implement a key employee retention plan (the "KERP") for its non-insider employees who are critical to value preservation during the pendency of the chapter 11 proceedings and the CCAA proceedings. The Company believes that there is significant risk that the contemplated KERP participants will seek alternative employment options if the KERP is not approved, which would hinder the ongoing sales process, including any required transition services, and subsequent wind-down of the Company's operations and estates.

	Number of Participants	**Payout**	**Average Percent of Salary**
United States	10	$597,870	39%
Canada	3	$256,710	36%
Total	**13**	**$854,580**	**38%**

Key Employee Incentive Plan Participants

Title	Salary	% Incentive Target	Target	Below Threshold	Threshold	Target	Stretch	Super-Stretch
Chief Executive Officer	$721,000	50%	$360,500	$0	$135,188	$360,500	$540,750	$901,250
Chief Financial Officer	$375,000	50%	$187,500	$0	$70,313	$187,500	$281,250	$468,750
President, Chief Business Officer	$477,400	50%	$238,700	$0	$89,513	$238,700	$358,050	$596,750
Executive Vice President, Human Resources & Administration	$345,100	50%	$172,550	$0	$64,706	$172,550	$258,825	$431,375
General Counsel / Compliance Officer	$290,000	50%	$145,000	$0	$54,375	$145,000	$217,500	$362,500
Vice President, Business Development	$298,050	50%	$149,025	$0	$55,884	$149,025	$223,538	$372,563
Treasurer	$261,315	50%	$130,657	$0	$48,997	$130,657	$195,986	$326,644
Executive Director, Managed Markets	$254,300	50%	$127,150	$0	$47,681	$127,150	$190,725	$317,875
Vice President & General Manager, Ireland	$224,523	50%	$112,262	$0	$42,098	$112,262	$168,392	$280,654
	$3,246,688		**$1,623,344**	**$0**	**$608,754**	**$1,623,344**	**$2,435,016**	**$4,058,360**

CONFIDENTIAL
APPENDIX 1

Filed with the Court on a sealed and confidential basis

Court File No. CV-18-603054-00CL

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF ARALEZ PHARMACEUTICALS INC. AND ARALEZ PHARMACEUTICALS CANADA INC.

Applicants

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

FOURTH REPORT OF THE MONITOR

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