



CreditRiskMonitor's warning of Orexigen Therapeutics Inc.'s ("Orexigen") bankruptcy risk was determined by a combination of factors:

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## MONTHLY AVERAGE FRISK® SCORE

CreditRiskMonitor's FRISK® score had been warning of financial stress at Orexigen (NASDAQ: OREX) for more than a year.

The company ultimately filed for bankruptcy on March 12, 2018.

Business Name	2017	2017	2017	2017	2017	2017	2017	2017	2017	2018	2018	2018
	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
Orexigen Therapeutics, Inc.	4	3	3	2	2	2	2	3	1	1	1	1

**BANKRUPT!**

The FRISK® score is 96% accurate\* in predicting the risk of corporate failure/bankruptcy over a 12-month horizon. All FRISK® scores are recalculated every night for each subsequent 12-month period.

Probability of bankruptcy within 12 months			
	FRISK®	From	To
Best	10	0.00%	0.12%
	9	0.12%	0.27%
	8	0.27%	0.34%
	7	0.34%	0.55%
	6	0.55%	0.87%
	5	0.87%	1.40%
	4	1.40%	2.10%
	3	2.10%	4.00%
	2	4.00%	9.99%
Worst	1	9.99%	50.00%

While the percentage risk of bankruptcy varies at each FRISK® score, 96% of public companies that eventually go bankrupt enter the FRISK® "red zone" prior to filing. A FRISK® score of "5" or less is an important warning sign.

\*FRISK® score accuracy of 96% is based on backtesting of U.S. public companies; results may vary by country.

## THE FRISK® SCORE COMPONENTS

At the core of the CreditRiskMonitor process is our 96% accurate FRISK® score, which indicates a company's level of financial stress on a scale of "1" to "10," based on the probability of bankruptcy over a 12-month horizon. When available, the FRISK® score incorporates a number of powerful risk indicators including:

A "Merton" type model using stock market capitalization and volatility

Financial ratios, including those used in the Altman Z"-Score Model

Bond agency ratings from Moody's and Fitch

### Crowdsourced CreditRiskMonitor Usage Data

**Crowdsourcing** has enhanced the accuracy and timeliness of the FRISK® score. We collect and analyze data patterns from thousands of CreditRiskMonitor subscribers, including professionals from more than 35% of the Fortune 1000 and other large corporations worldwide.

**The crowdsourcing advantage is even more powerful in our FRISK® score since many of the professionals who use our service are credit managers:**

- Credit managers control one of the largest sources of working capital going into a company
- They are not held to the same "Fair Disclosure" restrictions that prevent non-disclosed information sharing on public companies
- Credit managers use a variety of non-public information sources such as their own company's management and sales representatives to be alerted to concerns in a public company's performance
- It is commonly known credit managers confidentially share information with other credit managers, thus collectively, their behavior helps to provide advanced insight to financial problems in public companies

[Read more in Credit Research Foundation's quarterly journal article, "Assessing Public Company Financial Risk by Crowdsourcing the Research of Credit Professionals"](#)

# COMPANY REPORT DETAIL

## Orexigen Therapeutics, Inc.

3344 N Torrey Pines Ct Ste 200  
 Phone: (858) 875-8600 LA JOLLA, CA 92037-1024 United States Ticker: **OREX**

**Filed for Bankruptcy on 3/12/2018**  
**Case #18-10518, filed in the U.S. Bankruptcy Court for the District of Delaware**

### Latest Financial Statements as of 9/30/2017

#### Business Summary

Orexigen Therapeutics, Inc. is a biopharmaceutical company. The Company is focused on the treatment of obesity. The Company's product, Contrave, is approved in the United States by the United States Food and Drug Administration as an adjunct to a reduced-calorie diet and increased physical activity for chronic weight management in adults with an initial body mass index (BMI) of 30 kilograms per square meter or greater (obese) or 27 kilograms per square meter or greater (overweight) in the presence of a weight-related comorbid condition. Contrave is a combination of generic drug components, each of which has received regulatory approval for other indications and has been commercialized in the United States and in a range of member countries of the European Union. Contrave regulates appetite and energy expenditure through central nervous system (CNS) activity. Contrave is a fixed dose combination of bupropion hydrochloride (HCl) extended release (ER) and naltrexone HCl ER.

(Source: 10-K)

Employees: 132 (as of 3/15/2017)

Federal Tax Id: 651178822

#### Credit Score History

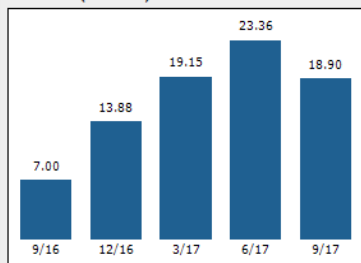
Score/ Index	2017												2018				
	A	M	J	J	A	S	O	N	D	J	F	M	A	Z"	Z"	Z"	Z"
FRISK® Score*	4	3	3	2	2	2	2	3	1	1	1	1	F				
DBT Index	9	9	9	9	9	9	9	9	9	9	9	9	DBT	DBT			
Z"-Score	-8.46			<-10				<-10		Z"	Z"	Z"	Z"				

\*FRISK® Scores are month-end

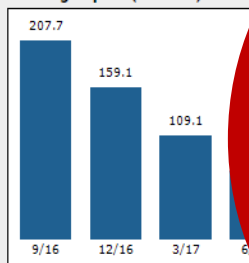
#### Auditor Information

Last Audit: 12/31/2016  
 Auditors: Ernst & Young LLP  
 Opinion: **Unqualified**

#### Net Sales (millions)



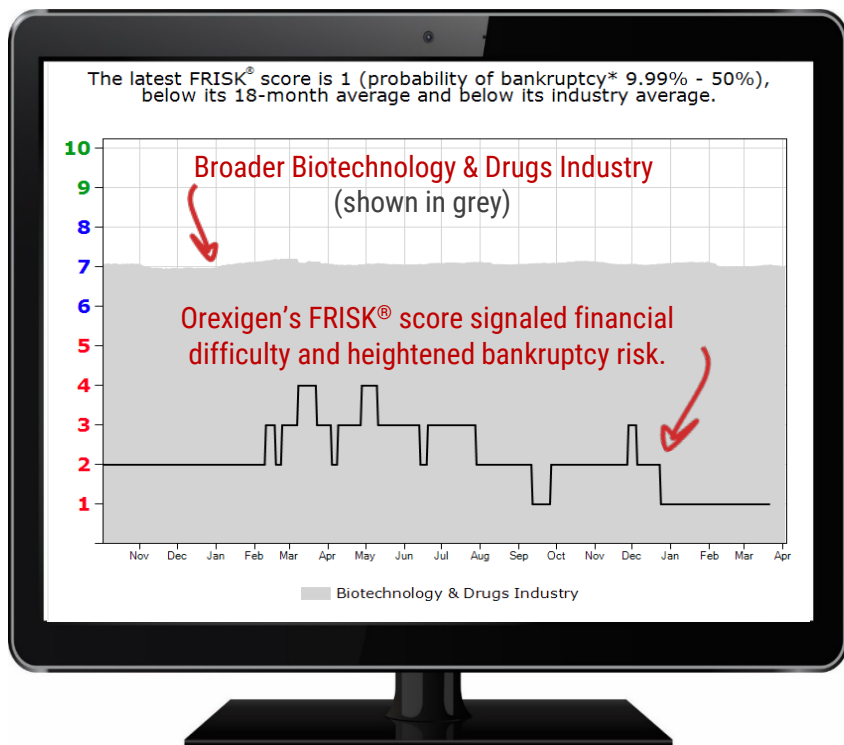
#### Working Capital (millions)



The FRISK® score is a 96% accurate method by which to monitor public company bankruptcy risk.

Payment performance, captured by the Days Beyond Terms (DBT) index, is not an effective indicator of financial stress for publicly traded companies since they often continue to pay on time right up until their bankruptcy filing.

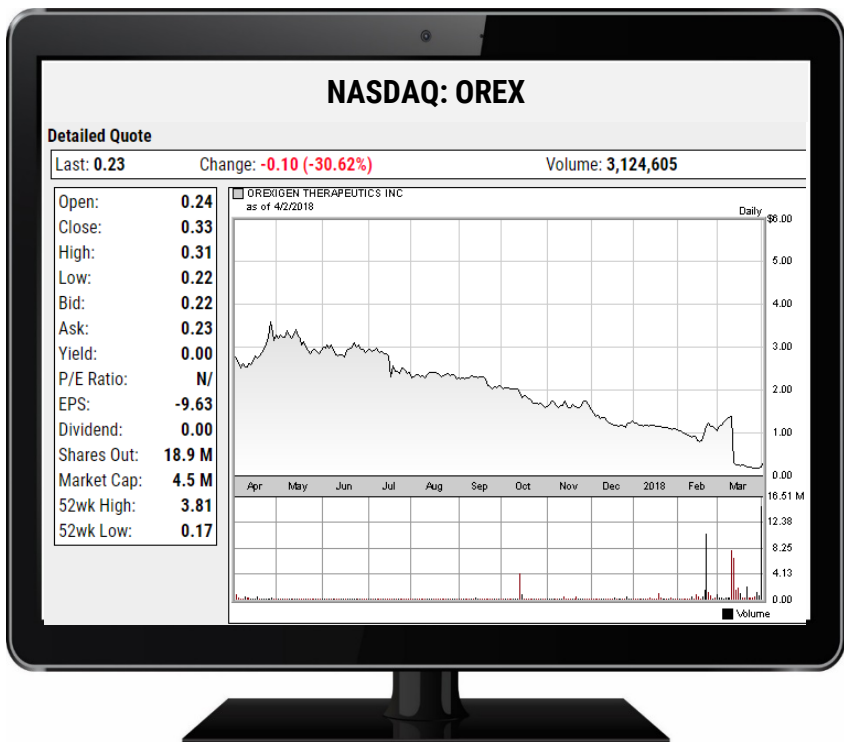
## FRISK® DEEP DIVE



The FRISK® score relative to the broader Biotechnology & Drugs industry raised an additional red flag signaling heightened risk relative to peers, as well...

**MAKING IMMEDIATE ATTENTION REQUIRED.**

## ADJUSTED MARKET CAP VOLATILITY



One of the inputs of the FRISK® score is a company's market cap volatility, adjusted for dividends, over the course of a year. Incorporating this information allows us to capture the "wisdom of markets" on a daily basis. This ensures our subscribers are getting the most up to date view of the risks they face since stocks tend to be more liquid and faster moving than bond prices and ratings.

# FRISK® STRESS INDEX

Rank	Business Name	Country	FRISK Score
1	Argos Therapeutics Inc	United States	1
2	Immune Pharmaceuticals Inc	United States	1
3	Orexigen Therapeutics, Inc.	United States	1
4	AEterna Zentaris Inc.	United States	2
5	AEterna Zentaris Inc. (USA)	United States	2
6	Anthera Pharmaceuticals Inc	United States	2
7	Aoxing Pharmaceutical Company Inc	United States	2
8	Arno Therapeutics Inc	United States	2
9	... Pharmaceutical Holding Corp	United States	2

## FRISK® Stress Index - SIC classification: Pharmaceutical preparations located in the United States

Primary industry codes only     Primary and secondary industry codes

Businesses From: All Businesses CLEAR

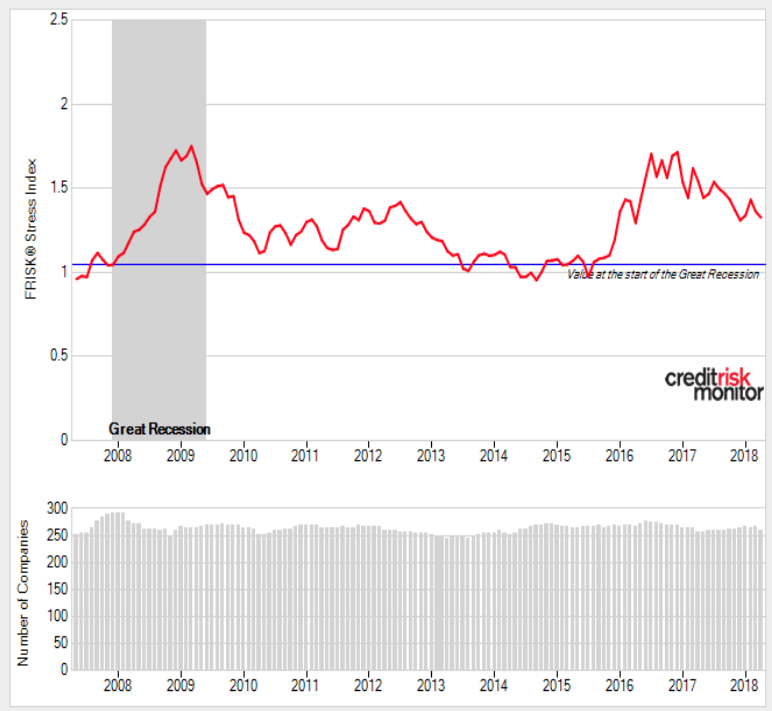
In Industry: SIC 2834: Pharmaceutical preparations

Country: United States

**UPDATE RESULTS**

Scale: Auto

Total Companies in all months 525



The FRISK® Stress Index shows the collective probability of failure in a group of companies (such as an industry, country or portfolio) over the next 12 months. It is designed to show trends in risk level across groups of companies and is shown on a zero to 50 scale, with 50 being the most risky.

**The average probability of failure for SIC code 2834 (Pharmaceutical Preparations) reflects an industry subsector with average risk. But, Orexigen had continued to struggle, as evidenced by its fall to a FRISK® score of “1.”**

# PEER ANALYSIS ON ALTERNATE SUPPLIERS AND CUSTOMERS

Orexigen demonstrates bottom quartile ranking in key financial ratios (shown in red) vs. its Biotechnology & Drugs industry peers.

The Peer Analysis expands to provide a ranking of a company's competitors, which can help provide options for alternate suppliers or new customers.

Peer Analysis						
2017.3						
Sector: Healthcare, Industry: Biotechnology & Drugs						
[Sector: Healthcare] [Industry: Biotechnology & Drugs] [Calendar Year/Quarter: 2017.3]						
Businesses in Peer Group: 3522	Ranking Within Peer Group	Number Of Peers Ranked	Company Value	Peer Group Range		
				Low	Median	High
<b>Credit Ratings</b>						
ZScore	980	1199	-16.63	-30,781.22	2.30	108.59
<b>Performance ratios:</b>						
Net Sales (Thousands of U.S. Dollars)	130	487	18,903	0	1,822	52,061,000
Gross Margin % Of Sales	135	836	78.64	-48,627.27	51.39	172.56
Gross Margin % Of Sales -- TTM	198	880	71.66	-63,940.91	51.66	335.35
SG&A % Of Sales	782	985	160.65	0.46	39.01	68,491.67
SG&A % Of Sales -- TTM	845	1046	233.59	0.46	39.67	87,281.82
Operating Margin % Of Sales	744	926	-120.41	-85,638.89	2.65	37,949.35
Operating Margin % Of Sales TTM	792	1055	-173.92	-83,584.04	2.33	5,173.33
EBITDA Margin Of Sales	400	615	-109.32	-82,932.27	-12.26	5,173.33
EBITDA Margin Of Sales -- TTM	470	695	-162.88	-82,270.90	-15.22	5,173.33
Net Profit Margin % Of Sales	736	996	-110.19	-87,333.33	2.33	5,173.33
Net Profit Margin % Of Sales - TTM	799	1054	-192.65	-82,235.58	2.33	5,173.33
Pre-tax Income % Of Sales	732	996	-110.19	-87,972.22	2.33	5,173.33
Effective Tax Rate	N/A	930	N/A	-2,964.73	2.33	5,173.33
Depreciation % Of Prop/Plant/Equipment	878	1002	59.10	0.00	2.33	5,173.33
Capital Expense % Of Prop/Plant/Equipment	N/A	824	N/A	0.01	2.33	5,173.33
Interest Coverage	461	574	-26.03	-16,413.10	2.33	5,173.33
Interest Coverage -- TTM	382	721	-3.93	-36,726.81	-2.33	5,173.33
<b>Liquidity ratios:</b>						
Cash Ratio	658	1257	1.25	0.00	1.40	129.70
Quick Ratio	514	981	1.59	0.00	1.70	129.70
Current Ratio	798	1257	2.00	0.00	2.87	156.29
<b>Efficiency ratios:</b>						
Accounts Receivable Turnover	396	997	5.66	0.00	4.90	67.67
Days Sales Outstanding	478	1004	64.54	0.00	67.67	67.67
% of Inventory Financed by Vendors	323	722	67.89	0.00	60.00	60.00
% of Inventory Financed by Vendors -- TTM	372	746	60.30	0.00	60.00	60.00
Inventory Turnover	669	836	1.01	-0.36	1.01	1.01
Inventory Turnover TTM	718	858	1.07	-0.28	1.07	1.07
Days Sales in Inventory	670	778	360.05	-1,003.37	1.01	1.01
Inventory to Working Capital	333	828	0.29	-50.47	1.01	1.01
Accounts Payable Turnover	618	1073	1.68	-2.36	1.68	1.68
Accounts Payable Turnover -- TTM	661	1106	1.72	-0.19	1.68	1.68
<b>Leverage &amp; debt coverage:</b>						
Total Debt to Equity Ratio	N/A	843	N/A	0.00	0.25	661.16
Debt to Tangible Equity Ratio	N/A	768	N/A	0.00	0.25	661.16
Total Debt to Assets Ratio	884	940	0.93	0.00	0.18	4,001.10
Short-Term Debt % of Total Debt	N/A	727	N/A	0.00	59.48	100.00
Short-Term Debt % of Working Capital	N/A	817	N/A	-34,992.45	6.79	49,234.46
Liabilities to Net Worth Ratio	N/A	1044	N/A	-0.67	0.53	750.38
Total Liabilities to Equity Ratio	N/A	1140	N/A	-0.67	0.50	750.38
TTM EBITDA Over Total Debt	341	583	-0.71	-4,209.65	-0.28	463.88

- 1 The Medicines Company
- 2 Karolinska Development AB
- 3 Biostar Pharmaceuticals Inc
- 4 BioTime, Inc.
- 5 Enzon Pharmaceuticals Inc
- 6 Innoviva Inc
- 7 Innovotech Inc
- 8 Shanghai RAAS Blood Products Co
- 9 Imperial Equities Inc
- 10 Future Technologies & Bi

- 1 Abattis Biotechnicals Corp
- 2 Aerpio Pharmaceuticals Inc
- 3 Anavex Life Sciences Corp
- 4 Apricus Biosciences Inc
- 5 Avenue Therapeutics Inc
- 6 Beijing Beilu Pharmaceutical Co Ltd
- 7 Beijing SL Pharmaceutical Co Ltd
- 8 BELLUS Health Inc
- 9 BELLUS Health Inc
- 10 Life Solutions Inc

TTM = trailing 12 months  
N/A = Not Available

Green - Ranked in Upper Quartile of Peer Group  
White - Ranked in the Middle Two Quartiles of Peer Group  
Red - Ranked in Lower Quartile of Peer Group  
Orange - Confidential  
Grey - Data is Not Available

# QUARTERLY PERFORMANCE RATIOS

Operating and net losses in each of the last four fiscal quarters

Insufficient revenue to cover interest expenses; negative free cash flow

## Performance Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3 mos 9/30/2017	3 mos 6/30/2017	3 mos 3/31/2017	3 mos 12/31/2016	3 mos 9/30/2016
<b>Net Sales \$</b>	<b>\$18,903</b>	<b>\$23,356</b>	<b>\$19,145</b>	<b>\$13,883</b>	<b>\$7,002</b>
% change	-19.07%	22.00%	37.90%	98.27%	-10.13%
<b>Gross Margin \$</b>	<b>\$14,866</b>	<b>\$16,514</b>	<b>\$12,958</b>	<b>\$9,612</b>	<b>\$5,062</b>
% change	-9.98%	27.44%	34.81%	89.89%	-15.73%
% of sales	78.64%	70.71%	67.68%	69.24%	72.29%
change as % of incremental sales	n/m	84.45%	63.59%	66.12%	n/m
<b>SG&amp;A \$</b>	<b>\$30,367</b>	<b>\$48,311</b>	<b>\$55,247</b>	<b>\$41,938</b>	<b>\$35,103</b>
% change	-37.14%	-12.55%	31.73%	19.47%	40.46%
% of sales	160.65%	206.85%	288.57%	302.08%	501.33%
change as % of incremental sales	n/m	-164.71%	252.93%	99.33%	n/m
<b>Operating margin \$</b>	<b>(\$22,762)</b>	<b>(\$41,990)</b>	<b>(\$41,530)</b>	<b>(\$24,657)</b>	<b>\$42,526</b>
% change	45.79%	-1.11%	-68.43%	-157.98%	227.96%
% of sales	-120.41%	-179.78%	-216.92%	-177.61%	607.34%
change as % of incremental sales	n/m	-10.92%	-320.66%	-976.36%	n/m
<b>EBITDA \$</b>	<b>(\$20,665)</b>	<b>(\$39,891)</b>	<b>(\$39,429)</b>	<b>(\$22,640)</b>	<b>n/a</b>
% change	48.20%	-1.17%	-74.16%	n/a	n/a
% of sales	-109.32%	-170.80%	-205.95%	-163.08%	n/a
change as % of incremental sales	n/m	-10.97%	-319.06%	n/a	n/a
<b>EBIT \$</b>	<b>(\$22,762)</b>	<b>(\$41,990)</b>	<b>(\$41,530)</b>	<b>(\$24,657)</b>	<b>\$42,526</b>
% change	45.79%	-1.11%	-68.43%	-157.98%	227.96%
% of sales	-120.41%	-179.78%	-216.92%	-177.61%	607.34%
change as % of incremental sales	n/m	-10.92%	-320.66%	-976.36%	n/m
<b>Pre-tax income \$</b>	<b>(\$20,829)</b>	<b>(\$30,518)</b>	<b>(\$69,087)</b>	<b>(\$24,476)</b>	<b>\$47,663</b>
% change	31.75%	55.83%	-182.26%	-151.35%	288.91%
% of sales	-110.19%	-130.66%	-360.86%	-176.30%	680.71%
change as % of incremental sales	n/m	915.91%	-847.80%	-1,048.38%	n/m
<b>Net income (loss) \$</b>	<b>(\$20,829)</b>	<b>(\$30,518)</b>	<b>(\$69,087)</b>	<b>(\$24,609)</b>	<b>\$47,663</b>
% change	31.75%	55.83%	-180.74%	-151.63%	288.91%
% of sales	-110.19%	-130.66%	-360.86%	-177.26%	680.71%
change as % of incremental sales	n/m	915.91%	-845.27%	-1,050.31%	n/m
<b>Tax expense \$</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>\$133</b>	<b>n/a</b>
Effective tax rate	n/a	n/a	n/a	-0.54%	n/a
<b>Depreciation expense \$</b>	<b>\$112</b>	<b>\$115</b>	<b>\$117</b>	<b>\$118</b>	<b>\$116</b>
% of sales	0.59%	0.49%	0.61%	0.85%	1.66%
% of capital expenses	n/a	n/a	n/a	268.18%	n/a
% of PP&E, net (annualized)	59.10%	52.84%	47.49%	40.97%	35.19%
<b>Capital expenditures \$</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$44</b>	<b>\$0</b>
% change	n/m	n/m	-100.00%	n/m	-100.00%
% of PP&E, net (annualized)	0.00%	0.00%	0.00%	15.28%	0.00%
% of working capital (annualized)	0.00%	0.00%	0.00%	0.10%	0.00%
<b>Interest coverage ratio</b>	<b>(26.03)</b>	<b>(46.22)</b>	<b>(1.43)</b>	<b>(11.48)</b>	<b>n/a</b>
% change	43.69%	-3,130.61%	87.54%	n/a	n/a
<b>Free cash flow \$</b>	<b>(\$16,281)</b>	<b>(\$40,120)</b>	<b>(\$49,936)</b>	<b>(\$33,751)</b>	<b>(\$22,769)</b>
% change	59.42%	19.66%	-47.95%	-48.23%	17.77%
Source:	10-Q 11/14/2017	10-Q 8/9/2017	10-Q 5/12/2017	10-K 3/30/2017	10-Q 11/7/2016



# QUARTERLY LEVERAGE RATIOS

Total debt to tangible net worth indicated heightened risk

## Leverage Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	9/30/2017	6/30/2017	3/31/2017	12/31/2016	9/30/2016
<b>Total debt \$</b>	<b>\$171,601</b>	<b>\$171,529</b>	<b>\$177,167</b>	<b>\$166,179</b>	<b>\$200,919</b>
% change	0.04%	-3.18%	6.61%	-17.29%	-2.68%
<b>Stockholders' equity \$</b>	<b>(\$59,024)</b>	<b>(\$38,687)</b>	<b>(\$4,512)</b>	<b>\$60,387</b>	<b>\$76,760</b>
% change	-52.57%	-757.42%	-107.47%	-21.33%	1,252.73%
<b>Total debt to equity ratio</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>2.75</b>	<b>2.62</b>
% change	n/a	n/a	n/a	5.13%	n/a
<b>Tangible net worth \$</b>	<b>(\$129,132)</b>	<b>(\$110,780)</b>	<b>(\$78,589)</b>	<b>(\$15,674)</b>	<b>(\$1,272)</b>
% change	-16.57%	-40.96%	-401.40%	-1,132.23%	80.90%
<b>Total assets \$</b>	<b>\$183,747</b>	<b>\$189,999</b>	<b>\$236,383</b>	<b>\$304,589</b>	<b>\$355,813</b>
% change	-3.29%	-19.62%	-22.39%	-14.40%	3.01%
<b>Total debt to assets ratio</b>	<b>0.93</b>	<b>0.90</b>	<b>0.75</b>	<b>0.55</b>	<b>0.56</b>
% change	3.44%	20.45%	37.37%	-3.38%	-1.82%
<b>Tangible assets \$</b>	<b>\$113,639</b>	<b>\$117,906</b>	<b>\$162,306</b>	<b>\$270,000</b>	<b>\$270,000</b>
% change	-3.62%	-27.36%	-28.98%	-12.21%	-
<b>Total liabilities \$</b>	<b>\$242,771</b>	<b>\$228,686</b>	<b>\$240,895</b>	<b>\$240,895</b>	<b>\$240,895</b>
% change	6.16%	-5.07%	-1.35%	-12.21%	-
<b>Total liabilities to equity ratio</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>4.04</b>	<b>3.64</b>
% change	n/a	n/a	n/a	11.24%	n/a
Source:	10-Q	10-Q	10-Q	10-K	10-Q
	11/14/2017	8/9/2017	5/12/2017	3/30/2017	11/7/2016

Total debt to assets ratio increased

# QUARTERLY LIQUIDITY RATIOS AND RATES OF RETURN

Working capital drastically decreased

## Liquidity Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	9/30/2017	6/30/2017	3/31/2017	12/31/2016	9/30/2016
<b>Current assets \$</b>	<b>\$112,285</b>	<b>\$114,330</b>	<b>\$158,519</b>	<b>\$224,461</b>	<b>\$273,181</b>
% change	-1.79%	-27.88%	-29.38%	-17.83%	-3.37%
<b>Current liabilities \$</b>	<b>\$56,232</b>	<b>\$41,804</b>	<b>\$49,459</b>	<b>\$65,360</b>	<b>\$65,473</b>
% change	34.51%	-15.48%	-24.33%	-0.17%	88.29%
<b>Working capital \$</b>	<b>\$56,053</b>	<b>\$72,526</b>	<b>\$109,060</b>	<b>\$159,101</b>	<b>\$207,708</b>
% change	-22.71%	-33.50%	-31.45%	-23.40%	-16.22%
% of sales (annualized)	74.13%	77.63%	142.41%	286.50%	741.60%
<b>Cash \$</b>	<b>\$70,567</b>	<b>\$86,618</b>	<b>\$86,641</b>	<b>\$103,993</b>	<b>\$75,922</b>
% change	-18.53%	-0.03%	-16.69%	36.97%	-23.43%
<b>Cash ratio</b>	<b>1.25</b>	<b>2.07</b>	<b>1.75</b>	<b>1.59</b>	<b>1.16</b>
% change	-39.44%	18.28%	10.10%	37.21%	-59.34%
<b>Quick assets \$</b>	<b>\$89,670</b>	<b>\$94,254</b>	<b>\$92,918</b>	<b>\$105,095</b>	<b>\$78,020</b>
% change	-4.86%	1.44%	-11.59%	34.70%	-23.57%
<b>Quick ratio</b>	<b>1.59</b>	<b>2.25</b>	<b>1.88</b>	<b>1.61</b>	<b>1.19</b>
% change	-29.28%	20.01%	16.84%	34.94%	-59.41%
<b>Current ratio</b>	<b>2.00</b>	<b>2.73</b>	<b>3.21</b>	<b>3.43</b>	<b>4.17</b>
% change	-26.99%	-14.67%	-6.67%	-17.69%	-48.68%
Source:	10-Q 11/14/2017	10-Q 8/9/2017	10-Q 5/12/2017	10-K 3/30/2017	10-Q 11/7/2016

Unable to generate positive returns

## Rate of Return - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3 mos 9/30/2017	3 mos 6/30/2017	3 mos 3/31/2017	3 mos 12/31/2016	3 mos 9/30/2016
<b>Return on equity</b>	n/a	n/a	<b>-114.41%</b>	<b>-32.06%</b>	n/a
% change	n/a	n/a	-256.86%	n/a	n/a
<b>Return on total assets</b>	<b>-11.15%</b>	<b>-14.31%</b>	<b>-25.54%</b>	<b>-7.45%</b>	<b>13.59%</b>
% change	22.14%	43.96%	-242.72%	-154.82%	294.07%
<b>Return on tangible assets</b>	<b>-17.99%</b>	<b>-21.78%</b>	<b>-35.35%</b>	<b>-9.72%</b>	<b>15.30%</b>
% change	17.40%	38.39%	-263.69%	-163.55%	318.37%
Source:	10-Q 11/14/2017	10-Q 8/9/2017	10-Q 5/12/2017	10-K 3/30/2017	10-Q 11/7/2016

# ANNUAL STATEMENT OF CASH FLOWS

Recurring negative cash from operating activities

## Statement of Cash Flows - Annual - Standardized

(Thousands of U.S. Dollars)

Period Ended	12 mos 12/31/2016	12 mos 12/31/2015	12 mos 12/31/2014	12 mos 12/31/2013	12 mos 12/31/2012
<b>Cash Flows from Operating Activities:</b>					
Net income	(\$24,524)	(\$68,687)	(\$37,525)	(\$77,671)	(\$90,094)
Depreciation/depletion	428	223	139	94	313
Amortization	3,307	n/a	n/a	n/a	n/a
Non-cash Items	(105,191)	20,267	19,967	12,698	8,112
Changes in working capital	16,267	(6,276)	44,247	(5,938)	13,327
<b>Total cash from operating activities</b>	<b>(109,713)</b>	<b>(54,473)</b>	<b>26,828</b>	<b>(70,817)</b>	<b>(68,342)</b>
<b>Cash Flows from Investing Activities:</b>					
Capital expenditures	(330)	(538)	(246)	(640)	0
Other investing cash flow items, total	(106,727)	41,960	(23,194)	(20,636)	(13,345)
<b>Total cash from investing activities</b>	<b>(107,057)</b>	<b>41,422</b>	<b>(23,440)</b>	<b>(21,276)</b>	<b>(13,345)</b>
<b>Cash Flows from Financing Activities:</b>					
Issuance/retirement of stock, net	44,531	64,259	2,734	1,337	58,270
Issuance/retirement of debt, net	110,026	0	0	110,545	0
<b>Total cash from financing activities</b>	<b>154,557</b>	<b>64,259</b>	<b>2,734</b>	<b>111,882</b>	<b>58,270</b>
Foreign exchange effects	(715)	(29)	n/a	n/a	n/a
<b>Net change in cash</b>	<b>(62,928)</b>	<b>51,179</b>	<b>6,122</b>	<b>19,789</b>	<b>(23,417)</b>
<b>Net cash-beginning balance</b>	<b>155,422</b>	<b>104,243</b>	<b>98,121</b>	<b>78,332</b>	<b>101,749</b>
<b>Net cash-ending balance</b>	<b>\$92,494</b>	<b>\$155,422</b>	<b>\$104,243</b>	<b>\$98,121</b>	<b>\$78,332</b>
<b>Supplemental Disclosures:</b>					
Cash interest paid	\$3,221	\$3,163	\$3,119	\$0	\$0
Cash taxes paid, supplemental	\$1,347	\$28	n/a	n/a	n/a
Auditor/Opinion:	Ernst & Young LLP <b>Unqualified</b>	Ernst & Young LLP <b>Unqualified</b>	Ernst & Young LLP <b>Unqualified</b>	Ernst & Young LLP <b>Unqualified</b>	Ernst & Young LLP <b>Unqualified</b>
Source:	10-K 3/30/2017	10-K 2/26/2016	10-K 2/27/2015	10-K 3/13/2014	10-K 3/14/2013

## NEWS ALERTS: A TIMELINE OF CONCERNING HEADLINES

**Cash woes prompted Orexigen to enter into privately-negotiated exchange agreements with holders of its 2.75% Convertible Exchange Senior Notes and 2.75% Convertible Senior Notes due in 2020.**

12/1/2017

CRMZ News Service

OREXIGEN THERAPEUTICS, INC. FILES (8-K) Disclosing Entry into a Material Definitive Agreement, Unregistered Sale of Equity Securities, Financial Statements and Exhibits

**Orexigen intended to appeal the NASDAQ delisting determination, which they expected would stay any delisting action and allow for continued listing of the Company's common stock until the hearings panel rendered a decision.**

12/29/2017

CRMZ News Service

OREXIGEN THERAPEUTICS, INC. FILES (8-K) Disclosing Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing

**Net loss for the period ended 3/31/17 increased 209% to \$69 million compared with a net loss of \$22 million for the same period in the previous year.**

5/16/2017

CRMZ News Service

Orexigen Therapeutics, Inc. -- financials available -- revised/corrected

**Net loss for the year-to-date period ended 6/30/17 increased 109% to \$100 million compared with a net loss of \$48 million for the same period in the previous year.**

8/10/2017

CRMZ News Service

Orexigen Therapeutics, Inc. -- updated financials available

**Operating income for the year-to-date period ended 9/30/17 decreased 658% to (\$106) million compared with an operating income of (\$14) million for the same period in the previous year.**

11/15/2017

CRMZ News Service

Orexigen Therapeutics, Inc. -- updated financials available

**Orexigen Therapeutics, Inc. filed for bankruptcy**

3/12/2018

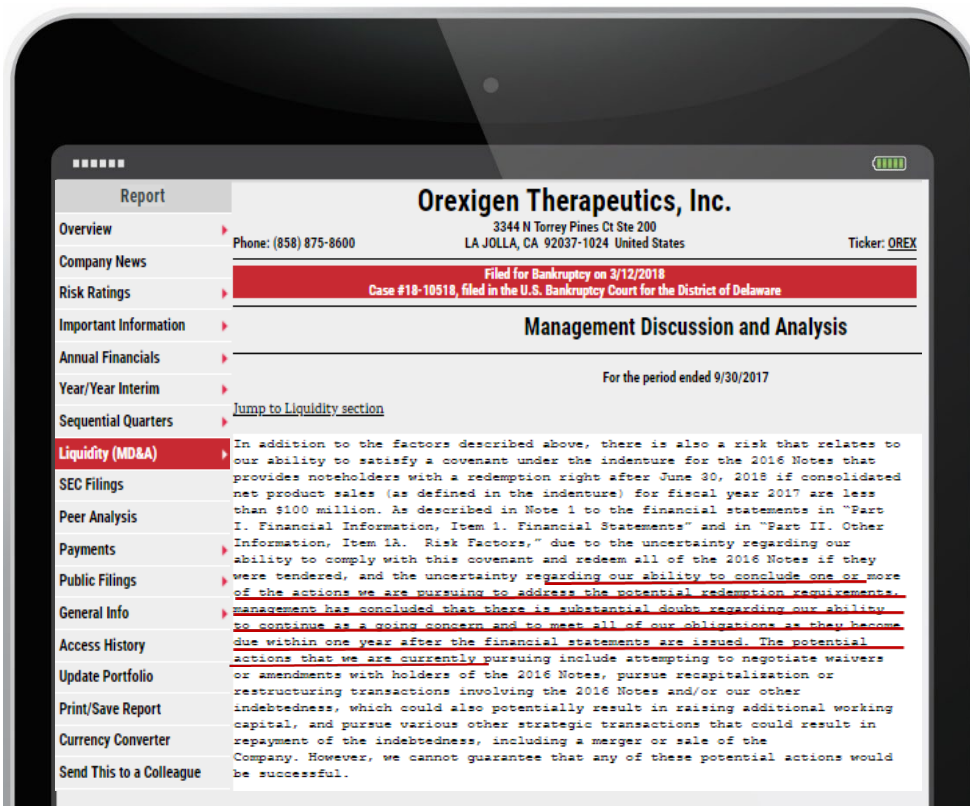
CRMZ News Service

U.S. Drugmaker Orexigen Files For Chapter 11 Bankruptcy

# MANAGEMENT DISCUSSION AND ANALYSIS

## READING THE MANAGEMENT DISCUSSION AND ANALYSIS, WE NOTED:

The Company's primary activities since incorporation had been organizational activities, including recruiting personnel, conducting research and development (including clinical trials), raising capital, and preparing for the marketing and



commercialization of its sole product, Contrave® (a prescription-only FDA weight-loss drug) in the United States. Orexigen management explained that the Company's ability to generate revenue for the foreseeable future was dependent primarily on the commercial success of Contrave®. As of September 30, 2017, Orexigen had an accumulated deficit of \$765.6 million. These losses resulted from substantial costs incurred in connection with R&D activities, costs of clinical trial activities, performing manufacturing-related activities, and selling, general and administrative expenses. The Company expected to incur losses for the next several years. Orexigen's operations had been financed primarily through the sale of equity and convertible debt securities since its inception in 2002. Through September 30, 2017, Orexigen had received net proceeds of approximately \$798.7 million from such actions. By the third quarter of 2017, there was material risk related to Orexigen's ability to satisfy its 2016 note covenants. Due to the uncertainties as to its ability to comply with these covenants and redeem all of the 2016 notes if tendered, as well as its ability to achieve one or more of the actions being pursued to address the potential redemption requirements, management concluded that there was substantial doubt regarding the Company's ability to continue as a going concern within one year after the financial statements were issued.

**...and in March 2018, Orexigen Therapeutics, Inc. filed for bankruptcy...**

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