

ALBANY MOLECULAR RESEARCH INC

FORM 10-Q (Quarterly Report)

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

FORM 10-Q

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

For the Quarterly Period Ended March 31, 2017

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

For the transition period from to

Commission file number: 001-35622

ALBANY MOLECULAR RESEARCH, INC.
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

14-1742717
(I.R.S. Employer
Identification No.)

26 Corporate Circle
Albany, New York 12203
(Address of principal executive offices)

(518) 512-2000
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

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 definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer 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 the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at April 30, 2017
Common Stock, \$.01 par value	42,931,772 excluding treasury shares of 5,677,839

ALBANY MOLECULAR RESEARCH, INC.
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PART I — FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (Unaudited)

Albany Molecular Research, Inc.
Condensed Consolidated Statements of Operations
(unaudited)

(Dollars in thousands, except for per share data)	Three Months Ended March 31,	
	2017	2016
Contract revenue	\$ 160,225	\$ 102,838
Recurring royalties	3,597	2,741
Total revenue	163,822	105,579
Cost of contract revenue	122,778	79,363
Research and development	3,374	3,168
Selling, general and administrative	33,430	24,600
Restructuring and other charges	2,159	2,600
Total operating expenses	161,741	109,731
Income (loss) from operations	2,081	(4,152)
Interest expense, net	(12,830)	(7,136)
Other expense, net	(793)	(997)
Loss before income tax benefit	(11,542)	(12,285)
Income tax benefit	(850)	(2,218)
Net loss	\$ (10,692)	\$ (10,067)
Basic and diluted loss per share	\$ (0.25)	\$ (0.29)

See notes to unaudited Condensed Consolidated Financial Statements.

Albany Molecular Research, Inc.
Condensed Consolidated Statements of Comprehensive Loss
(unaudited)

(Dollars in thousands)	Three Months Ended March 31,	
	2017	2016
Net loss	\$ (10,692)	\$ (10,067)
Foreign currency translation gain	7,287	5,794
Net actuarial gain on pension and postretirement benefits	118	115
Total comprehensive loss	\$ (3,287)	\$ (4,158)

See notes to unaudited Condensed Consolidated Financial Statements.

Albany Molecular Research, Inc.
Condensed Consolidated Balance Sheets
(unaudited)

(Dollars in thousands, except for per share data)	March 31, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 35,193	\$ 52,000
Restricted cash	243	236
Accounts receivable, net	139,705	144,795
Royalty income receivable	5,236	3,486
Inventory	174,043	167,111
Prepaid expenses and other current assets	26,626	22,109
Income taxes receivable	2,943	2,026
Property and equipment held for sale	1,161	1,148
Total current assets	<u>385,150</u>	<u>392,911</u>
Property and equipment, net	360,282	364,806
Notes hedges	18,535	51,003
Goodwill	230,886	231,256
Intangible assets, excluding goodwill, net	164,162	165,174
Deferred income taxes	523	504
Other assets	3,991	3,994
Total assets	<u>\$ 1,163,529</u>	<u>\$ 1,209,648</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 108,894	\$ 122,210
Deferred revenue	19,516	13,370
Income taxes payable	3,627	2,826
Accrued pension benefits	769	680
Short-term borrowings	20,844	22,515
Current installments of long-term debt	13,362	13,917
Total current liabilities	<u>167,012</u>	<u>175,518</u>
Long-term liabilities:		
Long-term debt, excluding current installments, net	607,246	604,476
Notes conversion derivative	18,535	51,003
Income taxes payable	3,894	3,769
Pension and postretirement benefits	17,993	18,615
Deferred income taxes	36,505	40,058
Other long-term liabilities	15,545	17,227
Total liabilities	<u>866,730</u>	<u>910,666</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value, authorized 2,000 shares, none issued or outstanding	-	-
Common stock, \$0.01 par value, authorized 100,000 shares, 48,609 shares issued as of March 31, 2017 and 48,465 shares issued as of December 31, 2016	486	485
Additional paid-in capital	403,482	400,496
(Accumulated deficit) retained earnings	(3,532)	7,160
Accumulated other comprehensive loss, net	(32,325)	(39,730)
	<u>368,111</u>	<u>368,411</u>
Less, treasury shares at cost, 5,677 shares as of March 31, 2017 and 5,573 shares as of December 31, 2016	(71,312)	(69,429)
Total stockholders' equity	<u>296,799</u>	<u>298,982</u>
Total liabilities and stockholders' equity	<u>\$ 1,163,529</u>	<u>\$ 1,209,648</u>

See notes to unaudited Condensed Consolidated Financial Statements.

Albany Molecular Research, Inc.
Condensed Consolidated Statements of Cash Flows
(unaudited)

(Dollars in thousands)	Three Months Ended March 31,	
	2017	2016
Operating activities		
Net loss	\$ (10,692)	\$ (10,067)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and intangible asset amortization	16,857	8,524
Deferred financing costs amortization	1,959	969
Accretion of discount on long-term debt	3,104	1,814
Deferred income taxes	290	2,258
Loss (gain) on disposal of property and equipment	19	(3)
Allowance for bad debts	522	(11)
Share-based compensation expense	2,355	2,146
Changes in operating assets and liabilities that provide (use) cash, net of impact of business combinations:		
Accounts receivable	5,892	15,484
Royalty income receivable	(1,720)	708
Inventory	(5,296)	(3,149)
Prepaid expenses and other assets	(4,164)	(5,825)
Accounts payable and accrued expenses	(16,511)	2,649
Income taxes	(2,141)	(2,690)
Deferred revenue	6,000	(1,171)
Pension and postretirement benefits	(541)	(39)
Other long-term liabilities	(2,343)	101
Net cash (used in) provided by operating activities	(6,410)	11,698
Investing activities		
Purchases of property and equipment	(3,949)	(11,629)
Payments for patent applications and other costs	(113)	(103)
Proceeds from disposal of property and equipment	-	13
Net cash used in investing activities	(4,062)	(11,719)
Financing activities		
Issuance of short-term borrowings	28,066	-
Principal payments on short-term borrowings	(30,080)	-
Principal payments on long-term debt	(3,965)	(5,805)
Change in restricted cash	(7)	(34)
Proceeds from exercise of options and Employee Stock Purchase Plan	632	620
Purchases of treasury stock	(1,883)	(714)
Net cash used by financing activities	(7,237)	(5,933)
Effect of exchange rate changes on cash and cash equivalents	902	804
Decrease in cash and cash equivalents	(16,807)	(5,150)
Cash and cash equivalents at beginning of period	52,000	49,343
Cash and cash equivalents at end of period	\$ 35,193	\$ 44,193
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ 7,288	\$ 3,526
Income taxes, net	\$ 892	\$ 226

See notes to unaudited Condensed Consolidated Financial Statements.

(All amounts in thousands, except per share amounts, unless otherwise noted)

Note 1 — Summary of Operations and Significant Accounting Policies

Nature of Business and Operations

Albany Molecular Research, Inc. (the “Company”) is a leading global contract research and manufacturing organization providing customers fully integrated drug discovery, development, and manufacturing services. The Company supplies a broad range of services and technologies supporting the discovery and development of pharmaceutical products (“DDS”), the manufacture of fine chemicals (“FC”) and Active Pharmaceutical Ingredients (“API”), the development and manufacture of drug product (“DP”) for new and generic drugs, as well as research, development and manufacturing for the agrochemical and other industries. In addition, the Company offers analytical and testing services to customers in the medical device and personal care industries. With locations in the United States, Europe, and Asia, the Company maintains geographic proximity to its customers and flexible cost models.

Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. In accordance with Rule 10-01, the unaudited Condensed Consolidated Financial Statements do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete consolidated financial statements. The year-end Condensed Consolidated Balance Sheet data was derived from audited financial statements but does not include all disclosures required by U.S. generally accepted accounting principles. In the opinion of management, all adjustments (consisting of normal recurring accruals and adjustments) considered necessary for a fair statement of the results for the interim period have been included. Operating results for the three months ended March 31, 2017 are not necessarily indicative of the results that may be expected for any other period or for the year ending December 31, 2017. The accompanying unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and Notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2016.

The accompanying unaudited Condensed Consolidated Financial Statements include the accounts of the Company and its wholly-owned subsidiaries as of and for the three months ended March 31, 2017. All intercompany balances and transactions have been eliminated during consolidation. Assets and liabilities of non-U.S. operations are translated at period-end rates of exchange, and the statements of operations are translated at the average rates of exchange for the period. Gains or losses resulting from translating non-U.S. currency financial statements are recorded in the unaudited Condensed Consolidated Statements of Comprehensive Loss and in ‘Accumulated other comprehensive loss, net’ in the accompanying unaudited Condensed Consolidated Balance Sheets. When necessary, balances of prior period unaudited Condensed Consolidated Financial Statements have been reclassified to conform to the current year presentation.

Use of Management Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The most significant estimates included in the accompanying consolidated financial statements include the assumptions regarding the Company’s accounting for business combinations, goodwill impairment assessment, valuation of inventory, intangible assets and long-lived assets, and the amount and realizability of deferred tax assets. Other significant estimates include assumptions utilized in determining actuarial obligations in conjunction with the Company’s pension and postretirement health plans, assumptions utilized in determining share-based compensation, environmental remediation liabilities, as well as those utilized in determining the value of both the notes hedges and the notes conversion derivative and the assumptions related to the collectability of trade receivables. Actual results can vary from these estimates.

Contract Revenue Recognition

The Company’s contract revenue consists primarily of amounts earned under contracts with third-party customers and reimbursed expenses under such contracts. Reimbursed expenses consist of chemicals and other project specific costs. The Company also seeks to include provisions in certain contracts that contain a combination of up-front licensing fees, milestone and royalty payments should the Company’s proprietary technology and expertise lead to the discovery of new products that become approved by the applicable regulatory agencies for commercial sale. Generally, the Company’s contracts may be terminated by the customer upon 30 days’ to two years’ prior notice, depending on the terms and/or size of the contract. The Company analyzes its agreements to determine whether the elements can be separated and accounted for individually or as a single unit of accounting in accordance with the Financial Accounting Standards Board’s (the “FASB”) Accounting Standards Codification (“ASC”) 605-25, “Revenue Arrangements with Multiple Deliverables,” and Staff Accounting Bulletin (“SAB”) 104, “Revenue Recognition.” Allocation of revenue to individual elements that qualify for separate accounting is based on the separate selling prices determined for each component, and total contract consideration is then allocated based on relative fair value across the components of the arrangement. If separate selling prices are not available, the Company will use its best estimate of such selling prices, consistent with the overall pricing strategy and after consideration of relevant market factors.

The Company generates contract revenue under the following types of contracts:

Fixed-Fee . Under a fixed-fee contract, the Company charges a fixed agreed-upon amount for a deliverable. Fixed-fee contracts have fixed deliverables upon completion of the project. Typically, the Company recognizes revenue for fixed-fee contracts after projects are completed and when delivery is made or title and risk of loss otherwise transfers to the customer, and collection is reasonably assured. In certain instances, the Company's customers request that the Company retain materials produced upon completion of the project due to the fact that the customer does not have a qualified facility to store those materials or for other reasons. In these instances, the revenue recognition process is considered complete when project documents have been delivered to the customer, as required under the arrangement, or other customer-specific contractual conditions have been satisfied.

Full-time Equivalent ("FTE") . An FTE agreement establishes the number of Company employees contracted for a project or a series of projects, the duration of the contract period, the price per FTE, plus an allowance for chemicals and other project specific costs, which may or may not be incorporated in the FTE rate. FTE contracts can run in one month increments, but typically have terms of six months or longer. FTE contracts typically provide for annual adjustments in billing rates for the scientists assigned to the contract.

These contracts involve the Company's scientists providing services on a "best efforts" basis on a project that may involve a research component with a timeframe or outcome that has some level of unpredictability. There are no fixed deliverables that must be met for payment as part of these services. As such, the Company recognizes revenue under FTE contracts as services are performed according to the terms of the contract.

Time and Materials . Under a time and materials contract, the Company charges customers an hourly rate plus reimbursement for chemicals and other project specific costs. The Company recognizes revenue for time and materials contracts based on the number of hours devoted to the project multiplied by the customer's billing rate plus other project specific costs incurred.

Recurring Royalty

The Company currently receives royalties in conjunction with a Development and Supply Agreement with Teva Pharmaceuticals ("Teva"). These royalties are earned on net sales of generic products sold by Teva. The Company records royalty revenue in the period in which the net sales of these generic products occur. Royalty payments from Teva are due within 60 days after each calendar quarter and are determined based on sales of the qualifying products in that quarter. The Company also receives royalties on certain other products, and royalty revenue is generally estimated and recognized when the sales of product occur.

Collaboration Arrangement Revenues:

The Company enters into collaboration arrangements with third parties for the development and manufacture of certain products and/or product candidates. These arrangements may include non-refundable, upfront payments, milestone payments and cost sharing arrangements during the development stage, payments for manufacturing based on a cost plus an agreed percentage, as well as profit sharing payments during the product's commercial stage.

The Company recognizes revenue for payments received for services performed under these arrangements as contract revenue in accordance with ASC 605, "Revenue Recognition." Development stage payments are recognized using the milestone method when the contractual milestones are determined to be substantive and have been achieved. Certain contractual milestones are deemed to be achieved upon the occurrence of the contractual performance events. Other non-performance based milestones, including the filing of an Abbreviated New Drug Application (ANDA) and approval by the Food and Drug Administration (FDA), which are generally events that occur at the end of the development period, are recognized upon occurrence of the related event. Contractual milestones that are deemed not substantive are recognized using proportional performance over the remaining development period. Upfront, non-refundable payments are recognized over the term of the development period using the proportional performance recognition model. Revenue associated with payments received for contract manufacturing services are recognized upon delivery of the product to the Company's collaborative partners. Revenue associated with payments received for profit sharing payments are recognized as recurring royalties revenue when earned based on the terms of the agreements.

Cash, Cash Equivalents and Restricted Cash

Cash equivalents consist of money market accounts and overnight deposits. For purposes of the consolidated statements of cash flows, the Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Company's cash and cash equivalents are held principally at seven financial institutions and at times may exceed insured limits. The Company has placed these funds in high quality institutions in order to minimize risk relating to exceeding insured limits.

Restricted cash balances at March 31, 2017 and December 31, 2016 are required pursuant to the Company's Singapore lease agreements.

Long-Lived Assets

The Company assesses the impairment of a long-lived asset group whenever events or changes in circumstances indicate that its carrying value may not be recoverable. Factors the Company considers important that could trigger an impairment review include, among others, the following:

- a significant change in the extent or manner in which a long-lived asset group is being used;
- a significant change in the business climate that could affect the value of a long-lived asset group; or
- a significant decrease in the market value of assets.

If the Company determines that the carrying value of long-lived assets may not be recoverable, based upon the existence of one or more of the above indicators of impairment, the Company compares the carrying value of the asset group to the undiscounted cash flows expected to be generated by the asset group. If the carrying value exceeds the undiscounted cash flows, an impairment charge is indicated. An impairment charge is recognized to the extent that the carrying amount of the asset group exceeds its fair value and will reduce only the carrying amounts of the long-lived assets.

Derivative Instruments and Hedging Activities

The Company accounts for derivatives in accordance with FASB ASC Topic 815, "Derivatives and Hedging," which establishes accounting and reporting standards requiring that derivative instruments be recorded on the balance sheet as either an asset or a liability measured at fair value. Additionally, changes in a derivative's fair value shall be recognized currently in earnings unless specific hedge accounting criteria are met. The Company recognizes changes in fair value associated with non-qualified derivatives in 'Other (expense) income, net' in the Condensed Consolidated Statements of Operations. If required hedge accounting criteria are met, then changes in fair value are recorded in accumulative other comprehensive loss, net.

Recent Accounting Pronouncements:

Accounting Pronouncements Issued But Not Yet Adopted

In March 2017, the FASB issued Accounting Standard Update ("ASU") 2017-07, "Compensation-Retirement Benefits", which requires the service cost component of net benefit costs be reported with other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit costs are required to be presented separately from the service cost component and outside of income from operations. This amendment also allows only the service cost component to be eligible for capitalization when applicable. The ASU is effective for interim and annual periods beginning after December 15, 2017. The Company is still evaluating the impact this standard will have on its consolidated financial statements and related disclosures.

In November 2016, the FASB issued ASU 2016-18, "Restricted Cash." The standard addresses the classification and presentation of restricted cash and restricted cash equivalents within the statement of cash flows. The ASU is effective for fiscal years beginning after December 15, 2017, and for interim periods within those fiscal years. Early adoption is permitted. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements.

In October 2016, the FASB issued ASU 2016-16, "Intra-Entity Transfers of Assets Other Than Inventory." The standard requires the immediate recognition of tax effects for an intra-entity asset transfer other than inventory. The ASU is effective for fiscal years beginning after December 15, 2017, and for interim periods within those fiscal years. Early adoption is permitted. The Company is still evaluating the impact this standard will have on its consolidated financial statements and related disclosures.

In August 2016, the FASB issued ASU 2016-15, "Classification of Certain Cash Receipts and Cash Payments." The standard addresses the classification of certain transactions within the statement of cash flows, including cash payments for debt prepayment or debt extinguishment costs, contingent consideration payments made after a business combination, and distributions received from equity method investments. The ASU is effective for fiscal years beginning after December 15, 2017, and for interim periods within those fiscal years. Early adoption is permitted. The Company is still evaluating the impact this standard will have on its consolidated financial statements and related disclosures.

In February 2016, the FASB issued ASU 2016-02, "Leases." The standard established the principles that lessees and lessors will apply to report useful information to users of financial statements about the amount, timing and uncertainty of cash flows arising from a lease. The ASU is effective for fiscal years beginning after December 15, 2018, and for interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers: (Topic 606)." This ASU affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards (e.g., insurance contracts or lease contracts). This ASU will supersede the revenue recognition requirements in ASC Topic 605, "Revenue Recognition," and most industry-specific guidance. In addition, the existing requirements for the recognition of a gain or loss on the transfer of nonfinancial assets that are not in a contract with a customer (e.g., assets within the scope of ASC Topic 360, "Property, Plant, and Equipment," and intangible assets within the scope of ASC Topic 350, "Intangibles-Goodwill and Other") are amended to be consistent with the guidance on recognition and measurement (including the constraint on revenue) in this ASU. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU is effective for calendar years beginning after December 15, 2017. Early adoption is not permitted. The Company has begun to evaluate the impact of this new standard on its consolidated financial statements, information technology ("IT") systems, policies and business processes and controls. The Company has developed an implementation plan to adopt this new guidance including determining the method of adoption. As part of this plan, the Company is currently reviewing customer contract provisions for all of its revenue streams and assessing the potential impact this standard will have on the consolidated financial statements and related disclosures. Based on the Company's assessment procedures performed to date, it is currently unable to estimate the impact this standard will have on the consolidated financial statements; however, the Company anticipates that the adoption of the new standard may require it to make changes to its business processes and controls.

Accounting Pronouncements Recently Adopted

In January 2017, the FASB issued ASU 2017-04, "Simplifying the Test for Goodwill Impairment." The standard simplifies the accounting for goodwill impairment by removing Step 2 of the goodwill impairment test, which requires a hypothetical purchase price allocation. The ASU is effective for annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2019, and should be applied on a prospective basis. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company has early adopted this ASU as of January 1, 2017 with no impact on the Company's consolidated financial statements.

In January 2017, the FASB issued ASU 2017-01, "Clarifying the Definition of a Business." The standard clarifies the definition of a business by adding guidance to assist entities in evaluating whether transactions should be accounted for as acquisitions of assets or businesses. The ASU is effective for fiscal years beginning after December 15, 2017, and for interim periods within those fiscal years. Early adoption is permitted for certain transactions. The Company has early adopted this ASU as of January 1, 2017 with no impact on the Company's consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, "Improvements to Employee Share-Based Payment Accounting." The standard reduces complexity in several aspects of the accounting for employee share-based compensation, including the income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. The ASU is effective for fiscal years beginning after December 15, 2016, and for interim periods within those fiscal years. The adoption of this standard did not have a material impact on its consolidated financial statements.

Note 2 — Earnings Per Share

The shares used in the computation of the Company's basic and diluted earnings per share are as follows:

	Three Months Ended March 31,	
	2017	2016
Weighted average common shares outstanding – basic and diluted	42,385	34,718

The Company has excluded certain outstanding stock options, non-vested restricted stock and warrants from the calculation of diluted earnings per share for the three months ended March 31, 2017 and 2016 because of anti-dilutive effects. The weighted average number of anti-dilutive common equivalents outstanding (before the effects of the treasury stock method) was 11,579 and 11,703 for the three months ended March 31, 2017 and 2016, respectively. These amounts are not included in the calculation of weighted average common shares outstanding.

Note 3 — Business Acquisitions

On July 11, 2016, the Company purchased from Lauro Cinquantasette S.p.A. all of the capital stock of Prime European Therapeutics S.p.A. ("Euticals") (the "Euticals Acquisition"), a privately-held company headquartered in Lodi, Italy, specializing in custom synthesis and the manufacture of active pharmaceutical ingredients with a network of facilities located in Italy, Germany, the U.S. and France. The Euticals operations have been assigned to the API, DDS and FC segments based on the activities performed and markets served at each location.

The aggregate net purchase price was \$277,067 (net of cash acquired of \$20,784), which consisted of (i) the issuance of 7,051 unregistered shares of common stock subject to a six month lock-up provision, valued at \$91,765 (net of lock-up provision discount of \$9,633), (ii) the issuance of two unsecured promissory notes to Lauro Cinquantasette S.p.A. with a combined face value of €55,000, or \$60,783, that were valued at \$44,342 (net of an original issue discount of \$16,441) (the “Euticals Seller Notes”), and (iii) \$140,960 in cash, net of a final working capital adjustment of \$2,309.

The following table summarizes the allocation of the aggregate purchase price to the estimated fair value of the net assets acquired:

	July 11, 2016
Assets Acquired	
Accounts receivable	\$ 30,977
Prepaid expenses and other current assets	4,492
Inventory	103,895
Income taxes receivable	205
Property and equipment	159,924
Intangible assets	59,457
Goodwill	65,036
Other long term-assets	713
Total assets acquired	<u>\$ 424,699</u>
Liabilities Assumed	
Accounts payable and accrued expenses	\$ 61,011
Short-term borrowings	27,362
Deferred revenue	3,399
Deferred income taxes	29,422
Pension benefits	13,201
Environmental liabilities	11,716
Other long-term liabilities	1,521
Total liabilities assumed	<u>147,632</u>
Net assets acquired	<u>\$ 277,067</u>

The purchase price allocation was adjusted in the first quarter of 2017 due to the recognition of income tax receivables of \$16 and deferred tax assets of \$2,312. These adjustments resulted in a net decrease of goodwill of \$2,328. The Company does not expect any further significant adjustments to the purchase price allocation.

The Company has attributed the goodwill of \$65,036 to an expanded global footprint and additional market opportunities that the Euticals’ business offers within the API and DDS segments. The goodwill is not deductible for tax purposes. Intangible assets acquired consist of customer relationships of \$7,073, with an estimated life of 9 years, developed technology of \$44,648, with an estimated life of 16 years, and manufacturing intellectual property and know-how of \$7,736, with an estimated life of 18 years.

Pro forma Information (Unaudited)

The following table shows the unaudited pro forma statements of operations for the three months ended March 31, 2016, as if the Euticals Acquisition had occurred on January 1, 2015. This pro forma information does not purport to represent what the Company’s actual results would have been if the acquisition had occurred as of the date indicated or what such results would be for any future periods.

	Three months ended March 31, 2016
Total revenue	\$ 162,124
Net loss	\$ (17,222)
Pro forma shares - basic and diluted	41,769
Loss per share:	
Basic and diluted	\$ (0.41)

The following table shows the pro forma adjustments made to the weighted average shares outstanding for the three months ended March 31, 2016:

	Three months ended March 31, 2016
Weighted average common shares outstanding - basic and diluted	34,718
Pro forma impact of acquisition consideration	7,051
Pro forma weighted average shares - basic and diluted	<u>41,769</u>

For the three-month period ended March 31, 2016, pre-tax net income was adjusted by reducing expenses by \$1,363 for acquisition-related costs and increasing expenses by \$2,796 for purchase accounting related depreciation and amortization.

The Company partially funded the Euticals Acquisition utilizing the proceeds from a \$230,000 term loan that was provided for in conjunction with the Third Amended and Restated Credit Agreement, entered into with Barclays Bank PLC, as administrative agent and collateral agent, and the lenders party thereto (the "Third Restated Credit Agreement"), which was completed on July 7, 2016, along with the issuance of the Euticals Seller Notes on July 11, 2016 (see Note 5). The Company did not have sufficient cash on hand to complete the acquisition as of January 1, 2015. For the purposes of presenting the pro forma statements of operations for the three months ended March 31, 2016, the Company has assumed that it entered into the Third Restated Credit Agreement and issued the Euticals Seller Notes on January 1, 2015 for an amount sufficient to fund the preliminary cash consideration to acquire Euticals as of that date. The pro forma statement of operations for the three months ended March 31, 2016 reflects the recognition of interest expense that would have been incurred had the Third Restated Credit Agreement and the Euticals Seller Notes been entered into and issued, respectively, on January 1, 2015. The Company has recorded \$3,841 of pro forma interest expense on the Third Restated Credit Agreement and the Euticals Seller Notes for the purposes of presenting the pro forma statements of operations for the three months ended March 31, 2016.

A portion of Euticals' debt was paid by the Company at the closing of the Euticals Acquisition. For the purposes of presenting the pro forma statement of operations for the three months ended March 31, 2016, the Company has reduced expenses by \$1,623 assuming the debt and accrued interest were paid on January 1, 2015.

Note 4 — Inventory

Inventory consisted of the following as of March 31, 2017 and December 31, 2016:

	March 31, 2017	December 31, 2016(a)
Raw materials	\$ 59,100	\$ 57,071
Work-in-process	57,562	57,808
Finished goods	57,381	52,232
Total inventory	<u>\$ 174,043</u>	<u>\$ 167,111</u>

(a) Certain adjustments have been made to December 31, 2016 inventory classifications to conform to current year presentation.

Note 5 — Debt

Short-Term Borrowings

In connection with the Euticals Acquisition, the Company assumed the short-term borrowing obligations of Euticals, consisting of multiple bank revolving lines of credit with a maximum borrowing capacity of €42,050, or \$44,919, at March 31, 2017 (the "Euticals Revolving Credit Facilities"). The Euticals Revolving Credit Facilities support Euticals' short-term working capital needs and are collateralized, in part, by certain Euticals' trade receivables balances. The Euticals Revolving Credit Facilities are subject to variable interest rates and the average effective interest rate was 3.75% during the three months ended March 31, 2017.

As of March 31, 2017, the aggregate outstanding balance under the Euticals Revolving Credit Facilities was \$20,844 and the related trade receivables collateral was \$13,212.

Long-Term Debt

The following table summarizes long-term debt:

	March 31, 2017	December 31, 2016
Convertible senior notes, net of unamortized discount	\$ 137,414	\$ 135,652
Term loan, net of unamortized discount	423,071	423,698
Euticals Seller Notes, net of unamortized discount	45,514	43,947
Various borrowings with institutions, Gadea loans	23,425	25,784
Capital leases – equipment & other	1,176	1,263
	<u>630,600</u>	<u>630,344</u>
Less: deferred financing fees	(9,992)	(11,951)
Less: current portion	(13,362)	(13,917)
Total long-term debt, excluding current portion	<u>\$ 607,246</u>	<u>\$ 604,476</u>

The aggregate maturities of long-term debt, exclusive of unamortized debt discount of \$28,016 at March 31, 2017, are as follows:

2017 (remaining)	\$ 10,082
2018	580,491
2019	25,469
2020	21,705
2021	20,196
Thereafter	673
Total	<u>\$ 658,616</u>

Term Loans

In connection with the Euticals Acquisition, on July 7, 2016, the Company entered into the Third Restated Credit Agreement, which (i) provided incremental senior secured first lien term loans in an aggregate principal amount of \$230,000 (the “Incremental Term Loans”) which increased the aggregate principal amount of senior secured first lien term loans under the prior credit agreement to \$428,500, and (ii) increased the first lien revolving credit facility commitments by \$5,000 to \$35,000. The Company used the proceeds of the Incremental Term Loans primarily to: (i) pay a portion of the cash consideration for the Euticals Acquisition; (ii) pay various fees and expenses incurred in connection with the Euticals Acquisition and related financing activities; and (iii) repay the \$30,000 outstanding under the first lien revolving credit facility.

The Third Restated Credit Agreement requires that we make quarterly repayments of \$600 toward the Incremental Term Loans principal beginning on September 30, 2016. All remaining unpaid principal amounts of the Incremental Term Loans will mature and become payable on July 16, 2021 and the revolving credit facility commitments under the Third Restated Credit Agreement terminate and all amounts then outstanding thereunder are payable on July 16, 2020, subject, in each case, to earlier acceleration, on (i) the date that is six months prior to the scheduled maturity date of our 2.25% Cash Convertible Senior Notes issued on December 4, 2013 (the “Notes”) if on such date, both (x) more than \$25,000 of the Notes shall remain outstanding and (y) the ratio of the secured debt of the Company and its subsidiaries to the EBITDA of the Company and its subsidiaries exceeds 1.50:1.00, or (ii) April 7, 2019, April 7, 2020 or April 7, 2021, respectively, in each case to the extent that at any such date we have not (x) prepaid or otherwise satisfied the amortization or final maturity payment amounts to next come due under each Euticals Seller Note then outstanding or (y) refinanced such amortization or final maturity payment amount to next come due under each Euticals Seller Note then outstanding in a manner permitted by the Third Restated Credit Agreement.

At the Company’s election, loans made under the Third Restated Credit Agreement bear interest at (a) the one-month, three-month or six-month LIBOR rate subject to a floor of 1.0% (the “LIBOR Rate”) or (b) a base rate determined by reference to the highest of (i) the United States federal funds rate plus 0.50%, (ii) the rate of interest quoted by The Wall Street Journal as the “Prime Rate,” and (iii) a daily rate equal to the one-month LIBOR Rate plus 1.0%, subject to a floor of 2.0% (the “Base Rate”), plus an applicable margin of 4.75% per annum for LIBOR Rate loans and 3.75% per annum for Base Rate loans.

The obligations under the Third Restated Credit Agreement are guaranteed by each material domestic subsidiary of the Company (each a “Guarantor”) and are secured by first priority liens on, and security interests in, substantially all of the present and after-acquired assets of the Company and each Guarantor subject to certain customary exceptions.

The face value of the term loans reconciles to the net carrying amount as follows:

	<u>March 31, 2017</u>	<u>December 31, 2016</u>
Principal amount - term loan	\$ 425,262	\$ 426,341
Unamortized debt discount	(2,191)	(2,643)
Net carrying amount of term loan	<u>\$ 423,071</u>	<u>\$ 423,698</u>

For the three months ended March 31, 2017 and 2016, the Company recognized \$452 and \$171, respectively, of amortization of the debt discount as interest expense based upon the effective rate of approximately 6.2%.

Euticals Seller Notes

As indicated in Note 3, in connection with the Euticals Acquisition, on July 11, 2016, the Company issued two notes to Lauro Cinquantasette S.p.A. with a combined face value of €55,000, that were valued at \$44,342 (net of original issue discount of \$16,441). The Euticals Seller Notes are unsecured promissory notes, guaranteed by the Company, and are subject to customary representations and warranties and events of default with repayment to be made in three equal annual installments made on the third, fourth and fifth anniversaries of the Euticals Acquisition closing date. The repayment is subject to certain set off rights of the Company relating to the seller's indemnification obligations. The Euticals Seller Notes are subject to an interest rate equal to 0.25% per annum, which is due and payable in cash on the first day of January, April, July and October during each calendar year. The Euticals Seller Notes were recognized net of an original issue discount of \$16,441. For the three months ended March 31, 2017, the Company recorded \$889 of amortization of the debt discount as interest expense based upon an effective rate of 8.32%.

The face value of the Euticals Seller Notes reconciles to the net carrying amount as follows:

	<u>March 31, 2017</u>	<u>December 31, 2016</u>
Principal amount - Euticals Seller Notes	\$ 58,753	\$ 57,862
Unamortized debt discount	(13,239)	(13,915)
Net carrying amount of Euticals Seller Notes	<u>\$ 45,514</u>	<u>\$ 43,947</u>

Convertible Senior Notes

On December 4, 2013, the Company completed the private offering of \$150,000 aggregate principal amount of the Notes. The Notes mature on November 15, 2018, unless earlier repurchased or converted into cash in accordance with their terms prior to such date, and interest is paid in arrears semiannually on each of May 15 and November 15 at an annual rate of 2.25% beginning on May 15, 2014. The Notes were offered and sold only to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended.

The Notes are not convertible into the Company's common stock or any other securities under any circumstances. Holders may convert their Notes solely into cash at their option at any time prior to the close of business on the business day immediately preceding May 15, 2018 only under the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending on December 31, 2013 (and only during such calendar quarter), if the last reported sale price of the Company's common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day; (2) during the five business day period after any five consecutive trading day period in which the trading price per thousand dollars principal amount of Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of the Company's common stock and the conversion rate on each such trading day; or (3) upon the occurrence of specified corporate events. On or after May 15, 2018 until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert their Notes solely into cash at any time, regardless of the foregoing circumstances. Upon conversion, in lieu of receiving shares of the Company's common stock, a holder will receive, per thousand dollars principal amount of Notes, an amount in cash equal to the settlement amount, determined in the manner set forth in the indenture. The initial conversion rate is 63.9844 shares of the Company's common stock per thousand dollars principal amount of Notes (equivalent to an initial conversion price of approximately \$15.63 per share of common stock). The conversion rate is subject to adjustment upon certain events as described in the indenture but will not be adjusted for any accrued and unpaid interest. In addition, following certain corporate events that occur prior to the maturity date, the Company has agreed to pay a cash make-whole premium by increasing the conversion rate for a holder who elects to convert its Notes in connection with such a corporate event in certain circumstances as described in the indenture.

The Company may not redeem the Notes prior to the maturity date, and no sinking fund is provided for the Notes.

The cash conversion feature of the Notes (“Notes Conversion Derivative”) requires bifurcation from the Notes in accordance with ASC 815, “Derivatives and Hedging,” and is accounted for as a derivative liability. The fair value of the Notes Conversion Derivative at the time of issuance of the Notes was \$33,600 and was recorded as original debt discount for purposes of accounting for the debt component of the Notes. This discount is amortized as interest expense using the effective interest method over the term of the Notes. For the three months ended March 31, 2017 and 2016, the Company recorded \$1,762 and \$1,644, respectively, of amortization of the debt discount as interest expense based upon an effective rate of 7.69%.

The fair value of the Notes reconciles to the net carrying amount as follows:

	March 31, 2017	December 31, 2016
Principal amount	\$ 150,000	\$ 150,000
Unamortized debt discount	(12,586)	(14,348)
Net carrying amount of Notes	<u>\$ 137,414</u>	<u>\$ 135,652</u>

In connection with the pricing of the Notes, in November 2013, the Company entered into cash convertible note hedge transactions (“Notes Hedges”) relating to a notional number of shares of the Company’s common stock underlying the Notes with two counterparties (the “Option Counterparties”). The Notes Hedges, which are cash-settled, are intended to reduce the Company’s exposure to potential cash payments that it is required to make upon conversion of the Notes in excess of the principal amount of converted Notes if the Company’s common stock price exceeds the conversion price. The Notes Hedges are accounted for as a derivative instrument in accordance with ASC 815, “Derivatives and Hedging.” The aggregate cost of the note hedge transaction was \$33,600.

At the same time, the Company also entered into separate warrant transactions with each of the Option Counterparties initially relating, in the aggregate, to 9,598 shares of the Company’s common stock underlying the Note Hedges. The Note Hedges are intended to offset cash payments due upon any conversion of the Notes. However, the warrant transactions could separately have a dilutive effect to the extent that the market price per share of the Company’s common stock (as measured under the terms of the warrant transactions) exceeds the applicable strike price of the warrants. The initial strike price of the warrants is \$18.9440 per share, which was 60% above the last reported sale price of the Company’s common stock of \$11.84 on November 19, 2013 and proceeds of \$23,100 were received from the Option Counterparties from the sale of the warrants.

Aside from the initial payment of a \$33,600 premium to the Option Counterparties, the Company is not required to make any cash payments to the Option Counterparties under the Note Hedges and will be entitled to receive from the Option Counterparties an amount of cash, generally equal to the amount by which the market price per share of common stock exceeds the strike price of the Note Hedges during the relevant valuation period. The strike price under the Note Hedges is initially equal to the conversion price of the Notes. Additionally, if the market price per share of the Company’s common stock, as measured under the warrant transactions, exceeds the strike price of the warrants during the measurement period at the maturity of the warrants, the Company will be obligated to issue to the Option Counterparties a number of shares of the Company’s common stock in an amount based on the excess of such market price per share of the Company’s common stock over the strike price of the warrants. The Company will not receive any proceeds if the warrants are exercised.

Neither the Notes Conversion Derivative nor the Notes Hedges qualify for hedge accounting, thus any changes in the fair market value of the derivatives is recognized immediately in the statement of operations. During the three months ended March 31, 2017 and 2016, the changes in fair market value of the Notes Conversion Derivative and the Notes Hedges were equal and offsetting; therefore the net impact recognized in the statement of operations was zero.

The following table summarizes the fair value and the presentation in the consolidated balance sheet:

	March 31, 2017	December 31, 2016
Notes hedges asset	\$ 18,535	\$ 51,003
Notes conversion derivative liability	\$ (18,535)	\$ (51,003)

The change in fair value from December 31, 2016 to March 31, 2017 is primarily the result of the decrease in the Company's stock price at March 31, 2017 as compared to December 31, 2016.

Note 6 — Restructuring and Other Charges

In August 2016, the Company announced a restructuring plan in connection with the Euticals Acquisition. Under the restructuring plan, the Company initiated a reduction in workforce in the U.S. and Europe and ceased operations in one location in Italy. During the three months ended March 31, 2017, the Company recorded approximately \$1,502 in expense related to this initiative primarily for lease termination charges for one site in Italy and \$298 for employee termination benefits. The Company also recorded approximately \$149 in employee termination benefits and \$180 of other costs associated with other previously announced restructuring initiatives.

The following table displays the restructuring activity and liability balances for the three month period ended and as of March 31, 2017:

	Balance at January 1, 2017	Charges/ (reversals)	Amounts Paid	Foreign Currency Translation & Other Adjustments	Balance at March 31, 2017
Termination benefits and personnel realignment	\$ 4,471	\$ 447	\$ (2,610)	\$ (6)	\$ 2,302
Lease termination and relocation charges	143	1,550	(35)	219	1,877
Other	-	162	(113)	(49)	-
Total	\$ 4,614	\$ 2,159	\$ (2,758)	\$ 164	\$ 4,179

Termination benefits and personnel realignment costs relate to severance packages, outplacement services, and career counseling for employees affected by the restructuring. Lease termination charges relate to estimated costs associated with exiting a facility, net of estimated sublease income.

Restructuring charges are included under the caption 'Restructuring and other charges' in the Condensed Consolidated Statements of Operations for the three months ended March 31, 2017 and 2016 and the restructuring liabilities are included in 'Accounts payable and accrued expenses' and 'Other long-term liabilities' on the Condensed Consolidated Balance Sheets at March 31, 2017 and December 31, 2016.

Anticipated cash outflow for the remainder of 2017 related to the above restructuring liabilities as of March 31, 2017 is approximately \$4,179.

As a result of a prior restructuring initiative to close the Holywell, U.K. site, the Company is currently marketing its Holywell, U.K. facility for sale. The facility is an asset of the API operating segment and is classified as held for sale with the long-lived assets segregated to a separate line on the Condensed Consolidated Balance Sheets until it is sold. Depreciation expense on the facility has ceased. The carrying value of the facility is \$1,161 at March 31, 2017.

Note 7 — Goodwill and Intangible Assets

The changes in the carrying amount of goodwill for the three months ended March 31, 2017 were as follows:

	DDS	API	DP	Total
Balance as of December 31, 2016	\$ 52,045	\$ 104,556	\$ 74,655	\$ 231,256
Measurement period adjustment	19	(2,347)	-	(2,328)
Foreign exchange translation	91	1,445	422	1,958
Balance as of March 31, 2017	\$ 52,155	\$ 103,654	\$ 75,077	\$ 230,886

The components of intangible assets are as follows:

	<u>Cost</u>	<u>Impairment</u>	<u>Accumulated Amortization</u>	<u>Foreign Exchange Translation</u>	<u>Net</u>	<u>Amortization Period</u>
March 31, 2017						
Intellectual Property and Know-How	\$ 28,570	\$ (2,709)	\$ (5,026)	\$ (1,028)	\$ 19,807	2-18 years
Customer Relationships	93,847	-	(12,166)	(1,294)	80,387	5-20 years
Product Portfolio	44,649	-	(1,929)	(1,469)	41,251	16 years
In-Process Research and Development	18,000	-	-	(539)	17,461	indefinite
Tradename	4,100	-	-	(123)	3,977	indefinite
Trademarks	2,272	-	(993)	-	1,279	5 years
Order Backlog	200	-	(204)	4	-	n/a
Total	\$ 191,638	\$ (2,709)	\$ (20,318)	\$ (4,449)	\$ 164,162	

	<u>Cost</u>	<u>Impairment</u>	<u>Accumulated Amortization</u>	<u>Foreign Exchange Translation</u>	<u>Net</u>	<u>Amortization Period</u>
December 31, 2016						
Intellectual Property and Know-How	\$ 28,457	\$ (2,709)	\$ (4,639)	\$ (1,295)	\$ 19,814	2-18 years
Customer Relationships	93,847	-	(10,522)	(1,748)	81,577	5-20 years
Product Portfolio	44,649	-	(1,253)	(2,105)	41,291	16 years
In-Process Research and Development	18,000	-	-	(804)	17,196	indefinite
Tradename	4,100	-	-	(183)	3,917	indefinite
Trademarks	2,272	-	(893)	-	1,379	5 years
Order Backlog	200	-	(204)	4	-	n/a
Total	\$ 191,525	\$ (2,709)	\$ (17,511)	\$ (6,131)	\$ 165,174	

Amortization expense related to intangible assets was \$2,823 and \$1,942 for the three months ended March 31, 2017 and 2016, respectively. The weighted average amortization period is 12.71 years.

The following chart represents estimated future annual amortization expense related to definite-lived intangible assets:

Year ending December 31,	
2017 (remaining)	\$ 8,423
2018	11,690
2019	11,689
2020	11,689
2021	11,689
Thereafter	87,544
Total	\$ 142,724

Note 8 — Share-Based Compensation

During the three months ended March 31, 2017 and 2016, the Company recognized total share based compensation cost of \$2,355 and \$2,146, respectively.

The Company grants share-based compensation, including restricted shares, under its 1998 Stock Option Plan, its 2008 Stock Option and Incentive Plan, as amended, as well as its 1998 Employee Stock Purchase Plan, as amended (“ESPP”). The 1998 Stock Option Plan, the 2008 Stock Option and Incentive Plan and ESPP are together referred to as the “Stock Option and Incentive Plans.”

Restricted Stock

A summary of unvested restricted stock activity during the three months ended March 31, 2017 is presented below:

	Number of Shares	Weighted Average Grant Date Fair Value Per Share
Outstanding, January 1, 2017	1,254	\$ 14.01
Granted	444	\$ 19.31
Vested	(349)	\$ 11.89
Forfeited	(22)	\$ 16.75
Outstanding, March 31, 2017	1,327	\$ 16.33

As of March 31, 2017, there was \$18,561 of total unrecognized compensation cost related to unvested restricted shares. That cost is expected to be recognized over a weighted-average period of 2.91 years. Of the 1,327 shares outstanding, 175 shares of restricted stock outstanding have market-based vesting provisions. The grant date fair value assumptions for these shares contain a vesting probability factor to reflect the Company's expectation that not all shares will vest. Of the remaining 1,152 shares of restricted stock outstanding, the Company currently expects all shares to vest.

Stock Options

The per share weighted-average fair value of stock options granted is determined using the Black-Scholes option pricing model with the following weighted-average assumptions:

	For the Three Months Ended March 31,	
	2017	2016
Expected life in years	5	5
Interest rate	1.81%	1.25%
Volatility	44%	42%
Dividend yield	-	-

A summary of stock option activity during the three months ended March 31, 2017 is presented below:

	Number of Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding, January 1, 2017	1,578	\$ 9.93		
Granted	540	\$ 18.41		
Exercised	(9)	\$ 2.29		
Forfeited	-	\$ -		
Expired	-	\$ -		
Outstanding, March 31, 2017	2,109	\$ 12.13	7.14	\$ 7,614
Options exercisable, March 31, 2017	1,183	\$ 8.64	5.63	\$ 6,999

The weighted average fair value of stock options granted for the three months ended March 31, 2017 and 2016 was \$7.49 and \$5.98, respectively. As of March 31, 2017, there was \$5,717 of total unrecognized compensation cost related to unvested stock options. That cost is expected to be recognized over a weighted-average period of 3.28 years. Of the 2,109 stock options outstanding, we currently expect all options to vest.

Employee Stock Purchase Plan

During the three months ended March 31, 2017 and 2016, 53 and 37 shares, respectively, were issued under the Company's ESPP.

During the three months ended March 31, 2017 and 2016, cash received from stock option exercises and employee stock purchases under the ESPP was \$632 and \$620, respectively. The excess tax benefit realized for the tax deductions from share-based compensation was \$0 for both the three months ended March 31, 2017 and 2016, respectively.

Note 9 — Business Segments

The Company organizes its operations into the DDS, API, DP and FC segments. The API segment provides pilot to commercial scale manufacturing of active pharmaceutical ingredients and intermediates. The DP segment provides pre-formulation, formulation and process development through commercial scale production of complex liquid-filled and lyophilized sterile injectable products and ophthalmic formulations. The DDS segment provides activities such as drug lead discovery, optimization, drug development and small and medium scale commercial manufacturing. The FC segment provides lab to commercial scale synthesis of reagents and diverse compounds. Corporate activities include sales and marketing and administrative functions, as well as research and development costs that have not been allocated to the operating segments.

The following table contains earnings data by operating segment, reconciled to totals included in the unaudited Condensed Consolidated Financial Statements:

	Contract Revenue	Recurring Royalty Revenue	Income (Loss) from Operations	Depreciation and Amortization
For the three months ended March 31, 2017				
API	\$ 103,364	\$ 2,765	\$ 12,569	\$ 11,589
DDS	29,167	-	4,475	1,963
DP	22,534	832	860	2,060
FC	5,160	-	(5)	552
Corporate	-	-	(15,818)	693
Total	\$ 160,225	\$ 3,597	\$ 2,081	\$ 16,857
	Contract Revenue (a)	Recurring Royalty Revenue	Income (Loss) from Operations (b)	Depreciation and Amortization (b)
For the three months ended March 31, 2016				
API	\$ 54,369	\$ 2,741	\$ 8,479	\$ 3,109
DDS	23,536	-	1,455	3,180
DP	24,933	-	329	1,821
Corporate	-	-	(14,415)	414
Total	\$ 102,838	\$ 2,741	\$ (4,152)	\$ 8,524

(a) A portion of the 2016 amounts were reclassified between API and DDS to better align business activities within the Company's reporting segments and conform to current year presentation.

(b) A portion of the 2016 amounts were reclassified between Corporate, API, DDS and DP to better align business activities within the Company's reporting segments and conform to current year presentation.

The following table summarizes other information by segment as of and for the three-month period ended March 31, 2017:

	API	DDS	DP	FC	Corporate	Total
Long-lived assets	\$ 419,816	\$ 116,598	\$ 166,086	\$ 23,504	\$ 29,326	\$ 755,330
Goodwill included in total assets	\$ 103,654	\$ 52,155	\$ 75,077	\$ -	\$ -	\$ 230,886
Total assets	\$ 704,846	\$ 163,487	\$ 207,966	\$ 37,100	\$ 50,130	\$ 1,163,529
Investments in unconsolidated affiliates	\$ -	\$ -	\$ -	\$ -	\$ 956	\$ 956
Capital expenditures	\$ 2,175	\$ 655	\$ 918	\$ 5	\$ 196	\$ 3,949

The following table summarizes other information by segment as of December 31, 2016 and capital expenditures for the three-month period ended March 31, 2016:

	API	DDS	DP	FC	Corporate	Total
Long-lived assets	\$ 425,207	\$ 117,174	\$ 165,781	\$ 23,958	\$ 29,116	\$ 761,236
Goodwill included in total assets	\$ 104,556	\$ 52,045	\$ 74,655	\$ -	\$ -	\$ 231,256
Total assets	\$ 706,838	\$ 172,408	\$ 209,689	\$ 38,444	\$ 82,269	\$ 1,209,648
Investments in unconsolidated affiliates	\$ -	\$ -	\$ -	\$ -	\$ 956	\$ 956
Capital expenditures (three months ended March 31, 2016)	\$ 4,194	\$ 4,278	\$ 857	\$ -	\$ 2,300	\$ 11,629

Note 10 — Financial Information by Customer Concentration and Geographic Area

Total percentages of contract revenues by each segment's three largest customers for the three months ended March 31, 2017 and 2016 are indicated in the following table:

	For the Three Months Ended March 31,	
	2017	2016
API	12%, 9%, 7%	18%, 10%, 8%
DDS	6%, 5%, 4%	11%, 4%, 3%
DP	9%, 7%, 7%	13%, 13%, 6%
FC	39%, 11%, 10%	-

Total contract revenue from GE Healthcare ("GE"), the Company's largest customer, represented 8% and 9% of total contract revenue for the three months ended March 31, 2017 and 2016, respectively.

Contract revenue by geographic region, based on the location of the customer, and expressed as a percentage of total contract revenue follows:

	For the Three Months Ended March 31,	
	2017	2016
United States	61%	62%
Europe	25	29
Asia	10	5
Other	4	4
Total	100%	100%

Long-lived assets by geographic region are as follows:

	March 31,	December 31,
	2017	2016
United States	\$ 355,206	\$ 357,711
Asia	14,699	14,195
Europe	385,425	389,330
Total long-lived assets	\$ 755,330	\$ 761,236

Note 11 — Fair Value of Financial Instruments

The Company uses a framework for measuring fair value in generally accepted accounting principles and making disclosures about fair value measurements. A three-tiered fair value hierarchy has been established, which prioritizes the inputs used in measuring fair value.

These tiers include:

Level 1 – defined as quoted prices in active markets for identical instruments;

Level 2 – defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and

Level 3 – defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The Company determines the fair value of its financial instruments using the following methods and assumptions:

Cash and cash equivalents, restricted cash, receivables, and accounts payable: The carrying amounts reported in the consolidated balance sheets approximate their fair value because of the short maturities of these instruments.

Convertible senior notes, derivatives and hedging instruments: The fair value of the Company's Notes, which differ from their carrying value, are influenced by interest rates and the Company's stock price and stock price volatility and are determined by prices for the Notes observed in market trading, which are level 2 inputs. The estimated fair value of the Notes at March 31, 2017 was \$162.527. The Notes Hedges and the Notes Conversion Derivative are measured at fair value using level 2 inputs. These instruments are not actively traded and are valued using an option pricing model that uses observable market data for all inputs, such as implied volatility of the Company's common stock, risk-free interest rate and other factors.

Interest rate swaps: At March 31, 2017, the Company remained contracted under a derivative financial instrument to reduce the impact of fluctuations in variable interest rates on a loan that a financial institution granted in February 2015, which is a level 2 input. The estimated fair value of the swap at March 31, 2017 was a liability of \$35. The Company hedges the interest rate risk of the initial amount of the aforementioned bank loan through an interest rate swap. In this arrangement, the interest rates are exchanged so that the Company receives from the financial institution a variable rate of the 3-month Euribor, in exchange for a fixed interest payment for the same nominal amount (0.3%). The variable interest rate received for the derivative offsets the interest payment on the hedged transaction, with the end result being a fixed interest payment on the hedged financing. At March 31, 2017, the derivative financial instrument had not been designated as a hedging instrument.

To determine the fair value of the interest rate swap, the Company uses cash flow discounting based on the implicit rates determined by the euro interest rate curve, according to market conditions at the valuation date.

Instrument	Nominal Amount at March 31, 2017	Contract Date	Contract Date Expiration	Interest Rate Payable	Interest Rate Receivable
Interest rate swap	\$ 4,419	February 19, 2015	February 19, 2020	3-month Euribor	Fixed rate of 0.30%

Long-term debt, other than convertible senior notes: The carrying value of long-term debt approximated fair value at March 31, 2017 due to the resetting dates of the variable interest rates.

Nonrecurring Measurements:

The Company has assets, including intangible assets, property and equipment, and equity method investments which are not required to be carried at fair value on a recurring basis but are subject to fair value adjustments only in certain circumstances. If certain triggering events occur such that a non-financial instrument is required to be evaluated for impairment, a resulting asset impairment would require that the non-financial instrument be recorded at the lower of historical cost or its fair value.

The fair values of these assets are then determined by the application of a discounted cash flow model using Level 3 inputs. Cash flows are determined based on Company estimates of future operating results, and estimates of market participant weighted average costs of capital ("WACC") are used as a basis for determining the discount rates to apply to the future expected cash flows, adjusted for the risks and uncertainty inherent in the Company's internally developed forecasts.

Although the fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies, the estimates presented are not necessarily indicative of the amounts that the Company could realize in current market exchanges.

Note 12 — Accumulated Other Comprehensive Loss, Net

The activity related to accumulated other comprehensive loss, net was as follows:

	Pension and postretirement benefit plans	Foreign currency adjustments	Total Accumulated Other Comprehensive Loss
Balance at December 31, 2016, net of tax	\$ (5,062)	\$ (34,668)	\$ (39,730)
Net current period change, net of tax	118	7,287	7,405
Balance as of March 31, 2017, net of tax	\$ (4,944)	\$ (27,381)	\$ (32,325)

The following table provides additional details of the amounts recognized into net earnings from accumulated other comprehensive loss, net:

	Three Months Ended March 31,	
	2017	2016
Actuarial losses before tax effect (a)	\$ 182	\$ 177
Tax benefit on amounts reclassified into earnings	(64)	(62)
	<u>\$ 118</u>	<u>\$ 115</u>

(a) Amounts represent amortization of net actuarial loss from shareholders' equity into postretirement benefit plan cost. This amount was primarily recognized as cost of contract revenue in the consolidated statements of operations.

Note 13 — Collaboration Arrangements

The Company enters into collaboration arrangements with third parties for the development and manufacture of certain products and/or product candidates. Although each of these arrangements is unique in nature, both parties are active participants in the activities of the collaboration and are exposed to significant risks and rewards depending on the commercial success of the activities. These arrangements typically include research and development and manufacturing. The rights and obligations of the parties can be global or limited to geographic regions and the activities under these collaboration agreements are performed with no guarantee of either technological or commercial success.

The Company is obligated under these arrangements to perform the development activities and contract manufacturing of the product. Generally, the contract manufacturing component of the arrangement commences during the development activities and continues through the commercial stage of each product, during which time the collaboration partner is obligated to purchase the product from the Company. The collaboration partners are generally responsible for obtaining regulatory approval and for sale and distribution of the product. The original terms of these arrangements vary in length but generally range from 7 to 10 years in duration. In the event the arrangements are terminated prematurely, the Company generally has the right to receive payment for all unpaid development costs incurred through the date of termination. Additionally, in the event of termination, the Company is generally permitted to develop, manufacture and sell the product to a third party on a contract research and manufacturing basis provided that it does not use the technology developed during the collaboration arrangement. On December 8, 2016, the product Sodium Nitroprusside Injection was approved by the FDA. As a result, this product has reached commercial contract manufacturing and profit sharing stage. None of the product candidates being developed pursuant to the Company's other collaboration arrangements have reached the contract manufacturing or commercial and profit sharing stages.

The Company recognizes costs as incurred during the performance of development activities and classifies these costs as 'Research and development' expense while any development activity revenues earned are recorded as contract revenues. Costs incurred by the Company during the performance of the contract manufacturing activities are classified as 'Cost of contract revenue' when the related revenue is recognized.

Amounts associated with these collaboration arrangements recognized during the three months ended March 31, 2017 and 2016 were as follows:

	For the Three Months Ended March 31,	
	2017	2016
Contract revenue	\$ 2,136	\$ 1,269
Recurring royalties revenue	\$ 832	\$ -
Cost of contract revenue	\$ 464	\$ -
R&D expense	\$ 2,304	\$ 2,438

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

Forward-Looking Statements

This quarterly report on Form 10-Q contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements may be identified by forward-looking words such as “may,” “could,” “should,” “would,” “will,” “plans,” “intend,” “expect,” “anticipate,” “predicts,” “potential,” “believe,” and “continue” or similar words, although not all forward-looking statements contain these identifying words. Forward-looking statements include, but are not limited to, statements concerning our acquisition of Prime European Therapeutics S.p.A and the financial impact and expected synergies of this acquisition and future acquisitions, and statements regarding the impact of government regulation, customer spending and business trends, competition, foreign operations, business growth and the expansion of the global market, management’s strategic plans, the potential for future revenue under our collaboration arrangements, research and development projects and expenses, other projected costs, long-lived asset and goodwill impairment, our ability to utilize deferred tax assets, pension and postretirement benefit costs, and tax rates.

Readers should not place undue reliance on these forward-looking statements. Our actual results may differ materially from such forward-looking statements as a result of numerous factors, some of which we may not be able to predict and may not be within our control. Factors that could cause such differences include, but are not limited to, changes in customers’ spending and demand and the trends in pharmaceutical and biotechnology companies’ outsourcing of manufacturing services and research and development; our ability to provide quality and timely services and to compete with other companies providing similar services; our ability to comply with strict regulatory requirements; our ability to successfully integrate past and future acquisitions and to realize the expected benefits of each; disruptions in our ability to source raw materials; a change in our relationships with our largest customers; our ability to service our indebtedness; our ability to protect our technology and proprietary information and the confidential information of our customers; our ability to develop products of commercial value under our collaboration arrangements; the risk of patent infringement and other litigation, as well as those risks discussed elsewhere in this report and in Part I, Item 1A, “Risk Factors,” of our Annual Report on Form 10-K for the year ended December 31, 2016, as filed with the Securities and Exchange Commission (the “SEC”) on March 16, 2017. All forward-looking statements are made as of the date of this report and we do not undertake any obligation to update our forward-looking statements, except as required by applicable law.

References to “AMRI,” the “Company,” “we,” “us,” and “our,” refer to Albany Molecular Research, Inc. and its subsidiaries, taken as a whole. The following discussion of our results of operations and financial condition should be read in conjunction with the accompanying unaudited Condensed Consolidated Financial Statements and the Notes thereto included within this report.

Overview

We are a leading global contract research and manufacturing organization providing customers fully integrated drug discovery, development, and manufacturing services. We supply a broad range of services and technologies supporting the discovery and development of pharmaceutical products, the manufacturing of active pharmaceutical ingredients and the manufacture of drug product for new and generic drugs, as well as research, development and manufacturing for the agrochemical and other industries. In addition, we offer analytical and testing services to the medical device and personal care industry. With locations in the United States, Europe, and Asia, we maintain geographic proximity to our customers and flexible cost models.

We continue to integrate our research and manufacturing facilities worldwide, increasing our access to key global markets and enabling us to provide our customers with a flexible combination of high quality services and competitive cost structures to meet their individual outsourcing needs. Our service offerings range from early stage discovery through formulation and manufacturing. We believe that the ability to partner with a single provider is of significant benefit to our customers as we are able to provide them with a more efficient transition of experimental compounds through the research and development process, ultimately reducing the time and cost involved in bringing these compounds from concept to market. Compounds developed in our contract research facilities can then be more easily transitioned to production at our large-scale manufacturing facilities for use in clinical trials and, ultimately, commercial sales if the product obtains regulatory approval.

In addition to providing an integrated services model for outsourcing, we offer our customers the option of insourcing. With our world class expertise in managing high performing groups of scientists, this option allows us to embed our scientists into our customers’ facility allowing the customer to cost-effectively leverage their unused laboratory space.

As our customers continue to seek innovative new strategies for R&D efficiency and productivity, we are aggressively realigning our business and resources to address their needs. We use a cross-functional approach that maximizes the strengths of both insourcing and outsourcing, by leveraging the Company’s people, know-how, facilities, expertise and global project management to provide exactly what is needed across the discovery, development or manufacturing process. We have also aligned our sales and marketing organization to optimize selling opportunities within our respective business segments, underscoring our dedication to client service. Our improved organizational structure, combined with more focused marketing efforts, should enable us to continue to drive long-term growth and profitability.

Over the last few years, we have implemented a number of organizational and rationalization initiatives and acquired new businesses to better align our operations to most efficiently support our customers' needs and grow our revenue and overall profitability. The goal of these restructuring activities has been to advance our strategy of increasing global competitiveness and managing costs by aligning resources to meet shifting customer demand and market preferences, while optimizing our location footprint. Our acquisitions enhance and complement our existing service offerings and have contributed to our growth.

We may consider additional acquisitions that enhance or complement our existing service offerings. In addition to growing organically, any acquisitions would generally be expected to contribute to our growth by integrating with and expanding our current services, or adding services within the drug discovery, development and manufacturing life cycle.

Backlog

Our backlog of open manufacturing orders and accepted service contracts was \$307.8 million at March 31, 2017 as compared to \$391.2 million and \$201.1 million at December 31, 2016 and March 31, 2016, respectively which includes the addition of Euticals. Our manufacturing and services contracts are completed over varying durations, from short to extended periods of time.

We believe our aggregate backlog as of any date is not necessarily a meaningful indicator of our future results for a variety of reasons. First, contracts vary in duration, and therefore the timing and amount of revenues recognized from backlog can vary from period to period. Second, the Company's manufacturing and services contracts are of a nature that a customer may, at its option, cancel or delay the timing of delivery, which would change our projections concerning the timing and extent to which revenue may be recognized. In addition, the value of the Company's services contracts that are conducted on a time and materials or full-time equivalent basis are based on estimates, from which actual revenue generated could vary. Finally, there is no assurance that projects included in backlog will not be terminated or delayed at any time by regulatory authorities. We cannot provide any assurance that we will be able to realize all or most of the net revenues included in backlog or estimate the portion to be filled in the current year.

Results of Operations – Three Months Ended March 31, 2017 Compared to Three Months Ended March 31, 2016

Our total revenue for the three months ended March 31, 2017 was \$163.8 million, which included \$160.2 million from our contract service business and \$3.6 million from royalties on sales of certain products. Our total revenue for the three months ended March 31, 2016 was \$105.6 million, which included \$102.8 million from our contract service business and \$2.7 million from royalties on sales of certain products. Consolidated gross margin was 23.4% for the three months ended March 31, 2017 as compared to 22.8% for the three months ended March 31, 2016. Our net loss was \$10.7 million during the three months ended March 31, 2017, compared to net loss of \$10.1 million during the same period in 2016.

Operating Segment Data

We organize our operations into the following segments: Discovery, Development and Analytical Services ("DDS"), Active Pharmaceutical Ingredients ("API"), Drug Product ("DP") and Fine Chemicals ("FC"). DDS includes activities such as drug lead discovery, optimization, drug development and small scale commercial manufacturing. API includes pilot to commercial scale manufacturing of active pharmaceutical ingredients and intermediates. DP includes pre-formulation, formulation and process development through commercial scale production of complex liquid-filled and lyophilized sterile injectable products and ophthalmic formulations. FC includes lab to commercial scale synthesis of reagents and diverse compounds. Corporate activities include sales and marketing and administrative functions, as well as research and development costs that have not been allocated to the operating segments. We began operating our FC business following the acquisition of Euticals in July 2016, and therefore, there is no comparative information available for the first quarter of 2016.

Revenue

Total contract revenue

Contract revenue consists primarily of fees earned under manufacturing or service contracts with third-party customers. Contract revenue for each of our segments was as follows:

	Three Months Ended March 31,	
	2017	2016
	(in thousands)	
API (a)	\$ 103,364	\$ 54,369
DDS (a)	29,167	23,536
DP	22,534	24,933
FC	5,160	-
Total	\$ 160,225	\$ 102,838

(a) A portion of the 2016 amounts were reclassified between API and DDS to better align business activities within our reporting segments and conform to current year presentation.

API contract revenue for the three months ended March 31, 2017 increased \$49.0 million from the same period of 2016 primarily due to \$43.4 million of incremental revenue from the acquisition of Euticals and \$5.1 million due to strong performance at our Rensselaer facility.

DDS contract revenue for the three months ended March 31, 2017 increased \$5.6 million from the same period in 2016, driven by growth in Discovery and, Development services. Our Albany site within Development generated incremental revenue of \$2.3 million in addition to \$1.4 million of revenue from the acquisition of Euticals. In Discovery, revenue increased by \$1.5 million due to the Compound Library Consortium at our Hyderabad facility and \$1.2 million following the launch of our Integrated Discovery Center in Buffalo, NY.

DP contract revenue for the three months ended March 31, 2017 decreased \$2.4 million from the same period in 2016. Approximately \$1.3 million of the decrease was due to planned extended maintenance activities at our Burlington, MA facility and approximately \$3.0 million was due to timing of shipments in our Albuquerque NM facility, partially offset by an increase in revenue of \$1.9 million from our collaboration agreements and contract manufacturing work in Spain.

FC contract revenue for the three months ended March 31, 2017 of \$5.2 million is entirely attributable to incremental revenue from the acquisition of Euticals.

Recurring royalty revenue

	Three Months Ended March 31,	
	2017	2016
	(in thousands)	
	\$ 3,597	\$ 2,741

We earn recurring royalty revenue pursuant to Development and Supply Agreements with Actavis and Teva and under an agreement with a customer in Spain. During the fourth quarter of 2016, we also began earning profit sharing revenue from our first commercialized collaboration arrangement product, Sodium Nitroprusside Injection, which was developed with our partner Namigen, LLC and launched by Sagent Pharmaceuticals, Inc.

Recurring royalties for the three months ended March 31, 2017 increased \$0.9 million compared to the same period of 2016 primarily due to royalties received on sales of Sodium Nitroprusside Injection.

Costs and Expenses

Cost of contract revenue

Cost of contract revenue consists of compensation and associated fringe benefits, cost of chemicals, depreciation and other indirect project related costs. Costs of contract revenue for our segments were as follows:

Segment	Three Months Ended March 31,	
	2017	2016
	(in thousands)	
API (a)	\$ 79,881	\$ 40,666
DDS (a)	20,974	17,261
DP (a)	17,322	21,436
FC	4,601	-
Total	\$ 122,778	\$ 79,363
API Gross Contract Margin	22.7%	25.2%
DDS Gross Contract Margin	28.1%	26.7%
DP Gross Contract Margin	23.1%	14.0%
FC Gross Contract Margin	10.8%	-%
Total Gross Contract Margin	23.4%	22.8%

(a) A portion of the 2016 amounts were reclassified between API, DDS, and DP to better align business activities within our reporting segments and to conform to current year presentation.

API Cost of Contract Revenue for the three months ended March 31, 2017 increased from the same period of 2016 by \$39.2 million. The increase was primarily due to the acquisition of Euticals, which contributed \$37.9 million. API Gross Contract Margin decreased by 2.5 points during the three month period ended March 31, 2017 as compared to the same period of 2016. This decrease reflects a 7.3 point decrease resulting from the lower margins of Euticals as compared to our legacy API business, partially offset by strong performance in Spain of 4.8 points.

DDS Cost of Contract Revenue for the three months ended March 31, 2017 increased from the same period of 2016 by \$3.7 million. Approximately \$2.1 million of the increase was attributable to Albany Chemical Development growth and approximately \$1.2 million of the increase was attributable to the acquisition of Euticals. DDS Gross Contract Margin increased by 1.4 points during the three month period ended March 31, 2017 as compared to the same period of 2016. This increase was primarily driven by our execution on Compound Library Consortium of 2.2 points, partially offset by lower margins in Analytical Services of 0.8 points.

DP Cost of Contract Revenue for the three months ended March 31, 2017 decreased from the same period of 2016 by \$4.1 million. Approximately \$5.3 million of the decrease was attributable to lower volumes in our US facilities partially offset by strong operational execution in our Albuquerque, NM facility and higher production costs of \$1.0 million associated with increased volume from our operations in Spain. DP Gross Contract Margin increased by 9.1 points during the three month period ended March 31, 2017 as compared to the same period of 2016. The increase was primarily driven by the strong operational performance at the Albuquerque, NM facility. Collaboration arrangement revenues, and fees earned under our contract manufacturing contracts also contributed to the increase in DP Gross Contract Margin.

FC Cost of Contract Revenue for the three months ended March 31, 2017 of \$4.6 million is entirely attributable to the acquisition of Euticals.

Research and development

Research and development (“R&D”) expense consists of compensation and associated fringe benefits for scientific personnel for work performed on proprietary product and process R&D projects, costs of chemicals, materials, outsourced activities and other related out of pocket and overhead costs.

Our R&D activities are primarily in our API and DP segments and relate to the potential manufacture of new products, the development of processes for the manufacture of generic products with commercial potential, and the development of alternative manufacturing processes.

Research and development expenses were as follows:

Three Months Ended March 31,	
2017	2016
(in thousands)	
\$ 3,374	\$ 3,168

R&D expense for the three months ended March 31, 2017 increased compared to March 31, 2016 primarily due to development efforts on our collaboration arrangements in DP, partially offset by a decrease in our API spend year over year.

Selling, general and administrative

Selling, general and administrative (“SG&A”) expenses consist of compensation and related fringe benefits for sales, marketing, operational and administrative employees, professional service fees, marketing costs and costs related to facilities and information services. SG&A expenses were as follows:

Three Months Ended March 31,	
2017	2016
(in thousands)	
\$ 33,430	\$ 24,600

SG&A expenses for the three months ended March 31, 2017 increased by \$8.8 million compared to the same period in 2016 primarily due to incremental SG&A expenses related to Euticals and costs associated with additional investments made in key supporting functions such as corporate quality and compliance, procurement and finance, as well as in training and developing our people.

Restructuring and other charges

Three Months Ended March 31,	
2017	2016
(in thousands)	
\$ 2,159	\$ 2,600

The total restructuring charges for the three months ended March 31, 2017 were \$2.2 million, related to previously announced restructuring initiatives. Approximately, \$1.5 million of the charges related to lease termination costs associated with on site located in Italy and \$0.5 million related to employee termination benefits.

Restructuring charges for the three months ended March 31, 2016 consisted primarily of costs associated with previously determined restructuring activities commenced by management and costs associated with the transfer of continuing products from the Holywell, U.K. facility to our other manufacturing locations.

Interest expense, net

Three Months Ended March 31,	
2017	2016
(in thousands)	
\$ 12,830	\$ 7,136

Net interest expense increased for the three months ended March 31, 2017 from the same period in 2016 primarily due to increased levels of outstanding debt used to finance our acquisition of Euticals, as well as an increase in amortization of deferred financing costs and original issue discounts related to our long-term debt.

Other expense, net

Three Months Ended March 31,	
2017	2016
(in thousands)	
\$ 793	\$ 997

Other expense, net consists primarily of gains and losses on foreign currency transactions. Other expense, net for the three months ended March 31, 2017 decreased from the same period in 2016 primarily due to the fluctuation in exchange rates associated with foreign currency transactions.

Income tax benefit

Three Months Ended March 31,			
2017		2016	
(in thousands)			
\$	850	\$	2,218

The income tax benefit for the three months ended March 31, 2017 decreased from the same period in 2016 primarily due to an increase in U.S. income tax expense as a result of recognizing the full valuation allowance on our U.S. deferred tax assets, recorded during the second quarter of 2016, and incremental income tax expense in Spain and the U.K., partially offset by tax benefits in other tax jurisdictions.

Liquidity and Capital Resources

We have historically funded our business through operating cash flows and proceeds from borrowings. As of March 31, 2017, we had \$35.2 million in cash and cash equivalents, and \$679.5 in bank and other debt (at face value). Working capital, defined as current assets less current liabilities, was \$218.1 million as of March 31, 2017 and relatively flat period over period as compared to \$217.4 million as of December 31, 2016.

Cash Flows – Three Months Ended March 31, 2017

During the three months ended March 31, 2017, we used cash of \$6.4 million in operating activities primarily due to the timing of payments attributable to severance, employee compensation and benefits and payments to vendors that were incurred and accrued as of December 31, 2016, as well as payments associated with increased inventory levels during the period. These outflows were partially offset by collections from customers during the period. We used cash of \$4.1 million in investing activities primarily attributable to \$3.9 million in capital expenditures. Capital expenditures were primarily related to the growth, maintenance and upgrading of our facilities, including Euticals. Cash flow used in financing activities was \$7.2 million, primarily related to the principal payments of long-term debt of \$4.0 million and net repayments on short-term borrowings of \$2.0 million.

Net cash used in operating activities of \$6.4 million for the three months ended March 31, 2017 reflected a net loss of \$10.7 million, offset by noncash expenses of \$25.1 million and cash used by changes in operating assets and liabilities of \$20.8 million.

The noncash expenses of \$25.1 million recorded in the net loss relate to depreciation and amortization of \$16.9 million, accretion of debt discount on long-term debt of \$3.1 million, deferred financing costs amortization of \$2.0 million and share-based compensation expense of \$2.4 million.

Cash used by changes in operating assets and liabilities of \$20.8 million was driven from net cash disbursements related to accounts payable and accrued expenses for severance, employee compensation and benefits and payments to vendors of \$16.5 million and a net increase in inventory of \$5.3 million. Additionally, increases in prepaid expenses and other assets of \$5.3 million and decreases in other long-term liabilities of \$2.3 million contributed to the cash outflow from changes in operating assets and liabilities. These cash outflows were partially offset by net collections from customers related to accounts receivable of \$5.9 million and customer advances classified as deferred revenue of \$6.0 million.

Cash Flows - Three Months Ended March 31, 2016

During the three months ended March 31, 2016, we generated cash of \$11.7 million from operating activities. We used cash of \$11.7 million in investing activities primarily attributable to \$11.6 million in capital expenditures. Capital expenditures were primarily related to the growth, maintenance and upgrading of our facilities. Additionally, we used cash of \$5.9 million in financing activities, primarily related to \$5.8 million of principal payments on long-term debt.

Net cash provided by operating activities of \$11.7 million for the three months ended March 31, 2016 reflected a net loss of \$10.1 million, offset by adjustments for noncash expenses of \$15.7 million and cash provided by changes in operating assets and liabilities of \$6.1 million.

The noncash expenses of \$15.7 million recorded in the net loss primarily relate to depreciation and amortization of \$8.5 million, accretion of debt discount on long-term debt of \$1.8 million, deferred income tax expense of \$1.8 million and share-based compensation expense of \$2.2 million.

Cash provided by changes in operating assets and liabilities of \$6.1 million was driven primarily from net cash collections from customers related to accounts receivable of \$15.5 million.

Long-Term Debt and Other Obligations

The disclosure of payments we have committed to make under our contractual obligations is set forth under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources” under Item 7 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

As disclosed in Note 5 of the unaudited Condensed Consolidated Financial Statements for the three months ended March 31, 2017 and as disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, we have a significant amount of indebtedness. We may not be able to generate enough cash flow from our operations to service our indebtedness, we may fail to meet our current credit facility’s financial covenants and we may incur additional indebtedness in the future, which could each adversely affect our business, financial condition and results of operations. Additionally, our cash convertible Senior Notes (the “Senior Notes”) comes due in 2018 and we may not have sufficient cash on hand to repay these notes. If we are unable to pay the principal on our Senior Notes, we may need to incur additional debt or issue additional securities to generate funds to cover these payments. In addition, in the event of a default under the Senior Notes, the holders and/or the trustee under the indenture governing the Senior Notes may accelerate the payment obligations thereunder, which could have a material adverse effect on our business, financial condition and results of operations. Moreover, amounts outstanding under our term loan and revolving credit facility could become due and payable on an accelerated basis under certain conditions and in certain circumstances.

We expect that additional future capital expansion and acquisition activities, if any, could be funded with cash on hand, cash from operations, borrowings under our Third Amended and Restated Credit Agreement and/or the issuance of equity or debt securities. There can be no assurance that attractive acquisition opportunities will be available to us or will be available at prices and upon such other terms that are attractive to us. We regularly evaluate potential acquisitions of other businesses, products and product lines and may hold discussions regarding such potential acquisitions. In addition, in order to meet our long-term liquidity needs or consummate future acquisitions, we may incur additional indebtedness or issue additional equity or debt securities, subject to market and other conditions. There can be no assurance that such additional financing will be available on terms acceptable to us or at all. The failure to raise the funds necessary to finance our future cash requirements or consummate future acquisitions could adversely affect our ability to pursue our strategy and could negatively affect our operations in future periods.

As of March 31, 2017, we had no off-balance sheet arrangements as defined in Item 303(a)(4) of the Securities and Exchange Commission’s Regulation S-K.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, including those related to business combinations, inventories, goodwill and intangibles, other long-lived assets, derivative instruments and hedging activities, pension and postretirement benefit plans, and income taxes and contingencies. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We refer to the policies and estimates set forth in the section “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Estimates” of our Annual Report on Form 10-K for the fiscal year ended December 31, 2016. There have been no material changes or modifications to the policies since December 31, 2016.

Recently Issued Accounting Pronouncements

Refer to Note 1 to the unaudited Condensed Consolidated Financial Statements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes during the three months ended March 31, 2017 with respect to the information on Quantitative and Qualitative Disclosures about Market Risk appearing in Part II, Item 7A to the Company’s Annual Report on Form 10-K for the year ended December 31, 2016.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

As required by Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as of the end of the Company’s last fiscal quarter our management conducted an evaluation with the participation of our Chief Executive Officer and Chief Financial Officer regarding the effectiveness of our disclosure controls and procedures. In designing and evaluating our disclosure controls and procedures, we recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management was required to apply its judgment in evaluating and implementing possible controls and procedures. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the Company’s last fiscal quarter, our disclosure controls and procedures were effective in that they provide reasonable assurance that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms, including ensuring that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer as appropriate to allow timely decisions regarding required disclosure. We intend to review and document our disclosure controls and procedures, including our internal controls and procedures for financial reporting, on an ongoing basis, and may from time to time make changes aimed at enhancing their effectiveness and to ensure that our systems evolve with our business.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company’s internal control over financial reporting identified in connection with the evaluation of such internal control that occurred during the Company’s last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

There are no material changes to the Legal Proceedings described in our Annual Report on Form 10-K for the year ended December 31, 2016.

Item 1A. Risk Factors

In addition to the other information set forth in this report, the risks and uncertainties that we believe are most important for you to consider are discussed in Part II, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2016. There are no material changes to the Risk Factors described in our Annual Report on Form 10-K for the year ended December 31, 2016.

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

The following table represents share repurchases during the three months ended March 31, 2017:

Issuer Purchases of Equity Securities

Period	(a) Total Number of Shares Purchased (1)	(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
January 1, 2017 - January 31, 2017	21	\$ 18.48	N/A	N/A
February 1, 2017 - February 28, 2017	76	18.53	N/A	N/A
March 1, 2017 - March 31, 2017	7	14.44	N/A	N/A
Total	<u>104</u>	<u>\$ 18.25</u>	N/A	N/A

(1) Consists of shares repurchased by the Company to satisfy minimum tax withholding obligations that arose on the vesting of restricted stock held by employees.

Item 6. Exhibits

Exhibit Number	Description
10.1	Amended Employment Agreement by and among Albany Molecular Research, Inc. and Milton Boyer dated February 8, 2017.*
10.2	Amended Employment Agreement by and among Albany Molecular Research, Inc. and Christopher M. Conway dated February 8, 2017.*
10.3	Amended Employment Agreement by and among Albany Molecular Research, Inc. and Steven R. Hagen dated February 8, 2017.*
10.4	Amended Employment Agreement by and among Albany Molecular Research, Inc. and Lori M. Henderson dated February 8, 2017.*
10.5	Amended Employment Agreement by and among Albany Molecular Research, Inc. and Felicia Ladin dated February 8, 2017.*
10.6	Amended Employment Agreement by and among Albany Molecular Research, Inc. and William S. Marth dated February 8, 2017.*
10.7	Amended Employment Agreement by and among Albany Molecular Research, Inc. and George Svokos dated February 8, 2017.*
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934.*
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934.*
32.1	Certification of the 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	XBRL (eXtensible Business Reporting Language). The following materials from Albany Molecular Research, Inc.'s Quarterly Report on Form 10-Q for the three months ended March 31, 2017, formatted in XBRL: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive (Loss) Income, (iv) the Consolidated Statements of Cash Flows and (v) notes to consolidated financial statements.*

* Filed herewith.

** This certification is not "filed" for purposes of Section 18 of the Exchange Act or incorporated by reference into any filing under the Securities Act or the Securities Exchange Act.

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.

ALBANY MOLECULAR RESEARCH, INC.

Date: May 9, 2017

By: /s/ Felicia I. Ladin
Felicia I. Ladin
On behalf of the Registrant as Senior Vice President, Chief Financial
Officer and Treasurer
(and also as Principal Financial Officer)

Execution Version

AMENDED EMPLOYMENT AGREEMENT

This Amended EMPLOYMENT AGREEMENT (the “Agreement”) is made as of the 8th day of February 2017, by and between Albany Molecular Research, Inc., a Delaware corporation (the “Company”), and Milton Boyer (the “Executive”).

WHEREAS, the Executive was an employee of Oso Biopharmaceuticals Manufacturing, LLC (“OsoBio”) and was party to an Employment Agreement dated January 31, 2012 (the “Prior Agreement”); and

WHEREAS, on June 1, 2014, OsoBio and the Company entered into that certain Membership Interest Purchase Agreement by and among Company, the “Buyer” entity named therein, OsoBio and Oso Biopharm Holdings, LLC, pursuant to which, among other things, at the closing of the transactions contemplated by such Membership Interest Purchase Agreement, which the parties agreed was effective on July 1, 2014,(the “Closing”), OsoBio became an indirect wholly owned subsidiary of the Company; and

WHEREAS, the parties entered into an Employment Agreement dated as of June 1, 2014 as such was Amended and Restated on May 7, 2015 (the “Original Agreement”) and due to certain changed circumstances, now wish to modify the Original Agreement as set forth herein, which Amended Employment Agreement shall supercede and replace the Original Agreement ; and

WHEREAS, the parties hereto desire to assure that the Executive’s knowledge and familiarity with the business of the Company will continue to be available to the Company after the Closing.

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

1. Employment. Subject to the provisions of this Agreement, the Company hereby employs as of the Effective Date the Executive and the Executive accepts such employment upon the terms and conditions hereinafter set forth.

2. Term of Employment. The term of the Executive’s employment pursuant to this Agreement shall commence on and as of the date of the Closing (the “Effective Date”) and shall remain in effect for a period of two (2) years from the Effective Date (the “Term”). Unless either party provides written notice of its intent not to renew the Agreement at least 180 days prior to the expiration date, the Agreement shall automatically renew for periods of one (1) year (each a “Renewal Term”) commencing at the second anniversary of the Effective Date and on each subsequent anniversary thereafter. If not renewed, the Agreement will expire. The period during which the Executive serves as an employee of the Company in accordance with and subject to the provisions of this Agreement is referred to in this Agreement as the “Term of Employment.”

3. Capacity.

(a) Duties. During the Term of Employment, the Executive shall report directly to the Chief Operating Officer, the Chief Executive Officer or any other person designated by the President and Chief Executive Officer and (i) shall serve with the title Senior Vice President, Drug Product Manufacturing, (ii) shall perform such duties and responsibilities as may be reasonably determined by Chairman, President and Chief Executive Officer or his designate, consistent with the Executive's title and position, duties and responsibilities as an employee of the Company as of the Effective Date; provided that such duties and responsibilities shall be within the general area of the Executive's experience and skills, and (iii) shall render all services incident to the foregoing.

(b) Extent of Service. The Executive agrees to diligently serve the interests of the Company and shall devote substantially all of his working time, attention, skill and energies to the advancement of the interests of the Company and its subsidiaries and affiliates and the performance of his duties and responsibilities hereunder; provided that nothing in this Agreement shall be construed as preventing the Executive from (i) investing the Executive's assets in any entity in a manner not prohibited by Section 7 and in such form or manner as shall not require any material activities on the Executive's part in connection with the operations or affairs of the entities in which such investments are made, or (ii) engaging in religious, charitable or other community or non-profit activities that do not impair the Executive's ability to fulfill the Executive's duties and responsibilities under this Agreement.

4. Compensation.

(a) Salary. During the Term of Employment, the Company shall pay the Executive a salary (the "Base Salary") at an annual rate as shall be determined from time to time by the Chairman, President and Chief Executive Officer or other appropriate person of the Company consistent with the general policies and practices of the Company; provided, however, that in no event shall such rate per annum be less than \$275,000. Such Base Salary shall be subject to withholding under applicable law and shall be payable in periodic installments in accordance with the Company's usual practice for its senior executives, as in effect from time to time.

(b) Bonus. Annually, the Company shall review the performance of the Company and of the Executive during the prior year, and the Company may provide the Executive with additional compensation as a bonus in accordance with any bonus plan then in effect from time to time for similarly situated employees of the Company. The current bonus plan for senior executives calls for the payment of 30% of base salary upon the attainment of threshold goals; 50% upon the attainment of target goals and 100% upon the attainment of superior goals. Any bonus earned for a calendar year shall be paid between January 1 and March 15 of the following calendar year.

5. Benefits.

(a) Reimbursement of Expenses. The Company shall promptly reimburse the Executive for all reasonable business expenses incurred by the Executive during the Term of Employment in accordance with the Company's practices for employees of the Company, as in effect from time to time.

(b) Vacation. During the Term of Employment, the Executive shall receive paid vacation annually in accordance with the Company's practices for senior executives of the Company, of which current applicable practice is four (4) weeks.

(c) Company-Leased Vehicle. During the Term of Employment, the Company shall provide Executive with a stipend for a Company-leased vehicle (which shall be selected by the Executive). The stipend will be in the amount of approximately \$550 per month. The current vehicle lease shall end no later than December 2017 and will not be renewed.

(d) Grant of Company Equity. On the Effective Date of the Original Agreement, the Company granted to Executive 20,000 shares of restricted stock, such restricted stock to be granted pursuant to the Company's 2008 Stock Option and Incentive Plan (the "Plan"). Such restricted stock will be evidenced by standard agreements to be entered into between Executive and the Company and will vest in equal installments over 4 (four) years on each anniversary of the date of grant.

(e) Other Company Benefit Plans. During the Term of Employment, the Executive shall be entitled to participate in any and all medical, dental, pension and life insurance plans, disability income plans and other employee benefit plans as in effect from time to time for similarly situated employees of the Company. Such participation shall be subject to (i) the terms of the applicable plan documents, (ii) generally applicable policies of the the Company and (iii) the discretion of the Board of Directors of the Company or the administrative or other committee provided for in, or contemplated by, such plan. Compliance with this Section 5(f) shall in no way create or be deemed to create any obligation, express or implied, on the part of the Company or any subsidiary or affiliate of the Company with respect to the continuation of any benefit or other plan or arrangement maintained as of or prior to the Effective Date or the creation and maintenance of any particular benefit or other plan or arrangement at any time after the Effective Date.

(f) Tax Treatment. The Company shall make deductions, withholdings and tax reports with respect to payments and benefits under this Agreement to the extent that it reasonably and in good faith determines that it is required to make such deductions, withholdings and tax reports. Payments under this Agreement shall be in amounts net of any such deductions or withholdings. Nothing in this Agreement shall be construed to require the Company to make any payments to compensate the Executive for any adverse tax effect associated with any payments or benefits or for any deduction or withholding from any payment or benefit.

6. Termination of Employment. Notwithstanding the provisions of Section 2, the Executive's employment under this Agreement shall terminate under the following circumstances set forth in this Section 6.

For purposes of this Agreement, "Date of Termination" means (i) if the Executive's employment is terminated by her death as provided in Section 6(c), the date of death; (ii) if the Executive's employment is terminated due to her permanent disability as provided in Section 6(c), the date on which notice of termination is given; (iii) if the Executive's employment is terminated by the Company without Cause under Section 6(e) or Section 6(g), sixty (60) days after the date on which notice of termination is given; and (iv) if the Executive's employment is terminated under Section 6(f) or for Good Reason under Section 6(g), the date on which the applicable cure period expires.

(a) Mutual Consent. The Executive's employment under this Agreement may be terminated at any time by the mutual consent of the Executive and the Company on such terms as both parties shall mutually agree.

(b) Termination by the Company for Cause. The Executive's employment under this Agreement may be terminated by the Company for "Cause" at any time upon written notice to the Executive without further liability on the part of the Company. For purposes of this Agreement, a termination shall be for "Cause" if:

(i) the Executive shall commit an act of fraud, embezzlement, misappropriation or breach of fiduciary duty against the Company or any of its subsidiaries or affiliates or shall be convicted by a court of competent jurisdiction or shall plead guilty or nolo contendere to any felony or crime involving moral turpitude;

(ii) the Executive shall commit a material breach of any of the covenants, terms or provisions of Section 7 or 8 hereof which breach has not been cured within fifteen (15) days after delivery to the Executive by the Company of written notice thereof;

(iii) the Executive shall commit a material breach of any of the covenants, terms or provisions hereof (other than pursuant to Section 7 or 8 hereof) which breach has not been remedied within thirty (30) days after delivery to the Executive by the Company of written notice thereof; or

(iv) the Executive shall have disobeyed reasonable written instructions from the President and Chief Executive Officer, or other appropriate governing committee which are consistent with the terms and conditions of this Agreement or shall have deliberately, willfully, substantially and continuously failed to perform the Executive's duties hereunder, after written notice and under circumstances effectively constituting a voluntary resignation of the Executive's position with the Company..

Upon termination for Cause as provided in this Section 6(b), (x) all obligations of the Company under this Agreement shall thereupon immediately terminate other than any obligations with respect to (A) earned but unpaid Base Salary, (B) reimbursement for any unreimbursed expenses incurred through the date of termination, to the extent reimbursable in accordance with Company policy, (C) any accrued but unused vacation time in accordance with Company policy; and (D) all other payments or benefits (if any) to which the Executive shall be entitled under the express terms of any applicable benefit plan or arrangement maintained by the Company (the "Accrued Obligations") and (y) the Company shall have any and all rights and remedies under this Agreement and applicable law.

(c) Death; Disability. The Executive's employment under this Agreement may be terminated by the Company upon the earlier of death or permanent disability (as defined below) of the Executive continuing for a period of one hundred eighty (180) days. Upon any such termination of the Executive's employment, all obligations of the Company under this Agreement shall thereupon immediately terminate other than any obligations with respect to (i) Accrued Obligations, (ii) bonus payments with respect to the calendar year within which such termination occurred on the basis of and to the extent contemplated in any bonus plan then in effect with respect to executives of similar level at the Company, pro-rated on the basis of the number of days of the Executive's actual employment hereunder during such calendar year through the Date of Termination, and (iii) in the case of permanent disability, continuation at the Company's expense of health insurance benefits (medical and dental) until the first anniversary of the Date of Termination to the extent permitted under the Company's group health insurance policy. As used herein, the term "permanent disability" or "permanently disabled" means the inability of the Executive, by reason of injury, illness or other similar cause, to perform a major part of his duties and responsibilities in connection with the conduct of the business and affairs of the Company. The Company shall provide written notice to the Executive of the termination of his employment hereunder due to permanent disability.

(d) Voluntary Termination by the Executive. At any time during the Term of Employment, the Executive may terminate his employment under this Agreement for other than "Good Reason" (as defined in Section 6 (g)) upon thirty (30) days' prior written notice to the Company. Upon termination by the Executive as provided in this Section 6(d), all obligations of the Company under this Agreement shall thereupon immediately terminate other than any obligations with respect to Accrued Obligations.

(e) Termination by the Company Without Cause. The Executive's employment under this Agreement may be terminated by the Company at any time without "Cause" (as defined in Section 6(b)) by the Company upon sixty (60) days' prior written notice to the Executive. Any termination by the Company of the Executive's employment under this Agreement which does not constitute a termination for Cause under Section 6(b) and is not a termination on account of death or disability under Section 6(c) shall be deemed a termination without Cause. Upon any such termination of the Executive's employment, all obligations of the Company under this Agreement shall thereupon immediately terminate other than any obligations with respect to earned but unpaid Base Salary and bonus under Section 4. In addition, subject to the Executive signing a general release of claims in a form and manner satisfactory to the Company, including a mutual obligation of non-disparagement, and the lapse of any statutory revocation period, the Company shall (i) continue to pay the Executive his Base Salary at the rate then in effect pursuant to Section 4(a) for a period of twelve (12) months from the Date of Termination; (ii) shall pay to the Executive in monthly installments over the next year, an amount equal to the Executive's cash bonus, if any, received in respect of the immediately preceding year pursuant to Section 4(b) beginning with the first payroll date that begins thirty (30) days after the Date of Termination; (iii) shall pay 100% of the costs to provide up to twelve (12) months of outplacement support services at a level appropriate for the Executive's title and responsibility; and (iv) shall provide the Executive with health and dental insurance continuation at a level consistent with the level and type the Executive had in place at the time of termination for a period of twelve (12) months from the Date of Termination. For purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), each monthly payment shall be considered a separate payment.

(f) Termination by the Executive upon Company Breach. The Executive shall have the right to terminate his employment hereunder upon written notice to the Company in the event of (i) a material diminution in the nature or scope of the powers, duties or responsibilities of the Executive or (ii) a breach by the Company of any of its material obligations hereunder, (iii) the relocation of the offices at which the Executive is principally employed as of the date of this Agreement to a location more than fifty (50) miles from such offices, which relocation is not approved by the Executive, in each case after the Executive has given written notice to the Company specifying such default by the Company, within sixty (60) days of the occurrence of the default, and giving the Company a reasonable time, not less than thirty (30) days, to conform its performance to its obligations hereunder. Upon any such termination of the Executive's employment, all obligations of the Company under this Agreement shall thereupon immediately terminate other than any obligations with respect to earned but unpaid Base Salary and bonus under Section 4. In addition, subject to the Executive signing a general release of claims in a form and manner satisfactory to the Company, including a mutual obligation of non-disparagement, and the lapse of any statutory revocation period, the Company shall (i) continue to pay the Executive his Base Salary at the rate then in effect pursuant to Section 4(a) for a period of twelve (12) months from the Date of Termination; (ii) shall pay to the Executive in monthly installments over the next year, an amount equal to the Executive's cash bonus, if any, received in respect of the immediately preceding year pursuant to Section 4(b) beginning with the first payroll date that begins thirty (30) days after the Date of Termination; (iii) shall pay 100% of the costs to provide up to twelve (12) months of outplacement support services at a level appropriate for the Executive's title and responsibility; and (iv) shall provide the Executive with health and dental insurance continuation at a level consistent with the level and type the Executive had in place at the time of termination for a period of twelve (12) months from the Date of Termination. For purposes of Section 409A of the Code, each monthly payment shall be considered a separate payment.

(g) Change of Control and Termination Pursuant to a Change of Control. If there is a Change of Control, as defined below, during the Term of Employment, the provisions of this Section 6(g) shall apply and shall continue to apply throughout the remainder of the Term (as extended by any Renewal Term). Upon a Change of Control, the Executive will become fully vested in any outstanding stock options, Restricted Stock or other stock grants awarded and become fully vested in all Company contributions made to the executive's 401(k), Profit Sharing or other retirement account (s). In addition, within thirty (30) days of the Change of Control, the Company shall pay to the Executive a lump sum equal to the Executive's pro rata target cash bonus for the year in which the Change of Control occurred (as such may be set forth in the Company's bonus plan for such year and calculated assuming target achievement of corporate and personal goals); such pro rata amount to be determined based on the actual date of the closing of such Change in Control transaction.

If, within two (2) years following a Change of Control, the Executive's employment is terminated by the Company without Cause (in accordance with Section 6(e) above) or by the Executive for "Good Reason" (as defined in Section 6(g)(ii) below), in lieu of any severance and other benefits payable under Section 6(e) or Section 6(f), subject to the Executive signing a general release of claims in a form and manner satisfactory to the Company including a mutual obligation of non-disparagement and the lapse of any statutory revocation period, the Company shall pay to the Executive (or the Executive's estate, if applicable) a lump sum amount equal to 1.5 times the sum of (x) the Executive's Base Salary at the rate then in effect pursuant to Section 4(a), plus (y) an amount equal to the Executive's target cash bonus for the year in which termination occurred (as such may be set forth in the company's cash bonus plan for such year assuming target achievement of Corporate or personal goals) within thirty (30) days of the Date of Termination. Notwithstanding the foregoing, to the extent the cash severance payment to the Executive is considered deferred compensation subject to Section 409A of the Code, and if the Change of Control does not constitute a "change in control event" within the meaning of Section 409A of the Code, such cash severance shall be payable in installments over the same period as provided in Section 6(e). The Company shall also pay 100% of the costs to provide up to twelve (12) months of outplacement support services at a level appropriate for the Executive's title and responsibility and provide the Executive with health and dental insurance continuation at a level consistent with the level and type the Executive had in place at the time of termination for a period of eighteen (18) months from the Date of Termination.

(i) "Change of Control" shall mean the occurrence of any one of the following events: (A) the sale of all or substantially all of the assets of the Company on a consolidated basis to an unrelated person or entity, (B) a merger, reorganization or consolidation in which the outstanding shares of Stock are converted into or exchanged for securities of the successor entity and the holders of the Company's outstanding voting power immediately prior to such transaction do not own a majority of the outstanding voting power of the successor entity immediately upon completion of such transaction, or (C) the sale of all of the Stock of the Company to an unrelated person or entity.

(ii) "Good Reason" shall mean the occurrence of any of the following:

- (A) a material or diminution in the nature or scope of the powers, functions, titles, duties or responsibilities of the Executive that is adverse to the Executive;
- (B) a breach by the Company of any of its material obligations hereunder; or
- (C) the relocation of the offices at which the Executive is principally employed as of the Change of Control to a location more than fifty (50) miles from such offices, which relocation is not approved by the Executive.

The Executive shall provide the Company with reasonable notice and an opportunity to cure any of the events listed in this Section 6(g)(ii) within sixty (60) days of the occurrence of the event and shall not be entitled to compensation pursuant to this Section 6(g) unless the Company fails to cure within a reasonable period of not less than thirty (30) days.

(iii) Additional Limitation. Anything in this Agreement to the contrary notwithstanding, in the event that the amount of any compensation, payment or distribution by the Company to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, calculated in a manner consistent with Section 280G of the Code and the applicable regulations thereunder (the "Severance Payments"), would be subject to the excise tax imposed by Section 4999 of the Code, the following provisions shall apply:

(A) If the Severance Payments, reduced by the sum of (1) the Excise Tax and (2) the total of the federal, state, and local income and employment taxes payable by the Executive on the amount of the Severance Payments which are in excess of the Threshold Amount, are greater than or equal to the Threshold Amount, the Executive shall be entitled to the full amount of Severance Payments.

(B) If the Threshold Amount is less than (x) the Severance Payments, but greater than (y) the Severance Payments reduced by the sum of (1) the Excise Tax and (2) the total of the federal, state, and local income and employment taxes on the amount of the Severance Payments which are in excess of the Threshold Amount, then the Severance Payments shall be reduced (but not below zero) to the extent necessary so that the sum of all Severance Payments shall not exceed the Threshold Amount. In such event, the Severance Payments shall be reduced in the following order: (i) cash payments not subject to Section 409A of the Code; (ii) cash payments subject to Section 409A of the Code; (iii) equity-based payments and acceleration; and (iv) non-cash forms of benefits. To the extent any payment is to be made over time (e.g., in installments, etc.), then the payments shall be reduced in reverse chronological order.

For the purposes of this Section 6(g)(iii), “Threshold Amount” shall mean three (3) times the Executive’s “base amount” within the meaning of Section 280G(b)(3) of the Code and the regulations promulgated thereunder less one dollar (\$1.00); and “Excise Tax” shall mean the excise tax imposed by Section 4999 of the Code, and any interest or penalties incurred by the Executive with respect to such excise tax.

The determination as to which of the alternative provisions of this Section 6(g)(iii) shall apply to the Executive shall be made by a nationally recognized accounting firm selected by the Company (the “Accounting Firm”), which shall provide detailed supporting calculations both to the Company and the Executive within fifteen (15) business days of the Date of Termination, if applicable, or at such earlier time as is reasonably requested by the Company or the Executive. For purposes of determining which of the alternative provisions of this Section 6(g)(iii) above shall apply, the Executive shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation applicable to individuals for the calendar year in which the determination is to be made, and state and local income taxes at the highest marginal rates of individual taxation in the state and locality of the Executive’s residence on the Date of Termination, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes. Any determination by the Accounting Firm shall be binding upon the Company and the Executive.

(h) No Mitigation. Without regard to the reason for the termination of the Executive’s employment hereunder, the Executive shall be under no obligation to mitigate damages with respect to such termination under any circumstances and in the event the Executive is employed or receives income from any other source, there shall be no offset against the amounts due from the Company hereunder.

(i) Section 409A.

(i) Anything in this Agreement to the contrary notwithstanding, if at the time of the Executive's separation from service within the meaning of Section 409A of the Code, the Company determines that the Executive is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, then to the extent any payment or benefit that the Executive becomes entitled to under this Agreement would be considered deferred compensation subject to the 20 percent additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (A) six months and one day after the Executive's separation from service, or (B) the Executive's death. If any such delayed cash payment is otherwise payable on an installment basis, the first payment shall include a catch-up payment covering amounts that would otherwise have been paid during the six-month period but for the application of this provision, and the balance of the installments shall be payable in accordance with their original schedule. Any such delayed cash payment shall earn interest at an annual rate equal to the prime rate reported by The Wall Street Journal as of the date of separation from service, from such date of separation from service until the payment.

(ii) The parties intend that this Agreement will be administered in accordance with Section 409A of the Code. To the extent that any provision of this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner so that all payments hereunder comply with Section 409A of the Code. The parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

(iii) To the extent that any payment or benefit described in this Agreement constitutes "non-qualified deferred compensation" under Section 409A of the Code, and to the extent that such payment or benefit is payable upon the Executive's termination of employment, then such payments or benefits shall be payable only upon the Executive's "separation from service." The determination of whether and when a separation from service has occurred shall be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409A-1(h).

(iv) The Company makes no representation or warranty and shall have no liability to the Executive or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

7. Non-Competition and No Solicitation.

(a) Because the Executive's services to the Company are special and because the Executive has access to the Company's Confidential Information (as hereinafter defined), during the Term of Employment and for a period of twelve (12) months following the termination, the Executive shall not, without the express written consent of the Company, directly or indirectly, engage, participate, invest in, be employed by or assist, whether as owner, part-owner, shareholder, partner, director, officer, trustee, employee, agent or consultant, or in any other capacity, any Person (as hereinafter defined) other than the Company and its affiliates in the Designated Industry (as hereinafter defined); provided, however, that nothing herein shall be construed as preventing the Employee from making passive investments in a Person in the Designated Industry if the securities of such Person are publicly traded and such investment constitutes less than one percent (1%) of the outstanding shares of capital stock or comparable equity interests of such Person.

(b) For purposes of this Agreement, the following terms have the following meanings:

"Person" means an individual, a corporation, an association, a partnership, a limited liability company, an estate, a trust and any other entity or organization; and

"Designated Industry" means chemistry and biology services, the drug development and drug product manufacturing industries and any other business conducted by OSOBio or the Company during the Executive's employment with OSOBio and the Company. Because the Company's business is worldwide in scope, the Designated Industry includes such business activities in any location in the world.

(c) For a period of twelve (12) months following the termination of the Executive's employment under this Agreement for any reason, the Executive shall not, directly or indirectly, alone or as a member of any partnership or limited liability company or entity, or as an officer, director, shareholder, or employee of any corporation or entity, solicit, divert or take away, or attempt to divert or take away, the business or patronage of any current or former client, customer or account of the Company; provided, that this sub-section shall be limited to clients, customers or accounts of the Company who were clients, customers or accounts of the Company at any time during the Executive's employment with the Company.

(d) For a period of twelve (12) months following the termination of the Executive's employment under this Agreement for any reason, the Executive shall not, directly or indirectly, alone or as a member of any partnership or limited liability company or entity, or as an officer, director, shareholder, or employee of any corporation or entity (a) solicit or otherwise encourage any employee or independent contractor of the Company to terminate his/her relationship with the Company, or (b) recruit, hire or solicit for employment or for engagement as an independent contractor, any person who is or was employed by the Company at any time during the Executive's employment with the Company. This sub-section shall not apply to persons whose employment and/or retention with the Company has been terminated for a period of twenty-four (24) months or longer.

(e) If any restriction set forth in this Section 7 is found by any court of competent jurisdiction to be unenforceable because it extends for too long a period of time or over too great a range of activities or in too broad a geographic area, it shall be rewritten by the court to extend only over the maximum period of time, range of activities or geographic area as to which may be enforceable.

8. Confidentiality. In the course of performing services hereunder and otherwise, the Executive has had, and it is anticipated that the Executive will from time to time have, access to confidential records, data, customer lists, trade secrets, technology and similar confidential information owned or used in the course of business by the Company and its subsidiaries and affiliates (the "Confidential Information"). The Executive agrees (i) to hold the Confidential Information in strict confidence, (ii) not to disclose the Confidential Information to any Person (other than in the regular business of the Company), and (iii) not to use, directly or indirectly, any of the Confidential Information for any competitive or commercial purpose; provided, however, that the limitations set forth above shall not apply to any Confidential Information which (A) is then generally known to the public, (B) became or becomes generally known to the public through no fault of the Executive, or (C) is disclosed in accordance with an order of a court of competent jurisdiction or applicable law. Upon termination of the Executive's employment with the Company, all data, memoranda, customer lists, notes, programs and other papers and items, and reproductions thereof relating to the foregoing matters in the Executive's possession or control, shall be returned to the Company and remain in its possession. This Section 8 shall survive the termination of this Agreement for any reason.

9. Conflicting Agreements. The Executive hereby represents and warrants that the execution of this Agreement and the performance of his obligations hereunder will not (after giving effect to the termination of the Prior Agreement hereby on the Effective Date) breach or be in conflict with any other agreement to which he is a party or is bound, and that he is not now subject to any covenants which would affect the performance of his obligations hereunder. As of the Effective Date, the Executive is not performing any other duties for, and is not a party to any similar agreement with, any Person competing with the Company or any of its affiliates.

10. Severability. In case any of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, any such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had been limited or modified (consistent with its general intent) to the extent necessary to make it valid, legal and enforceable, or if it shall not be possible to so limit or modify such invalid, illegal or unenforceable provision or part of a provision, this Agreement shall be construed as if such invalid, illegal or unenforceable provision or part of a provision had never been contained in this Agreement.

11. Litigation and Regulatory Cooperation. During and after the Executive's employment, the Executive shall cooperate fully with the Company in the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company which relate to events or occurrences that transpired while the Executive was employed by the Company. The Executive's full cooperation in connection with such claims or actions shall include, but not be limited to, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times. During and after the Executive's employment, the Executive also shall cooperate fully with the Company in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while the Executive was employed by the Company. The Company shall reimburse the Executive for any reasonable out-of-pocket expenses incurred in connection with the Executive's performance of obligations pursuant to this Section 11. This Section 11 shall survive the termination of the Executive's employment under this Agreement for any reason.

12. Arbitration of Disputes. Except as provided in Section 13, any dispute or controversy arising under or in connection with this Agreement or otherwise arising out of the Executive's employment or the termination of that employment (including, without limitation, any claims of unlawful employment discrimination or other statutory claims) shall be settled exclusively by arbitration in Albany, New York, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered in any court having jurisdiction. In the event that the Company terminates the Executive's employment for Cause under Section 6(b) and the Executive contends that Cause did not exist, then the Company's only obligation with respect to the dispute concerning whether Cause exists under Section 6(b) shall be to submit such claim to arbitration and the only issue before the arbitrator will be whether the Executive was in fact terminated for Cause. If the arbitrator determines that the Executive was not terminated for Cause by the Company, then the only remedies that the arbitrator may award are (i) payment of amounts which would have been payable if the Executive's employment had been terminated under Section 6(e), (ii) the costs of arbitration, (iii) the Executive's reasonable attorneys' fees, and (iv) all rights and benefits granted or in effect with respect to the Executive under the Company's stock option plans and agreements with the Executive pursuant thereto that have not been provided due to the Company's determination concerning the circumstances leading to the termination of the Executive's employment, with the vesting and exercise of any stock options and the forfeitability of any stock-based grants held by the Executive to be governed by the terms of such plans and the related agreements between the Executive and the Company. If the arbitrator finds that the Executive's employment was terminated for Cause, the arbitrator will be without authority to award the Executive anything, and the parties will each be responsible for their own attorneys' fees, and they will divide the costs of arbitration equally. Furthermore, should a dispute occur concerning the Executive's mental or physical capacity as described in Section 6(c), a doctor selected by the Executive and a doctor selected by the Company shall be entitled to examine the Executive. If the opinion of the Company's doctor and the Executive's doctor conflict, the Company's doctor and the Executive's doctor shall together agree upon a third doctor, whose opinion shall be binding. This Section 12 shall survive the termination of the Executive's employment under this Agreement for any reason.

13. Specific Performance. Notwithstanding Section 12 hereof, it is specifically understood and agreed that any breach of the provisions of this Agreement, including, without limitation, Sections 7 or 8 of this Agreement by the Executive is likely to result in irreparable injury to the Company and its subsidiaries and affiliates, that the remedy at law alone will be inadequate remedy for such breach and that, in addition to any other remedy it may have, the Company shall be entitled to enforce the specific performance of this Agreement by the Executive and to seek both temporary and permanent injunctive relief (to the extent permitted by law), without the necessity of proving actual damages. Therefore, any claim based on an alleged breach of Section 7 or 8 of this Agreement shall not be subject to Section 12 hereof unless otherwise agreed. To the extent that any court action is permitted consistent with or to enforce Section 7 or 8 of this Agreement or to enforce Section 12, the parties hereby agree to the sole and exclusive jurisdiction of the Supreme Court of the State of New York (Albany County) and the United States District Court for the Northern District of New York (City of Albany). Accordingly, with respect to any such court action, the Executive (i) submits to the personal jurisdiction of such courts, (ii) consents to service of process, and (iii) waives any other requirement (whether imposed by statute, rule of court or otherwise) with respect to personal jurisdiction or service of process.

14. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given (i) when delivered by hand, (ii) when transmitted by facsimile and receipt is acknowledged, or (iii) if mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

To the Company:

Albany Molecular Research, Inc.
21 Corporate Circle
Albany, New York 12203-5154
Facsimile: (518) 867-4375
Attention: Senior Vice President of Human Resources

To the Executive, to the address on file with the Company.

or to such other address of which any party may notify the other parties as provided above. Notices shall be effective as of the date of such delivery or mailing.

15. Amendment; Waiver. This Agreement shall not be amended, modified or discharged in whole or in part except by an Agreement in writing signed by both of the parties hereto. The failure of either of the parties to require the performance of a term or obligation or to exercise any right under this Agreement or the waiver of any breach hereunder shall not prevent subsequent enforcement of such term or obligation or exercise of such right or the enforcement at any time of any other right hereunder or be deemed a waiver of any subsequent breach of the provision so breached, or of any other breach hereunder.

16. Successors and Assigns. This Agreement shall inure to the benefit of successors of the Company by way of merger, consolidation or transfer of all or substantially all of the assets of the Company, and may not be assigned by the Executive. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company expressly to assume and agree to perform this Agreement to the same extent that the Company would be required to perform it if no succession had taken place. Failure of the Company to obtain an assumption of this Agreement at or prior to the effectiveness of any succession shall be a material breach of this Agreement.

17. Entire Agreement. This Agreement constitutes the entire agreement between the parties concerning the subjects hereof and supersedes all prior understandings and agreements between the parties relating to the subject matter hereof, including without limitation the Prior Agreement.

18. Governing Law. This Agreement shall be construed and regulated in all respects under the laws of the State of New York.

19. Counterparts. This Agreement may be executed in counterparts, each of which when so executed and delivered shall be taken to be an original, but such counterparts shall together constitute one and the same document.

IN WITNESS WHEREOF, the parties have executed this Amended Agreement as of the day and year first above written.

ALBANY MOLECULAR RESEARCH, INC.

By: /s/ William S. Marth

EXECUTIVE:

/s/ Milton Boyer

Milton Boyer

AMENDED EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the "Agreement") is made as of the 8th day February 2017, (the "Effective Date") by and between Albany Molecular Research, Inc., a Delaware corporation (the "Company"), and Christopher M. Conway (the "Executive").

WHEREAS, the Executive is a key employee of the Company and is a party to an Employment Agreement with the Company dated February 4th, 2014 ("Effective Date") which the parties desire to amend as of the date hereof;

WHEREAS, the parties hereto desire to assure that the Executive's knowledge and familiarity with the business of the Company will continue to be available to the Company after the date hereof; and

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

1. Employment. Subject to the provisions of this Agreement, the Company hereby employs the Executive and the Executive accepts such employment upon the terms and conditions hereinafter set forth.

2. Term of Employment. The term of the Executive's employment pursuant to this Agreement shall commence on and as of the date hereof (the "Effective Date") and shall remain in effect for a period of two (2) years from the Effective Date (the "Term"). The Term shall be renewed automatically for periods of two (2) years (each a "Renewal Term") commencing at the second anniversary of the Effective Date and on each subsequent second anniversary thereafter, unless notice that this Agreement will not be extended is given by either the Executive or the Company not less than one-hundred (180) days prior to the expiration of the Term (as extended by any Renewal Term). The period during which the Executive serves as an employee of the Company in accordance with and subject to the provisions of this Agreement is referred to in this Agreement as the "Term of Employment."

3. Capacity.

(a) Duties. During the Term of Employment, the Executive shall report directly to the Chief Operating Officer or any other person designated by the President and Chief Executive Officer and (i) shall serve as an Executive of the Company with the title Senior Vice President, Discovery, Development and Analytical Services (ii) shall perform such duties and responsibilities as may be reasonably determined by Chief Operating Officer or his designate, consistent with the Executive's title and position, duties and responsibilities as an employee of the Company as of the Effective Date; provided that such duties and responsibilities shall be within the general area of the Executive's experience and skills, and (iii) shall render all services incident to the foregoing.

(b) Extent of Service. The Executive agrees to diligently serve the interests of the Company and shall devote substantially all of his working time, attention, skill and energies to the advancement of the interests of the Company and its subsidiaries and affiliates and the performance of his duties and responsibilities hereunder; provided that nothing in this Agreement shall be construed as preventing the Executive from (i) investing the Executive's assets in any entity in a manner not prohibited by Section 7 and in such form or manner as shall not require any material activities on the Executive's part in connection with the operations or affairs of the entities in which such investments are made, or (ii) engaging in religious, charitable or other community or non-profit activities that do not impair the Executive's ability to fulfill the Executive's duties and responsibilities under this Agreement.

4. Compensation.

(a) Salary. During the Term of Employment, the Company shall pay the Executive a salary (the "Base Salary") at an annual rate as shall be determined from time to time by the Chairman, President and Chief Executive Officer or other appropriate person of the Company consistent with the general policies and practices of the company. Such salary shall be subject to withholding under applicable law and shall be payable in periodic installments in accordance with the Company's usual practice for its senior executives, as in effect from time to time.

(b) Bonus. Annually, the Company shall review the performance of the Company and of the Executive during the prior year, and the Company may provide the Executive with additional compensation as a bonus in accordance with any bonus plan then in effect from time to time for senior executives of the Company. Any such bonus plan shall have such terms as may be established in the sole discretion of the Board of Directors of the Company or the Compensation Committee of the Board of Directors. The current bonus plan for senior executives calls for the payment of 30% of base salary upon the attainment of threshold goals; 50% upon the attainment of target goals and 100% upon the attainment of superior goals. Any bonus earned for a calendar year shall be paid between January 1 and March 15 of the following calendar year.

5. Benefits.

(a) Regular Benefits. During the Term of Employment, the Executive shall be entitled to participate in any and all medical, dental, pension and life insurance plans, disability income plans and other employee benefit plans as in effect from time to time for senior executives of the Company. Such participation shall be subject to (i) the terms of the applicable plan documents, (ii) generally applicable policies of the Company and (iii) the discretion of the Board of Directors of the Company or the administrative or other committee provided for in, or contemplated by, such plan. Compliance with this Section 5(a) shall in no way create or be deemed to create any obligation, express or implied, on the part of the Company or any subsidiary or affiliate of the Company with respect to the continuation of any benefit or other plan or arrangement maintained as of or prior to the Effective Date or the creation and maintenance of any particular benefit or other plan or arrangement at any time after the Effective Date.

(b) Reimbursement of Expenses. The Company shall promptly reimburse the Executive for all reasonable business expenses incurred by the Executive during the Term of Employment in accordance with the Company's practices for employees of the Company, as in effect from time to time.

(c) Vacation. During the Term of Employment, the Executive shall receive paid vacation annually in accordance with the Company's practices for senior executives of the Company, as in effect from time to time.

6. Termination of Employment. Notwithstanding the provisions of Section 2, the Executive's employment under this Agreement shall terminate under the following circumstances set forth in this Section 6.

For purposes of this Agreement, "Date of Termination" means (i) if the Executive's employment is terminated by his death as provided in Section 6(c), the date of his death; (ii) if the Executive's employment is terminated due to his permanent disability as provided in Section 6(c), the date on which notice of termination is given; (iii) if the Executive's employment is terminated by the Company without Cause under Section 6(e) or Section 6(g), sixty (60) days after the date on which notice of termination is given; and (iv) if the Executive's employment is terminated under Section 6(f) or for Good Reason under Section 6(g), the date on which the applicable cure period expires.

(a) Mutual Consent. The Executive's employment under this Agreement may be terminated at any time by the mutual consent of the Executive and the Company on such terms as both parties shall mutually agree.

(b) Termination by the Company for Cause. The Executive's employment under this Agreement may be terminated by the Company for "Cause" at any time upon written notice to the Executive without further liability on the part of the Company. For purposes of this Agreement, a termination shall be for "Cause" if:

(i) the Executive shall commit an act of fraud, embezzlement, misappropriation or breach of fiduciary duty against the Company or any of its subsidiaries or affiliates or shall be convicted by a court of competent jurisdiction or shall plead guilty or nolo contendere to any felony or any crime involving moral turpitude;

(ii) the Executive shall commit a material breach of any of the covenants, terms or provisions of Section 7 or 8 hereof which breach has not been cured within fifteen (15) days after delivery to the Executive by the Company of written notice thereof;

(iii) the Executive shall commit a material breach of any of the covenants, terms or provisions hereof (other than pursuant to Section 7 or 8 hereof) which breach has not been remedied within thirty (30) days after delivery to the Executive by the Company of written notice thereof; or

(iv) the Executive shall have disobeyed reasonable written instructions from the Chief Operating Officer or the President and Chief Executive Officer, or other appropriate governing committee which are consistent with the terms and conditions of this Agreement or shall have deliberately, willfully, substantially and continuously failed to perform the Executive's duties hereunder, after written notice and under circumstances effectively constituting a voluntary resignation of the Executive's position with the Company.

Upon termination for Cause as provided in this Section 6(b), all obligations of the Company under this Agreement shall thereupon immediately terminate other than any obligations with respect to earned but unpaid Base Salary and the Company shall have any and all rights and remedies under this Agreement and applicable law.

(c) Death; Disability. The Executive's employment under this Agreement may be terminated by the Company upon the earlier of death or permanent disability (as defined below) of the Executive continuing for a period of one hundred eighty (180) days. Upon any such termination of the Executive's employment, all obligations of the Company under this Agreement shall thereupon immediately terminate other than any obligations with respect to (i) earned but unpaid salary through the Date of Termination, (ii) bonus payments with respect to the calendar year within which such termination occurred on the basis of and to the extent contemplated in any bonus plan then in effect with respect to senior executive officers of the Company, pro-rated on the basis of the number of days of the Executive's actual employment hereunder during such calendar year through the Date of Termination, and (iii) in the case of permanent disability, continuation at the Company's expense of health insurance benefits (medical and dental) until the first anniversary of the Date of Termination to the extent permitted under the Company's group health insurance policy. As used herein, the term "permanent disability" or "permanently disabled" means the inability of the Executive, by reason of injury, illness or other similar cause, to perform a major part of his duties and responsibilities in connection with the conduct of the business and affairs of the Company. The Company shall provide written notice to the Executive of the termination of his employment hereunder due to permanent disability.

(d) Voluntary Termination by the Executive. At any time during the Term of Employment, the Executive may terminate his employment under this Agreement upon sixty (60) days' prior written notice to the Company. Upon termination by the Executive as provided in this Section 6(d), all obligations of the Company under this Agreement shall thereupon immediately terminate.

(e) Termination by the Company Without Cause. The Executive's employment under this Agreement may be terminated by the Company at any time without "Cause" (as defined in Section 6(b)) by the Company upon sixty (60) days' prior written notice to the Executive. Any termination by the Company of the Executive's employment under this Agreement which does not constitute a termination for Cause under Section 6(b) and is not a termination on account of death or disability under Section 6(c) shall be deemed a termination without Cause. Upon any such termination of the Executive's employment, all obligations of the Company under this Agreement shall thereupon immediately terminate other than any obligations with respect to earned but unpaid Base Salary and bonus under Section 4. In addition, subject to the Executive signing a general release of claims in a form and manner satisfactory to the Company, including a mutual obligation of non-disparagement, and the lapse of any statutory revocation period, the Company shall continue to pay the Executive his Base Salary at the rate then in effect pursuant to Section 4(a) for a period of twelve (12) months from the Date of Termination and shall pay to the Executive in monthly installments over the year, an amount equal to the Executive's cash bonus, if any, received in respect of the immediately preceding year pursuant to Section 4(b) beginning with the first payroll date that begins thirty (30) days after the Date of Termination. For purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), each monthly payment shall be considered a separate payment. The Company shall also pay 100% of the costs to provide up to twelve (12) months of outplacement support services at a level appropriate for the Executive's title and responsibility and provide the Executive with health and dental insurance continuation at a level consistent with the level and type the executive had in place at the time of termination for a period of twelve (12) months from the Date of Termination. The twelve months shall be considered the first twelve months of the executive's (18) month COBRA eligibility period. Upon completion of the twelve months, the executive shall have (6) further months of COBRA eligibility for which he will have sole responsibility for making appropriate premium payments in order to continue coverage that he is eligible for under COBRA provisions.

(f) Termination by the Executive upon Company Breach. The Executive shall have the right to terminate his employment hereunder upon written notice to the Company in the event of (i) a material diminution in the nature or scope of the powers, duties or responsibilities of the Executive or (ii) a breach by the Company of any of its material obligations hereunder, in each case after the Executive has given written notice to the Company specifying such default by the Company, within sixty (60) days of the occurrence of the default, and giving the Company a reasonable time, not less than thirty (30) days, to conform its performance to its obligations hereunder. Upon any such termination of the Executive's employment, all obligations of the Company under this Agreement shall thereupon immediately terminate other than any obligations with respect to earned but unpaid Base Salary and bonus under Section 4. In addition, subject to the Executive signing a general release of claims in a form and manner satisfactory to the Company, including a mutual obligation of non-disparagement, and the lapse of any statutory revocation period, the Company shall continue to pay the Executive his Base Salary at the rate then in effect pursuant to Section 4(a) for a period of twelve (12) months from the Date of Termination and shall pay to the Executive in monthly installments over the next year, an amount equal to the Executive's cash bonus, if any, received in respect of the immediately preceding year pursuant to Section 4(b) beginning with the first payroll date that begins thirty (30) days after the Date of Termination. For purposes of Section 409A of the Code, each monthly payment shall be considered a separate payment. The Company shall also pay 100% of the costs to provide up to twelve (12) months of outplacement support services at a level appropriate for the Executive's title and responsibility and provide the Executive with health and dental insurance continuation at a level consistent with the level and type the Executive had in place at the time of termination for a period of twelve (12) months from the Date of Termination.

(g) Change of Control and Termination Pursuant to a Change of Control. If there is a Change of Control, as defined below, during the Term of Employment, the provisions of this Section 6(g) shall apply and shall continue to apply throughout the remainder of the Term (as extended by any Renewal Term). Upon a Change of Control, the Executive will become fully vested in any outstanding stock options, Restricted Stock or other stock grants awarded and become fully vested in all Company contributions made to the executive's 401(k), Profit Sharing or other retirement account (s). In addition, within thirty (30) days of the Change of Control, the Company shall pay to the Executive a lump sum equal to the Executive's pro rata target cash bonus for the year in which the Change of Control occurred (as such may be set forth in the Company's bonus plan for such year and calculated assuming target achievement of corporate and personal goals); such pro rata amount to be determined based on the actual date of the closing of such Change in Control transaction.

If, within two (2) years following a Change of Control, the Executive's employment is terminated by the Company without Cause (in accordance with Section 6(e) above) or by the Executive for "Good Reason" (as defined in Section 6(g)(ii) below), in lieu of any severance and other benefits payable under Section 6(e) or Section 6(f), subject to the Executive signing a general release of claims in a form and manner satisfactory to the Company, including a mutual obligation of non-disparagement, and the lapse of any statutory revocation period, the Company shall pay to the Executive (or the Executive's estate, if applicable) a lump sum amount equal to 1.5 times the sum of (x) the Executive's Base Salary at the rate then in effect pursuant to Section 4(a), plus (y) an amount equal to the Executive's target cash bonus, for the year in which termination occurred (as such may be set forth in the Company's cash bonus plan for such year assuming target achievement of corporate and personal goals) within thirty (30) days of the Date of Termination. Notwithstanding the foregoing, to the extent the cash severance payment to the Executive is considered deferred compensation subject to Section 409A of the Code, and if the Change of Control does not constitute a "change in control event" within the meaning of Section 409A of the Code, such cash severance shall be payable in installments over the same period as provided in Section 6(e). The Company shall also pay 100% of the costs to provide up to twelve (12) months of outplacement support services at a level appropriate for the Executive's title and responsibility and provide the Executive with health and dental insurance continuation at a level consistent with the level and type the Executive had in place at the time of termination for a period of eighteen (18) months from the Date of Termination.

(i) "Change of Control" shall mean the occurrence of any one of the following events: (A) the sale of all or substantially all of the assets of the Company on a consolidated basis to an unrelated person or entity, (B) a merger, reorganization or consolidation in which the outstanding shares of Stock are converted into or exchanged for securities of the successor entity and the holders of the Company's outstanding voting power immediately prior to such transaction do not own a majority of the outstanding voting power of the successor entity immediately upon completion of such transaction, or (C) the sale of all of the Stock of the Company to an unrelated person or entity.

(ii) "Good Reason" shall mean the occurrence of any of the following:

(A) a material or diminution in the nature or scope of the powers, functions, titles, duties or responsibilities of the Executive that is adverse to the Executive;

(B) a breach by the Company of any of its material obligations hereunder; or

(C) the relocation of the offices at which the Executive is principally employed as of the Change of Control to a location more than fifty (50) miles from such offices, which relocation is not approved by the Executive.

The Executive shall provide the Company with reasonable notice and an opportunity to cure any of the events listed in this Section 6(g)(ii) within sixty (60) days of the occurrence of the event and shall not be entitled to compensation pursuant to this Section 6(g) unless the Company fails to cure within a reasonable period of not less than thirty (30) days; and

(iii) Additional Limitation. Anything in this Agreement to the contrary notwithstanding, in the event that the amount of any compensation, payment or distribution by the Company to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, calculated in a manner consistent with Section 280G of the Code and the applicable regulations thereunder (the "Severance Payments"), would be subject to the excise tax imposed by Section 4999 of the Code, the following provisions shall apply:

(A) If the Severance Payments, reduced by the sum of (1) the Excise Tax and (2) the total of the federal, state, and local income and employment taxes payable by the Executive on the amount of the Severance Payments which are in excess of the Threshold Amount, are greater than or equal to the Threshold Amount, the Executive shall be entitled to the full amount of Severance Payments.

(B) If the Threshold Amount is less than (x) the Severance Payments, but greater than (y) the Severance Payments reduced by the sum of (1) the Excise Tax and (2) the total of the federal, state, and local income and employment taxes on the amount of the Severance Payments which are in excess of the Threshold Amount, then the Severance Payments shall be reduced (but not below zero) to the extent necessary so that the sum of all Severance Payments shall not exceed the Threshold Amount. In such event, the Severance Payments shall be reduced in the following order: (i) cash payments not subject to Section 409A of the Code; (ii) cash payments subject to Section 409A of the Code; (iii) equity-based payments and acceleration; and (iv) non-cash forms of benefits. To the extent any payment is to be made over time (e.g., in installments, etc.), then the payments shall be reduced in reverse chronological order.

For the purposes of this Section 6(g)(iii), "Threshold Amount" shall mean three (3) times the Executive's "base amount" within the meaning of Section 280G(b)(3) of the Code and the regulations promulgated thereunder less one dollar (\$1.00); and "Excise Tax" shall mean the excise tax imposed by Section 4999 of the Code, and any interest or penalties incurred by the Executive with respect to such excise tax.

The determination as to which of the alternative provisions of this Section 6(g)(iii) shall apply to the Executive shall be made by a nationally recognized accounting firm selected by the Company (the "Accounting Firm"), which shall provide detailed supporting calculations both to the Company and the Executive within fifteen (15) business days of the Date of Termination, if applicable, or at such earlier time as is reasonably requested by the Company or the Executive. For purposes of determining which of the alternative provisions of this Section 6(g)(iii) above shall apply, the Executive shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation applicable to individuals for the calendar year in which the determination is to be made, and state and local income taxes at the highest marginal rates of individual taxation in the state and locality of the Executive's residence on the Date of Termination, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes. Any determination by the Accounting Firm shall be binding upon the Company and the Executive.

(h) No Mitigation. Without regard to the reason for the termination of the Executive's employment hereunder, the Executive shall be under no obligation to mitigate damages with respect to such termination under any circumstances and in the event the Executive is employed or receives income from any other source, there shall be no offset against the amounts due from the Company hereunder.

(i) Section 409A.

(i) Anything in this Agreement to the contrary notwithstanding, if at the time of the Executive's separation from service within the meaning of Section 409A of the Code, the Company determines that the Executive is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, then to the extent any payment or benefit that the Executive becomes entitled to under this Agreement would be considered deferred compensation subject to the 20 percent additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (A) six months and one day after the Executive's separation from service, or (B) the Executive's death. If any such delayed cash payment is otherwise payable on an installment basis, the first payment shall include a catch-up payment covering amounts that would otherwise have been paid during the six-month period but for the application of this provision, and the balance of the installments shall be payable in accordance with their original schedule. Any such delayed cash payment shall earn interest at an annual rate equal to the prime rate reported by The Wall Street Journal as of the date of separation from service, from such date of separation from service until the payment.

(ii) The parties intend that this Agreement will be administered in accordance with Section 409A of the Code. To the extent that any provision of this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner so that all payments hereunder comply with Section 409A of the Code. The parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

(iii) To the extent that any payment or benefit described in this Agreement constitutes "non-qualified deferred compensation" under Section 409A of the Code, and to the extent that such payment or benefit is payable upon the Executive's termination of employment, then such payments or benefits shall be payable only upon the Executive's "separation from service." The determination of whether and when a separation from service has occurred shall be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409A-1(h).

(iv) The Company makes no representation or warranty and shall have no liability to the Executive or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

7. Non-Competition and No Solicitation.

(a) Because the Executive's services to the Company are special and because the Executive has access to the Company's confidential information, during the Term of Employment and for a period of twelve (12) months following the termination, the Employee shall not, without the express written consent of the Company, directly or indirectly, engage, participate, invest in, be employed by or assist, whether as owner, part-owner, shareholder, partner, director, officer, trustee, employee, agent or consultant, or in any other capacity, any Person (as hereinafter defined) other than the Company and its affiliates in the Designated Industry (as hereinafter defined); provided, however, that nothing herein shall be construed as preventing the Employee from making passive investments in a Person in the Designated Industry if the securities of such Person are publicly traded and such investment constitutes less than one percent (1%) of the outstanding shares of capital stock or comparable equity interests of such Person.

(b) For purposes of this Agreement, the following terms have the following meanings:

"Person" means an individual, a corporation, an association, a partnership, a limited liability company, an estate, a trust and any other entity or organization; and

"Designated Industry" means the business of providing chemistry research and development services to pharmaceutical and biotechnology companies involved in drug development and discovery and any and all activities related thereto, including, without limitation, medicinal chemistry, chemical development, biocatalysis, analytical chemistry services and small-scale manufacturing, large scale manufacturing, and any other business conducted by the Company during the Employee's employment with the Company.

(c) For a period of twelve (12) months following the termination of this Agreement for any reason, the Executive shall not, directly or indirectly, alone or as a member of any partnership or limited liability company or entity, or as an officer, director, shareholder, or employee of any corporation or entity (a) solicit or otherwise encourage any employee or independent contractor of the Company to terminate his/her relationship with the Company, or (b) recruit, hire or solicit for employment or for engagement as an independent contractor, any person who is or was employed by the Company at any time during the Executive's employment with the Company. This paragraph shall not apply to persons whose employment and/or retention with the Company has been terminated for a period of twelve (12) months or longer.

8. Confidentiality. In the course of performing services hereunder and otherwise, the Employee has had, and it is anticipated that the Employee will from time to time have, access to confidential records, data, customer lists, trade secrets, technology and similar confidential information owned or used in the course of business by the Company and its subsidiaries and affiliates (the "Confidential Information"). The Executive agrees (i) to hold the Confidential Information in strict confidence, (ii) not to disclose the Confidential Information to any Person (other than in the regular business of the Company), and (iii) not to use, directly or indirectly, any of the Confidential Information for any competitive or commercial purpose; provided, however, that the limitations set forth above shall not apply to any Confidential Information which (A) is then generally known to the public, (B) became or becomes generally known to the public through no fault of the Executive, or (C) is disclosed in accordance with an order of a court of competent jurisdiction or applicable law. Upon termination of the Executive's employment with the Company, all data, memoranda, customer lists, notes, programs and other papers and items, and reproductions thereof relating to the foregoing matters in the Executive's possession or control, shall be returned to the Company and remain in its possession. This Section 8 shall survive the termination of this Agreement for any reason.

9. Conflicting Agreements. The Executive hereby represents and warrants that the execution of this Agreement and the performance of his obligations hereunder will not breach or be in conflict with any other agreement to which he is a party or is bound, and that he is not now subject to any covenants which would affect the performance of his obligations hereunder. As of the Effective Date, the Executive is not performing any other duties for, and is not a party to any similar agreement with, any Person competing with the Company or any of its affiliates.

10. Severability. In case any of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, any such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had been limited or modified (consistent with its general intent) to the extent necessary to make it valid, legal and enforceable, or if it shall not be possible to so limit or modify such invalid, illegal or unenforceable provision or part of a provision, this Agreement shall be construed as if such invalid, illegal or unenforceable provision or part of a provision had never been contained in this Agreement.

11. Litigation and Regulatory Cooperation. During and after the Executive's employment, the Executive shall cooperate fully with the Company in the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company which relate to events or occurrences that transpired while the Executive was employed by the Company. The Executive's full cooperation in connection with such claims or actions shall include, but not be limited to, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times. During and after the Executive's employment, the Executive also shall cooperate fully with the Company in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while the Executive was employed by the Company. The Company shall reimburse the Executive for any reasonable out-of-pocket expenses incurred in connection with the Executive's performance of obligations pursuant to this Section 11. This Section 11 shall survive the termination of this Agreement for any reason.

12. Arbitration of Disputes. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Albany, New York, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered in any court having jurisdiction. In the event that the Company terminates the Executive's employment for cause under Section 6(b) and the Executive contends that cause did not exist, then the Company's only obligation shall be to submit such claim to arbitration and the only issue before the arbitrator will be whether the Executive was in fact terminated for cause. If the arbitrator determines that the Executive was not terminated for cause by the Company, then the only remedies that the arbitrator may award are (i) payment of amounts which would have been payable if the Executive's employment had been terminated under Section 6(e), (ii) the costs of arbitration, (iii) the Executive's attorneys' fees, and (iv) all rights and benefits granted or in effect with respect to the Executive under the Company's stock option plans and agreements with the Executive pursuant thereto, with the vesting and exercise of any stock options and the forfeit ability of any stock-based grants held by the Executive to be governed by the terms of such plans and the related agreements between the Executive and the Company. If the arbitrator finds that the Executive's employment was terminated for cause, the arbitrator will be without authority to award the Executive anything, and the parties will each be responsible for their own attorneys' fees, and they will divide the costs of arbitration equally. Furthermore, should a dispute occur concerning the Executive's mental or physical capacity as described in Section 6(c), a doctor selected by the Executive and a doctor selected by the Company shall be entitled to examine the Executive. If the opinion of the Company's doctor and the Executive's doctor conflict, the Company's doctor and the Executive's doctor shall together agree upon a third doctor, whose opinion shall be binding. This Section 12 shall survive the termination of this Agreement for any reason.

13. Specific Performance. Notwithstanding Section 12 hereof, it is specifically understood and agreed that any breach of the provisions of this Agreement, including, without limitation, Sections 7 and 8 hereof, by the Executive is likely to result in irreparable injury to the Company and its subsidiaries and affiliates, that the remedy at law alone will be inadequate remedy for such breach and that, in addition to any other remedy it may have, the Company shall be entitled to enforce the specific performance of this Agreement by the Executive and to seek both temporary and permanent injunctive relief (to the extent permitted by law), without the necessity of proving actual damages. To the extent that any court action is permitted consistent with or to enforce Section 7 or 8 of this Agreement, the parties hereby agree to the sole and exclusive jurisdiction of the Supreme Court of the State of New York (Albany County) and the United States District Court for the Northern District of New York (City of Albany). Accordingly, with respect to any such court action, the Executive (i) submits to the personal jurisdiction of such courts, (ii) consents to service of process, and (iii) waives any other requirement (whether imposed by statute, rule of court or otherwise) with respect to personal jurisdiction or service of process.

14. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given (i) when delivered by hand, (ii) when transmitted by facsimile and receipt is acknowledged, or (iii) if mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

To the Company:

Albany Molecular Research, Inc.
26 Corporate Circle
Albany, New York 12212-5098
Facsimile: (518) 512-2043
Attention: Senior Vice President, Human Resources

To the Executive, to the address on file with the Company.

or to such other address of which any party may notify the other parties as provided above. Notices shall be effective as of the date of such delivery or mailing.

15. Amendment; Waiver. This Agreement shall not be amended, modified or discharged in whole or in part except by an Agreement in writing signed by both of the parties hereto. The failure of either of the parties to require the performance of a term or obligation or to exercise any right under this Agreement or the waiver of any breach hereunder shall not prevent subsequent enforcement of such term or obligation or exercise of such right or the enforcement at any time of any other right hereunder or be deemed a waiver of any subsequent breach of the provision so breached, or of any other breach hereunder.

16. Successors and Assigns. This Agreement shall inure to the benefit of successors of the Company by way of merger, consolidation or transfer of all or substantially all of the assets of the Company, and may not be assigned by the Executive. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company expressly to assume and agree to perform this Agreement to the same extent that the Company would be required to perform it if no succession had taken place. Failure of the Company to obtain an assumption of this Agreement at or prior to the effectiveness of any succession shall be a material breach of this Agreement.

17. Entire Agreement. This Agreement constitutes the entire agreement between the parties concerning the subjects hereof and supersedes all prior understandings and agreements between the parties relating to the subject matter hereof.

18. Governing Law. This Agreement shall be construed and regulated in all respects under the laws of the State of New York.

19. Counterparts. This Agreement may be executed in counterparts, each of which when so executed and delivered shall be taken to be an original, but such counterparts shall together constitute one and the same document.

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IN WITNESS WHEREOF, the parties have executed this Amended Agreement as of the day and year first above written.

ALBANY MOLECULAR RESEARCH, INC.

By: /s/ William S. Marth

EXECUTIVE:

/s/ Christopher Conway

Christopher Conway

AMENDED EMPLOYMENT AGREEMENT

This AMENDED EMPLOYMENT AGREEMENT (the "Agreement") is made as of 8th day of February 2017, by and between Albany Molecular Research, Inc., a Delaware corporation (the "Company"), and Steven R. Hagen, Ph.D. (the "Executive").

WHEREAS, the Executive is a key employee of the Company and is a party to an Amended and Restated Employment Agreement with the Company dated April 5, 2012 ("Effective Date") which the parties desire to amend as of the date hereof;

WHEREAS, the parties hereto desire to assure that the Executive's knowledge and familiarity with the business of the Company will continue to be available to the Company after the date hereof; and

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

1. Employment. Subject to the provisions of this Agreement, the Company hereby employs the Executive and the Executive accepts such employment upon the terms and conditions hereinafter set forth.

2. Term of Employment. The term of the Executive's employment pursuant to this Agreement shall commence on and as of the date hereof (the "Effective Date") and shall remain in effect for a period of two (2) years from the Effective Date (the "Term"). The Term shall be renewed automatically for periods of two (2) years (each a "Renewal Term") commencing at the second anniversary of the Effective Date and on each subsequent second anniversary thereafter, unless notice that this Agreement will not be extended is given by either the Executive or the Company not less than one-hundred (180) days prior to the expiration of the Term (as extended by any Renewal Term). The period during which the Executive serves as an employee of the Company in accordance with and subject to the provisions of this Agreement is referred to in this Agreement as the "Term of Employment."

3. Capacity.

(a) Duties. During the Term of Employment, the Executive shall report directly to the Chief Operating Officer or his designee and (i) shall serve as an Executive of the Company with the title Senior Vice President, Technical Operations (ii) shall perform such duties and responsibilities as may be reasonably determined by the Chief Operating Officer or the President and Chief Executive Officer, consistent with the Executive's title and position, duties and responsibilities as an employee of the Company as of the Effective Date; provided that such duties and responsibilities shall be within the general area of the Executive's experience and skills, and (iii) shall render all services incident to the foregoing.

(b) Extent of Service. The Executive agrees to diligently serve the interests of the Company and shall devote substantially all of his working time, attention, skill and energies to the advancement of the interests of the Company and its subsidiaries and affiliates and the performance of his duties and responsibilities hereunder; provided that nothing in this Agreement shall be construed as preventing the Executive from (i) investing the Executive's assets in any entity in a manner not prohibited by Section 7 and in such form or manner as shall not require any material activities on the Executive's part in connection with the operations or affairs of the entities in which such investments are made, or (ii) engaging in religious, charitable or other community or non-profit activities that do not impair the Executive's ability to fulfill the Executive's duties and responsibilities under this Agreement.

4. Compensation.

(a) Salary. During the Term of Employment, the Company shall pay the Executive a salary (the "Base Salary") at an annual rate as shall be determined from time to time by the Chairman, President and Chief Executive Officer or other appropriate person of the Company consistent with the general policies and practices of the company; provided, however, that in no event shall such rate per annum be less than \$289,626. Such salary shall be subject to withholding under applicable law and shall be payable in periodic installments in accordance with the Company's usual practice for its senior executives, as in effect from time to time.

(b) Bonus. Annually, the Company shall review the performance of the Company and of the Executive during the prior year, and the Company may provide the Executive with additional compensation as a bonus in accordance with any bonus plan then in effect from time to time for senior executives of the Company. Any such bonus plan shall have such terms as may be established in the sole discretion of the Board of Directors of the Company or the Compensation Committee of the Board of Directors. Any bonus earned for a calendar year shall be paid between January 1 and March 15 of the following calendar year.

5. Benefits.

(a) Regular Benefits. During the Term of Employment, the Executive shall be entitled to participate in any and all medical, dental, pension and life insurance plans, disability income plans and other employee benefit plans as in effect from time to time for senior executives of the Company. Such participation shall be subject to (i) the terms of the applicable plan documents, (ii) generally applicable policies of the Company and (iii) the discretion of the Board of Directors of the Company or the administrative or other committee provided for in, or contemplated by, such plan. Compliance with this Section 5(a) shall in no way create or be deemed to create any obligation, express or implied, on the part of the Company or any subsidiary or affiliate of the Company with respect to the continuation of any benefit or other plan or arrangement maintained as of or prior to the Effective Date or the creation and maintenance of any particular benefit or other plan or arrangement at any time after the Effective Date.

(b) Reimbursement of Expenses. The Company shall promptly reimburse the Executive for all reasonable business expenses incurred by the Executive during the Term of Employment in accordance with the Company's practices for employees of the Company, as in effect from time to time.

(c) Vacation. During the Term of Employment, the Executive shall receive paid vacation annually in accordance with the Company's practices for senior executives of the Company, as in effect from time to time.

6. Termination of Employment. Notwithstanding the provisions of Section 2, the Executive's employment under this Agreement shall terminate under the following circumstances set forth in this Section 6.

For purposes of this Agreement, "Date of Termination" means (i) if the Executive's employment is terminated by his death as provided in Section 6(c), the date of his death; (ii) if the Executive's employment is terminated due to his permanent disability as provided in Section 6(c), the date on which notice of termination is given; (iii) if the Executive's employment is terminated by the Company without Cause under Section 6(e) or Section 6(g), sixty (60) days after the date on which notice of termination is given; and (iv) if the Executive's employment is terminated under Section 6(f) or for Good Reason under Section 6(g), the date on which the applicable cure period expires.

(a) Mutual Consent. The Executive's employment under this Agreement may be terminated at any time by the mutual consent of the Executive and the Company on such terms as both parties shall mutually agree.

(b) Termination by the Company for Cause. The Executive's employment under this Agreement may be terminated by the Company for "Cause" at any time upon written notice to the Executive without further liability on the part of the Company. For purposes of this Agreement, a termination shall be for "Cause" if:

(i) the Executive shall commit an act of fraud, embezzlement, misappropriation or breach of fiduciary duty against the Company or any of its subsidiaries or affiliates or shall be convicted by a court of competent jurisdiction or shall plead guilty or nolo contendere to any felony or any crime involving moral turpitude;

(ii) the Executive shall commit a material breach of any of the covenants, terms or provisions of Section 7 or 8 hereof which breach has not been cured within fifteen (15) days after delivery to the Executive by the Company of written notice thereof;

(iii) the Executive shall commit a material breach of any of the covenants, terms or provisions hereof (other than pursuant to Section 7 or 8 hereof) which breach has not been remedied within thirty (30) days after delivery to the Executive by the Company of written notice thereof; or

(iv) the Executive shall have disobeyed reasonable written instructions from the Chairman, President and Chief Executive Officer, or other appropriate governing committee which are consistent with the terms and conditions of this Agreement or shall have deliberately, willfully, substantially and continuously failed to perform the Executive's duties hereunder, after written notice and under circumstances effectively constituting a voluntary resignation of the Executive's position with the Company.

Upon termination for Cause as provided in this Section 6(b), all obligations of the Company under this Agreement shall thereupon immediately terminate other than any obligations with respect to (A) earned but unpaid Base Salary and (B) the continued rights of the executive to receive payments due under the Technology Development Incentive Plan, and (C) the Company shall have any and all rights and remedies under this Agreement and applicable law.

(c) Death; Disability. The Executive's employment under this Agreement may be terminated by the Company upon the earlier of death or permanent disability (as defined below) of the Executive continuing for a period of one hundred eighty (180) days. Upon any such termination of the Executive's employment, all obligations of the Company under this Agreement shall thereupon immediately terminate other than any obligations with respect to (i) earned but unpaid Base Salary through the Date of Termination, (ii) bonus payments with respect to the calendar year within which such termination occurred on the basis of and to the extent contemplated in any bonus plan then in effect with respect to senior executive officers of the Company, pro-rated on the basis of the number of days of the Executive's actual employment hereunder during such calendar year through the Date of Termination, and (iii) in the case of permanent disability, continuation at the Company's expense of health insurance benefits (medical and dental) until the first anniversary of the Date of Termination to the extent permitted under the Company's group health insurance policy. As used herein, the term "permanent disability" or "permanently disabled" means the inability of the Executive, by reason of injury, illness or other similar cause, to perform a major part of his duties and responsibilities in connection with the conduct of the business and affairs of the Company. The Company shall provide written notice to the Executive of the termination of his employment hereunder due to permanent disability.

(d) Voluntary Termination by the Executive. At any time during the Term of Employment, the Executive may terminate his employment under this Agreement upon sixty (60) days' prior written notice to the Company. Upon termination by the Executive as provided in this Section 6(d), all obligations of the Company under this Agreement shall thereupon immediately terminate other than any obligations with respect to earned but unpaid Base Salary.

(e) Termination by the Company Without Cause. The Executive's employment under this Agreement may be terminated by the Company at any time without "Cause" (as defined in Section 6(b)) by the Company upon sixty (60) days' prior written notice to the Executive. Any termination by the Company of the Executive's employment under this Agreement which does not constitute a termination for Cause under Section 6(b) and is not a termination on account of death or disability under Section 6(c) shall be deemed a termination without Cause. Upon any such termination of the Executive's employment, all obligations of the Company under this Agreement shall thereupon immediately terminate other than any obligations with respect to earned but unpaid Base Salary and bonus under Section 4. In addition, subject to the Executive signing a general release of claims in a form and manner satisfactory to the Company, including a mutual obligation of non-disparagement, and the lapse of any statutory revocation period, the Company shall continue to pay the Executive his Base Salary (not including the Temporary Increase) at the rate then in effect pursuant to Section 4(a) for a period of twelve (12) months from the Date of Termination and shall pay to the Executive in monthly installments over the year, an amount equal to the Executive's cash bonus, if any, received in respect of the immediately preceding year pursuant to Section 4(b) beginning with the first payroll date that begins thirty (30) days after the Date of Termination. For purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), each monthly payment shall be considered a separate payment. The Company shall also pay 100% of the costs to provide up to twelve (12) months of outplacement support services at a level appropriate for the Executive's title and responsibility and provide the Executive with health and dental insurance continuation at a level consistent with the level and type the executive had in place at the time of termination for a period of twelve (12) months from the Date of Termination.

(f) Termination by the Executive upon Company Breach. The Executive shall have the right to terminate his employment hereunder upon written notice to the Company in the event of (i) a material diminution in the nature or scope of the powers, duties or responsibilities of the Executive or (ii) a breach by the Company of any of its material obligations hereunder, in each case after the Executive has given written notice to the Company specifying such default by the Company, within sixty (60) days of the occurrence of the default, and giving the Company a reasonable time, not less than thirty (30) days, to conform its performance to its obligations hereunder. Upon any such termination of the Executive's employment, all obligations of the Company under this Agreement shall thereupon immediately terminate other than any obligations with respect to earned but unpaid Base Salary and bonus under Section 4. In addition, subject to the Executive signing a general release of claims in a form and manner satisfactory to the Company, including a mutual obligation of non-disparagement, and the lapse of any statutory revocation period, the Company shall continue to pay the Executive his Base Salary (not including any Temporary Increase) at the rate then in effect pursuant to Section 4(a) for a period of twelve (12) months from the Date of Termination and shall pay to the Executive in monthly installments over the next year, an amount equal to the Executive's cash bonus, if any, received in respect of the immediately preceding year pursuant to Section 4(b) beginning with the first payroll date that begins thirty (30) days after the Date of Termination. For purposes of Section 409A of the Code, each monthly payment shall be considered a separate payment. The Company shall also pay 100% of the costs to provide up to twelve (12) months of outplacement support services at a level appropriate for the Executive's title and responsibility and provide the Executive with health and dental insurance continuation at a level consistent with the level and type the Executive had in place at the time of termination for a period of twelve (12) months from the Date of Termination.

(g) Change of Control and Termination Pursuant to a Change of Control. If there is a Change of Control, as defined below, during the Term of Employment, the provisions of this Section 6(g) shall apply and shall continue to apply throughout the remainder of the Term (as extended by any Renewal Term). Upon a Change of Control, the Executive will become fully vested in any outstanding stock options, Restricted Stock or other stock grants awarded and become fully vested in all Company contributions made to the executive's 401(k), Profit Sharing or other retirement account (s). In addition, within thirty (30) days of the Change of Control, the Company shall pay to the Executive a lump sum equal to the Executive's pro rata target cash bonus for the year in which the Change of Control occurred (as such may be set forth in the Company's bonus plan for such year and calculated assuming target achievement of corporate and personal goals); such pro rata amount to be determined based on the actual date of the closing of such Change of Control transaction.

If, within two (2) years following a Change of Control, the Executive's employment is terminated by the Company without Cause (in accordance with Section 6(e) above) or by the Executive for "Good Reason" (as defined in Section 6(g)(ii) below), in lieu of any severance and other benefits payable under Section 6(e) or Section 6(f), subject to the Executive signing a general release of claims in a form and manner satisfactory to the Company, including a mutual obligation of non-disparagement, and the lapse of any statutory revocation period, the Company shall pay to the Executive (or the Executive's estate, if applicable) a lump sum amount equal to 1.5 times the sum of (x) the Executive's Base Salary (not including any Temporary Increase) at the rate then in effect pursuant to Section 4(a), plus (y) an amount equal to the Executive's target cash bonus, for the year in which termination occurred (as such may be set forth in the Company's cash bonus plan for such year assuming target achievement of corporate and personal goals) within thirty (30) days of the Date of Termination. Notwithstanding the foregoing, to the extent the cash severance payment to the Executive is considered deferred compensation subject to Section 409A of the Code, and if the Change of Control does not constitute a "change in control event" within the meaning of Section 409A of the Code, such cash severance shall be payable in installments over the same period as provided in Section 6(e). The Company shall also pay 100% of the costs to provide up to twelve (12) months of outplacement support services at a level appropriate for the Executive's title and responsibility and provide the Executive with health and dental insurance continuation at a level consistent with the level and type the Executive had in place at the time of termination for a period of eighteen (18) months from the Date of Termination.

(i) "Change of Control" shall mean the occurrence of any one of the following events: (A) the sale of all or substantially all of the assets of the Company on a consolidated basis to an unrelated person or entity, (B) a merger, reorganization or consolidation in which the outstanding shares of Stock are converted into or exchanged for securities of the successor entity and the holders of the Company's outstanding voting power immediately prior to such transaction do not own a majority of the outstanding voting power of the successor entity immediately upon completion of such transaction, or (C) the sale of all of the Stock of the Company to an unrelated person or entity.

(ii) "Good Reason" shall mean the occurrence of any of the following:

- (A) a material or diminution in the nature or scope of the powers, functions, titles, duties or responsibilities of the Executive that is adverse to the Executive;
- (B) a breach by the Company of any of its material obligations hereunder; or
- (C) the relocation of the offices at which the Executive is principally employed as of the Change of Control to a location more than fifty (50) miles from such offices, which relocation is not approved by the Executive.

The Executive shall provide the Company with reasonable notice and an opportunity to cure any of the events listed in this Section 6(g)(ii) within sixty (60) days of the occurrence of the event and shall not be entitled to compensation pursuant to this Section 6(g) unless the Company fails to cure within a reasonable period of not less than thirty (30) days; and

(iii) Additional Limitation. Anything in this Agreement to the contrary notwithstanding, in the event that the amount of any compensation, payment or distribution by the Company to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, calculated in a manner consistent with Section 280G of the Code and the applicable regulations thereunder (the “Severance Payments”), would be subject to the excise tax imposed by Section 4999 of the Code, the following provisions shall apply:

(A) If the Severance Payments, reduced by the sum of (1) the Excise Tax and (2) the total of the federal, state, and local income and employment taxes payable by the Executive on the amount of the Severance Payments which are in excess of the Threshold Amount, are greater than or equal to the Threshold Amount, the Executive shall be entitled to the full amount of Severance Payments.

(B) If the Threshold Amount is less than (x) the Severance Payments, but greater than (y) the Severance Payments reduced by the sum of (1) the Excise Tax and (2) the total of the federal, state, and local income and employment taxes on the amount of the Severance Payments which are in excess of the Threshold Amount, then the Severance Payments shall be reduced (but not below zero) to the extent necessary so that the sum of all Severance Payments shall not exceed the Threshold Amount. In such event, the Severance Payments shall be reduced in the following order: (i) cash payments not subject to Section 409A of the Code; (ii) cash payments subject to Section 409A of the Code; (iii) equity-based payments and acceleration; and (iv) non-cash forms of benefits. To the extent any payment is to be made over time (e.g., in installments, etc.), then the payments shall be reduced in reverse chronological order.

For the purposes of this Section 6(g)(iii), “Threshold Amount” shall mean three (3) times the Executive’s “base amount” within the meaning of Section 280G(b)(3) of the Code and the regulations promulgated thereunder less one dollar (\$1.00); and “Excise Tax” shall mean the excise tax imposed by Section 4999 of the Code, and any interest or penalties incurred by the Executive with respect to such excise tax.

(h) The determination as to which of the alternative provisions of this Section 6(g)(iii) shall apply to the Executive shall be made by a nationally recognized accounting firm selected by the Company (the “Accounting Firm”), which shall provide detailed supporting calculations both to the Company and the Executive within fifteen (15) business days of the Date of Termination, if applicable, or at such earlier time as is reasonably requested by the Company or the Executive. For purposes of determining which of the alternative provisions of this Section 6(g)(iii) above shall apply, the Executive shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation applicable to individuals for the calendar year in which the determination is to be made, and state and local income taxes at the highest marginal rates of individual taxation in the state and locality of the Executive’s residence on the Date of Termination, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes. Any determination by the Accounting Firm shall be binding upon the Company and the Executive.

(i) No Mitigation. Without regard to the reason for the termination of the Executive's employment hereunder, the Executive shall be under no obligation to mitigate damages with respect to such termination under any circumstances and in the event the Executive is employed or receives income from any other source, there shall be no offset against the amounts due from the Company hereunder.

(j) Section 409A.

(i) Anything in this Agreement to the contrary notwithstanding, if at the time of the Executive's separation from service within the meaning of Section 409A of the Code, the Company determines that the Executive is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, then to the extent any payment or benefit that the Executive becomes entitled to under this Agreement would be considered deferred compensation subject to the 20 percent additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (A) six months and one day after the Executive's separation from service, or (B) the Executive's death. If any such delayed cash payment is otherwise payable on an installment basis, the first payment shall include a catch-up payment covering amounts that would otherwise have been paid during the six-month period but for the application of this provision, and the balance of the installments shall be payable in accordance with their original schedule. Any such delayed cash payment shall earn interest at an annual rate equal to the prime rate reported by The Wall Street Journal as of the date of separation from service, from such date of separation from service until the payment.

(ii) The parties intend that this Agreement will be administered in accordance with Section 409A of the Code. To the extent that any provision of this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner so that all payments hereunder comply with Section 409A of the Code. The parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

(iii) To the extent that any payment or benefit described in this Agreement constitutes "non-qualified deferred compensation" under Section 409A of the Code, and to the extent that such payment or benefit is payable upon the Executive's termination of employment, then such payments or benefits shall be payable only upon the Executive's "separation from service." The determination of whether and when a separation from service has occurred shall be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409A-1(h).

(iv) The Company makes no representation or warranty and shall have no liability to the Executive or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

7. Non-Competition and No Solicitation.

(a) Because the Executive's services to the Company are special and because the Executive has access to the Company's confidential information, during the Term of Employment and for a period of twelve (12) months following the termination, the Employee shall not, without the express written consent of the Company, directly or indirectly, engage, participate, invest in, be employed by or assist, whether as owner, part-owner, shareholder, partner, director, officer, trustee, employee, agent or consultant, or in any other capacity, any Person (as hereinafter defined) other than the Company and its affiliates in the Designated Industry (as hereinafter defined); provided, however, that nothing herein shall be construed as preventing the Employee from making passive investments in a Person in the Designated Industry if the securities of such Person are publicly traded and such investment constitutes less than one percent (1%) of the outstanding shares of capital stock or comparable equity interests of such Person.

(b) For purposes of this Agreement, the following terms have the following meanings:

"Person" means an individual, a corporation, an association, a partnership, a limited liability company, an estate, a trust and any other entity or organization; and

"Designated Industry" means the business of providing chemistry research and development services to pharmaceutical and biotechnology companies involved in drug development and discovery and any and all activities related thereto, including, without limitation, medicinal chemistry, chemical development, biocatalysis, analytical chemistry services and small-scale manufacturing and any other business conducted by the Company during the Employee's employment with the Company.

(c) For a period of twelve (12) months following the termination of this Agreement for any reason, the Executive shall not, directly or indirectly, alone or as a member of any partnership or limited liability company or entity, or as an officer, director, shareholder, or employee of any corporation or entity (a) solicit or otherwise encourage any employee or independent contractor of the Company to terminate his/her relationship with the Company, or (b) recruit, hire or solicit for employment or for engagement as an independent contractor, any person who is or was employed by the Company at any time during the Executive's employment with the Company. This paragraph shall not apply to persons whose employment and/or retention with the Company has been terminated for a period of twelve (12) months or longer.

8. Confidentiality. In the course of performing services hereunder and otherwise, the Employee has had, and it is anticipated that the Employee will from time to time have, access to confidential records, data, customer lists, trade secrets, technology and similar confidential information owned or used in the course of business by the Company and its subsidiaries and affiliates (the "Confidential Information"). The Executive agrees (i) to hold the Confidential Information in strict confidence, (ii) not to disclose the Confidential Information to any Person (other than in the regular business of the Company), and (iii) not to use, directly or indirectly, any of the Confidential Information for any competitive or commercial purpose; provided, however, that the limitations set forth above shall not apply to any Confidential Information which (A) is then generally known to the public, (B) became or becomes generally known to the public through no fault of the Executive, or (C) is disclosed in accordance with an order of a court of competent jurisdiction or applicable law. Upon termination of the Executive's employment with the Company, all data, memoranda, customer lists, notes, programs and other papers and items, and reproductions thereof relating to the foregoing matters in the Executive's possession or control, shall be returned to the Company and remain in its possession. This Section 8 shall survive the termination of this Agreement for any reason.

9. Conflicting Agreements. The Executive hereby represents and warrants that the execution of this Agreement and the performance of his obligations hereunder will not breach or be in conflict with any other agreement to which he is a party or is bound, and that he is not now subject to any covenants which would affect the performance of his obligations hereunder. As of the Effective Date, the Executive is not performing any other duties for, and is not a party to any similar agreement with, any Person competing with the Company or any of its affiliates.

10. Severability. In case any of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, any such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had been limited or modified (consistent with its general intent) to the extent necessary to make it valid, legal and enforceable, or if it shall not be possible to so limit or modify such invalid, illegal or unenforceable provision or part of a provision, this Agreement shall be construed as if such invalid, illegal or unenforceable provision or part of a provision had never been contained in this Agreement.

11. Litigation and Regulatory Cooperation. During and after the Executive's employment, the Executive shall cooperate fully with the Company in the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company which relate to events or occurrences that transpired while the Executive was employed by the Company. The Executive's full cooperation in connection with such claims or actions shall include, but not be limited to, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times. During and after the Executive's employment, the Executive also shall cooperate fully with the Company in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while the Executive was employed by the Company. The Company shall reimburse the Executive for any reasonable out-of-pocket expenses incurred in connection with the Executive's performance of obligations pursuant to this Section 11. This Section 11 shall survive the termination of this Agreement for any reason.

12. Arbitration of Disputes. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Albany, New York, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered in any court having jurisdiction. In the event that the Company terminates the Executive's employment for cause under Section 6(b) and the Executive contends that cause did not exist, then the Company's only obligation shall be to submit such claim to arbitration and the only issue before the arbitrator will be whether the Executive was in fact terminated for cause. If the arbitrator determines that the Executive was not terminated for cause by the Company, then the only remedies that the arbitrator may award are (i) payment of amounts which would have been payable if the Executive's employment had been terminated under Section 6(e), (ii) the costs of arbitration, (iii) the Executive's attorneys' fees, and (iv) all rights and benefits granted or in effect with respect to the Executive under the Company's stock option plans and agreements with the Executive pursuant thereto, with the vesting and exercise of any stock options and the forfeit ability of any stock-based grants held by the Executive to be governed by the terms of such plans and the related agreements between the Executive and the Company. If the arbitrator finds that the Executive's employment was terminated for cause, the arbitrator will be without authority to award the Executive anything, and the parties will each be responsible for their own attorneys' fees, and they will divide the costs of arbitration equally. Furthermore, should a dispute occur concerning the Executive's mental or physical capacity as described in Section 6(c), a doctor selected by the Executive and a doctor selected by the Company shall be entitled to examine the Executive. If the opinion of the Company's doctor and the Executive's doctor conflict, the Company's doctor and the Executive's doctor shall together agree upon a third doctor, whose opinion shall be binding. This Section 12 shall survive the termination of this Agreement for any reason.

13. Specific Performance. Notwithstanding Section 12 hereof, it is specifically understood and agreed that any breach of the provisions of this Agreement, including, without limitation, Sections 7 and 8 hereof, by the Executive is likely to result in irreparable injury to the Company and its subsidiaries and affiliates, that the remedy at law alone will be inadequate remedy for such breach and that, in addition to any other remedy it may have, the Company shall be entitled to enforce the specific performance of this Agreement by the Executive and to seek both temporary and permanent injunctive relief (to the extent permitted by law), without the necessity of proving actual damages. To the extent that any court action is permitted consistent with or to enforce Section 7 or 8 of this Agreement, the parties hereby agree to the sole and exclusive jurisdiction of the Supreme Court of the State of New York (Albany County) and the United States District Court for the Northern District of New York (City of Albany). Accordingly, with respect to any such court action, the Executive (i) submits to the personal jurisdiction of such courts, (ii) consents to service of process, and (iii) waives any other requirement (whether imposed by statute, rule of court or otherwise) with respect to personal jurisdiction or service of process.

14. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given (i) when delivered by hand, (ii) when transmitted by facsimile and receipt is acknowledged, or (iii) if mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

To the Company:

Albany Molecular Research, Inc.
21 Corporate Circle
Albany, New York 12203-5154
Facsimile: (518) 867-4375
Attention: Senior Vice President, Human Resources

To the Executive, to the address on file with the Company.

or to such other address of which any party may notify the other parties as provided above. Notices shall be effective as of the date of such delivery or mailing.

15. Amendment; Waiver. This Agreement shall not be amended, modified or discharged in whole or in part except by an Agreement in writing signed by both of the parties hereto. The failure of either of the parties to require the performance of a term or obligation or to exercise any right under this Agreement or the waiver of any breach hereunder shall not prevent subsequent enforcement of such term or obligation or exercise of such right or the enforcement at any time of any other right hereunder or be deemed a waiver of any subsequent breach of the provision so breached, or of any other breach hereunder.

16. Successors and Assigns. This Agreement shall inure to the benefit of successors of the Company by way of merger, consolidation or transfer of all or substantially all of the assets of the Company, and may not be assigned by the Executive. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company expressly to assume and agree to perform this Agreement to the same extent that the Company would be required to perform it if no succession had taken place. Failure of the Company to obtain an assumption of this Agreement at or prior to the effectiveness of any succession shall be a material breach of this Agreement.

17. Entire Agreement. This Agreement constitutes the entire agreement between the parties concerning the subjects hereof and supersedes all prior understandings and agreements between the parties relating to the subject matter hereof.

18. Governing Law. This Agreement shall be construed and regulated in all respects under the laws of the State of New York.

19. Counterparts. This Agreement may be executed in counterparts, each of which when so executed and delivered shall be taken to be an original, but such counterparts shall together constitute one and the same document.

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IN WITNESS WHEREOF, the parties have executed this Amended Agreement as of the day and year first above written.

ALBANY MOLECULAR RESEARCH, INC.

By: /s/ William S. Marth

EXECUTIVE:

/s/ Steven R. Hagen

Steven R. Hagen

AMENDED EMPLOYMENT AGREEMENT

This AMENDED EMPLOYMENT AGREEMENT (the "Agreement") is made as of the 8th day of February 2017, by and between Albany Molecular Research, Inc., a Delaware corporation (the "Company"), and Lori M. Henderson (the "Executive").

WHEREAS, the Executive is a key employee of the Company;

WHEREAS, the parties hereto desire to assure that the Executive's knowledge and familiarity with the business of the Company will continue to be available to the Company after the date hereof; and

WHEREAS, the Executive and the Company entered into an Amended and Restated Employment Agreement on April 5, 2012 and the parties now wish to amend as of the date hereof.

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

1. Employment. Subject to the provisions of this Agreement, the Company hereby employs the Executive and the Executive accepts such employment upon the terms and conditions hereinafter set forth.

2. Term of Employment. The term of the Executive's employment pursuant to this Agreement shall commence on and as of the date hereof (the "Effective Date") and shall remain in effect for a period of two (2) years from the Effective Date (the "Term"). The Term shall be renewed automatically for periods of two (2) years (each a "Renewal Term") commencing at the second anniversary of the Effective Date and on each subsequent second anniversary thereafter, unless notice that this Agreement will not be extended is given by either the Executive or the Company not less than one-hundred (100) days prior to the expiration of the Term (as extended by any Renewal Term). The period during which the Executive serves as an employee of the Company in accordance with and subject to the provisions of this Agreement is referred to in this Agreement as the "Term of Employment."

3. Capacity.

(a) Duties. During the Term of Employment, the Executive shall report directly to the Chairman, President and Chief Executive Officer and (i) shall serve as an Executive of the Company with the title Senior Vice President, General Counsel and Secretary (ii) shall perform such duties and responsibilities as may be reasonably determined by the Chairman, President, and Chief Executive Officer, consistent with the Executive's title and position, duties and responsibilities as an employee of the Company as of the Effective Date; provided that such duties and responsibilities shall be within the general area of the Executive's experience and skills, and (iii) shall render all services incident to the foregoing.

(b) Extent of Service. The Executive agrees to diligently serve the interests of the Company and shall devote substantially all of her working time, attention, skill and energies to the advancement of the interests of the Company and its subsidiaries and affiliates and the performance of her duties and responsibilities hereunder; provided that nothing in this Agreement shall be construed as preventing the Executive from (i) investing the Executive's assets in any entity in a manner not prohibited by Section 7 and in such form or manner as shall not require any material activities on the Executive's part in connection with the operations or affairs of the entities in which such investments are made, or (ii) engaging in religious, charitable or other community or non-profit activities that do not impair the Executive's ability to fulfill the Executive's duties and responsibilities under this Agreement.

4. Compensation.

(a) Salary. During the Term of Employment, the Company shall pay the Executive a salary (the "Base Salary") at an annual rate as shall be determined from time to time by the Chairman, President and Chief Executive Officer or other appropriate person of the Company consistent with the general policies and practices of the company; provided, however, that in no event shall such rate per annum be less than \$315,000. Such salary shall be subject to withholding under applicable law and shall be payable in periodic installments in accordance with the Company's usual practice for its senior executives, as in effect from time to time.

(b) Bonus. Annually, the Company shall review the performance of the Company and of the Executive during the prior year, and the Company may provide the Executive with additional compensation as a bonus in accordance with any bonus plan then in effect from time to time for senior executives of the Company. Any such bonus plan shall have such terms as may be established in the sole discretion of the Board of Directors of the Company or the Compensation Committee of the Board of Directors. Any bonus earned for a calendar year shall be paid between January 1 and March 15 of the following calendar year.

5. Benefits.

(a) Regular Benefits. During the Term of Employment, the Executive shall be entitled to participate in any and all medical, dental, pension and life insurance plans, disability income plans and other employee benefit plans as in effect from time to time for senior executives of the Company. Such participation shall be subject to (i) the terms of the applicable plan documents, (ii) generally applicable policies of the Company and (iii) the discretion of the Board of Directors of the Company or the administrative or other committee provided for in, or contemplated by, such plan. Compliance with this Section 5(a) shall in no way create or be deemed to create any obligation, express or implied, on the part of the Company or any subsidiary or affiliate of the Company with respect to the continuation of any benefit or other plan or arrangement maintained as of or prior to the Effective Date or the creation and maintenance of any particular benefit or other plan or arrangement at any time after the Effective Date.

(b) Reimbursement of Expenses. The Company shall promptly reimburse the Executive for all reasonable business expenses incurred by the Executive during the Term of Employment in accordance with the Company's practices for employees of the Company, as in effect from time to time.

(c) Vacation. During the Term of Employment, the Executive shall receive at least four (4) weeks paid vacation annually or such greater amount as is in accordance with the Company's practices for senior executives of the Company, as in effect from time to time.

(d) Equity Grant. Following approval by the Company's Board of Directors or any duly appointed committee thereof, the Company shall award an equity grant of 10,000 shares of Restricted Stock and 80,000 Non-Qualified Stock Options at a price equal to the fair market value on the date of grant (the "New Hire Grant"). Such New Hire Grant shall be subject to a vesting schedule whereby 25% of the award will vest after completion of 12 full months of service and an additional 25% will vest on each subsequent anniversary of the date of employment, subject to the terms and conditions of the 2008 Stock Option and Incentive Plan of the Company.

6. Termination of Employment. Notwithstanding the provisions of Section 2, the Executive's employment under this Agreement shall terminate under the following circumstances set forth in this Section 6.

For purposes of this Agreement, "Date of Termination" means (i) if the Executive's employment is terminated by her death as provided in Section 6(c), the date of death; (ii) if the Executive's employment is terminated due to her permanent disability as provided in Section 6(c), the date on which notice of termination is given; (iii) if the Executive's employment is terminated by the Company without Cause under Section 6(e) or Section 6(g), sixty (60) days after the date on which notice of termination is given; and (iv) if the Executive's employment is terminated under Section 6(f) or for Good Reason under Section 6(g), the date on which the applicable cure period expires.

(a) Mutual Consent. The Executive's employment under this Agreement may be terminated at any time by the mutual consent of the Executive and the Company on such terms as both parties shall mutually agree.

(b) Termination by the Company for Cause. The Executive's employment under this Agreement may be terminated by the Company for "Cause" at any time upon written notice to the Executive without further liability on the part of the Company. For purposes of this Agreement, a termination shall be for "Cause" if:

(i) the Executive shall commit an act of fraud, embezzlement, misappropriation or breach of fiduciary duty against the Company or any of its subsidiaries or affiliates or shall be convicted by a court of competent jurisdiction or shall plead guilty or nolo contendere to any felony or any crime involving moral turpitude;

(ii) the Executive shall commit a material breach of any of the covenants, terms or provisions of Section 7 or 8 hereof which breach has not been cured within fifteen (15) days after delivery to the Executive by the Company of written notice thereof;

(iii) the Executive shall commit a material breach of any of the covenants, terms or provisions hereof (other than pursuant to Section 7 or 8 hereof) which breach has not been remedied within thirty (30) days after delivery to the Executive by the Company of written notice thereof; or

(iv) the Executive shall have disobeyed reasonable written instructions from the Chairman, President and Chief Executive Officer, or other appropriate governing committee which are consistent with the terms and conditions of this Agreement or shall have deliberately, willfully, substantially and continuously failed to perform the Executive's duties hereunder, after written notice and under circumstances effectively constituting a voluntary resignation of the Executive's position with the Company.

Upon termination for Cause as provided in this Section 6(b), all obligations of the Company under this Agreement shall thereupon immediately terminate other than any obligations with respect to (A) earned but unpaid Base Salary and (B) the continued rights of the executive to receive payments due under the Technology Development Incentive Plan, and (C) the Company shall have any and all rights and remedies under this Agreement and applicable law.

(c) Death; Disability. The Executive's employment under this Agreement may be terminated by the Company upon the earlier of death or permanent disability (as defined below) of the Executive continuing for a period of one hundred eighty (180) days. Upon any such termination of the Executive's employment, all obligations of the Company under this Agreement shall thereupon immediately terminate other than any obligations with respect to (i) earned but unpaid salary through the Date of Termination, (ii) bonus payments with respect to the calendar year within which such termination occurred on the basis of and to the extent contemplated in any bonus plan then in effect with respect to senior executive officers of the Company, pro-rated on the basis of the number of days of the Executive's actual employment hereunder during such calendar year through the Date of Termination, and (iii) in the case of permanent disability, continuation at the Company's expense of health insurance benefits (medical and dental) until the first anniversary of the Date of Termination to the extent permitted under the Company's group health insurance policy. As used herein, the term "permanent disability" or "permanently disabled" means the inability of the Executive, by reason of injury, illness or other similar cause, to perform a major part of her duties and responsibilities in connection with the conduct of the business and affairs of the Company. The Company shall provide written notice to the Executive of the termination of her employment hereunder due to permanent disability. The provisions of the Technology Development Incentive Plan shall apply to matters related to any technical incentive compensation being received at the time of disability or death of the Executive.

(d) Voluntary Termination by the Executive. At any time during the Term of Employment, the Executive may terminate her employment under this Agreement upon sixty (60) days' prior written notice to the Company. Upon termination by the Executive as provided in this Section 6(d), all obligations of the Company under this Agreement shall thereupon immediately terminate other than any obligations with respect to earned but unpaid Base Salary and any payments of technology incentive compensation under the Technology Development Incentive Plan.

(e) Termination by the Company Without Cause. The Executive's employment under this Agreement may be terminated by the Company at any time without "Cause" (as defined in Section 6(b)) by the Company upon sixty (60) days' prior written notice to the Executive. Any termination by the Company of the Executive's employment under this Agreement which does not constitute a termination for Cause under Section 6(b) and is not a termination on account of death or disability under Section 6(c) shall be deemed a termination without Cause. Upon any such termination of the Executive's employment, all obligations of the Company under this Agreement shall thereupon immediately terminate other than any obligations with respect to earned but unpaid Base Salary and bonus under Section 4. In addition, subject to the Executive signing a general release of claims in a form and manner satisfactory to the Company, including a mutual obligation of non-disparagement, and the lapse of any statutory revocation period, the Company shall (i) continue to pay the Executive her Base Salary at the rate then in effect pursuant to Section 4(a) for a period of twelve (12) months from the Date of Termination; (ii) shall pay to the Executive in monthly installments over the next year, an amount equal to the Executive's cash bonus, if any, received in respect of the immediately preceding year pursuant to Section 4(b) beginning with the first payroll date that begins thirty (30) days after the Date of Termination; (iii) shall pay 100% of the costs to provide up to twelve (12) months of outplacement support services at a level appropriate for the Executive's title and responsibility; (iv) shall provide the Executive with health and dental insurance continuation at a level consistent with the level and type the Executive had in place at the time of termination for a period of twelve (12) months from the Date of Termination and (v) on or prior to the Date of Termination, Executive will become fully vested in any unvested shares or options granted as part of the New Hire Grant. For purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), each monthly payment shall be considered a separate payment. Following a termination of the Executive without Cause, the Executive shall continue to be eligible to receive technology incentive compensation payments due under the provisions of the Technology Development Incentive Plan as such may have been established by the administrator of such plan prior to the date of termination.

(f) Termination by the Executive upon Company Breach. The Executive shall have the right to terminate her employment hereunder upon written notice to the Company in the event of (i) a material diminution in the nature or scope of the powers, duties or responsibilities of the Executive or (ii) a breach by the Company of any of its material obligations hereunder, (iii) the relocation of the offices at which the Executive is principally employed as of the date of this Agreement to a location more than fifty (50) miles from such offices, which relocation is not approved by the Executive, in each case after the Executive has given written notice to the Company specifying such default by the Company, within sixty (60) days of the occurrence of the default, and giving the Company a reasonable time, not less than thirty (30) days, to conform its performance to its obligations hereunder. Upon any such termination of the Executive's employment, all obligations of the Company under this Agreement shall thereupon immediately terminate other than any obligations with respect to earned but unpaid Base Salary and bonus under Section 4. In addition, subject to the Executive signing a general release of claims in a form and manner satisfactory to the Company, including a mutual obligation of non-disparagement, and the lapse of any statutory revocation period, the Company shall (i) continue to pay the Executive her Base Salary at the rate then in effect pursuant to Section 4(a) for a period of twelve (12) months from the Date of Termination; (ii) shall pay to the Executive in monthly installments over the next year, an amount equal to the Executive's cash bonus, if any, received in respect of the immediately preceding year pursuant to Section 4(b) beginning with the first payroll date that begins thirty (30) days after the Date of Termination; (iii) shall pay 100% of the costs to provide up to twelve (12) months of outplacement support services at a level appropriate for the Executive's title and responsibility; (iv) shall provide the Executive with health and dental insurance continuation at a level consistent with the level and type the Executive had in place at the time of termination for a period of twelve (12) months from the Date of Termination and (v) on or prior to the Date of Termination, Executive will become fully vested in any unvested shares or options granted as part of the New Hire Grant. For purposes of Section 409A of the Code, each monthly payment shall be considered a separate payment. Following a termination by the Executive for Company Breach, the Executive shall continue to be eligible to receive technology incentive compensation payments due under the provisions of the Technology Development Incentive Plan as such may have been established by the administrator of such plan prior to the date of termination.

(g) Change of Control and Termination Pursuant to a Change of Control. If there is a Change of Control, as defined below, during the Term of Employment, the provisions of this Section 6(g) shall apply and shall continue to apply throughout the remainder of the Term (as extended by any Renewal Term). Upon a Change of Control, the Executive will become fully vested in any outstanding stock options, Restricted Stock or other stock grants awarded and become fully vested in all Company contributions made to the executive's 401(k), Profit Sharing or other retirement account (s). In addition, within thirty (30) days of the Change of Control, the Company shall pay to the Executive a lump sum equal to the Executive's pro rata target cash bonus for the year in which the Change of Control occurred (as such may be set forth in the Company's bonus plan for such year and calculated assuming target achievement of corporate and personal goals); such pro rata amount to be determined based on the actual date of the closing of such Change in Control transaction.

If, within two (2) years following a Change of Control, the Executive's employment is terminated by the Company without Cause (in accordance with Section 6(e) above) or by the Executive for "Good Reason" (as defined in Section 6(g)(ii) below), in lieu of any severance and other benefits payable under Section 6(e) or Section 6(f), subject to the Executive signing a general release of claims in a form and manner satisfactory to the Company, including a mutual obligation of non-disparagement, and the lapse of any statutory revocation period, the Company shall pay to the Executive (or the Executive's estate, if applicable) a lump sum amount equal to 1.5 times the sum of (x) the Executive's Base Salary at the rate then in effect pursuant to Section 4(a), plus (y) an amount equal to the Executive's target cash bonus, for the year in which termination occurred (as such may be set forth in the Company's cash bonus plan for such year assuming target achievement of corporate or personal goals) within thirty (30) days of the Date of Termination. Notwithstanding the foregoing, to the extent the cash severance payment to the Executive is considered deferred compensation subject to Section 409A of the Code, and if the Change of Control does not constitute a "change in control event" within the meaning of Section 409A of the Code, such cash severance shall be payable in installments over the same period as provided in Section 6(e). The Company shall also pay 100% of the costs to provide up to twelve (12) months of outplacement support services at a level appropriate for the Executive's title and responsibility and provide the Executive with health and dental insurance continuation at a level consistent with the level and type the Executive had in place at the time of termination for a period of eighteen (18) months from the Date of Termination. Following a termination by the Executive or a termination by the Company under this Section 6(g), the Executive shall continue to be eligible to receive technology incentive compensation payments due under the provisions of the Technology Development Incentive Plan as such may have been established by the administrator of such plan prior to the date of termination.

(i) "Change of Control" shall mean the occurrence of any one of the following events: (A) the sale of all or substantially all of the assets of the Company on a consolidated basis to an unrelated person or entity, (B) a merger, reorganization or consolidation in which the outstanding shares of Stock are converted into or exchanged for securities of the successor entity and the holders of the Company's outstanding voting power immediately prior to such transaction do not own a majority of the outstanding voting power of the successor entity immediately upon completion of such transaction, or (C) the sale of all of the Stock of the Company to an unrelated person or entity.

(ii) "Good Reason" shall mean the occurrence of any of the following:

- (A) a material or diminution in the nature or scope of the powers, functions, titles, duties or responsibilities of the Executive that is adverse to the Executive;
- (B) a breach by the Company of any of its material obligations hereunder; or
- (C) the relocation of the offices at which the Executive is principally employed as of the Change of Control to a location more than fifty (50) miles from such offices, which relocation is not approved by the Executive.

The Executive shall provide the Company with reasonable notice and an opportunity to cure any of the events listed in this Section 6(g)(ii) within sixty (60) days of the occurrence of the event and shall not be entitled to compensation pursuant to this Section 6(g) unless the Company fails to cure within a reasonable period of not less than thirty (30) days.

(iii) Additional Limitation. Anything in this Agreement to the contrary notwithstanding, in the event that the amount of any compensation, payment or distribution by the Company to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, calculated in a manner consistent with Section 280G of the Code and the applicable regulations thereunder (the "Severance Payments"), would be subject to the excise tax imposed by Section 4999 of the Code, the following provisions shall apply:

- (A) If the Severance Payments, reduced by the sum of (1) the Excise Tax and (2) the total of the federal, state, and local income and employment taxes payable by the Executive on the amount of the Severance Payments which are in excess of the Threshold Amount, are greater than or equal to the Threshold Amount, the Executive shall be entitled to the full amount of Severance Payments.

(B) If the Threshold Amount is less than (x) the Severance Payments, but greater than (y) the Severance Payments reduced by the sum of (1) the Excise Tax and (2) the total of the federal, state, and local income and employment taxes on the amount of the Severance Payments which are in excess of the Threshold Amount, then the Severance Payments shall be reduced (but not below zero) to the extent necessary so that the sum of all Severance Payments shall not exceed the Threshold Amount. In such event, the Severance Payments shall be reduced in the following order: (i) cash payments not subject to Section 409A of the Code; (ii) cash payments subject to Section 409A of the Code; (iii) equity-based payments and acceleration; and (iv) non-cash forms of benefits. To the extent any payment is to be made over time (e.g., in installments, etc.), then the payments shall be reduced in reverse chronological order.

For the purposes of this Section 6(g)(iii), “Threshold Amount” shall mean three (3) times the Executive’s “base amount” within the meaning of Section 280G(b)(3) of the Code and the regulations promulgated thereunder less one dollar (\$1.00); and “Excise Tax” shall mean the excise tax imposed by Section 4999 of the Code, and any interest or penalties incurred by the Executive with respect to such excise tax.

The determination as to which of the alternative provisions of this Section 6(g)(iii) shall apply to the Executive shall be made by a nationally recognized accounting firm selected by the Company (the “Accounting Firm”), which shall provide detailed supporting calculations both to the Company and the Executive within fifteen (15) business days of the Date of Termination, if applicable, or at such earlier time as is reasonably requested by the Company or the Executive. For purposes of determining which of the alternative provisions of this Section 6(g)(iii) above shall apply, the Executive shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation applicable to individuals for the calendar year in which the determination is to be made, and state and local income taxes at the highest marginal rates of individual taxation in the state and locality of the Executive’s residence on the Date of Termination, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes. Any determination by the Accounting Firm shall be binding upon the Company and the Executive.

(h) No Mitigation. Without regard to the reason for the termination of the Executive’s employment hereunder, the Executive shall be under no obligation to mitigate damages with respect to such termination under any circumstances and in the event the Executive is employed or receives income from any other source, there shall be no offset against the amounts due from the Company hereunder.

(i) Section 409A.

(i) Anything in this Agreement to the contrary notwithstanding, if at the time of the Executive’s separation from service within the meaning of Section 409A of the Code, the Company determines that the Executive is a “specified employee” within the meaning of Section 409A(a)(2)(B)(i) of the Code, then to the extent any payment or benefit that the Executive becomes entitled to under this Agreement would be considered deferred compensation subject to the 20 percent additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (A) six months and one day after the Executive’s separation from service, or (B) the Executive’s death. If any such delayed cash payment is otherwise payable on an installment basis, the first payment shall include a catch-up payment covering amounts that would otherwise have been paid during the six-month period but for the application of this provision, and the balance of the installments shall be payable in accordance with their original schedule. Any such delayed cash payment shall earn interest at an annual rate equal to the prime rate reported by The Wall Street Journal as of the date of separation from service, from such date of separation from service until the payment.

(ii) The parties intend that this Agreement will be administered in accordance with Section 409A of the Code. To the extent that any provision of this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner so that all payments hereunder comply with Section 409A of the Code. The parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

(iii) To the extent that any payment or benefit described in this Agreement constitutes “non-qualified deferred compensation” under Section 409A of the Code, and to the extent that such payment or benefit is payable upon the Executive’s termination of employment, then such payments or benefits shall be payable only upon the Executive’s “separation from service.” The determination of whether and when a separation from service has occurred shall be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409A-1(h).

(iv) The Company makes no representation or warranty and shall have no liability to the Executive or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

7. Non-Competition and No Solicitation.

(a) Because the Executive’s services to the Company are special and because the Executive has access to the Company’s confidential information, during the Term of Employment and for a period of twelve (12) months following the termination, the Employee shall not, without the express written consent of the Company, directly or indirectly, engage, participate, invest in, be employed by or assist, whether as owner, part-owner, shareholder, partner, director, officer, trustee, employee, agent or consultant, or in any other capacity, any Person (as hereinafter defined) other than the Company and its affiliates in the Designated Industry (as hereinafter defined); provided, however, that nothing herein shall be construed as preventing the Employee from making passive investments in a Person in the Designated Industry if the securities of such Person are publicly traded and such investment constitutes less than one percent (1%) of the outstanding shares of capital stock or comparable equity interests of such Person.

(b) For purposes of this Agreement, the following terms have the following meanings:

“Person” means an individual, a corporation, an association, a partnership, a limited liability company, an estate, a trust and any other entity or organization; and

“Designated Industry” means the business of providing chemistry research and development services to pharmaceutical and biotechnology companies involved in drug development and discovery and any and all activities related thereto, including, without limitation, medicinal chemistry, chemical development, biocatalysis, analytical chemistry services and small-scale manufacturing and any other business conducted by the Company during the Employee’s employment with the Company.

(c) For a period of twelve (12) months following the termination of this Agreement for any reason, the Executive shall not, directly or indirectly, alone or as a member of any partnership or limited liability company or entity, or as an officer, director, shareholder, or employee of any corporation or entity (a) solicit or otherwise encourage any employee or independent contractor of the Company to terminate his/her relationship with the Company, or (b) recruit, hire or solicit for employment or for engagement as an independent contractor, any person who is or was employed by the Company at any time during the Executive’s employment with the Company. This paragraph shall not apply to persons whose employment and/or retention with the Company has been terminated for a period of twenty-four (24) months or longer.

8. Confidentiality. In the course of performing services hereunder and otherwise, the Employee has had, and it is anticipated that the Employee will from time to time have, access to confidential records, data, customer lists, trade secrets, technology and similar confidential information owned or used in the course of business by the Company and its subsidiaries and affiliates (the “Confidential Information”). The Executive agrees (i) to hold the Confidential Information in strict confidence, (ii) not to disclose the Confidential Information to any Person (other than in the regular business of the Company), and (iii) not to use, directly or indirectly, any of the Confidential Information for any competitive or commercial purpose; provided, however, that the limitations set forth above shall not apply to any Confidential Information which (A) is then generally known to the public, (B) became or becomes generally known to the public through no fault of the Executive, or (C) is disclosed in accordance with an order of a court of competent jurisdiction or applicable law. Upon termination of the Executive’s employment with the Company, all data, memoranda, customer lists, notes, programs and other papers and items, and reproductions thereof relating to the foregoing matters in the Executive’s possession or control, shall be returned to the Company and remain in its possession. This Section 8 shall survive the termination of this Agreement for any reason.

9. Conflicting Agreements. The Executive hereby represents and warrants that the execution of this Agreement and the performance of her obligations hereunder will not breach or be in conflict with any other agreement to which she is a party or is bound, and that she is not now subject to any covenants which would affect the performance of her obligations hereunder. As of the Effective Date, the Executive is not performing any other duties for, and is not a party to any similar agreement with, any Person competing with the Company or any of its affiliates.

10. Severability. In case any of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, any such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had been limited or modified (consistent with its general intent) to the extent necessary to make it valid, legal and enforceable, or if it shall not be possible to so limit or modify such invalid, illegal or unenforceable provision or part of a provision, this Agreement shall be construed as if such invalid, illegal or unenforceable provision or part of a provision had never been contained in this Agreement.

11. Litigation and Regulatory Cooperation. During and after the Executive's employment, the Executive shall cooperate fully with the Company in the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company which relate to events or occurrences that transpired while the Executive was employed by the Company. The Executive's full cooperation in connection with such claims or actions shall include, but not be limited to, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times. During and after the Executive's employment, the Executive also shall cooperate fully with the Company in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while the Executive was employed by the Company. The Company shall reimburse the Executive for any reasonable out-of-pocket expenses incurred in connection with the Executive's performance of obligations pursuant to this Section 11. This Section 11 shall survive the termination of this Agreement for any reason.

12. Arbitration of Disputes. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Albany, New York, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered in any court having jurisdiction. In the event that the Company terminates the Executive's employment for cause under Section 6(b) and the Executive contends that cause did not exist, then the Company's only obligation shall be to submit such claim to arbitration and the only issue before the arbitrator will be whether the Executive was in fact terminated for cause. If the arbitrator determines that the Executive was not terminated for cause by the Company, then the only remedies that the arbitrator may award are (i) payment of amounts which would have been payable if the Executive's employment had been terminated under Section 6(e), (ii) the costs of arbitration, (iii) the Executive's attorneys' fees, and (iv) all rights and benefits granted or in effect with respect to the Executive under the Company's stock option plans and agreements with the Executive pursuant thereto, with the vesting and exercise of any stock options and the forfeit ability of any stock-based grants held by the Executive to be governed by the terms of such plans and the related agreements between the Executive and the Company. If the arbitrator finds that the Executive's employment was terminated for cause, the arbitrator will be without authority to award the Executive anything, and the parties will each be responsible for their own attorneys' fees, and they will divide the costs of arbitration equally. Furthermore, should a dispute occur concerning the Executive's mental or physical capacity as described in Section 6(c), a doctor selected by the Executive and a doctor selected by the Company shall be entitled to examine the Executive. If the opinion of the Company's doctor and the Executive's doctor conflict, the Company's doctor and the Executive's doctor shall together agree upon a third doctor, whose opinion shall be binding. This Section 12 shall survive the termination of this Agreement for any reason.

13. Specific Performance. Notwithstanding Section 12 hereof, it is specifically understood and agreed that any breach of the provisions of this Agreement, including, without limitation, Sections 7 and 8 hereof, by the Executive is likely to result in irreparable injury to the Company and its subsidiaries and affiliates, that the remedy at law alone will be inadequate remedy for such breach and that, in addition to any other remedy it may have, the Company shall be entitled to enforce the specific performance of this Agreement by the Executive and to seek both temporary and permanent injunctive relief (to the extent permitted by law), without the necessity of proving actual damages. To the extent that any court action is permitted consistent with or to enforce Section 7 or 8 of this Agreement, the parties hereby agree to the sole and exclusive jurisdiction of the Supreme Court of the State of New York (Albany County) and the United States District Court for the Northern District of New York (City of Albany). Accordingly, with respect to any such court action, the Executive (i) submits to the personal jurisdiction of such courts, (ii) consents to service of process, and (iii) waives any other requirement (whether imposed by statute, rule of court or otherwise) with respect to personal jurisdiction or service of process.

14. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given (i) when delivered by hand, (ii) when transmitted by facsimile and receipt is acknowledged, or (iii) if mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

To the Company:

Albany Molecular Research, Inc.
21 Corporate Circle
Albany, New York 12203-5154
Facsimile: (518) 867-4375
Attention: Board of Directors

To the Executive, to the address on file with the Company.

or to such other address of which any party may notify the other parties as provided above. Notices shall be effective as of the date of such delivery or mailing.

15. Amendment; Waiver. This Agreement shall not be amended, modified or discharged in whole or in part except by an Agreement in writing signed by both of the parties hereto. The failure of either of the parties to require the performance of a term or obligation or to exercise any right under this Agreement or the waiver of any breach hereunder shall not prevent subsequent enforcement of such term or obligation or exercise of such right or the enforcement at any time of any other right hereunder or be deemed a waiver of any subsequent breach of the provision so breached, or of any other breach hereunder.

16. Successors and Assigns. This Agreement shall inure to the benefit of successors of the Company by way of merger, consolidation or transfer of all or substantially all of the assets of the Company, and may not be assigned by the Executive. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company expressly to assume and agree to perform this Agreement to the same extent that the Company would be required to perform it if no succession had taken place. Failure of the Company to obtain an assumption of this Agreement at or prior to the effectiveness of any succession shall be a material breach of this Agreement.

17. Entire Agreement. This Agreement constitutes the entire agreement between the parties concerning the subjects hereof and supersedes all prior understandings and agreements between the parties relating to the subject matter hereof.

18. Governing Law. This Agreement shall be construed and regulated in all respects under the laws of the State of New York.

19. Counterparts. This Agreement may be executed in counterparts, each of which when so executed and delivered shall be taken to be an original, but such counterparts shall together constitute one and the same document.

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IN WITNESS WHEREOF, the parties have executed this Amended Agreement as of the day and year first above written.

ALBANY MOLECULAR RESEARCH, INC.

By: /s/ William S. Marth

EXECUTIVE:

/s/ Lori M. Henderson

Lori M. Henderson

AMENDED EMPLOYMENT AGREEMENT

This AMENDED EMPLOYMENT AGREEMENT (the “Agreement”) is made this 8th day of February, 2017 (the “Effective Date”) by and between Albany Molecular Research, Inc., a Delaware corporation (the “Company”), and Felicia Ladin (the “Executive”).

WHEREAS, the Executive became an officer and key employee of the Company on the Employment Date and is party to an Employment Agreement with the Company dated February 11, 2015 which the parties desire to amend as of the date hereof; and

WHEREAS, the parties hereto desire to assure that the Executive’s knowledge and familiarity with the business of the Company will continue to be available to the Company after the date hereof.

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

1. Employment. Subject to the provisions of Section 6, the Company hereby employs the Executive, effective on the Employment Date, and the Executive agrees to accept such employment on the Employment Date upon the terms and conditions hereinafter set forth. The Employment Date is February 4, 2015, provided, however that the parties agreed that an announcement of such employment was made on January 12, 2015. In the event that the Executive becomes an employee of the Company on any date other than February 4, 2015, then the actual date of employment shall be considered the Employment Date hereunder.

2. Term of Employment. The term of the Executive’s employment pursuant to this Agreement shall commence on and as of the Employment Date (the “Effective Date”) and shall remain in effect for a period of two (2) years from the Effective Date (the “Term”). The Term shall be renewed automatically for periods of two (2) years (each a “Renewal Term”) commencing at the second anniversary of the Effective Date and on each subsequent anniversary thereafter, unless notice that this Agreement will not be extended is given by either the Executive or the Company not less than one-hundred eighty (180) days prior to the expiration of the Term (as extended by any Renewal Term). The period during which the Executive serves as an employee of the Company in accordance with and subject to the provisions of this Agreement is referred to in this Agreement as the “Term of Employment.”

3. Capacity.

(a) Duties. During the Term of Employment, the Executive shall report directly to the to the President and Chief Executive Officer and (i) shall, until the date agreed to by the Company and the Executive, serve as an executive officer of the Company with the title Senior Vice President and Treasurer , and, (ii) shall following the filing of the Annual Report on Form 10-K for the year ended December 31, 2014, serve, in addition, as the Chief Financial Officer of the Company and (iii) shall perform such duties and responsibilities as may be reasonably determined by the President and Chief Executive Officer and the Board of Directors of the Company consistent with the Executive's title and position, duties and responsibilities as an executive officer of the Company as of the Effective Date; provided that such duties and responsibilities shall be within the general area of the Executive's experience and skills, (iii) upon the request of the Board of Directors of the Company, shall serve as an officer and/or director of the Company and any of its subsidiaries or affiliates (provided that the Company shall indemnify the Executive for liabilities incurred as such in accordance with its current practices to the fullest extent permitted by applicable law); and (iv) shall render all services incident to the foregoing.

(b) Extent of Service. The Executive agrees to diligently serve the interests of the Company and shall devote substantially all of her working time, attention, skill and energies to the advancement of the interests of the Company and its subsidiaries and affiliates and the performance of her duties and responsibilities hereunder; provided that nothing in this Agreement shall be construed as preventing the Executive from (i) investing the Executive's assets in any entity in a manner not prohibited by Section 7 and in such form or manner as shall not require any material activities on the Executive's part in connection with the operations or affairs of the entities in which such investments are made, or (ii) engaging in religious, charitable or other community or non-profit activities that do not impair the Executive's ability to fulfill the Executive's duties and responsibilities under this Agreement.

4. Compensation.

(a) Salary. During the Term of Employment, the Company shall pay the Executive a salary (the "Base Salary") at an annual rate as shall be determined from time to time by the Board of Directors of the Company or the Compensation Committee of the Board of Directors consistent with the general policies and practices of the Company and subject to periodic review in accordance with the policies and practices of the Company; provided, however, that in no event shall such rate per annum be less than \$400,000.00. Such salary shall be subject to withholding under applicable law and shall be payable in periodic installments in accordance with the Company's usual practice for its senior executives, as in effect from time to time.

(b) Bonus. Annually, the Company shall review the performance of the Company and of the Executive during the prior year, and the Company may provide the Executive with additional compensation as a bonus in accordance with any bonus plan then in effect from time to time for senior executives of the Company. The current bonus plan for senior executives calls for the payment of 30% of base salary upon the attainment of threshold goals; 50% upon the attainment of target goals and 100% upon the attainment of superior goals. This bonus plan shall have such terms as may be established in the sole discretion of the Board of Directors of the Company or the Compensation Committee of the Board of Directors. Any bonus earned for a calendar year shall be paid between January 1 and March 15 of the following calendar year. Executive will be paid a sign-on bonus in 2015 equal to \$300,000 (the "New Hire Bonus"). The New Hire Bonus will be paid 50% within thirty (30) days of date of hire and the remaining 50% sixty (60) days following the first payment. Executive must be an active employee in good standing to receive the payments constituting the New Hire Bonus. In the event Executive receives payment of a bonus for 2014 performance from the Executive's prior employer, Executive will inform the SVP of Human Resources of the gross amount of such bonus and it is understood that the New Hire Bonus shall be reduced by the amount of that bonus paid by the prior employer.

5. Benefits.

(a) Regular Benefits. During the Term of Employment, the Executive shall be entitled to participate in any and all medical, dental, pension and life insurance plans, disability income plans and other employee benefit plans as in effect from time to time for senior executives of the Company. Such participation shall be subject to (i) the terms of the applicable plan documents, (ii) generally applicable policies of the Company and (iii) the discretion of the Board of Directors of the Company or the administrative or other committee provided for in, or contemplated by, such plan. Compliance with this Section 5(a) shall in no way create or be deemed to create any obligation, express or implied, on the part of the Company or any subsidiary or affiliate of the Company with respect to the continuation of any benefit or other plan or arrangement maintained as of or prior to the Effective Date or the creation and maintenance of any particular benefit or other plan or arrangement at any time after the Effective Date.

(b) Reimbursement of Expenses. The Company shall promptly reimburse the Executive for all reasonable business expenses incurred by the Executive during the Term of Employment in accordance with the Company's practices for senior executives of the Company, as in effect from time to time.

(c) Vacation. During the Term of Employment, the Executive shall receive at least four (4) weeks paid vacation annually or such greater amount as is in accordance with the Company's practices for senior executives of the Company, as in effect from time to time.

(d) New Employment Benefits. During the time that the Executive continues to retain her primary residence in Pennsylvania, the Executive will commute to whichever AMRI location shall be reasonably necessary to perform the responsibilities of Executive's position. Executive will be accommodated in hotels that are preferred Company hotels and reserved by the Company travel agent or administrator and paid for by AMRI or in a mutually agreeable rental residence at a cost per month to be approved by the Company, not to exceed Two Thousand Five Hundred Dollars (\$2,500) per month plus utilities and no such temporary living expenses shall be included in the definition of Relocation Expenses as set forth below, as allowable. Any time after the Employment Date, the Executive is eligible for the AMRI Relocation Program for executives. This program is explained in detail in the related documents and includes reimbursement or direct payment of all costs associated with the closing costs for both sale of the Executive's primary residence in Pennsylvania and the purchase, if any, of a new residence at the agreed upon location. The Company will pay for the physical move of household goods to the new location. Appropriate tax gross-ups will be made where allowable. Rent and Utility reimbursement for temporary living will be included in the gross up consideration. The provisions of the plan are more specific and are the terms that will be adhered to in the actual reimbursement. It is expected that such residence will be in the proximity of the Company's Massachusetts facilities, but could be elsewhere if approved by the Senior Vice President of Human Resources or the President and CEO. All such permanent relocation expenses, including the New Hire Bonus, are referred to herein as the "Relocation Expenses".

(e) Grant of Company Equity. Effective on Employment Date, the Company will grant to Executive Twenty Five Thousand (25,000) shares of restricted stock and non-qualified stock options to purchase Seventy Five Thousand (75,000) shares of the Company's Common Stock, such restricted stock and stock options to be granted pursuant to the Company's 2008 Stock Option and Incentive Plan. Such restricted stock and stock options will be evidenced by standard agreements to be entered into between Executive and the Company. The restricted stock and stock options granted pursuant to this Section 5(e) will vest twenty five percent (25%) per year on each anniversary of the date of grant. The shares of restricted stock and stock options granted in this Section 5(e) are referred to herein as the New Hire Grant.

6. Termination of Employment. Notwithstanding the provisions of Section 2, the Executive's employment under this Agreement shall terminate under the following circumstances set forth in this Section 6.

For purposes of this Agreement, "Date of Termination" means (i) if the Executive's employment is terminated by her death as provided in Section 6(c), the date of her death; (ii) if the Executive's employment is terminated due to his permanent disability as provided in Section 6(c), the date on which notice of termination is given; (iii) if the Executive's employment is terminated by the Company without Cause under Section 6(e) or Section 6(g), sixty (60) days after the date on which notice of termination is given; and (iv) if the Executive's employment is terminated under Section 6(f), or for Good Reason under Section 6(g), the date on which the applicable cure period expires. In the event that Executive's employment terminates at any time from the Employment Date to the date that is 24 months following the payment of the last to be paid of the Relocation Expenses and such termination is pursuant to Section 6(b) or 6(d); then within 30 days of the Date of Termination Executive shall repay the Relocation Expenses in full to the Company.

(a) Mutual Consent. The Executive's employment under this Agreement may be terminated at any time by the mutual consent of the Executive and the Company on such terms as both parties shall mutually agree.

(b) Termination by the Company for Cause. The Executive's employment under this Agreement may be terminated by the Company for Cause at any time upon written notice to the Executive without further liability on the part of the Company. For purposes of this Agreement, a termination shall be for Cause if:

(i) the Executive shall commit an act of fraud, embezzlement, misappropriation or breach of fiduciary duty against the Company or any of its subsidiaries or affiliates or shall be convicted by a court of competent jurisdiction or shall plead guilty or nolo contendere to any felony or any crime involving moral turpitude;

(ii) the Executive shall commit a material breach of any of the covenants, terms or provisions of Section 7 or 8 hereof which breach has not been cured within fifteen (15) days after delivery to the Executive by the Company of written notice thereof;

(iii) the Executive shall commit a material breach of any of the covenants, terms or provisions hereof (other than pursuant to Section 7 or 8 hereof) which breach has not been remedied within thirty (30) days after delivery to the Executive by the Company of written notice thereof; or

(iv) the Executive shall have disobeyed reasonable written instructions from the Company's Board of Directors, Compensation Committee or other appropriate governing committee which are consistent with the terms and conditions of this Agreement or shall have deliberately, willfully, substantially and continuously failed to perform the Executive's duties hereunder, after written notice and under circumstances effectively constituting a voluntary resignation of the Executive's position with the Company.

Upon termination for Cause as provided in this Section 6(b), all obligations of the Company under this Agreement shall thereupon immediately terminate other than any obligations with respect to earned but unpaid Base Salary. The Company shall have any and all rights and remedies under this Agreement and applicable law.

(c) Death; Disability. The Executive's employment under this Agreement may be terminated by the Company upon the earlier of death or permanent disability (as defined below) of the Executive continuing for a period of one hundred eighty (180) days. Upon any such termination of the Executive's employment, all obligations of the Company under this Agreement shall thereupon immediately terminate other than any obligations with respect to (i) earned but unpaid Base Salary through the Date of Termination, (ii) bonus payments with respect to the calendar year within which such termination occurred on the basis of and to the extent contemplated in any bonus plan then in effect with respect to senior executive officers of the Company, pro-rated on the basis of the number of days of the Executive's actual employment hereunder during such calendar year through the Date of Termination, and (iii) in the case of permanent disability, continuation at the Company's expense of health insurance benefits (medical and dental) until the first anniversary of the Date of Termination to the extent permitted under the Company's group health insurance policy. As used herein, the term "permanent disability" or "permanently disabled" means the inability of the Executive, by reason of injury, illness or other similar cause, after reasonable accommodation by the Company, to perform a major part of her duties and responsibilities in connection with the conduct of the business and affairs of the Company. The Company shall provide written notice to the Executive of the termination of her employment hereunder due to permanent disability.

(d) Voluntary Termination by the Executive. At any time during the Term of Employment, the Executive may terminate her employment under this Agreement upon sixty (60) days' prior written notice to the Company. Upon termination by the Executive as provided in this Section 6(d), all obligations of the Company under this Agreement shall thereupon immediately terminate.

(e) Termination by the Company Without Cause. The Executive's employment under this Agreement may be terminated by the Company at any time without Cause by the Company upon sixty (60) days' prior written notice to the Executive. Any termination by the Company of the Executive's employment under this Agreement which does not constitute a termination for Cause under Section 6(b) and is not a termination on account of death or disability under Section 6(c) shall be deemed a termination without Cause. Upon any such termination of the Executive's employment, all obligations of the Company under this Agreement shall thereupon immediately terminate other than any obligations with respect to earned but unpaid Base Salary and bonus under Section 4. In addition, subject to the Executive signing a general release of claims in a form and manner satisfactory to the Company, including a mutual obligation of non-disparagement, and the lapse of any statutory revocation period, the Company shall continue to pay the Executive her Base Salary at the rate then in effect pursuant to Section 4(a) for a period of one (1) year from the Date of Termination and shall pay to the Executive in monthly installments over the one (1) year period, an amount equal to the Executive's cash bonus, if any, received in respect of the year immediately preceding the year of termination pursuant to Section 4(b) beginning with the first payroll date that begins thirty (30) days after the Date of Termination. For purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), each monthly payment shall be considered a separate payment. The Company shall also pay 100% of the costs to provide up to twelve (12) months of outplacement support services at a level appropriate for the Executive's title and responsibility and provide the Executive with health and dental insurance continuation at a level consistent with the level and type the Executive had in place at the time of termination for a period of twelve (12) months from the Date of Termination. In addition, on or prior to the Date of Termination, Executive will become fully vested in any unvested shares or options granted as part of the New Hire Grant.

(f) Termination by the Executive upon Company Breach. The Executive shall have the right to terminate her employment hereunder upon written notice to the Company in the event of (i) a change in the Executive reporting directly to the Company's Chief Executive Officer or to the Board of Directors or a material diminution in the nature or scope of the powers, duties or responsibilities of the Executive or (ii) a breach by the Company of any of its material obligations hereunder, in each case after the Executive has given written notice to the Company specifying such default by the Company within sixty (60) days of the occurrence of the default and giving the Company a reasonable time, not less than thirty (30) days, to conform its performance to its obligations hereunder. Upon any such termination of the Executive's employment, all obligations of the Company under this Agreement shall thereupon immediately terminate other than any obligations with respect to earned but unpaid Base Salary and bonus under Section 4. In addition, subject to the Executive signing a general release of claims in a form and manner satisfactory to the Company, including a mutual obligation of non-disparagement, and the lapse of any statutory revocation period, the Company shall continue to pay the Executive her Base Salary at the rate then in effect pursuant to Section 4(a) for a period of one (1) year from the Date of Termination and shall pay to the Executive in monthly installments over the one (1) year period, an amount equal to the Executive's cash bonus, if any, received in respect of the year immediately preceding the year of termination pursuant to Section 4(b) beginning with the first payroll date that begins thirty (30) days after the Date of Termination. For purposes of Section 409A of the Code, each monthly payment shall be considered a separate payment. The Company shall also pay 100% of the costs to provide up to twelve (12) months of outplacement support services at a level appropriate for the Executive's title and responsibility and provide the Executive with health and dental insurance continuation at a level consistent with the level and type the Executive had in place at the time of termination for a period of twelve (12) months from the Date of Termination. In addition, on or prior to the Date of Termination, Executive will become fully vested in any unvested shares or options granted as part of the New Hire Grant.

(g) Change of Control and Termination Pursuant to a Change of Control. If there is a Change of Control, as defined below, during the Term of Employment, the provisions of this Section 6(g) shall apply and shall continue to apply throughout the remainder of the Term (as extended by any Renewal Term). Upon a Change of Control, the Executive will become fully vested in any outstanding stock options, Restricted Stock or other stock grants awarded and become fully vested in all Company contributions made to the Executive's 401(k), Profit Sharing or other retirement account(s). In addition, within thirty (30) days of the Change of Control, the Company shall pay to the Executive a lump sum equal to the Executive's pro rata target cash bonus for the year in which the Change of Control occurred (as such may be set forth in the Company's bonus plan for such year and calculated assuming target achievement of corporate and personal goals); such pro rata amount to be determined based on the actual date of the closing of such Change of Control transaction.

If, within two (2) years following a Change of Control, the Executive's employment is terminated by the Company without Cause (in accordance with Section 5(e) above) or by the Executive for "Good Reason" (as defined in Section 6(g)(ii) below), in lieu of any severance and other benefits payable under Section 6(e) or Section 6(f), subject to the Executive signing a general release of claims in a form and manner satisfactory to the Company, including a mutual obligation of non-disparagement, and the lapse of any statutory revocation period, the Company shall pay to the Executive (or the Executive's estate, if applicable) a lump sum amount equal to 1.5 times the sum of (x) the Executive's Base Salary at the rate then in effect pursuant to Section 4(a), plus (y) an amount equal to the Executive's target cash bonus, for the year in which termination occurred (as such may be set forth in the Company's cash bonus plan for such year assuming target achievement of corporate and personal goals) within thirty (30) days of the Date of Termination. Notwithstanding the foregoing, to the extent the cash severance payment to the Executive is considered deferred compensation subject to Section 409A of the Code, and if the Change of Control does not constitute a "change in control event" within the meaning of Section 409A of the Code, such cash severance shall be payable in installments over the same period as provided in Section 6(e). The Company shall also pay 100% of the costs to provide up to twelve (12) months of outplacement support services at a level appropriate for the Executive's title and responsibility and provide the Executive with health and dental insurance continuation at a level consistent with the level and type the Executive had in place at the time of termination for a period of eighteen (18) months from the Date of Termination.

(i) “Change of Control” shall mean the occurrence of any one of the following events: (A) the sale of all or substantially all of the assets of the Company on a consolidated basis to an unrelated person or entity, (B) a merger, reorganization or consolidation in which the outstanding shares of Stock are converted into or exchanged for securities of the successor entity and the holders of the Company’s outstanding voting power immediately prior to such transaction do not own a majority of the outstanding voting power of the successor entity immediately upon completion of such transaction, or (C) the sale of all of the Stock of the Company to an unrelated person or entity.

(ii) “Good Reason” shall mean the occurrence of any of the following:

(A) a change in the Executive reporting directly to the Company’s Chief Executive Officer or member of the Board of Directors or a material diminution in the nature or scope of the powers, duties or responsibilities of the Executive;

(B) a breach by the Company of any of its material obligations hereunder

(iii) The Executive shall provide the Company with reasonable notice and an opportunity to cure any of the events listed in Section 6(g)(ii) within sixty (60) days of the occurrence of the event and shall not be entitled to compensation pursuant to this Section 6(g) unless the Company fails to cure within a reasonable period of not less than thirty (30) days.

(h) Additional Limitation. Anything in this Agreement to the contrary notwithstanding, in the event that the amount of any compensation, payment or distribution by the Company to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, calculated in a manner consistent with Section 280G of the Code and the applicable regulations thereunder (the “Severance Payments”), would be subject to the excise tax imposed by Section 4999 of the Code, the following provisions shall apply:

(A) if the Severance Payments, reduced by the sum of (1) the Excise Tax and (2) the total of the federal, state, and local income and employment taxes payable by the Executive on the amount of the Severance Payments which are in excess of the Threshold Amount, are greater than or equal to the Threshold Amount, the Executive shall be entitled to the full amount of Severance Payments.

(B) if the Threshold Amount is less than (x) the Severance Payments, but greater than (y) the Severance Payments reduced by the sum of (1) the Excise Tax and (2) the total of the federal, state, and local income and employment taxes on the amount of the Severance Payments which are in excess of the Threshold Amount, then the Severance Payments shall be reduced (but not below zero) to the extent necessary so that the sum of all Severance Payments shall not exceed the Threshold Amount. In such event, the Severance Payments shall be reduced in the following order: (i) cash payments not subject to Section 409A of the Code; (ii) cash payments subject to Section 409A of the Code; (iii) equity-based payments and acceleration; and (iv) non-cash forms of benefits. To the extent any payment is to be made over time (e.g., in installments, etc.), then the payments shall be reduced in reverse chronological order.

For the purposes of this Section 6(h) “Threshold Amount” shall mean three (3) times the Executive’s “base amount” within the meaning of Section 280G(b)(3) of the Code and the regulations promulgated thereunder less one dollar (\$1.00); and “Excise Tax” shall mean the excise tax imposed by Section 4999 of the Code, and any interest or penalties incurred by the Executive with respect to such excise tax.

The determination as to which of the alternative provisions of this Section 6(h) shall apply to the Executive shall be made by a nationally recognized accounting firm selected by the Company (the “Accounting Firm”), which shall provide detailed supporting calculations both to the Company and the Executive within fifteen (15) business days of the Date of Termination, if applicable, or at such earlier time as is reasonably requested by the Company or the Executive. For purposes of determining which of the alternative provisions of this Section 6(h) above shall apply, the Executive shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation applicable to individuals for the calendar year in which the determination is to be made, and state and local income taxes at the highest marginal rates of individual taxation in the state and locality of the Executive’s residence on the Date of Termination, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes. Any determination by the Accounting Firm shall be binding upon the Company and the Executive.

(i) No Mitigation. Without regard to the reason for the termination of the Executive's employment hereunder, the Executive shall be under no obligation to mitigate damages with respect to such termination under any circumstances and in the event the Executive is employed or receives income from any other source, there shall be no offset against the amounts due from the Company hereunder.

(j) Section 409A.

(i) Anything in this Agreement to the contrary notwithstanding, if at the time of the Executive's separation from service within the meaning of Section 409A of the Code, the Company determines that the Executive is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, then to the extent any payment or benefit that the Executive becomes entitled to under this Agreement would be considered deferred compensation subject to the twenty percent (20%) additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (A) six (6) months and one (1) day after the Executive's separation from service, or (B) the Executive's death. If any such delayed cash payment is otherwise payable on an installment basis, the first payment shall include a catch-up payment covering amounts that would otherwise have been paid during the six (6)-month period but for the application of this provision, and the balance of the installments shall be payable in accordance with their original schedule. Any such delayed cash payment shall earn interest at an annual rate equal to the prime rate reported by The Wall Street Journal as of the date of separation from service, from such date of separation from service until the payment.

(ii) The parties intend that this Agreement will be administered in accordance with Section 409A of the Code. To the extent that any provision of this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner so that all payments hereunder comply with Section 409A of the Code. The parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

(iii) To the extent that any payment or benefit described in this Agreement constitutes "non-qualified deferred compensation" under Section 409A of the Code, and to the extent that such payment or benefit is payable upon the Executive's termination of employment, then such payments or benefits shall be payable only upon the Executive's "separation from service". The determination of whether and when a separation from service has occurred shall be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409A-1(h).

(iv) The Company makes no representation or warranty and shall have no liability to the Executive or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

7. Non-Competition and No Solicitation.

(a) Because the Executive's services to the Company are special and because the Executive has access to the Company's confidential information, during the Term of Employment and for a period of twelve (12) months following the termination, the Executive shall not, without the express written consent of the Company, directly or indirectly, engage, participate, invest in, be employed by or assist, whether as owner, part-owner, shareholder, partner, director, officer, trustee, employee, agent or consultant, or in any other capacity, any Person (as hereinafter defined) other than the Company and its affiliates in the Designated Industry (as hereinafter defined); provided, however, that nothing herein shall be construed as preventing the Executive from making passive investments in a Person in the Designated Industry if the securities of such Person are publicly traded and such investment constitutes less than one percent (1%) of the outstanding shares of capital stock or comparable equity interests of such Person.

(b) For purposes of this Agreement, the following terms have the following meanings:

“Person” means an individual, a corporation, an association, a partnership, a limited liability company, an estate, a trust and any other entity or organization; and

“Designated Industry” means the business of providing research and development services to pharmaceutical and biotechnology companies involved in drug development and discovery and any and all activities related thereto, including, without limitation, biological testing and biological research services, medicinal chemistry, chemical development, biocatalysis, analytical chemistry services and small-scale and large scale and any other business conducted by the Company during the Executive's employment with the Company that comprises a major portion of the Company's overall business.

(c) For a period of twelve (12) months following the termination of this Agreement for any reason, the Executive shall not, directly or indirectly, alone or as a member of any partnership or limited liability company or entity, or as an officer, director, shareholder, or employee of any corporation or entity (a) solicit or otherwise encourage any employee or independent contractor of the Company to terminate his/her relationship with the Company, or (b) recruit, hire or solicit for employment or for engagement as an independent contractor, any person who is or was employed by the Company at any time during the Executive's employment with the Company. This paragraph shall not apply to persons whose employment and/or retention with the Company has been terminated for a period of twelve (12) months or longer.

8. Confidentiality. In the course of performing services hereunder and otherwise, the Executive has had, and it is anticipated that the Executive will from time to time have, access to confidential records, data, customer lists, trade secrets, technology and similar confidential information owned or used in the course of business by the Company and its subsidiaries and affiliates (the "Confidential Information"). The Executive agrees (i) to hold the Confidential Information in strict confidence, (ii) not to disclose the Confidential Information to any Person (other than in the regular business of the Company), and (iii) not to use, directly or indirectly, any of the Confidential Information for any competitive or commercial purpose; provided, however, that the limitations set forth above shall not apply to any Confidential Information which (A) is then generally known to the public, (B) became or becomes generally known to the public through no fault of the Executive, or (C) is disclosed in accordance with an order of a court of competent jurisdiction or applicable law. Upon termination of the Executive's employment with the Company, all data, memoranda, customer lists, notes, programs and other papers and items, and reproductions thereof relating to the foregoing matters in the Executive's possession or control, shall be returned to the Company and remain in its possession. This Section 8 shall survive the termination of this Agreement for any reason.

9. Conflicting Agreements. The Executive hereby represents and warrants that the execution of this Agreement and the performance of her obligations hereunder will not breach or be in conflict with any other agreement to which he is a party or is bound, and that he is not now subject to any covenants which would affect the performance of her obligations hereunder.

10. Severability. In case any of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, any such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had been limited or modified (consistent with its general intent) to the extent necessary to make it valid, legal and enforceable, or if it shall not be possible to so limit or modify such invalid, illegal or unenforceable provision or part of a provision, this Agreement shall be construed as if such invalid, illegal or unenforceable provision or part of a provision had never been contained in this Agreement.

11. Litigation and Regulatory Cooperation. During and after the Executive's employment, the Executive shall cooperate fully with the Company in the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company which relate to events or occurrences that transpired while the Executive was employed by the Company. The Executive's full cooperation in connection with such claims or actions shall include, but not be limited to, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times. During and after the Executive's employment, the Executive also shall cooperate fully with the Company in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while the Executive was employed by the Company. The Company shall reimburse the Executive for any reasonable out-of-pocket expenses incurred in connection with the Executive's performance of obligations pursuant to this Section 11. This Section 11 shall survive the termination of this Agreement for any reason.

12. Arbitration of Disputes. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Boston, Massachusetts, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered in any court having jurisdiction. In the event that the Company terminates the Executive's employment for cause under Section 6(b) and the Executive contends that cause did not exist, then the Company's only obligation shall be to submit such claim to arbitration and the only issue before the arbitrator will be whether the Executive was in fact terminated for cause. If the arbitrator determines that the Executive was not terminated for cause by the Company, then the only remedies that the arbitrator may award are (i) payment of amounts which would have been payable if the Executive's employment had been terminated under Section 6(e), (ii) the costs of arbitration, (iii) the Executive's attorneys' fees, and (iv) all rights and benefits granted or in effect with respect to the Executive under the Company's stock option plans and agreements with the Executive pursuant thereto, with the vesting and exercise of any stock options and the forfeitability of any stock-based grants held by the Executive to be governed by the terms of such plans and the related agreements between the Executive and the Company. If the arbitrator finds that the Executive's employment was terminated for cause, the arbitrator will be without authority to award the Executive anything, and the parties will each be responsible for their own attorneys' fees, and they will divide the costs of arbitration equally. Furthermore, should a dispute occur concerning the Executive's mental or physical capacity as described in Section 6(c), a doctor selected by the Executive and a doctor selected by the Company shall be entitled to examine the Executive. If the opinion of the Company's doctor and the Executive's doctor conflict, the Company's doctor and the Executive's doctor shall together agree upon a third doctor, whose opinion shall be binding. This Section 12 shall survive the termination of this Agreement for any reason.

13. Specific Performance. Notwithstanding Section 12 hereof, it is specifically understood and agreed that any breach of the provisions of this Agreement, including, without limitation, Sections 7 and 8 hereof, by the Executive is likely to result in irreparable injury to the Company and its subsidiaries and affiliates, that the remedy at law alone will be inadequate remedy for such breach and that, in addition to any other remedy it may have, the Company shall be entitled to enforce the specific performance of this Agreement by the Executive and to seek both temporary and permanent injunctive relief (to the extent permitted by law), without the necessity of proving actual damages. To the extent that any court action is permitted consistent with or to enforce Section 7 or 8 of this Agreement, the parties hereby agree to the sole and exclusive jurisdiction of the Supreme Court of the State of New York (Albany County) and the United States District Court for the Northern District of New York (City of Albany). Accordingly, with respect to any such court action, the Executive (i) submits to the personal jurisdiction of such courts, (ii) consents to service of process, and (iii) waives any other requirement (whether imposed by statute, rule of court or otherwise) with respect to personal jurisdiction or service of process.

14. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given (i) when delivered by hand, (ii) when transmitted by facsimile and receipt is acknowledged, or (iii) if mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

To the Company:

Albany Molecular Research, Inc.
26 Corporate Circle
Albany, New York 12212-5154
Facsimile: (518) 867-4375
Attention: Board of Directors

To the Executive, at the address on file with the Company

or to such other address of which any party may notify the other parties as provided above. Notices shall be effective as of the date of such delivery or mailing.

15. Amendment; Waiver. This Agreement shall not be amended, modified or discharged in whole or in part except by an Agreement in writing signed by both of the parties hereto. The failure of either of the parties to require the performance of a term or obligation or to exercise any right under this Agreement or the waiver of any breach hereunder shall not prevent subsequent enforcement of such term or obligation or exercise of such right or the enforcement at any time of any other right hereunder or be deemed a waiver of any subsequent breach of the provision so breached, or of any other breach hereunder.

16. Successors and Assigns. This Agreement shall inure to the benefit of successors of the Company by way of merger, consolidation or transfer of all or substantially all of the assets of the Company, and may not be assigned by the Executive. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company expressly to assume and agree to perform this Agreement to the same extent that the Company would be required to perform it if no succession had taken place. Failure of the Company to obtain an assumption of this Agreement at or prior to the effectiveness of any succession shall be a material breach of this Agreement.

17. Entire Agreement. This Agreement constitutes the entire agreement between the parties concerning the subjects hereof and supersedes all prior understandings and agreements between the parties relating to the subject matter hereof.

18. Governing Law. This Agreement shall be construed and regulated in all respects under the laws of the State of New York.

19. Counterparts. This Agreement may be executed in counterparts, each of which when so executed and delivered shall be taken to be an original, but such counterparts shall together constitute one and the same document.

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IN WITNESS WHEREOF, the parties have executed this Amended Agreement as of the day and year first above written.

ALBANY MOLECULAR RESEARCH, INC.

By: /s/ William S. Marth

EXECUTIVE:

/s/ Felicia Ladin

Felicia Ladin

AMENDED EMPLOYMENT AGREEMENT

This AMENDED EMPLOYMENT AGREEMENT (the "Agreement") is made this eighth day of February, 2017, by and between Albany Molecular Research, Inc., a Delaware corporation (the "Company"), and William S. Marth (the "Executive").

WHEREAS, the Executive has been the Chief Executive Officer and President of the Company since January 1, 2014 (the "Employment Date") and is a party to an Employment Agreement with the company dated September 5, 2013; and

WHEREAS, the parties wish to amend certain provisions of the Employment Agreement that will be effective as of the date hereof; and

WHEREAS, the parties hereto desire to assure that the Executive's knowledge and familiarity with the business of the Company will continue to be available to the Company after the Employment Date.

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

1. Employment. Subject to the provisions of Section 6, the Company hereby employs the Executive, effective on the Employment Date, and the Executive agrees to accept such employment on the Employment Date upon the terms and conditions hereinafter set forth. In the event that the Executive becomes an employee of the Company on any date other than January 1, 2014, then the actual date of employment shall be considered the Employment Date hereunder.

2. Term of Employment. The term of the Executive's employment pursuant to this Agreement shall commence on the Employment Date (the "Effective Date") and shall remain in effect for a period of three (3) years from the Effective Date (the "Term"). The Term shall be renewed automatically for periods of two (2) years (each a "Renewal Term") commencing at the third anniversary of the Effective Date and on each subsequent anniversary thereafter, unless notice that this Agreement will not be extended is given by either the Executive or the Company not less than one hundred eighty (180) days prior to the expiration of the Term (as extended by any Renewal Term). The period during which the Executive serves as an employee of the Company in accordance with and subject to the provisions of this Agreement is referred to in this Agreement as the "Term of Employment."

3. Capacity.

(a) Duties. During the Term of Employment, the Executive shall report directly to the Board of Directors of the Company and (i) shall serve as an executive officer of the Company with the title Chief Executive Officer and President, (ii) shall remain as a member of the Board of Directors of the Company, subject to continued re-election by the shareholders of the Company, but shall resign as Chairman of the Board effective as of the Employment Date; (iii) shall perform such duties and responsibilities as may be reasonably determined by the Board of Directors of the Company consistent with the Executive's title and position, provided that such duties and responsibilities shall be within the general area of the Executive's experience and skills, (iv) upon the request of the Board of Directors of the Company, shall serve as an officer and/or director of any of the Company's subsidiaries or affiliates (provided that the Company shall indemnify the Executive for liabilities incurred as such in accordance with its current practices to the fullest extent permitted by applicable law); and (v) shall render all services incident to the foregoing.

(b) Extent of Service. The Executive agrees to diligently serve the interests of the Company and shall devote substantially all of his working time, attention, skill and energies to the advancement of the interests of the Company and its subsidiaries and affiliates and the performance of his duties and responsibilities hereunder; provided that nothing in this Agreement shall be construed as preventing the Executive from (i) investing the Executive's assets in any entity in a manner not prohibited by Section 7 and in such form or manner as shall not require any material activities on the Executive's part in connection with the operations or affairs of the entities in which such investments are made, (ii) engaging in religious, charitable or other community or non-profit activities that do not impair the Executive's ability to fulfill the Executive's duties and responsibilities under this Agreement or (iii) serving as a director of Upsher-Smith Laboratories or KV Pharmaceutical Company and such additional companies as to which the Board of Directors may consent, such consent not to be unreasonably withheld or delayed, provided that the Executive's service as a director for such company(ies) does not impair the Executive's ability to fulfill his duties and responsibilities under this Agreement, and provided further that the Executive may not serve on more than two outside boards of directors at any time and, without prior consent of the Board of Directors, may not serve as board or committee chair.

4. Compensation.

(a) Salary. During the Term of Employment, the Company shall pay the Executive a salary (the "Base Salary") at an annual rate as shall be determined from time to time by the Board of Directors of the Company or the Compensation Committee of the Board of Directors consistent with the general policies and practices of the Company and subject to periodic review in accordance with the policies and practices of the Company; provided, however, that in no event shall such rate per annum be less than \$650,000. Such salary shall be subject to withholding under applicable law and shall be payable in periodic installments in accordance with the Company's usual practice for its senior executives, as in effect from time to time. The Executive agrees that effective on the Employment Date, he shall no longer be eligible for or receive any separate or additional compensation for his service on the Company's Board of Directors.

(b) Bonus. Annually, the Company shall review the performance of the Company and of the Executive during the prior year, and the Company may provide the Executive with additional compensation as a bonus in accordance with any bonus plan then in effect from time to time for senior executives of the Company. Any such bonus plan shall have such performance metrics as determined by the Board of Directors of the Company or the Compensation Committee of the Board of Directors during the annual planning process. The Executive's potential bonus shall be 60% of his Base Salary at target performance, 30% of his Base Salary at threshold performance and 90% of his Base Salary at superior performance. Any bonuses earned for a calendar year shall be paid between January 1 and March 15 of the following calendar year.

(c) Relocation. The Company will provide the Executive with a relocation bonus of \$350,000 (the "Relocation Bonus"), payable within sixty (60) days of the Employment Date.

(d) Equity Grants. Effective on the Employment Date, the Company will grant to Executive shares of restricted stock with a Fair Market Value on the date of grant equal to \$1 million. Such restricted stock grant will have time-based vesting over four (4) years, with twenty-five percent (25%) of the shares vesting on the first anniversary of the date of grant and the remaining seventy-five percent (75%) vesting in equal installments on each annual anniversary of the date of the grant, subject to continued employment. The Executive shall also be entitled to receive shares of restricted stock and a non-qualified stock option to purchase shares of common stock with a Fair Market Value of \$1 million, which grant shall be made at the same time that annual awards are made to other Company executives in early 2014 and all such awards shall be performance awards, with vesting tied to achievement of performance metrics to be determined by the Board of Directors of the Company or the Compensation Committee of the Board of Directors. The Executive also shall be eligible for additional annual grants of restricted stock and non-qualified options to purchase shares of the Company's common stock. For purposes of this Agreement, the Fair Market Value of shares of restricted stock will be calculated with reference to the closing price on the date of grant (or the immediately preceding business day if the date of grant is not a business day) and the number of options to be granted will be determined through the use of the Black-Scholes valuation model as used by the Company in its most recent quarterly or annual filing, such valuation model applied to the closing price on the date of grant (or the immediately preceding business day if the date of grant is not a business day). The restricted stock and stock options will be granted pursuant to the Company's 2008 Stock Option and Incentive Plan. Such restricted stock and stock options will be evidenced by standard agreements to be entered into between Executive and the Company and the terms and conditions of vesting of such shares will be set forth in such agreements. For the avoidance of doubt, such agreements will provide only double trigger vesting and not single trigger vesting acceleration upon a Change in Control of the Company if a Change in Control occurs in the first year of employment. If a Change in Control occurs after the Executive has completed one year of employment, the Executive will become fully vested in any outstanding stock options, Restricted Stock or other stock grants awarded under this Agreement upon the consummation of the Change in Control.

5. Benefits.

(a) Regular Benefits. During the Term of Employment, the Executive shall be entitled to participate in any and all medical, dental, pension and life insurance plans, disability income plans and other employee benefit plans as in effect from time to time for senior executives of the Company. Such participation shall be subject to (i) the terms of the applicable plan documents, (ii) generally applicable policies of the Company and (iii) the discretion of the Board of Directors of the Company or the administrative or other committee provided for in, or contemplated by, such plan. Compliance with this Section 5(a) shall in no way create or be deemed to create any obligation, express or implied, on the part of the Company or any subsidiary or affiliate of the Company with respect to the continuation of any benefit or other plan or arrangement maintained as of or prior to the Effective Date or the creation and maintenance of any particular benefit or other plan or arrangement at any time after the Effective Date.

(b) Reimbursement of Expenses. The Company shall promptly reimburse the Executive for all reasonable business expenses incurred by the Executive during the Term of Employment in accordance with the Company's practices for senior executives of the Company, as in effect from time to time. In addition, the Company agrees to pay or reimburse the Executive for the legal fees of his attorneys (Sills Cummis & Gross, P.C.) in connection with the negotiation and documentation of this Agreement and related matters, up to an aggregate amount of \$15,000.

(c) Vacation. During the Term of Employment, the Executive shall receive at least four (4) weeks paid vacation annually or such greater amount as is in accordance with the Company's practices for senior executives of the Company, as in effect from time to time.

6. Termination of Employment. Notwithstanding the provisions of Section 2, the Executive's employment under this Agreement shall terminate under the following circumstances set forth in this Section 6. In the event that the Executive's employment terminates at any time from the Employment Date to the date that is twenty-four (24) months following the Relocation Date and such termination is pursuant to Section 6(b) or 6(d); then within thirty (30) days of the Date of Termination the Executive shall repay the Relocation Bonus in full to the Company.

For purposes of this Agreement, "Date of Termination" means (i) if the Executive's employment is terminated by his death as provided in Section 6(c), the date of his death; (ii) if the Executive's employment is terminated due to his permanent disability as provided in Section 6(c), the date on which notice of termination is given; (iii) if the Executive's employment is terminated by the Company without Cause under Section 6(e) or Section 6(g), sixty (60) days after the date on which notice of termination is given; and (iv) if the Executive's employment is terminated under Section 6(f) or for Good Reason under Section 6(g), the date on which the applicable cure period expires.

(a) Mutual Consent. The Executive's employment under this Agreement may be terminated at any time by the mutual consent of the Executive and the Company on such terms as both parties shall mutually agree.

(b) Termination by the Company for Cause. The Executive's employment under this Agreement may be terminated by the Company for Cause at any time upon written notice to the Executive without further liability on the part of the Company. For purposes of this Agreement, a termination shall be for Cause if:

(i) the Executive shall commit an act of fraud, embezzlement, misappropriation or breach of fiduciary duty against the Company or any of its subsidiaries or affiliates or shall be convicted by a court of competent jurisdiction or shall plead guilty or nolo contendere to any felony or any crime involving moral turpitude;

(ii) the Executive shall commit a material breach of any of the covenants, terms or provisions of Section 7, 8 or 9 hereof which breach has not been cured within fifteen (15) days after delivery to the Executive by the Company of written notice thereof;

(iii) the Executive shall commit a material breach of any of the covenants, terms or provisions hereof (other than pursuant to Section 7, 8 or 9 hereof) which breach has not been remedied within thirty (30) days after delivery to the Executive by the Company of written notice thereof; or

(iv) the Executive shall have disobeyed reasonable written instructions from the Company's Board of Directors, Compensation Committee or other appropriate governing committee which are consistent with the terms and conditions of this Agreement or shall have deliberately, willfully, substantially and continuously failed to perform the Executive's duties hereunder, after written notice and under circumstances effectively constituting a voluntary resignation of the Executive's position with the Company.

Upon termination for Cause as provided in this Section 6(b), all obligations of the Company under this Agreement shall thereupon immediately terminate other than any obligations with respect to earned but unpaid Base Salary. The Company shall have any and all rights and remedies under this Agreement and applicable law.

(c) Death; Disability. The Executive's employment under this Agreement may be terminated by the Company upon the earlier of death or permanent disability (as defined below) of the Executive continuing for a period of one hundred eighty (180) days. Upon any such termination of the Executive's employment, all obligations of the Company under this Agreement shall thereupon immediately terminate other than any obligations with respect to (i) earned but unpaid Base Salary through the Date of Termination, (ii) bonus payments with respect to the calendar year within which such termination occurred on the basis of and to the extent contemplated in any bonus plan then in effect with respect to senior executive officers of the Company, pro-rated on the basis of the number of days of the Executive's actual employment hereunder during such calendar year through the Date of Termination, and (iii) in the case of permanent disability, continuation at the Company's expense of health insurance benefits (medical and dental) until the first anniversary of the Date of Termination to the extent permitted under the Company's group health insurance policy. As used herein, the term "permanent disability" or "permanently disabled" means the inability of the Executive, by reason of injury, illness or other similar cause, after reasonable accommodation by the Company, to perform his duties and responsibilities in connection with the conduct of the business and affairs of the Company. The Company shall provide written notice to the Executive of the termination of his employment hereunder due to permanent disability. Should a dispute occur concerning the Executive's mental or physical capacity as described in this Section 6(c), a doctor selected by the Executive and a doctor selected by the Company shall be entitled to examine the Executive. If the opinion of the Company's doctor and the Executive's doctor conflict, the Company's doctor and the Executive's doctor shall together agree upon a third doctor, whose opinion shall be binding. This Section 6(c) shall survive the termination of this Agreement for any reason.

(d) Voluntary Termination by the Executive. At any time during the Term of Employment, the Executive may terminate his employment under this Agreement upon sixty (60) days' prior written notice to the Company. Upon termination by the Executive as provided in this Section 6(d), all obligations of the Company under this Agreement shall thereupon immediately terminate other than any obligations with respect to earned but unpaid Base Salary.

(e) Termination by the Company Without Cause. The Executive's employment under this Agreement may be terminated by the Company at any time without Cause by the Company upon sixty (60) days' prior written notice to the Executive. Any termination by the Company of the Executive's employment under this Agreement which does not constitute a termination for Cause under Section 6(b) and is not a termination on account of death or disability under Section 6(c) shall be deemed a termination without Cause, including any termination by reason of the Company electing not to extend the term of the Executive's employment upon the expiration of the initial Term or any Renewal Term. Upon any such termination of the Executive's employment, all obligations of the Company under this Agreement shall thereupon immediately terminate other than any obligations with respect to earned but unpaid Base Salary and bonus under Section 4. In addition, subject to the Executive signing a separation agreement containing, among other things, a general release of claims, confidentiality, non-disparagement and return of property, substantially in the form of Exhibit A attached hereto (the "Release") within 30 days of the Date of Termination, and the Release becoming irrevocable and further subject to the Executive's compliance with the provisions of Sections 7 and 8 hereof, the Company shall continue to pay the Executive his Base Salary at the rate then in effect pursuant to Section 4(a) for a period of two (2) years from the Date of Termination and shall pay to the Executive in monthly installments over a period of two (2) years, an amount equal to the Executive's cash bonus, if any, received in respect of the year immediately preceding the year of termination pursuant to Section 4(b), beginning with the first payroll date that begins thirty (30) days after the Date of Termination. The Company will also make a bonus payment to Executive with respect to the year of termination on the basis of and to the extent contemplated in any bonus plan then in effect with respect to senior executives of the Company, pro-rated on the basis of the number of days of the Executive's actual employment hereunder during such calendar year through the Date of Termination. Such pro-rated bonus, if earned, will be paid prior to March 15 of the following calendar year. For purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), each monthly payment shall be considered a separate payment. The Company shall also pay 100% of the costs to provide up to twelve (12) months of outplacement support services at a level appropriate for the Executive's title and responsibility and provide the Executive with health and dental insurance continuation at a level consistent with the level and type the Executive had in place at the time of termination for a period of twenty four (24) months from the Date of Termination to the extent permitted under the Company's group health insurance policy.

(f) Termination by the Executive upon Company Breach. The Executive shall have the right to terminate his employment hereunder upon written notice to the Company in the event of (i) a change in the Executive's title or reporting directly to the Company's Board of Directors, or a material diminution in the nature or scope of the powers, duties or responsibilities of the Executive or (ii) a breach by the Company of any of its material obligations hereunder, in each case after the Executive has given written notice to the Company specifying such default by the Company within ninety (90) days of the occurrence of the default and giving the Company a reasonable time, not less than thirty (30) days, to conform its performance to its obligations hereunder. Upon any such termination of the Executive's employment, all obligations of the Company under this Agreement shall thereupon immediately terminate other than any obligations with respect to earned but unpaid Base Salary and bonus under Section 4. In addition, subject to the Executive signing the Release within 30 days of the Date of Termination and the Release becoming irrevocable, and further subject to the Executive's compliance with the provisions of Sections 7 and 8 hereof, the Company shall continue to pay the Executive his Base Salary at the rate then in effect pursuant to Section 4(a) for a period of two (2) years from the Date of Termination and shall pay to the Executive in monthly installments over a period of two (2) years, an amount equal to the Executive's cash bonus, if any, received in respect of the year immediately preceding the year of termination pursuant to Section 4(b), beginning with the first payroll date that occurs thirty (30) days after the Date of Termination. The Company will also make a bonus payment to Executive with respect to the year of termination on the basis of and to the extent contemplated in any bonus plan then in effect with respect to senior executives of the Company, pro-rated on the basis of the number of days of the Executive's actual employment hereunder during such calendar year through the Date of Termination. Such pro-rated bonus, if earned, will be paid prior to March 15 of the following calendar year. For purposes of Section 409A of the Code, each monthly payment shall be considered a separate payment. The Company shall also pay 100% of the costs to provide up to twelve (12) months of outplacement support services at a level appropriate for the Executive's title and responsibility and provide the Executive with health and dental insurance continuation at a level consistent with the level and type the Executive had in place at the time of termination for a period of twenty four (24) months from the Date of Termination to the extent permitted under the Company's group health insurance policy.

(g) Change of Control and Termination Pursuant to a Change of Control. If there is a Change of Control, as defined below, during the Term of Employment, the provisions of this Section 6(g) shall apply and shall continue to apply throughout the remainder of the Term (as extended by any Renewal Term). If, within two (2) years following a Change of Control, the Executive's employment is terminated by the Company without Cause (in accordance with Section 6(e) above) or by the Executive for "Good Reason" (as defined in Section 6(g)(ii) below), in lieu of any severance and other benefits payable under Section 6(e) or Section 6(f), subject to the Executive signing the Release within 30 days of the Date of Termination and the Release becoming irrevocable, (i) the Executive shall become fully vested in all Company contributions made to the Executive's 401(k), Profit Sharing or other retirement account(s), (ii) the Company shall pay to the Executive a lump sum equal to the Executive's pro rata target cash bonus for the year in which the termination occurred (as such may be set forth in the Company's bonus plan for such year and calculated assuming target achievement of corporate and personal goals), such pro rata amount to be determined based on the actual date of the termination, (iii) the Company shall pay to the Executive (or the Executive's estate, if applicable) a lump sum amount equal to two (2) times the sum of (x) the Executive's Base Salary at the rate then in effect pursuant to Section 4(a), plus (y) an amount equal to the Executive's target cash bonus for the year in which termination occurred (as such may be set forth in the Company's cash bonus plan for such year and assuming target achievement of corporate and personal goals),, on the first payroll date that occurs thirty (30) days after the Date of Termination. Notwithstanding the foregoing, to the extent the cash severance payment to the Executive is considered deferred compensation subject to Section 409A of the Code and if the Change of Control does not constitute a "change in control event" within the meaning of Section 409A of the Code, such cash severance shall be payable in installments over the same period as provided in Section 6(e). The Company shall also pay 100% of the costs to provide up to twelve (12) months of outplacement support services at a level appropriate for the Executive's title and responsibility and provide the Executive with health and dental insurance continuation at a level consistent with the level and type the Executive had in place at the time of termination for a period of twenty four (24) months from the Date of Termination.

(i) “Change of Control” shall mean the occurrence of any one of the following events: (A) the sale of all or substantially all of the assets of the Company on a consolidated basis to an unrelated person or entity, (B) a merger, reorganization or consolidation in which the outstanding shares of Stock are converted into or exchanged for securities of the successor entity and the holders of the Company’s outstanding voting power immediately prior to such transaction do not own a majority of the outstanding voting power of the successor entity immediately upon completion of such transaction, or (C) the sale of all or substantially all of the Stock of the Company to an unrelated person or entity.

(ii) “Good Reason” shall mean the occurrence of any of the following:

(A) a change of the Executive’s title or reporting directly to the Company’s Board of Directors, or a material diminution in the nature or scope of the powers, duties or responsibilities of the Executive; or

(B) a breach by the Company of any of its material obligations hereunder.

(iii) The Executive shall provide the Company with reasonable notice and an opportunity to cure any of the events listed in Section 6(g)(ii) within ninety (90) days of the occurrence of the event and shall not be entitled to compensation pursuant to this Section 6(g) unless the Company fails to cure within a reasonable period of not less than thirty (30) days.

(h) Additional Limitation. Anything in this Agreement to the contrary notwithstanding, in the event that the amount of any compensation, payment or distribution by the Company to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, calculated in a manner consistent with Section 280G of the Code and the applicable regulations thereunder (the “Severance Payments”), would be subject to the excise tax imposed by Section 4999 of the Code, the following provisions shall apply:

(A) If the Severance Payments, reduced by the sum of (1) the Excise Tax and (2) the total of the federal, state, and local income and employment taxes payable by the Executive on the amount of the Severance Payments which are in excess of the Threshold Amount, are greater than or equal to the Threshold Amount, the Executive shall be entitled to the full amount of Severance Payments.

(B) If the Threshold Amount is less than (x) the Severance Payments, but greater than (y) the Severance Payments reduced by the sum of (1) the Excise Tax and (2) the total of the federal, state, and local income and employment taxes on the amount of the Severance Payments which are in excess of the Threshold Amount, then the Severance Payments shall be reduced (but not below zero) to the extent necessary so that the sum of all Severance Payments shall not exceed the Threshold Amount. In such event, the Severance Payments shall be reduced in the following order: (i) cash payments not subject to Section 409A of the Code; (ii) cash payments subject to Section 409A of the Code; (iii) equity-based payments and acceleration; and (iv) non-cash forms of benefits. To the extent any payment is to be made over time (e.g., in installments, etc.), then the payments shall be reduced in reverse chronological order.

For the purposes of this Section 6(h) “Threshold Amount” shall mean three (3) times the Executive’s “base amount” within the meaning of Section 280G (b)(3) of the Code and the regulations promulgated thereunder less one dollar (\$1.00); and “Excise Tax” shall mean the excise tax imposed by Section 4999 of the Code, and any interest or penalties incurred by the Executive with respect to such excise tax.

The determination as to which of the alternative provisions of this Section 6(h) shall apply to the Executive shall be made by a nationally recognized accounting firm selected by the Company (the “Accounting Firm”), which shall provide detailed supporting calculations both to the Company and the Executive within fifteen (15) business days of the Date of Termination, if applicable, or at such earlier time as is reasonably requested by the Company or the Executive. For purposes of determining which of the alternative provisions of this Section 6(h) above shall apply, the Executive shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation applicable to individuals for the calendar year in which the determination is to be made, and state and local income taxes at the highest marginal rates of individual taxation in the state and locality of the Executive’s residence on the Date of Termination, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes. Any determination by the Accounting Firm shall be binding upon the Company and the Executive.

(i) No Mitigation. Without regard to the reason for the termination of the Executive’s employment hereunder, the Executive shall be under no obligation to mitigate damages with respect to such termination under any circumstances and in the event the Executive is employed or receives income from any other source, there shall be no offset against the amounts due from the Company hereunder.

(j) Section 409A.

(i) Anything in this Agreement to the contrary notwithstanding, if at the time of the Executive's separation from service within the meaning of Section 409A of the Code, the Company determines that the Executive is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, then to the extent any payment or benefit that the Executive becomes entitled to under this Agreement would be considered deferred compensation subject to the twenty percent (20%) additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (A) six (6) months and one (1) day after the Executive's separation from service, or (B) the Executive's death. If any such delayed cash payment is otherwise payable on an installment basis, the first payment shall include a catch-up payment covering amounts that would otherwise have been paid during the six-month period but for the application of this provision, and the balance of the installments shall be payable in accordance with their original schedule. Any such delayed cash payment shall earn interest at an annual rate equal to the prime rate reported by The Wall Street Journal as of the date of separation from service, from such date of separation from service until the payment.

(ii) The parties intend that this Agreement will be administered in accordance with Section 409A of the Code. To the extent that any provision of this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner so that all payments hereunder comply with Section 409A of the Code. The parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

(iii) To the extent that any payment or benefit described in this Agreement constitutes "non-qualified deferred compensation" under Section 409A of the Code, and to the extent that such payment or benefit is payable upon the Executive's termination of employment, then such payments or benefits shall be payable only upon the Executive's "separation from service." The determination of whether and when a separation from service has occurred shall be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409A-1(h).

(iv) The Company makes no representation or warranty and shall have no liability to the Executive or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

(k) Rights of Executive. Notwithstanding anything to the contrary set forth in this Agreement, upon the termination of the employment of the Executive with the Company for any reason (with or without Cause), the Executive shall be entitled to receive and retain (i) his entire vested interest as of the Date of Termination in any 401(k), profit sharing, pension or other benefit plan, (ii) reimbursement under any medical, dental or other insurance plan for any medical expenses incurred prior to the Date of Termination, (iii) payment or reimbursement by the Company of any business expenses incurred by the Executive in accordance with Section 5(c) hereof prior to the Date of Termination, (iv) all of his personal property (including pictures and personal effects) at the Company's offices and (v) all of this rights hereunder and under applicable law with respect to his employment with the Company, except as the same may be released pursuant to the Release.

7. Non-Competition and No Solicitation .

(a) Because the Executive's services to the Company are special and because the Executive has access to the Company's confidential information, during employment and for a period of twenty four (24) months following the Executive's termination of employment for any reason, the Executive shall not, without the express written consent of the Company, directly or indirectly, engage, participate, invest in, be employed by or assist, whether as owner, part-owner, shareholder, partner, director, officer, trustee, employee, agent or consultant, or in any other capacity, any Person (as hereinafter defined) other than the Company and its affiliates primarily engaged in the Designated Industry (as hereinafter defined); provided, however, that nothing herein shall be construed as preventing the Executive from making passive investments in a Person in the Designated Industry if the securities of such Person are publicly traded and such investment constitutes less than five percent (5%) of the outstanding shares of capital stock or comparable equity interests of such Person.

(b) For purposes of this Agreement, the following terms have the following meanings:

“ Person ” means an individual, a corporation, an association, a partnership, a limited liability company, an estate, a trust and any other entity or organization; and

“ Designated Industry ” means the business of providing research and development services, on a fee-for-services basis, to pharmaceutical and biotechnology companies involved in drug development and discovery, including, without limitation, medicinal chemistry, chemical development, biocatalysis and analytical chemistry services and services relating to small-scale or large-scale manufacturing and any other business conducted by the Company during the Executive's employment with the Company that comprises a major portion of the Company's overall business.

(c) For a period of twenty four (24) months following the termination of this Agreement for any reason, the Executive shall not, directly or indirectly, alone or as a member of any partnership or limited liability company or entity, or as an officer, director, shareholder, or employee of any corporation or entity (a) intentionally solicit or otherwise encourage any employee or independent contractor of the Company to terminate his/her relationship with the Company, or (b) recruit, hire or solicit for employment or for engagement as an independent contractor, any person who is or was employed by the Company at any time during the two (2) year period immediately preceding the termination of the Executive's employment with the Company. This Section 7(c) shall not apply to persons whose employment and/or retention with the Company has been terminated for a period of twelve (12) months or longer. In addition, the foregoing provisions of this Section 7(c) shall not restrict the Executive or any such corporation or entity from (a) engaging in general solicitation efforts not specifically targeted at any such employee or independent contractor of the Company, or (b) hiring any employee of the Company who responds to any such solicitation effort without any other inducement to leave the employ of the Company.

8. Confidentiality. In the course of performing services hereunder and otherwise, the Executive has had, and it is anticipated that the Executive will from time to time have, access to confidential records, data, customer lists, trade secrets, technology and similar confidential information owned or used in the course of business by the Company and its subsidiaries and affiliates (the "Confidential Information"). The Executive agrees (i) to hold the Confidential Information in strict confidence, (ii) not to disclose the Confidential Information to any Person (other than in the regular business of the Company), and (iii) not to use, directly or indirectly, any of the Confidential Information for any competitive or commercial purpose; provided, however, that the limitations set forth above shall not apply to any Confidential Information which (A) is then generally known to the public, (B) became or becomes generally known to the public through no fault of the Executive, or (C) is disclosed in accordance with an order of a court of competent jurisdiction or applicable law. Upon termination of the Executive's employment with the Company, all data, memoranda, customer lists, notes, programs and other papers and items, and reproductions thereof relating to the foregoing matters in the Executive's possession or control, shall be returned to the Company and remain in its possession. This Section 8 shall survive the termination of this Agreement for any reason.

9. Third-Party Agreements and Rights. The Executive represents to the Company that the Executive's execution of this Agreement, the Executive's employment with the Company and the performance of the Executive's proposed duties for the Company will not violate any obligations the Executive may have to any previous employer or other party. In the Executive's work for the Company, the Executive will not disclose or make use of any information in violation of any agreements with or rights of any such previous employer or other party, and the Executive will not bring to the premises of the Company any copies or other tangible embodiments of non-public information belonging to or obtained from any such previous employment or other party.

10. Severability. In case any of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, any such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had been limited or modified (consistent with its general intent) to the extent necessary to make it valid, legal and enforceable, or if it shall not be possible to so limit or modify such invalid, illegal or unenforceable provision or part of a provision, this Agreement shall be construed as if such invalid, illegal or unenforceable provision or part of a provision had never been contained in this Agreement.

11. Litigation and Regulatory Cooperation. During and after the Executive's employment, the Executive shall cooperate fully with the Company at the Company's expense in the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company which relate to events or occurrences that transpired while the Executive was employed by the Company. The Executive's full cooperation in connection with such claims or actions shall include, but not be limited to, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times. During and after the Executive's employment, the Executive also shall cooperate fully with the Company in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while the Executive was employed by the Company. The Company shall reimburse the Executive for any reasonable out-of-pocket expenses incurred in connection with the Executive's performance of obligations pursuant to this Section 11. This Section 11 shall survive the termination of this Agreement for any reason.

12. Specific Performance. It is specifically understood and agreed that any breach of the provisions of this Agreement, including, without limitation, Sections 7 and 8 hereof, by the Executive may result in irreparable injury to the Company and its subsidiaries and affiliates, that the remedy at law alone may be inadequate remedy for such breach and that, in addition to any other remedy it may have, the Company shall be entitled to seek the specific performance of this Agreement by the Executive and to seek both temporary and permanent injunctive relief (to the extent permitted by law), without the necessity of proving actual damages. To the extent that any court action is permitted consistent with or to enforce Section 7 or 8 of this Agreement, the parties hereby agree to the sole and exclusive jurisdiction of the Supreme Court of the State of New York (Albany County) and the United States District Court for the Northern District of New York (City of Albany). Accordingly, with respect to any such court action, the Executive (i) submits to the personal jurisdiction of such courts, (ii) consents to service of process, and (iii) waives any other requirement (whether imposed by statute, rule of court or otherwise) with respect to personal jurisdiction or service of process.

13. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given (i) when delivered by hand, (ii) when transmitted by facsimile and receipt is acknowledged, or (iii) if mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

To the Company:

Albany Molecular Research, Inc.
21 Corporate Circle
Albany, New York 12203-5154
Facsimile: (518) 867-4375
Attention: Board of Directors

To the Executive, at the address on file with the Company, with a copy to:

Sills Cummis & Gross P.C.
One Riverfront Plaza
Newark, NJ 07102
Attention: Ira A Rosenberg, Esq.

or to such other address of which any party may notify the other parties as provided above. Notices shall be effective as of the date of such delivery or mailing.

14. Amendment; Waiver. This Agreement shall not be amended, modified or discharged in whole or in part except by an Agreement in writing signed by both of the parties hereto. The failure of either of the parties to require the performance of a term or obligation or to exercise any right under this Agreement or the waiver of any breach hereunder shall not prevent subsequent enforcement of such term or obligation or exercise of such right or the enforcement at any time of any other right hereunder or be deemed a waiver of any subsequent breach of the provision so breached, or of any other breach hereunder.

15. Successors and Assigns. This Agreement shall inure to the benefit of successors of the Company by way of merger, consolidation or transfer of all or substantially all of the assets of the Company, and may not be assigned by the Executive. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company expressly to assume and agree to perform this Agreement to the same extent that the Company would be required to perform it if no succession had taken place. Failure of the Company to obtain an assumption of this Agreement at or prior to the effectiveness of any succession shall be a material breach of this Agreement.

16. Entire Agreement. This Agreement constitutes the entire agreement between the parties concerning the subjects hereof and supersedes all prior understandings and agreements between the parties relating to the subject matter hereof.

17. Governing Law. This Agreement shall be construed and regulated in all respects under the laws of the State of New York.

18. Counterparts. This Agreement may be executed in counterparts, each of which when so executed and delivered shall be taken to be an original, but such counterparts shall together constitute one and the same document.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this Amended Agreement as of the day and year first above written.

ALBANY MOLECULAR RESEARCH, INC.

By: /s/ David Deming

Name: David Deming

Title: Chairman, Compensation Committee of the Board of Directors

EXECUTIVE:

/s/ William S. Marth

William S. Marth

Exhibit A

SEPARATION AGREEMENT

This Separation Agreement (“Separation Agreement”) is made between WILLIAM S. MARTH (“Executive”) and ALBANY MOLECULAR RESEARCH, INC. (the “Company,” together with Executive, the “Parties”).

WHEREAS, Executive is serving as the Company’s Chief Executive Officer and President;

WHEREAS, the Parties entered into an Amended Employment Agreement dated February __, 2017 (the “Employment Agreement”);

WHEREAS, the Parties also entered into a Confidentiality and Non-Disclosure Agreement dated September __, 2013 (“Employee Agreement”), the terms of which expressly survive the termination of Executive’s employment;

WHEREAS, Executive holds options to purchase shares of the Company’s common stock which are both vested and unvested options and are governed by the Company’s Amended 2008 Stock Option and Incentive Plan (the “Stock Plan”) and associated stock option agreements and shares of restricted stock which are unvested and are governed by the Stock Plan and associated restricted stock agreements (collectively “Equity Documents”);

WHEREAS, pursuant the Employment Agreement, the Company has agreed to provide Executive with certain termination benefits (the “Termination Benefits”) in the event of an involuntary termination; provided that, among other things, the Executive enters into a Separation Agreement which includes a general release of claims in favor of the Company and related persons and entities;

WHEREAS, in exchange for, among other things, Executive’s agreement to the terms of this Separation Agreement, the Company shall provide Executive with the Termination Benefits as described below;

WHEREAS, the Non-Contingent Payments set forth in Section 1 and the Termination Benefits set forth in Section 2 are the exclusive source of payments, benefits and equity rights to Executive in connection with the termination of Executive’s employment. By entering into this Separation Agreement, which includes the severance pay and benefits set forth in the Employment Agreement, Executive acknowledges and agrees that he is not entitled to any other severance pay, benefits or equity rights including without limitation pursuant to any severance plan, or program or arrangement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. **Non-Contingent Payments.** Executive and the Company acknowledge and agree that (a) Executive shall continue to remain an active, full-time employee of the Company, receiving base salary and benefits (in each case at the same amount and level as in effective immediately prior to the date hereof, provided however, that any benefits available to the Executive may be modified to the extent such benefits are modified for the other members of the executive staff of the Company), through the earlier of _____ or the date on which the Company informs the Employee that he no longer must report to work (the “**Termination Date**”), (b) the Employee Agreement shall remain in full force and effect in accordance with their terms, and (c) except as specifically revised by, amended by, or as otherwise set forth in, this Separation Agreement, the Employment Agreement shall remain in full force and effect in accordance with its terms. On the Termination Date, the Executive will resign all of his positions with the Company, including any positions as director or officer of any of the Company’s subsidiaries and will sign any documents reflecting such resignations reasonably requested by the Company. The Company shall also pay all accrued but unused vacation through the Termination Date, such payment to be made on the first payroll date following the Termination Date. The Company shall promptly reimburse Executive for any outstanding, reasonable business expenses that Executive has incurred on the Company’s behalf through the Termination Date, provided the Company receives appropriate documentation pursuant to the Company’s business expense reimbursement policy.

2. **Termination Benefits.** For purposes of the Employment Agreement, Executive’s employment shall be treated as having been terminated without Cause. Accordingly, in exchange for, among other things, his signing, not revoking and complying with the terms of this Separation Agreement, the Company agrees to provide Executive with the following Termination Benefits:

(a) the Company shall continue to pay Executive the base salary that is in effect as of the date hereof for a period commencing on the first payroll date that occurs thirty (30) days after the Termination Date and continuing through _____ **[insert date that is 24 months later]** ;¹

(b) the Company shall pay Executive an amount equal to Executive’s cash bonus, if any, received in respect of the year immediately preceding the year of termination in equal monthly installments for a period commencing on the first payroll date that occurs thirty (30) days after the Termination Date and continuing through _____ **[insert date that is 24 months later]** .^{1 2}

(c) the Company shall pay 100% of the costs to provide up to twelve (12) months of outplacement support services at a level appropriate for the Executive’s title and responsibility, which will be paid in a lump sum to the designated outplacement firm within thirty (30) days of the Termination Date;

¹ Payment will be made in a lump sum if termination occurs after a Change in Control.

² If termination occurs after a change in control the bonus payment will be calculated based on the target bonus payable in the year of termination.

(d) the Company shall provide Executive with health and dental insurance continuation at a level consistent with the level and type Executive had in place at the Termination Date for a twenty-four (24) month period beginning on the Termination Date; and

(e) any other equity awards pursuant to the Equity Documents which are not vested on the Termination Date shall cease to vest on the Termination Date and exercise of such equity awards shall be subject to the terms of the Equity Documents.

3. **General Release**

(a) Executive irrevocably and unconditionally releases and forever discharges the Company, all of its affiliated and related entities, its and their respective predecessors, successors and assigns, its and their respective executive benefit plans and the fiduciaries of such plans, and the current and former officers, directors, stockholders, executives, attorneys, accountants, and agents of each of the foregoing in their official and personal capacities (collectively referred to as the "Releasees") generally from all claims, demands, debts, damages and liabilities of every name and nature, known or unknown ("Claims") that, as of the date when Executive signs this Separation Agreement, he has, ever had, now claims to have or ever claimed to have had against any or all of the Releasees. This release includes, without implication of limitation, the complete waiver and release of all Claims of or arising in connection with or for: the Employment Agreement including Claims for breach of express or implied contract; wrongful termination of employment whether in contract or tort; intentional, reckless, or negligent infliction of emotional distress; breach of any express or implied covenant of employment, including the covenant of good faith and fair dealing; interference with contractual or advantageous relations, whether prospective or existing; deceit or misrepresentation; discrimination or retaliation under state, federal, or municipal law, including, without implication of limitation, Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000e et seq., as amended, the Americans with Disabilities Act, 42 U.S.C. § 12101 et seq., the Age Discrimination in Employment Act, 29 U.S.C. § 621 et seq.; the New York Executive Law; the New York Constitution; the New York Labor Law; the New York Civil Rights Law; defamation or damage to reputation; reinstatement; punitive or emotional distress damages; wages, severance pay, vacation pay, back or front pay or other forms of compensation; and attorney's fees and costs. Executive understands that this general release of Claims extends to any and all Claims related to Executive's employment by the Company and the termination of his employment and all claims in his capacity as a Company stockholder. Executive understands that this general release does not release any rights arising under or preserved by this Separation Agreement, any rights reserved under Section 6(k) of the Employment Agreement or any claims that may arise out of acts or events that occur after the date on which Executive signs this Separation Agreement. Executive represents that he has not assigned to any third party and has not filed with any agency or court any Claim released by this Separation Agreement. The Company represents that it is unaware of any claims, demands, debts, damages and liabilities of any kind that the Company may have against the Executive as of the date of this Separation Agreement and that Executive's willingness to enter into this Separation Agreement and provide the release set forth in this Section is in consideration, in part, on that representation.

(b) Executive also agrees to confirm on the Termination Date, in the form of the confirmation attached to this Separation Agreement, that the general release set forth in Section 3(a) remains in effect and that it also is applicable to any claims which may have arisen during the period from the execution of this Separation Agreement through the Termination Date.

4. **Communications Regarding Departure and Nondisparagement** Other than to state the fact that the termination of Executive's employment has occurred and other public filings required by law, neither the Company nor Executive will communicate with any of the Company's current customers, suppliers or business partners (collectively "Company Contacts") about his departure from the Company without the express consent of the other party. Executive further agrees not to make any disparaging statements concerning the Company or any of its affiliates or current or former officers, directors, shareholders, employees or agents. The executives and directors of the Company will be instructed not to make any disparaging statements concerning Executive.
5. **Return of Property**. Executive commits to returning to the Company all Company property, including, without limitation, computer equipment, software, keys and access cards, credit cards, files and any documents (including computerized data and any copies made of any computerized data or software) containing information concerning the Company, its business or its business relationships (in the latter two cases, actual or prospective). Executive further commits to deleting and finally purging any duplicates of files or documents that may contain Company or customer information from any computer or other device that remains Executive's property after the Termination Date (except to the extent any such information was automatically backed up and is not reasonably accessible).
6. **Restrictive Covenants; Injunctive Relief**. Executive's obligations set forth in the Employment Agreement, including but not limited to Sections 7 and 8 thereof, and in Section 5 of this Separation Agreement and those set forth in the Employee Agreement shall be referred to as the "Restrictive Covenants." Executive agrees that it would be difficult to measure any harm caused to the Company that might result from any breach by Executive of any of the Restrictive Covenants, and that in any event money damages would be an inadequate remedy for any such breach. Accordingly, Executive agrees that if he breaches, or proposes to breach, any portion of the Restrictive Covenants the Company shall be entitled, in addition to all other remedies it may have, to an injunction or other appropriate equitable relief to restrain any such breach, without showing or proving any actual damage to the Company and without the necessity of posting a bond. In the event that the Company prevails in any action to enforce any part of the Restrictive Covenants by reason of Executive's material breach thereof, then Executive also shall be liable to the Company for attorney's fees and costs incurred by the Company in enforcing such provision(s).
7. **Advice of Counsel**. This Separation Agreement is a legally binding document and Executive's signature will commit Executive to its terms. Executive acknowledges that he has been advised to discuss all aspects of this Separation Agreement with his attorney, that he has carefully read and fully understands all of the provisions of this Separation Agreement and that Executive is voluntarily entering into this Separation Agreement.

8. **Termination of Termination Benefits**. Executive acknowledges that his right to the Termination Benefits is conditional on his compliance with the Restrictive Covenants. In the event that Executive fails to comply with any of the Restrictive Covenants, in addition to any other legal or equitable remedies it may have for such breach, the Company shall have the right to terminate the Termination Benefits set forth in Section 2 of this Separation Agreement. Such termination of those payments and benefits in the event of such breach by the Executive shall not affect Executive's ongoing obligations and shall be in addition to and not in lieu of the Company's rights to injunctive relief and other legal and equitable remedies that the Company may have.
9. **Time for Consideration; Effective Date**. Executive acknowledges that he has been provided with the opportunity to consider this Separation Agreement for [twenty-one (21)][forty-five (45)] days before signing it. To accept this Separation Agreement, Executive must return a signed original of this Separation Agreement so that it is received by _____ on or before the expiration of this [twenty-one (21)][forty-five (45)] day period. If Executive signs this Separation Agreement within less than [twenty-one (21)][forty-five (45)] days of the date of its delivery to him, Executive acknowledges by signing this Separation Agreement that such decision was entirely voluntary and that he had the opportunity to consider this Separation Agreement for the entire [twenty-one (21)][forty-five (45)] day period. Executive and the Company agree that any changes or modifications to this Separation Agreement shall not restart the [twenty-one (21)][forty-five (45)] day period. For a period of seven (7) days from the day of the execution of this Separation Agreement, Executive shall retain the right to revoke this Separation Agreement by written notice that must be received by _____ before the end of such revocation period. This Separation Agreement shall become effective on the business day immediately following the expiration of the revocation period (the "Effective Date"), provided that Executive does not revoke this Separation Agreement during the revocation period.
10. **Enforceability**. Executive acknowledges that, if any portion or provision of this Separation Agreement or the Restrictive Covenants shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision shall be valid and enforceable to the fullest extent permitted by law.
11. **Entire Agreement**. This Separation Agreement, the Employee Agreement, the Equity Documents, and the Employment Agreement (except as specifically revised by, amended by, or as otherwise set forth in, this Separation Agreement) constitute the entire agreement between Executive and the Company concerning Executive's relationship with the Company, and supersedes and replaces any and all prior agreements and understandings between the Parties concerning Executive's relationship with the Company.
12. **Waiver**. No waiver of any provision of this Separation Agreement shall be effective unless made in writing and signed by the waiving party. The failure of either Party to require the performance of any term or obligation of this Separation Agreement, or the waiver by either Party of any breach of this Separation Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

13. **Taxes.** The Company shall undertake to make deductions, withholdings and tax reports with respect to payments and benefits under this Separation Agreement and in connection with other compensation matters to the extent that it reasonably and in good faith determines that it is required to make such deductions, withholdings and tax reports. Payments under this Separation Agreement shall be in amounts net of any such deductions or withholdings. Nothing in this Separation Agreement shall be construed to require the Company to make any payments to compensate Executive for any adverse tax effect associated with any payments or benefits made to Executive in connection with Executive's employment with the Company.

14. **Governing Law; Disputes; Interpretation.** This Separation Agreement shall be construed and regulated in all respects under the laws of the State of New York without regard to conflict of law principles. In the event of any dispute, this Separation Agreement is intended by the Parties to be construed as a whole, to be interpreted in accordance with its fair meaning, and not to be construed strictly for or against either Party or the "drafter" of all or any portion of this Separation Agreement.

15. **Counterparts.** This Separation Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be taken to be an original, but all of which together shall constitute one and the same document. Facsimile and pdf signatures shall be deemed to be of equal force and effect as originals.

16. **Section 409A.**

(a) Anything in this Agreement to the contrary notwithstanding, if at the time of Executive's separation from service within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), the Company determines that Executive is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, then to the extent any payment or benefit that Executive becomes entitled to under this Agreement on account of Executive's separation from service would be considered deferred compensation otherwise subject to the 20 percent additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (A) six months and one day after Executive's separation from service, or (B) Executive's death. If any such delayed cash payment is otherwise payable on an installment basis, the first payment shall include a catch-up payment covering amounts that would otherwise have been paid during the six-month period but for the application of this provision, and the balance of the installments shall be payable in accordance with their original schedule.

(b) To the extent that any payment or benefit described in this Agreement constitutes "non-qualified deferred compensation" under Section 409A of the Code, and to the extent that such payment or benefit is payable upon Executive's termination of employment, then such payments or benefits shall be payable only upon Executive's "separation from service." The determination of whether and when a separation from service has occurred shall be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409A-1(h).

(c) The parties intend that this Agreement will be administered in accordance with Section 409A of the Code. To the extent that any provision of this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner so that all payments hereunder comply with Section 409A of the Code. Each payment pursuant to this Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2). The parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

(d) The Company makes no representation or warranty and shall have no liability to Executive or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

IN WITNESS WHEREOF , the Parties, intending to be legally bound, have executed this Separation Agreement on the date(s) indicated below.

ALBANY MOLECULAR RESEARCH, INC.

By: _____
Name
Title

Date: _____

I HAVE READ THIS AGREEMENT THOROUGHLY, UNDERSTAND ITS TERMS AND HAVE SIGNED IT KNOWINGLY AND VOLUNTARILY. I UNDERSTAND THAT THIS AGREEMENT IS A LEGAL DOCUMENT.

WILLIAM S. MARTH

Date: _____

CONFIRMATION OF RELEASE PROVISION IN SEPARATION AGREEMENT

I, William S. Marth, acknowledge and agree:

1. I executed a Separation Agreement dated _____ with the advice of counsel.

2. Section 3(a) of the Separation Agreement includes a General Release which released Claims (as defined in the Separation Agreement) against the Releasees (as defined in the Separation Agreement) and was applicable to Claims through the date of execution of the Separation Agreement.

3. As provided in Section 3(b) of the Separation Agreement, I confirm that, from the date of execution of the Separation Agreement through the Termination Date (as defined in the Separation Agreement), Section 3(a) of the Separation Agreement remains in effect and also applies to any and all Claims which may have accrued against the Releasees (other than excepted rights described in Section 3(a) of the Separation Agreement) during that period.

William S. Marth

Date

AMENDED EMPLOYMENT AGREEMENT

This AMENDED EMPLOYMENT AGREEMENT (the "Agreement") is made this 8th day of February, 2017 (the "Amendment Effective Date") by and between Albany Molecular Research, Inc., a Delaware corporation (the "Company"), and George Svokos (the "Executive").

WHEREAS, the Executive became an officer and key employee of the Company and is a party to an Employment Agreement with the Company dated February 13, 2015 ("Effective Date") which the parties desire to amend as of the date hereof; and

WHEREAS, the parties hereto desire to assure that the Executive's knowledge and familiarity with the business of the Company will continue to be available to the Company after the date hereof.

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

1. **Employment.** Subject to the provisions of Section 6, the Company hereby employs the Executive, effective on the Employment Date, and the Executive agrees to accept such employment on the Employment Date upon the terms and conditions hereinafter set forth. The Employment Date is January 6, 2014. In the event that the Executive becomes an employee of the Company on any date other than January 6, 2014, then the actual date of employment shall be considered the Employment Date hereunder.

2. **Term of Employment.** The term of the Executive's employment pursuant to this Agreement shall commence on and as of the Employment Date (the "Effective Date") and shall remain in effect for a period of two (2) years from the Effective Date (the "Term"). The Term shall be renewed automatically for periods of two (2) years (each a "Renewal Term") commencing at the second anniversary of the Effective Date and on each subsequent anniversary thereafter, unless notice that this Agreement will not be extended is given by either the Executive or the Company not less than one-hundred eighty (180) days prior to the expiration of the Term (as extended by any Renewal Term). The period during which the Executive serves as an employee of the Company in accordance with and subject to the provisions of this Agreement is referred to in this Agreement as the "Term of Employment."

3. **Capacity.**

(a) **Duties.** During the Term of Employment, the Executive shall report directly to the to the President and Chief Executive Officer and (i) shall serve as an executive officer of the Company with the title Senior Vice President, Sales and General Manager, API , (ii) shall perform such duties and responsibilities as may be reasonably determined by the President and Chief Executive Officer and the Board of Directors of the Company consistent with the Executive's title and position, duties and responsibilities as an executive officer of the Company as of the Effective Date; provided that such duties and responsibilities shall be within the general area of the Executive's experience and skills, (iii) upon the request of the Board of Directors of the Company, shall serve as an officer and/or director of the Company and any of its subsidiaries or affiliates (provided that the Company shall indemnify the Executive for liabilities incurred as such in accordance with its current practices to the fullest extent permitted by applicable law); and (iv) shall render all services incident to the foregoing.

(b) Extent of Service. The Executive agrees to diligently serve the interests of the Company and shall devote substantially all of his working time, attention, skill and energies to the advancement of the interests of the Company and its subsidiaries and affiliates and the performance of his duties and responsibilities hereunder; provided that nothing in this Agreement shall be construed as preventing the Executive from (i) investing the Executive's assets in any entity in a manner not prohibited by Section 7 and in such form or manner as shall not require any material activities on the Executive's part in connection with the operations or affairs of the entities in which such investments are made, or (ii) engaging in religious, charitable or other community or non-profit activities that do not impair the Executive's ability to fulfill the Executive's duties and responsibilities under this Agreement.

4. Compensation.

(a) Salary. During the Term of Employment, the Company shall pay the Executive a salary (the "Base Salary") at an annual rate as shall be determined from time to time by the Board of Directors of the Company or the Compensation Committee of the Board of Directors consistent with the general policies and practices of the Company and subject to periodic review in accordance with the policies and practices of the Company; provided, however, that in no event shall such rate per annum be less than \$400,000.00. Such salary shall be subject to withholding under applicable law and shall be payable in periodic installments in accordance with the Company's usual practice for its senior executives, as in effect from time to time.

(b) Bonus. Annually, the Company shall review the performance of the Company and of the Executive during the prior year, and the Company may provide the Executive with additional compensation as a bonus in accordance with any bonus plan then in effect from time to time for senior executives of the Company. The current bonus plan for senior executives calls for the payment of 30% of base salary upon the attainment of threshold goals; 50% upon the attainment of target goals and 100% upon the attainment of superior goals. This bonus plan shall have such terms as may be established in the sole discretion of the Board of Directors of the Company or the Compensation Committee of the Board of Directors. Executive will be paid a sign-on bonus in 2014 equal to \$240,000 (the "New Hire Bonus"). The New Hire Bonus will be paid at the same time as annual bonuses are paid to the other members of the senior executive team of the Company in the first quarter of 2014. Any bonus earned for a calendar year shall be paid between January 1 and March 15 of the following calendar year.

5. Benefits.

(a) Regular Benefits. During the Term of Employment, the Executive shall be entitled to participate in any and all medical, dental, pension and life insurance plans, disability income plans and other employee benefit plans as in effect from time to time for senior executives of the Company. Such participation shall be subject to (i) the terms of the applicable plan documents, (ii) generally applicable policies of the Company and (iii) the discretion of the Board of Directors of the Company or the administrative or other committee provided for in, or contemplated by, such plan. Compliance with this Section 5(a) shall in no way create or be deemed to create any obligation, express or implied, on the part of the Company or any subsidiary or affiliate of the Company with respect to the continuation of any benefit or other plan or arrangement maintained as of or prior to the Effective Date or the creation and maintenance of any particular benefit or other plan or arrangement at any time after the Effective Date.

(b) Reimbursement of Expenses. The Company shall promptly reimburse the Executive for all reasonable business expenses incurred by the Executive during the Term of Employment in accordance with the Company's practices for senior executives of the Company, as in effect from time to time.

(c) Vacation. During the Term of Employment, the Executive shall receive at least four (4) weeks paid vacation annually or such greater amount as is in accordance with the Company's practices for senior executives of the Company, as in effect from time to time.

(d) New Employment Benefits. During the time that the Executive continues to retain his primary residence in New Jersey, the Executive will commute to whichever AMRI location shall be reasonably necessary to perform the responsibilities of Executive's position. Executive will be accommodated in hotels that are preferred Company hotels and reserved by the Company travel agent and paid for by AMRI or in a mutually agreeable rental residence at a cost per month to be approved by the Company, not to exceed Three Thousand Five Hundred Dollars (\$3,500) per month plus utilities and no such temporary living expenses shall be included in the definition of Relocation Expenses as set forth below. Any time after the Employment Date, the Executive is eligible for the AMRI Relocation Program for executives. This program is explained in detail in the related documents and includes reimbursement or direct payment of all costs associated with the closing costs for both sale of the Executive's primary residence in New Jersey and the purchase, if any, of a new residence at the agreed upon location. The Company will pay for the physical move of household goods to the new location. Appropriate tax gross-ups will be made where allowable. Rent and Utility reimbursement for temporary living will be included in the gross up consideration. The provisions of the plan are more specific and are the terms that will be adhered to in the actual reimbursement. It is expected that such residence will be in the proximity of the Company's Massachusetts facilities, but could be elsewhere if approved by the Vice President of Human Resources or the President and CEO. All such permanent relocation expenses, including the New Hire Bonus, are referred to herein as the "Relocation Expenses".

(e) Grant of Company Equity. Effective on Employment Date, the Company will grant to Executive Thirty Thousand (30,000) shares of restricted stock and non-qualified stock options to purchase One Hundred Thousand (100,000) shares of the Company's Common Stock, such restricted stock and stock options to be granted pursuant to the Company's 2008 Stock Option and Incentive Plan. Such restricted stock and stock options will be evidenced by standard agreements to be entered into between Executive and the Company. The restricted stock and stock options granted pursuant to this Section 5(e) will vest thirty three and one third percent (33.33%) per year on each anniversary of the date of grant. The shares of restricted stock and stock options granted in this Section 5(e) are referred to herein as the New Hire Grant.

6. Termination of Employment. Notwithstanding the provisions of Section 2, the Executive's employment under this Agreement shall terminate under the following circumstances set forth in this Section 6.

For purposes of this Agreement, "Date of Termination" means (i) if the Executive's employment is terminated by his death as provided in Section 6(c), the date of his death; (ii) if the Executive's employment is terminated due to his permanent disability as provided in Section 6(c), the date on which notice of termination is given; (iii) if the Executive's employment is terminated by the Company without Cause under Section 6(e) or Section 6(g), sixty (60) days after the date on which notice of termination is given; and (iv) if the Executive's employment is terminated under Section 6(f), or for Good Reason under Section 6(g), the date on which the applicable cure period expires. In the event that Executive's employment terminates at any time from the Employment Date to the date that is 24 months following the payment of the last to be paid of the Relocation Expenses and such termination is pursuant to Section 6(b) or 6(d); then within 30 days of the Date of Termination Executive shall repay the Relocation Expenses in full to the Company.

(a) Mutual Consent. The Executive's employment under this Agreement may be terminated at any time by the mutual consent of the Executive and the Company on such terms as both parties shall mutually agree.

(b) Termination by the Company for Cause. The Executive's employment under this Agreement may be terminated by the Company for Cause at any time upon written notice to the Executive without further liability on the part of the Company. For purposes of this Agreement, a termination shall be for Cause if:

(i) the Executive shall commit an act of fraud, embezzlement, misappropriation or breach of fiduciary duty against the Company or any of its subsidiaries or affiliates or shall be convicted by a court of competent jurisdiction or shall plead guilty or nolo contendere to any felony or any crime involving moral turpitude;

(ii) the Executive shall commit a material breach of any of the covenants, terms or provisions of Section 7 or 8 hereof which breach has not been cured within fifteen (15) days after delivery to the Executive by the Company of written notice thereof;

(iii) the Executive shall commit a material breach of any of the covenants, terms or provisions hereof (other than pursuant to Section 7 or 8 hereof) which breach has not been remedied within thirty (30) days after delivery to the Executive by the Company of written notice thereof; or

(iv) the Executive shall have disobeyed reasonable written instructions from the Company's Board of Directors, Compensation Committee or other appropriate governing committee which are consistent with the terms and conditions of this Agreement or shall have deliberately, willfully, substantially and continuously failed to perform the Executive's duties hereunder, after written notice and under circumstances effectively constituting a voluntary resignation of the Executive's position with the Company.

Upon termination for Cause as provided in this Section 6(b), all obligations of the Company under this Agreement shall thereupon immediately terminate other than any obligations with respect to earned but unpaid Base Salary. The Company shall have any and all rights and remedies under this Agreement and applicable law.

(c) Death; Disability. The Executive's employment under this Agreement may be terminated by the Company upon the earlier of death or permanent disability (as defined below) of the Executive continuing for a period of one hundred eighty (180) days. Upon any such termination of the Executive's employment, all obligations of the Company under this Agreement shall thereupon immediately terminate other than any obligations with respect to (i) earned but unpaid Base Salary through the Date of Termination, (ii) bonus payments with respect to the calendar year within which such termination occurred on the basis of and to the extent contemplated in any bonus plan then in effect with respect to senior executive officers of the Company, pro-rated on the basis of the number of days of the Executive's actual employment hereunder during such calendar year through the Date of Termination, and (iii) in the case of permanent disability, continuation at the Company's expense of health insurance benefits (medical and dental) until the first anniversary of the Date of Termination to the extent permitted under the Company's group health insurance policy. As used herein, the term "permanent disability" or "permanently disabled" means the inability of the Executive, by reason of injury, illness or other similar cause, after reasonable accommodation by the Company, to perform a major part of his duties and responsibilities in connection with the conduct of the business and affairs of the Company. The Company shall provide written notice to the Executive of the termination of his employment hereunder due to permanent disability.

(d) Voluntary Termination by the Executive. At any time during the Term of Employment, the Executive may terminate his employment under this Agreement upon sixty (60) days' prior written notice to the Company. Upon termination by the Executive as provided in this Section 6(d), all obligations of the Company under this Agreement shall thereupon immediately terminate.

(e) Termination by the Company Without Cause. The Executive's employment under this Agreement may be terminated by the Company at any time without Cause by the Company upon sixty (60) days' prior written notice to the Executive. Any termination by the Company of the Executive's employment under this Agreement which does not constitute a termination for Cause under Section 6(b) and is not a termination on account of death or disability under Section 6(c) shall be deemed a termination without Cause. Upon any such termination of the Executive's employment, all obligations of the Company under this Agreement shall thereupon immediately terminate other than any obligations with respect to earned but unpaid Base Salary and bonus under Section 4. In addition, subject to the Executive signing a general release of claims in a form and manner satisfactory to the Company, including a mutual obligation of non-disparagement, and the lapse of any statutory revocation period, the Company shall continue to pay the Executive his Base Salary at the rate then in effect pursuant to Section 4(a) for a period of one (1) year from the Date of Termination and shall pay to the Executive in monthly installments over the one (1) year period, an amount equal to the Executive's cash bonus, if any, received in respect of the year immediately preceding the year of termination pursuant to Section 4(b) beginning with the first payroll date that begins thirty (30) days after the Date of Termination. For purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), each monthly payment shall be considered a separate payment. The Company shall also pay 100% of the costs to provide up to twelve (12) months of outplacement support services at a level appropriate for the Executive's title and responsibility and provide the Executive with health and dental insurance continuation at a level consistent with the level and type the Executive had in place at the time of termination for a period of twelve (12) months from the Date of Termination. In addition, on or prior to the Date of Termination, Executive will become fully vested in any unvested shares or options granted as part of the New Hire Grant.

(f) Termination by the Executive upon Company Breach. The Executive shall have the right to terminate his employment hereunder upon written notice to the Company in the event of (i) a change in the Executive reporting directly to the Company's Chief Executive Officer or to the Board of Directors or a material diminution in the nature or scope of the powers, duties or responsibilities of the Executive or (ii) a breach by the Company of any of its material obligations hereunder, in each case after the Executive has given written notice to the Company specifying such default by the Company within sixty (60) days of the occurrence of the default and giving the Company a reasonable time, not less than thirty (30) days, to conform its performance to its obligations hereunder. Upon any such termination of the Executive's employment, all obligations of the Company under this Agreement shall thereupon immediately terminate other than any obligations with respect to earned but unpaid Base Salary and bonus under Section 4. In addition, subject to the Executive signing a general release of claims in a form and manner satisfactory to the Company, including a mutual obligation of non-disparagement, and the lapse of any statutory revocation period, the Company shall continue to pay the Executive his Base Salary at the rate then in effect pursuant to Section 4(a) for a period of one (1) year from the Date of Termination and shall pay to the Executive in monthly installments over the one (1) year period, an amount equal to the Executive's cash bonus, if any, received in respect of the year immediately preceding the year of termination pursuant to Section 4(b) beginning with the first payroll date that begins thirty (30) days after the Date of Termination. For purposes of Section 409A of the Code, each monthly payment shall be considered a separate payment. The Company shall also pay 100% of the costs to provide up to twelve (12) months of outplacement support services at a level appropriate for the Executive's title and responsibility and provide the Executive with health and dental insurance continuation at a level consistent with the level and type the Executive had in place at the time of termination for a period of twelve (12) months from the Date of Termination. In addition, on or prior to the Date of Termination, Executive will become fully vested in any unvested shares or options granted as part of the New Hire Grant.

(g) Change of Control and Termination Pursuant to a Change of Control. If there is a Change of Control, as defined below, during the Term of Employment, the provisions of this Section 6(g) shall apply and shall continue to apply throughout the remainder of the Term (as extended by any Renewal Term). Upon a Change of Control, the Executive will become fully vested in any outstanding stock options, Restricted Stock or other stock grants awarded and become fully vested in all Company contributions made to the Executive's 401(k), Profit Sharing or other retirement account(s). In addition, within thirty (30) days of the Change of Control, the Company shall pay to the Executive a lump sum equal to the Executive's pro rata target cash bonus for the year in which the Change of Control occurred (as such may be set forth in the Company's bonus plan for such year and calculated assuming target achievement of corporate and personal goals); such pro rata amount to be determined based on the actual date of the closing of such Change of Control transaction.

If, within two (2) years following a Change of Control, the Executive's employment is terminated by the Company without Cause (in accordance with Section 5(e) above) or by the Executive for "Good Reason" (as defined in Section 6(g)(ii) below), in lieu of any severance and other benefits payable under Section 6(e) or Section 6(f), subject to the Executive signing a general release of claims in a form and manner satisfactory to the Company, including a mutual obligation of non-disparagement, and the lapse of any statutory revocation period, the Company shall pay to the Executive (or the Executive's estate, if applicable) a lump sum amount equal to 1.5 times the sum of (x) the Executive's Base Salary at the rate then in effect pursuant to Section 4(a), plus (y) an amount equal to the Executive's target cash bonus for the year in which termination occurred (as such may be set forth in the Company's cash bonus plan for such year assuming target achievement of corporate and personal goals) within thirty (30) days of the Date of Termination. Notwithstanding the foregoing, to the extent the cash severance payment to the Executive is considered deferred compensation subject to Section 409A of the Code, and if the Change of Control does not constitute a "change in control event" within the meaning of Section 409A of the Code, such cash severance shall be payable in installments over the same period as provided in Section 6(e). The Company shall also pay 100% of the costs to provide up to twelve (12) months of outplacement support services at a level appropriate for the Executive's title and responsibility and provide the Executive with health and dental insurance continuation at a level consistent with the level and type the Executive had in place at the time of termination for a period of eighteen (18) months from the Date of Termination.

(i) “Change of Control” shall mean the occurrence of any one of the following events: (A) the sale of all or substantially all of the assets of the Company on a consolidated basis to an unrelated person or entity, (B) a merger, reorganization or consolidation in which the outstanding shares of Stock are converted into or exchanged for securities of the successor entity and the holders of the Company’s outstanding voting power immediately prior to such transaction do not own a majority of the outstanding voting power of the successor entity immediately upon completion of such transaction, or (C) the sale of all of the Stock of the Company to an unrelated person or entity.

(ii) “Good Reason” shall mean the occurrence of any of the following:

(A) a change in the Executive reporting directly to the Company’s Chief Executive Officer or member of the Board of Directors or a material diminution in the nature or scope of the powers, duties or responsibilities of the Executive;

(B) a breach by the Company of any of its material obligations hereunder

(iii) The Executive shall provide the Company with reasonable notice and an opportunity to cure any of the events listed in Section 6(g)(ii) within sixty (60) days of the occurrence of the event and shall not be entitled to compensation pursuant to this Section 6(g) unless the Company fails to cure within a reasonable period of not less than thirty (30) days.

(h) Additional Limitation. Anything in this Agreement to the contrary notwithstanding, in the event that the amount of any compensation, payment or distribution by the Company to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, calculated in a manner consistent with Section 280G of the Code and the applicable regulations thereunder (the “Severance Payments”), would be subject to the excise tax imposed by Section 4999 of the Code, the following provisions shall apply:

(A) if the Severance Payments, reduced by the sum of (1) the Excise Tax and (2) the total of the federal, state, and local income and employment taxes payable by the Executive on the amount of the Severance Payments which are in excess of the Threshold Amount, are greater than or equal to the Threshold Amount, the Executive shall be entitled to the full amount of Severance Payments.

(B) if the Threshold Amount is less than (x) the Severance Payments, but greater than (y) the Severance Payments reduced by the sum of (1) the Excise Tax and (2) the total of the federal, state, and local income and employment taxes on the amount of the Severance Payments which are in excess of the Threshold Amount, then the Severance Payments shall be reduced (but not below zero) to the extent necessary so that the sum of all Severance Payments shall not exceed the Threshold Amount. In such event, the Severance Payments shall be reduced in the following order: (i) cash payments not subject to Section 409A of the Code; (ii) cash payments subject to Section 409A of the Code; (iii) equity-based payments and acceleration; and (iv) non-cash forms of benefits. To the extent any payment is to be made over time (e.g., in installments, etc.), then the payments shall be reduced in reverse chronological order.

For the purposes of this Section 6(h) “Threshold Amount” shall mean three (3) times the Executive’s “base amount” within the meaning of Section 280G(b)(3) of the Code and the regulations promulgated thereunder less one dollar (\$1.00); and “Excise Tax” shall mean the excise tax imposed by Section 4999 of the Code, and any interest or penalties incurred by the Executive with respect to such excise tax.

The determination as to which of the alternative provisions of this Section 6(h) shall apply to the Executive shall be made by a nationally recognized accounting firm selected by the Company (the “Accounting Firm”), which shall provide detailed supporting calculations both to the Company and the Executive within fifteen (15) business days of the Date of Termination, if applicable, or at such earlier time as is reasonably requested by the Company or the Executive. For purposes of determining which of the alternative provisions of this Section 6(h) above shall apply, the Executive shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation applicable to individuals for the calendar year in which the determination is to be made, and state and local income taxes at the highest marginal rates of individual taxation in the state and locality of the Executive’s residence on the Date of Termination, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes. Any determination by the Accounting Firm shall be binding upon the Company and the Executive.

(i) No Mitigation. Without regard to the reason for the termination of the Executive's employment hereunder, the Executive shall be under no obligation to mitigate damages with respect to such termination under any circumstances and in the event the Executive is employed or receives income from any other source, there shall be no offset against the amounts due from the Company hereunder.

(j) Section 409A.

(i) Anything in this Agreement to the contrary notwithstanding, if at the time of the Executive's separation from service within the meaning of Section 409A of the Code, the Company determines that the Executive is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, then to the extent any payment or benefit that the Executive becomes entitled to under this Agreement would be considered deferred compensation subject to the twenty percent (20%) additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (A) six (6) months and one (1) day after the Executive's separation from service, or (B) the Executive's death. If any such delayed cash payment is otherwise payable on an installment basis, the first payment shall include a catch-up payment covering amounts that would otherwise have been paid during the six (6)-month period but for the application of this provision, and the balance of the installments shall be payable in accordance with their original schedule. Any such delayed cash payment shall earn interest at an annual rate equal to the prime rate reported by The Wall Street Journal as of the date of separation from service, from such date of separation from service until the payment.

(ii) The parties intend that this Agreement will be administered in accordance with Section 409A of the Code. To the extent that any provision of this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner so that all payments hereunder comply with Section 409A of the Code. The parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

(iii) To the extent that any payment or benefit described in this Agreement constitutes "non-qualified deferred compensation" under Section 409A of the Code, and to the extent that such payment or benefit is payable upon the Executive's termination of employment, then such payments or benefits shall be payable only upon the Executive's "separation from service". The determination of whether and when a separation from service has occurred shall be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409A-1(h).

(iv) The Company makes no representation or warranty and shall have no liability to the Executive or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

7. Non-Competition and No Solicitation.

(a) Because the Executive's services to the Company are special and because the Executive has access to the Company's confidential information, during the Term of Employment and for a period of twelve (12) months following the termination, the Executive shall not, without the express written consent of the Company, directly or indirectly, engage, participate, invest in, be employed by or assist, whether as owner, part-owner, shareholder, partner, director, officer, trustee, employee, agent or consultant, or in any other capacity, any Person (as hereinafter defined) other than the Company and its affiliates in the Designated Industry (as hereinafter defined); provided, however, that nothing herein shall be construed as preventing the Executive from making passive investments in a Person in the Designated Industry if the securities of such Person are publicly traded and such investment constitutes less than one percent (1%) of the outstanding shares of capital stock or comparable equity interests of such Person.

(b) For purposes of this Agreement, the following terms have the following meanings:

“Person” means an individual, a corporation, an association, a partnership, a limited liability company, an estate, a trust and any other entity or organization; and

“Designated Industry” means the business of providing research and development services to pharmaceutical and biotechnology companies involved in drug development and discovery and any and all activities related thereto, including, without limitation, biological testing and biological research services, medicinal chemistry, chemical development, biocatalysis, analytical chemistry services and small-scale and large scale and any other business conducted by the Company during the Executive's employment with the Company that comprises a major portion of the Company's overall business.

(c) For a period of twelve (12) months following the termination of this Agreement for any reason, the Executive shall not, directly or indirectly, alone or as a member of any partnership or limited liability company or entity, or as an officer, director, shareholder, or employee of any corporation or entity (a) solicit or otherwise encourage any employee or independent contractor of the Company to terminate his/her relationship with the Company, or (b) recruit, hire or solicit for employment or for engagement as an independent contractor, any person who is or was employed by the Company at any time during the Executive's employment with the Company. This paragraph shall not apply to persons whose employment and/or retention with the Company has been terminated for a period of twelve (12) months or longer.

8. Confidentiality. In the course of performing services hereunder and otherwise, the Executive has had, and it is anticipated that the Executive will from time to time have, access to confidential records, data, customer lists, trade secrets, technology and similar confidential information owned or used in the course of business by the Company and its subsidiaries and affiliates (the "Confidential Information"). The Executive agrees (i) to hold the Confidential Information in strict confidence, (ii) not to disclose the Confidential Information to any Person (other than in the regular business of the Company), and (iii) not to use, directly or indirectly, any of the Confidential Information for any competitive or commercial purpose; provided, however, that the limitations set forth above shall not apply to any Confidential Information which (A) is then generally known to the public, (B) became or becomes generally known to the public through no fault of the Executive, or (C) is disclosed in accordance with an order of a court of competent jurisdiction or applicable law. Upon termination of the Executive's employment with the Company, all data, memoranda, customer lists, notes, programs and other papers and items, and reproductions thereof relating to the foregoing matters in the Executive's possession or control, shall be returned to the Company and remain in its possession. This Section 8 shall survive the termination of this Agreement for any reason.

9. Conflicting Agreements. The Executive hereby represents and warrants that the execution of this Agreement and the performance of his obligations hereunder will not breach or be in conflict with any other agreement to which he is a party or is bound, and that he is not now subject to any covenants which would affect the performance of his obligations hereunder.

10. Severability. In case any of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, any such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had been limited or modified (consistent with its general intent) to the extent necessary to make it valid, legal and enforceable, or if it shall not be possible to so limit or modify such invalid, illegal or unenforceable provision or part of a provision, this Agreement shall be construed as if such invalid, illegal or unenforceable provision or part of a provision had never been contained in this Agreement.

11. Litigation and Regulatory Cooperation. During and after the Executive's employment, the Executive shall cooperate fully with the Company in the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company which relate to events or occurrences that transpired while the Executive was employed by the Company. The Executive's full cooperation in connection with such claims or actions shall include, but not be limited to, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times. During and after the Executive's employment, the Executive also shall cooperate fully with the Company in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while the Executive was employed by the Company. The Company shall reimburse the Executive for any reasonable out-of-pocket expenses incurred in connection with the Executive's performance of obligations pursuant to this Section 11. This Section 11 shall survive the termination of this Agreement for any reason.

12. Arbitration of Disputes. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Boston, Massachusetts, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered in any court having jurisdiction. In the event that the Company terminates the Executive's employment for cause under Section 6(b) and the Executive contends that cause did not exist, then the Company's only obligation shall be to submit such claim to arbitration and the only issue before the arbitrator will be whether the Executive was in fact terminated for cause. If the arbitrator determines that the Executive was not terminated for cause by the Company, then the only remedies that the arbitrator may award are (i) payment of amounts which would have been payable if the Executive's employment had been terminated under Section 6(e), (ii) the costs of arbitration, (iii) the Executive's attorneys' fees, and (iv) all rights and benefits granted or in effect with respect to the Executive under the Company's stock option plans and agreements with the Executive pursuant thereto, with the vesting and exercise of any stock options and the forfeitability of any stock-based grants held by the Executive to be governed by the terms of such plans and the related agreements between the Executive and the Company. If the arbitrator finds that the Executive's employment was terminated for cause, the arbitrator will be without authority to award the Executive anything, and the parties will each be responsible for their own attorneys' fees, and they will divide the costs of arbitration equally. Furthermore, should a dispute occur concerning the Executive's mental or physical capacity as described in Section 6(c), a doctor selected by the Executive and a doctor selected by the Company shall be entitled to examine the Executive. If the opinion of the Company's doctor and the Executive's doctor conflict, the Company's doctor and the Executive's doctor shall together agree upon a third doctor, whose opinion shall be binding. This Section 12 shall survive the termination of this Agreement for any reason.

13. Specific Performance. Notwithstanding Section 12 hereof, it is specifically understood and agreed that any breach of the provisions of this Agreement, including, without limitation, Sections 7 and 8 hereof, by the Executive is likely to result in irreparable injury to the Company and its subsidiaries and affiliates, that the remedy at law alone will be inadequate remedy for such breach and that, in addition to any other remedy it may have, the Company shall be entitled to enforce the specific performance of this Agreement by the Executive and to seek both temporary and permanent injunctive relief (to the extent permitted by law), without the necessity of proving actual damages. To the extent that any court action is permitted consistent with or to enforce Section 7 or 8 of this Agreement, the parties hereby agree to the sole and exclusive jurisdiction of the Supreme Court of the State of New York (Albany County) and the United States District Court for the Northern District of New York (City of Albany). Accordingly, with respect to any such court action, the Executive (i) submits to the personal jurisdiction of such courts, (ii) consents to service of process, and (iii) waives any other requirement (whether imposed by statute, rule of court or otherwise) with respect to personal jurisdiction or service of process.

14. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given (i) when delivered by hand, (ii) when transmitted by facsimile and receipt is acknowledged, or (iii) if mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

To the Company:

Albany Molecular Research, Inc.
26 Corporate Circle
Albany, New York 12212-5154
Facsimile: (518) 867-4375
Attention: Board of Directors

To the Executive, at the address on file with the Company, with a copy to:

Sills Cummis & Gross PC
One Riverfront Plaza
Newark, NJ 07102
Facsimile: (973) 643-6500
Attn: Ira A. Rosenberg, Esq.

or to such other address of which any party may notify the other parties as provided above. Notices shall be effective as of the date of such delivery or mailing.

15. Amendment; Waiver. This Agreement shall not be amended, modified or discharged in whole or in part except by an Agreement in writing signed by both of the parties hereto. The failure of either of the parties to require the performance of a term or obligation or to exercise any right under this Agreement or the waiver of any breach hereunder shall not prevent subsequent enforcement of such term or obligation or exercise of such right or the enforcement at any time of any other right hereunder or be deemed a waiver of any subsequent breach of the provision so breached, or of any other breach hereunder.

16. Successors and Assigns. This Agreement shall inure to the benefit of successors of the Company by way of merger, consolidation or transfer of all or substantially all of the assets of the Company, and may not be assigned by the Executive. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company expressly to assume and agree to perform this Agreement to the same extent that the Company would be required to perform it if no succession had taken place. Failure of the Company to obtain an assumption of this Agreement at or prior to the effectiveness of any succession shall be a material breach of this Agreement.

17. Entire Agreement. This Agreement constitutes the entire agreement between the parties concerning the subjects hereof and supersedes all prior understandings and agreements between the parties relating to the subject matter hereof.

18. Governing Law. This Agreement shall be construed and regulated in all respects under the laws of the State of New York.

19. Counterparts. This Agreement may be executed in counterparts, each of which when so executed and delivered shall be taken to be an original, but such counterparts shall together constitute one and the same document.

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IN WITNESS WHEREOF, the parties have executed this Amended Agreement as of the day and year first above written.

ALBANY MOLECULAR RESEARCH, INC.

By: /s/ William S. Marth

EXECUTIVE:

/s/ George Svokos

George Svokos

CERTIFICATION

I, William S. Marth certify that:

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

Date: May 9, 2017

/s/ William S. Marth

Name: William S. Marth

Title: President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Felicia I. Ladin certify that:

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

Date: May 9, 2017

/s/ Felicia I. Ladin

Name: Felicia I. Ladin

Title: Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

CERTIFICATION

The undersigned officer of Albany Molecular Research, Inc. (the "Company") hereby certifies to his knowledge that the Company's Quarterly Report on Form 10-Q to which this certification is attached (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company. This certification is provided solely pursuant to 18 U.S.C. Section 1350 and Item 601(b)(32) of Regulation S-K ("Item 601(b)(32)") promulgated under the Securities Act of 1933, as amended (the "Securities Act"), and the Exchange Act. In accordance with clause (ii) of Item 601(b)(32), this certification (A) shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and (B) shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

Date: May 9, 2017

/s/ William S. Marth

Name: William S. Marth

Title: President and Chief Executive Officer

CERTIFICATION

The undersigned officer of Albany Molecular Research, Inc. (the “Company”) hereby certifies to her knowledge that the Company’s Quarterly Report on Form 10-Q to which this certification is attached (the “Report”), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company. This certification is provided solely pursuant to 18 U.S.C. Section 1350 and Item 601(b)(32) of Regulation S-K (“Item 601(b)(32)”) promulgated under the Securities Act of 1933, as amended (the “Securities Act”), and the Exchange Act. In accordance with clause (ii) of Item 601(b)(32), this certification (A) shall not be deemed “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and (B) shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

Date: May 9, 2017

/s/ Felicia I. Ladin

Name: Felicia I. Ladin

Title: Senior Vice President, Chief Financial Officer and Treasurer
