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

FORM 10-Q

(Mark one)

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

For the quarterly period ended March 31, 2016

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

For the transition period from to .

Commission File Number 001-31812

ANI PHARMACEUTICALS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**58-2301143**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)

210 Main Street West
Baudette, Minnesota
(Address of principal executive offices)

(218) 634-3500
(Registrant's telephone number including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T 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, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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

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

As of April 28, 2016, there were 11,493,438 shares of common stock and 10,864 shares of class C special stock of the registrant outstanding.

ANI PHARMACEUTICALS, INC.
FORM 10-Q — Quarterly Report
For the Quarterly Period Ended March 31, 2016
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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q and certain information incorporated herein by reference contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Exchange Act. Such statements include, but are not limited to, statements about future operations, products, financial position, operating results, prospects, pipeline or potential markets therefor, and other statements that are not historical in nature, particularly those that utilize terminology such as "anticipates," "will," "expects," "plans," "potential," "future," "believes," "intends," "continue," other words of similar meaning, derivations of such words, and the use of future dates.

Uncertainties and risks may cause our actual results to be materially different than those expressed in or implied by such forward-looking statements. Uncertainties and risks include, but are not limited to, the risk that we may face with respect to importing raw materials, increased competition, acquisitions, contract manufacturing arrangements, delays or failure in obtaining product approvals from the U.S. Food and Drug Administration ("FDA"), general business and economic conditions, market trends, product development, regulatory, and other approvals and marketing.

These factors should not be construed as exhaustive and should be read in conjunction with our other disclosures, including but not limited to our Annual Report on Form 10-K for the year ended December 31, 2015, including the factors described in "Item 1A. Risk Factors." Other risks may be described from time to time in our filings made under the securities laws, including our quarterly reports on Form 10-Q and our current reports on Form 8-K. New risks emerge from time to time. It is not possible for our management to predict all risks. The forward-looking statements contained in this document are made only as of the date of this document. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

NOTE REGARDING TRADEMARKS

Cortenema®, Corticotrophin®, Corticotrophin-Zinc®, Inderal® LA, Lithobid®, Reglan®, and Vancocin® are registered trademarks subject to trademark protection and are owned by ANI.

ANI PHARMACEUTICALS, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(in thousands, except share and per share amounts)
(unaudited)

	March 31, 2016	*December 31, 2015*
Assets		
Current Assets		
Cash and cash equivalents	$ 77,747	$ 154,684
Accounts receivable, net of $13,630 and $13,586 of adjustments for chargebacks and other allowances at March 31, 2016 and December 31, 2015, respectively	22,481	21,932
Inventories, net	13,922	13,387
Prepaid income taxes	1,150	1,127
Prepaid expenses and other current assets	1,252	1,453
Total Current Assets	116,552	192,583
Property and equipment, net	8,415	7,131
Deferred tax asset, net of valuation allowance	17,397	17,316
Intangible assets, net	147,386	66,397
Goodwill	1,838	1,838
Total Assets	$ 291,588	$ 285,265
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	$ 3,040	$ 2,066
Accrued expenses and other	1,727	617
Accrued royalties	4,632	606
Accrued compensation and related expenses	722	1,188
Accrued Medicaid rebates	3,424	4,631
Returned goods reserve	2,666	2,648
Total Current Liabilities	16,211	11,756
Long-term Liabilities		
Convertible notes, net of discount and deferred financing costs	115,199	113,427
Total Liabilities	$ 131,410	$ 125,183
Commitments and Contingencies (Note 11)		
Stockholders' Equity		
Common Stock, $0.0001 par value, 33,333,334 shares authorized; 11,455,364 shares issued and outstanding at March 31, 2016; 11,498,228 shares issued and outstanding at December 31, 2015	1	1
Class C Special Stock, $0.0001 par value, 781,281 shares authorized; 10,864 shares issued and outstanding at March 31, 2016 and December 31, 2015, respectively	-	-
Preferred Stock, $0.0001 par value, 1,666,667 shares authorized; 0 shares issued and outstanding at March 31, 2016 and December 31, 2015, respectively	-	-
Additional paid-in capital	165,681	164,431
Accumulated deficit	(5,504)	(4,350)
Total Stockholders' Equity	160,178	160,082
Total Liabilities and Stockholders' Equity	$ 291,588	$ 285,265

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

ANI PHARMACEUTICALS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Earnings
(in thousands, except per share amounts)
(unaudited)

	Three months ended March 31,	
	2016	*2015*
Net Revenues	$ 20,555	$ 18,799
Operating Expenses:		
Cost of sales (excluding depreciation and amortization)	3,410	2,751
Research and development	966	403
Selling, general, and administrative	5,904	4,751
Depreciation and amortization	4,609	1,327
Total Operating Expenses	14,889	9,232
Operating Income	5,666	9,567
Other Expense, net		
Interest expense, net	(2,782)	(2,725)
Other income, net	2	68
Income Before Provision for Income Taxes	2,886	6,910
Provision for income taxes	(1,540)	(2,541)
Net Income	$ 1,346	$ 4,369
Basic and Diluted Earnings Per Share:		
Basic Earnings Per Share	$ 0.12	$ 0.38
Diluted Earnings Per Share	$ 0.12	$ 0.38
Basic Weighted-Average Shares Outstanding	11,395	11,326
Diluted Weighted-Average Shares Outstanding	11,489	11,562

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

ANI PHARMACEUTICALS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Three months ended March 31,	
	2016	*2015*
Cash Flows From Operating Activities		
Net income	$ 1,346	$ 4,369
Adjustments to reconcile net income to net cash and cash equivalents provided by operating activities:		
Stock-based compensation	1,105	568
Deferred taxes	(81)	294
Depreciation and amortization	4,609	1,327
Non-cash interest relating to convertible notes and loan cost amortization	1,725	1,683
Changes in operating assets and liabilities:		
Accounts receivable, net	(549)	(74)
Inventories, net	(535)	(3,219)
Prepaid expenses and other current assets	201	437
Accounts payable	889	(471)
Accrued compensation and related expenses	(466)	(835)
Current income taxes, net	(23)	(3,772)
Accrued Medicaid rebates	(1,207)	(187)
Accrued expenses, returned goods reserve, and other	3,955	1,000
Net Cash and Cash Equivalents Provided by Operating Activities	10,969	1,120
Cash Flows From Investing Activities		
Acquisition of product rights and other related assets	(84,182)	(4,500)
Acquisition of property and equipment	(1,369)	(112)
Net Cash and Cash Equivalents Used in Investing Activities	(85,551)	(4,612)
Cash Flows From Financing Activities		
Proceeds from stock option exercises	144	9
Excess tax benefit from share-based compensation awards	1	9
Repurchase of common stock	(2,500)	-
Net Cash and Cash Equivalents (Used in)/Provided by Financing Activities	(2,355)	18
Change in Cash and Cash Equivalents	(76,937)	(3,474)
Cash and cash equivalents, beginning of period	154,684	169,037
Cash and cash equivalents, end of period	$ 77,747	$ 165,563
Supplemental disclosure for cash flow information:		
Cash paid for income taxes, net	$ 1,643	$ 6,029
Supplemental non-cash investing and financing activities:		
Accrued royalties assumed in asset purchase	$ 1,199	$ -
Property and equipment purchased and included in accounts payable	$ 85	$ 105

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

1. BUSINESS, PRESENTATION, AND RECENT ACCOUNTING PRONOUNCEMENTS

Overview

ANI Pharmaceuticals, Inc. and its consolidated subsidiaries (together, "ANI," the "Company," "we," "us," or "our") is an integrated specialty pharmaceutical company developing, manufacturing, and marketing branded and generic prescription pharmaceuticals. Our targeted areas of product development currently include controlled substances, anti-cancer (oncolytics), hormones and steroids, and complex formulations involving extended release and combination products. We have two pharmaceutical manufacturing facilities located in Baudette, Minnesota that are capable of producing oral solid dose products, as well as liquids and topicals, controlled substances, and potent products that must be manufactured in a fully-contained environment. Our strategy is to use our assets to develop, acquire, manufacture, and market branded and generic specialty prescription pharmaceuticals. By executing this strategy, we believe we will be able to continue to grow the business, expand and diversify our product portfolio, and create long-term value for our investors.

Basis of Presentation

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). In our opinion, the accompanying unaudited interim condensed consolidated financial statements include all adjustments, consisting of normal recurring adjustments, which are necessary to present fairly our financial position, results of operations, and cash flows. The consolidated balance sheet at December 31, 2015, has been derived from audited financial statements of that date. The unaudited interim condensed consolidated results of operations are not necessarily indicative of the results that may occur for the full fiscal year. Certain information and footnote disclosure normally included in financial statements prepared in accordance with U.S. GAAP have been omitted pursuant to instructions, rules, and regulations prescribed by the United States Securities and Exchange Commission. We believe that the disclosures provided herein are adequate to make the information presented not misleading when these unaudited interim condensed consolidated financial statements are read in conjunction with the audited financial statements and notes previously distributed in our Annual Report on Form 10-K for the year ended December 31, 2015.

Principles of Consolidation

The unaudited interim condensed consolidated financial statements include the accounts of ANI Pharmaceuticals, Inc. and its subsidiaries. All inter-company accounts and transactions are eliminated in consolidation.

Foreign Currency

The company has subsidiaries located outside of the U.S. All existing subsidiaries currently conduct substantially all their transactions denominated in U.S. dollars, or are otherwise dependent upon the U.S. parent for funding. Accordingly, these subsidiaries use the U.S. dollar as their functional currency. Unless otherwise noted, all references to "$" or "dollar" refer to the U.S. dollar.

Foreign currency transaction gains and losses are included in the determination of net income.

1. BUSINESS, PRESENTATION, AND RECENT ACCOUNTING PRONOUNCEMENTS – continued

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. In the accompanying unaudited interim condensed consolidated financial statements, estimates are used for, but not limited to, stock-based compensation, allowance for doubtful accounts, accruals for chargebacks, Medicaid rebates, returns and other allowances, allowance for inventory obsolescence, valuation of financial instruments and intangible assets, accruals for contingent liabilities, fair value of long-lived assets, deferred taxes and valuation allowance, and the depreciable lives of long-lived assets. Actual results could differ from those estimates.

Recent Accounting Pronouncements

In March 2016, the Financial Accounting Standards Board ("FASB") issued guidance simplifying the accounting for and financial statement disclosure of stock-based compensation awards. Under the guidance, all excess tax benefits and tax deficiencies related to stock-based compensation awards are to be recognized as income tax expenses or benefits in the income statement and excess tax benefits should be classified along with other income tax cash flows in the operating activities section of the statement of cash flows. Under the guidance, companies can also elect to either estimate the number of awards that are expected to vest or account for forfeitures as they occur. In addition, the guidance amends some of the other stock-based compensation awards guidance to more clearly articulate the requirements and cash flow presentation for withholding shares for tax-withholding purposes. The guidance is effective for reporting periods beginning after December 15, 2016 and early adoption is permitted, though all amendments of the guidance must be adopted in the same period. The adoption of certain amendments of the guidance must be applied prospectively, and adoption of the remaining amendments must be applied either on a modified retrospective basis or retrospectively to all periods presented. We are currently evaluating the impact that this guidance will have on our consolidated financial statements.

In March 2016, the FASB issued guidance to clarify the requirements for assessing whether contingent call or put options that can accelerate the payment of principal on debt instruments are clearly and closely related to their debt hosts. The amendments of this guidance are effective for reporting periods beginning after December 15, 2016, and early adoption is permitted. Entities are required to apply the guidance to existing debt instruments using a modified retrospective transition method as of beginning of the fiscal year of adoption. We adopted this guidance for the year ending December 31, 2016, on a modified retrospective basis. The adoption of this new guidance did not have a material impact on our consolidated financial statements.

In February 2016, the FASB issued guidance for accounting for leases. The guidance requires lessees to recognize assets and liabilities related to long-term leases on the balance sheet and expands disclosure requirements regarding leasing arrangements. The guidance is effective for reporting periods beginning after December 15, 2018 and early adoption is permitted. The guidance must be adopted on a modified retrospective basis and provides for certain practical expedients. We are currently evaluating the impact that this guidance will have on our consolidated financial statements.

In November 2015, the FASB issued guidance simplifying the balance sheet classification of deferred taxes. The new guidance requires that all deferred taxes be presented as noncurrent, rather than separated into current and noncurrent amounts. The guidance is effective for reporting periods beginning after December 15, 2016 and early adoption is permitted. In addition, the adoption of guidance can be applied either prospectively or retrospectively to all periods presented. We adopted this guidance for the year ended December 31, 2015 on a retrospective basis, and all periods are presented under this guidance.

1. BUSINESS, PRESENTATION, AND RECENT ACCOUNTING PRONOUNCEMENTS – continued

In July 2015, the FASB issued guidance for inventory. Under the guidance, an entity should measure inventory within the scope of this guidance at the lower of cost and net realizable value, except when inventory is measured using the last in first out ("LIFO") method or the retail inventory method. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. In addition, the FASB has amended some of the other inventory guidance to more clearly articulate the requirements for the measurement and disclosure of inventory. The guidance is effective for reporting periods beginning after December 15, 2016. The guidance should be applied prospectively, with earlier application permitted. We adopted this guidance for the year ending December 31, 2016, on a prospective basis. The adoption of this new guidance did not have a material impact on our consolidated financial statements.

In April 2015, the FASB issued guidance as to whether a cloud computing arrangement (e.g., software as a service, platform as a service, infrastructure as a service, and other similar hosting arrangements) includes a software license and, based on that determination, how to account for such arrangements. If a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. The guidance is effective for reporting periods beginning after December 15, 2015, and can be adopted on either a prospective or retrospective basis. We adopted this guidance for the year ending December 31, 2016, on a prospective basis. The adoption of this new guidance did not have a material impact on our consolidated financial statements.

In April 2015, the FASB issued guidance to simplify the balance sheet disclosure for debt issuance costs. Under the guidance, debt issuance costs related to a recognized debt liability are presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, in the same manner as debt discounts, rather than as an asset. The guidance is effective for reporting periods beginning after December 15, 2015 and must be adopted on a retrospective basis. Early adoption is permitted. We adopted this guidance for the year ended December 31, 2015 on a retrospective basis, and all periods are presented under this guidance.

In May 2014, the FASB issued guidance for revenue recognition for contracts, superseding the previous revenue recognition requirements, along with most existing industry-specific guidance. The guidance requires an entity to review contracts in five steps: 1) identify the contract, 2) identify performance obligations, 3) determine the transaction price, 4) allocate the transaction price, and 5) recognize revenue. The new standard will result in enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue arising from contracts with customers. In August 2015, the FASB issued guidance approving a one-year deferral, making the standard effective for reporting periods beginning after December 15, 2017, with early adoption permitted only for reporting periods beginning after December 15, 2016. In March 2016, the FASB issued guidance to clarify the implementation guidance on principal versus agent considerations for reporting revenue gross rather than net, with the same deferred effective date. In April 2016, the FASB issued guidance to clarify the implementation guidance on identifying performance obligations and the accounting for licenses of intellectual property, with the same deferred effective date. We are currently evaluating the impact, if any, that this guidance will have on our consolidated financial statements.

We have evaluated all other issued unadopted Accounting Standards Updates and believe the adoption of these standards will not have a material impact on our consolidated statements of earnings, balance sheets, or cash flows.

2. REVENUE RECOGNITION AND RELATED ALLOWANCES

Revenue Recognition

Revenue is recognized for product sales and contract manufacturing product sales upon passing of risk and title to the customer, when estimates of the selling price and discounts, rebates, promotional adjustments, price adjustments, returns, chargebacks, and other potential adjustments are reasonably determinable, collection is reasonably assured, and we have no further performance obligations. Contract manufacturing arrangements are typically less than two weeks in duration, and therefore the revenue is recognized upon completion of the aforementioned factors rather than using a proportional performance method of revenue recognition. The estimates for discounts, rebates, promotional adjustments, price adjustments, returns, chargebacks, and other potential adjustments reduce gross revenues to net revenues in the accompanying unaudited interim condensed consolidated statements of earnings, and are presented as current liabilities or reductions in accounts receivable in the accompanying unaudited interim condensed consolidated balance sheets (see "Accruals for Chargebacks, Rebates, Returns, and Other Allowances"). Historically, we have not entered into revenue arrangements with multiple elements.

Occasionally, we engage in contract services, which include product development services, laboratory services, and royalties on net sales of certain contract manufactured products. For these services, revenue is recognized according to the terms of the agreement with the customer, which sometimes include substantive, measurable risk-based milestones, and when we have a contractual right to receive such payment, the contract price is fixed or determinable, the collection of the resulting receivable is reasonably assured, and we have no further performance obligations under the agreement.

Accruals for Chargebacks, Rebates, Returns, and Other Allowances

Our generic and branded product revenues are typically subject to agreements with customers allowing chargebacks, Medicaid rebates, product returns, administrative fees and other rebates, and prompt payment discounts. We accrue for these items at the time of sale and continually monitor and re-evaluate the accruals as additional information becomes available. We adjust the accruals at the end of each reporting period, to reflect any such updates to the relevant facts and circumstances. Accruals are relieved upon receipt of payment from the customer or upon issuance of credit to the customer.

The following table summarizes activity in the consolidated balance sheets for accruals and allowances for the three month periods ended March 31, 2016 and 2015, respectively:

(in thousands)	Accruals for Chargebacks, Rebates, Returns and Other Allowances				
	Chargebacks	Medicaid Rebates	Returns	Administrative Fees and Other Rebates	Prompt Payment Discounts
Balance at December 31, 2014	$ 6,865	$ 2,264	$ 1,445	$ 1,487	$ 471
Accruals/Adjustments	10,260	953	566	1,472	609
Credits Taken Against Reserve	(10,526)	(1,140)	(194)	(1,825)	(602)
Balance at March 31, 2015	$ 6,599	$ 2,077	$ 1,817	$ 1,134	$ 478
Balance at December 31, 2015	$ 11,381	$ 4,631	$ 2,648	$ 1,653	$ 674
Accruals/Adjustments	14,778	2,607	1,637	2,089	813
Credits Taken Against Reserve	(15,256)	(3,814)	(1,619)	(1,470)	(835)
Balance at March 31, 2016	$ 10,903	$ 3,424	$ 2,666	$ 2,272	$ 652

2. REVENUE RECOGNITION AND RELATED ALLOWANCES – continued

Credit Concentration

Our customers are primarily wholesale distributors, chain drug stores, group purchasing organizations, and pharmaceutical companies.

During the three month period ended March 31, 2016, three customers represented 29%, 20%, and 16% of net revenues, respectively, and accounts receivable from these customers totaled 67% of accounts receivable, net as of March 31, 2016. During the three month period ended March 31, 2015, three customers represented 28%, 24%, and 19% of net revenues, respectively.

3. INDEBTEDNESS

Convertible Senior Notes

In December 2014, we issued $143.8 million of our Convertible Senior Notes due 2019 (the "Notes") in a registered public offering. The Notes pay 3.0% interest semi-annually in arrears starting on June 1, 2015 and are due December 1, 2019. The initial conversion price was $69.48 per share. Simultaneous with the issuance of the Notes, we entered into "bond hedge" (or purchased call) and "warrant" (or written call) transactions with an affiliate of one of the offering underwriters in order to synthetically raise the initial conversion price of the Notes to $96.21 per share and reduce the potential common stock dilution that may arise from the conversion of the Notes.

The Notes are convertible at the option of the holder under certain circumstances and upon conversion we may elect to settle such conversion in shares of our common stock, cash, or a combination thereof. As a result of our cash conversion option, we separately accounted for the value of the embedded conversion option as a debt discount (with an offset to Additional Paid in Capital ("APIC")) of $33.6 million. Deferred financing costs are recorded as a reduction of long-term debt in the consolidated balance sheets and are being amortized as additional non-cash interest expense over the term of the debt, since this method was not significantly different from the effective interest method.

The carrying value of the Notes is as follows as of:

(in thousands)	March 31, 2016	December 31, 2015
Principal amount	$ 143,750	$ 143,750
Unamortized debt discount	(25,455)	(27,016)
Deferred financing costs	(3,096)	(3,307)
Net carrying value	$ 115,199	$ 113,427

We had accrued interest of $1.4 million and $0.4 million related to the Notes recorded in Accrued expenses, other in our consolidated balance sheets at March 31, 2016 and December 31, 2015, respectively.

3. INDEBTEDNESS – continued

The following table sets forth the components of total interest expense related to the Notes recognized in the accompanying unaudited interim condensed consolidated statements of earnings for the three months ended March 31, 2016 and 2015:

	Three Months Ended	
(in thousands)	March 31, 2016	March 31, 2015
Contractual coupon	$ 1,078	$ 1,078
Amortization of debt discount	1,562	1,481
Amortization of finance fees	211	211
Capitalized interest	(47)	(9)
	$ 2,804	$ 2,761

As of March 31, 2016, the effective interest rate on the Notes was 7.8%, on an annualized basis.

4. EARNINGS PER SHARE

Basic earnings per share is computed by dividing net income available to common shareholders by the weighted-average number of shares of common stock outstanding during the period.

For periods of net income, and when the effects are not anti-dilutive, we calculate diluted earnings per share by dividing net income available to common shareholders by the weighted-average number of shares outstanding plus the impact of all potential dilutive common shares, consisting primarily of common stock options, unvested restricted stock awards, stock purchase warrants, and any conversion gain on our Notes (Note 3), using the treasury stock method. For periods of net loss, diluted loss per share is calculated similarly to basic loss per share.

Our unvested restricted shares contain non-forfeitable rights to dividends, and therefore are considered to be participating securities; in periods of net income, the calculation of basic and diluted earnings per share excludes from the numerator net income attributable to the unvested restricted shares, and excludes the impact of those shares from the denominator.

For purposes of determining diluted earnings per share, we have elected a policy to assume that the principal portion of the Notes (Note 3) is settled in cash. As such, the principal portion of the Notes has no effect on either the numerator or denominator when determining diluted earnings per share. Any conversion gain is assumed to be settled in shares and is incorporated in diluted earnings per share using the treasury method. The warrants issued in conjunction with the issuance of the Notes (Note 3) are considered to be dilutive when they are in-the-money relative to our average stock price during the period; the bond hedge purchased in conjunction with the issuance of the Notes is always considered to be anti-dilutive.

4. EARNINGS PER SHARE – continued

Earnings per share for the three months ended March 31, 2016 and 2015 are calculated for basic and diluted earnings per share as follows:

(in thousands, except per share amounts)	Basic Three Months Ended March 31,		Diluted Three Months Ended March 31,	
	2016	2015	2016	2015
Net income	$ 1,346	$ 4,369	$ 1,346	$ 4,369
Net income allocated to restricted stock	(7)	(23)	(7)	(23)
Net income from continuing operations allocated to common shares	$ 1,339	$ 4,346	$ 1,339	$ 4,346
Basic Weighted-Average Shares Outstanding	11,395	11,326	11,395	11,326
Dilutive effect of stock options			94	236
Diluted Weighted-Average Shares Outstanding			11,489	11,562
Earnings Per Share	$ 0.12	$ 0.38	$ 0.12	$ 0.38

The number of anti-dilutive shares, which have been excluded from the computation of diluted earnings per share, including the shares underlying the Notes, was 4.5 million and 4.6 million for the three months ended March 31, 2016 and 2015, respectively. Anti-dilutive shares consist of out-of-the-money Class C Special stock, out-of-the-money common stock options, common stock options that are anti-dilutive when calculating the impact of the potential dilutive common shares using the treasury stock method, and out-of-the-money warrants exercisable for common stock.

5. INVENTORIES

Inventories consist of the following as of:

(in thousands)	March 31, 2016	December 31, 2015
Raw materials	$ 10,648	$ 10,192
Packaging materials	784	998
Work-in-progress	503	456
Finished goods	2,232	1,897
	14,167	13,543
Reserve for excess/obsolete inventories	(245)	(156)
Inventories, net	$ 13,922	$ 13,387

Vendor Concentration

We source the raw materials for our products, including active pharmaceutical ingredients ("API"), from both domestic and international suppliers. Generally, only a single source of API is qualified for use in each product due to the cost and time required to validate a second source of supply. As a result, we are dependent upon our current vendors to reliably supply the API required for ongoing product manufacturing. During the three months ended March 31, 2016, we purchased approximately 50% of our inventory from three suppliers. As of March 31, 2016, amounts payable to these three suppliers totaled $0.1 million. During the three months ended March 31, 2015, we purchased approximately 62% of our inventory from four suppliers.

6. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consist of the following as of:

(in thousands)	March 31, 2016	December 31, 2015
Land	$ 87	$ 87
Buildings	3,682	3,682
Machinery, furniture, and equipment	6,649	5,623
Construction in progress	2,664	2,189
	13,082	11,581
Less: accumulated depreciation	(4,667)	(4,450)
Property, Plant, and Equipment, net	$ 8,415	$ 7,131

Depreciation expense was $0.2 million for each of the three month periods ended March 31, 2016 and 2015. During the three month periods ended March 31, 2016 and 2015, there was $47 thousand and $9 thousand of interest capitalized into construction in progress, respectively.

7. GOODWILL AND INTANGIBLE ASSETS

Goodwill

As a result of our 2013 merger with BioSante Pharmaceuticals, Inc. (“BioSante”), we recorded goodwill of $1.8 million in our one reporting unit. We assess the recoverability of the carrying value of goodwill as of October 31 of each year, and whenever events occur or circumstances change that would, more likely than not, reduce the fair value of our reporting unit below its carrying value. There have been no events or changes in circumstances that would have reduced the fair value of our reporting unit below its carrying value from the most recent assessment on October 31, 2015, through March 31, 2016. No impairment losses were recognized during the three month periods ended March 31, 2016 or 2015.

Definite-lived Intangible Assets

Acquisition of Abbreviated New Drug Applications

In July 2015, we purchased the Abbreviated New Drug Applications (“ANDAs”) for 22 previously marketed generic drug products from Teva Pharmaceuticals (“Teva”) for $25.0 million in cash and a percentage of future gross profits from product sales. We accounted for this transaction as an asset purchase. The ANDAs are being amortized in full over their estimated useful lives of 10 years.

In March 2015 we purchased an ANDA from Teva for Flecainide, for $4.5 million in cash and a percentage of future gross profits from product sales. We accounted for this transaction as an asset purchase. The ANDA is being amortized in full over its estimated useful life of 10 years.

In the first quarter of 2014, we purchased the ANDAs to produce 31 previously marketed generic drug products from Teva for $12.5 million in cash and a percentage of future gross profits from product sales. We accounted for this transaction as an asset purchase. The ANDAs are being amortized in full over their estimated useful lives of 10 years.

7. GOODWILL AND INTANGIBLE ASSETS – continued

Acquisition of New Drug Applications and Product Rights

In September 2015, we entered into an agreement to purchase the New Drug Applications ("NDAs") for Corticotropin and Corticotropin-Zinc from Merck Sharp & Dohme B.V. for $75.0 million in cash and a percentage of future net sales. The transaction closed in January 2016, and we made the $75.0 million cash payment using cash on hand. In addition, we capitalized $0.3 million of costs directly related to the transaction. We accounted for this transaction as an asset purchase. The $75.3 million NDA assets are being amortized in full over their estimated useful lives of 10 years.

As part of our 2013 merger with BioSante, we acquired a testosterone gel product that was licensed to Teva (the "Testosterone Gel NDA"). In May 2015, we acquired from Teva the approved NDA for the previously-licensed product. Pursuant to the terms of the purchase agreement, upon commercialization, we will pay Teva a royalty of up to $5.0 million, at a rate of 5% of the consideration we receive as a result of commercial sale of the product. The $10.9 million Testosterone Gel NDA asset is being amortized in full over its estimated useful life of 11 years.

In August 2014, we entered into an agreement to purchase (the "Vancocin Purchase Agreement") the product rights to Vancocin from Shire ViroPharma Incorporated for $11.0 million in cash. Pursuant to the terms of the Vancocin Purchase Agreement, we acquired the U.S. intellectual property rights and NDA associated with Vancocin, two related ANDAs, and certain equipment and inventory. We accounted for this transaction as an asset purchase. The $10.5 million product rights intangible asset is being amortized in full over its estimated useful life of 10 years.

In July 2014, we entered into an agreement to purchase (the "Lithobid Purchase Agreement") the product rights to Lithobid from Noven Therapeutics, LLC for $11.0 million in cash at closing, and $1.0 million in cash if certain approvals were received from the FDA on or before June 30, 2015. This $1.0 million contingent payment was paid in January 2015. Pursuant to the terms of the Lithobid Purchase Agreement, we acquired the intellectual property rights and NDA associated with Lithobid, as well as a small amount of raw material inventory. We accounted for this transaction as an asset purchase. The $12.0 million product rights intangible asset is being amortized in full over its estimated useful life of 10 years.

Marketing and Distribution Rights

In January 2016, we purchased from H2-Pharma, LLC the rights to market, sell, and distribute the authorized generic of Lipofen® and a generic hydrocortisone rectal cream product, along with the rights to an early-stage development project, for total consideration of $10.0 million. The consideration consisted of a cash payment of $8.8 million and the assumption of $1.2 million in existing royalties owed on the acquired rights. We capitalized $42 thousand of costs directly related to the purchase. We accounted for this transaction as an asset purchase. No value was ascribed to the early-stage development project because the development is still at the preliminary stage, with no expenses incurred or research performed to date. The $10.0 million marketing and distribution rights assets are being amortized in full over their average estimated useful lives of approximately four years.

In August 2015, we entered into a distribution agreement with IDT Australia Limited ("IDT") to market several products in the U.S. The products, all of which are approved ANDAs, require various FDA filings and approvals prior to commercialization. In general, IDT will be responsible for regulatory submissions to the Food and Drug Administration ("FDA") and the manufacturing of certain products. We made an upfront payment to IDT of $1.0 million and will make additional milestone payments upon FDA approval for commercialization of certain products. Upon approval, IDT will manufacture some of the products and we will manufacture the other products. We will market and distribute all the products under our label in the United States, remitting a percentage of profits from sales of the drugs to IDT. We accounted for this transaction as an asset purchase. The $1.0 million upfront payment was recorded as a marketing and distribution rights intangible asset and is being amortized in full over its estimated useful life of seven years.

7. GOODWILL AND INTANGIBLE ASSETS – continued

The components of net definite-lived intangible assets are as follows:

(in thousands)	March 31, 2016		December 31, 2015		Weighted Average Amortization Period
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	
Acquired ANDA intangible assets	$ 42,076	$ (5,238)	$ 42,076	$ (4,287)	10.0 years
NDAs and product rights	108,761	(8,545)	33,422	(5,754)	10.1 years
Marketing and distribution rights	11,042	(710)	1,000	(60)	4.7 years
	$ 161,879	$ (14,493)	$ 76,498	$ (10,101)	

Definite-lived intangible assets are stated at cost, net of amortization using the straight line method over the expected useful lives of the intangible assets. Amortization expense was $4.4 million and $1.2 million for the three months ended March 31, 2016 and 2015, respectively.

We test for impairment of definite-lived intangible assets when events or circumstances indicate that the carrying value of the assets may not be recoverable. No such triggering events were identified during the three months ended March 31, 2016 and 2015 and therefore no impairment loss was recognized in the three months ended March 31, 2016 or 2015.

Expected future amortization expense is as follows:

(in thousands)	
2016 (remainder of the year)	$ 13,178
2017	17,394
2018	17,039
2019	17,039
2020	16,557
2021 and thereafter	66,179
Total	$ 147,386

8. STOCK-BASED COMPENSATION

All equity-based service awards are granted under the ANI Pharmaceuticals, Inc. Amended and Restated 2008 Stock Incentive Plan (the “2008 Plan”). As of March 31, 2016, 0.5 million shares of our common stock remained available for issuance under the 2008 Plan.

The following table summarizes stock-based compensation expense, net of forfeitures, included in our accompanying unaudited interim condensed consolidated statements of earnings:

(in thousands)	Three Months Ended March 31,	
	2016	2015
Cost of sales	$ (10)	$ 17
Research and development	$ 27	$ 16
Selling, general, and administrative	$ 1,088	$ 536

8. STOCK-BASED COMPENSATION – continued

A summary of stock option and restricted stock activity under the Plan during the three months ended March 31, 2016 and 2015 is presented below:

(in thousands)	Options	RSAs
Outstanding December 31, 2014	458	63
Granted	50	-
Options Exercised/RSAs Vested	(2)	-
Forfeited	(53)	(3)
Outstanding March 31, 2015	453	60
Outstanding December 31, 2015	474	63
Granted	10	-
Options Exercised/RSAs Vested	(22)	-
Forfeited	(7)	-
Outstanding March 31, 2016	455	63

9. STOCKHOLDER'S EQUITY

Stock Repurchase Program

In October 2015, our Board of Directors authorized a program to repurchase up to $25.0 million of our outstanding common stock through December 31, 2016. The authorization allows for repurchases to be conducted through open market or privately negotiated transactions. Shares acquired under the stock repurchase program are returned to the status of authorized but unissued shares of common stock. The stock repurchase program may be suspended, modified, or discontinued at any time at our discretion.

In January 2016, we purchased 65 thousand shares under the stock repurchase program for $2.5 million.

Warrants

No warrants to purchase shares of common stock were granted, exercised, or expired unexercised during the three month periods ended March 31, 2016 and 2015.

10. INCOME TAXES

We use the asset and liability method of accounting for income taxes. Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that such tax rate changes are enacted.

The measurement of a deferred tax asset is reduced, if necessary, by a valuation allowance if it is more likely than not that some portion or all of the deferred tax asset will not be realized. As of both March 31, 2016 and December 31, 2015, we had provided a valuation allowance against certain state net operating loss ("NOL") carryforwards of approximately $0.1 million. For interim periods, we recognize an income tax provision/(benefit) based on our estimated annual effective tax rate expected for the entire year. We calculate income tax benefits related to stock-based compensation arrangements using the with and without method.

10. INCOME TAXES – continued

We use a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return, as well as guidance on derecognition, classification, interest and penalties, and financial statement reporting disclosures. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. We have not identified any uncertain income tax positions that could have a material impact on the consolidated financial statements. We are subject to taxation in various jurisdictions and all of our income tax returns remain subject to examination by tax authorities due to the availability of NOL carryforwards.

We recognize interest and penalties accrued on any unrecognized tax exposures as a component of income tax expense. We did not have any such amounts accrued as of March 31, 2016 and December 31, 2015.

We have elected to exclude the impacts from significant pre-tax non-recognized subsequent events from our estimated annual effective rate. The utilization of our NOL carryforwards will be limited in future years as prescribed by Section 382 of the U.S. Internal Revenue Code.

The effective tax rate for the three month period ended March 31, 2016 was 53.4% of pre-tax income reported in the period, calculated based on the estimated annual effective rate anticipated for the year ending December 31, 2016. The effective tax rate for the period was primarily driven by estimated temporary and permanent differences, as well as the impact of current quarter exercises of incentive stock options and disqualifying dispositions of incentive stock options. For the comparable three month period ended March 31, 2015, the effective tax rates was 36.8% of pre-tax income reported in the period, respectively, calculated based on the estimated annual effective rate anticipated for the year ended December 31, 2015.

11. COMMITMENTS AND CONTINGENCIES

Asset Acquisition of New Drug Applications

In March 2016, we entered into an asset purchase agreement with Cranford Pharmaceuticals, LLC to purchase the rights, title, and interest in the NDA for Inderal LA, as well as certain documentation, trademark rights, and finished goods for $60.0 million upon closing and milestone payments based on future gross profits from sales of products under the NDA. The asset acquisition closed in April 2016 (Note 13). In addition, at closing, we transferred $5.0 million to an escrow account as security for future milestone payments.

Operating Leases

We lease equipment under operating leases that expire in September 2018 and February 2021. We also lease office space under operating leases that expire in September 2018 and April 2021. Future minimum lease payments due under these leases total $0.4 million as of March 31, 2016.

Rent expense for the three months ended March 31, 2016 and 2015 totaled $19 thousand and $18 thousand, respectively.

Government Regulation

Our products and facilities are subject to regulation by a number of federal and state governmental agencies. The FDA, in particular, maintains oversight of the formulation, manufacture, distribution, packaging, and labeling of all of our products. The Drug Enforcement Administration (“DEA”) maintains oversight over our products that are controlled substances.

Unapproved Products

Two of our products, Esterified Estrogen with Methyltestosterone tablets (“EEMT”) and Opium Tincture, are marketed without approved NDAs or ANDAs. During the three months ended March 31, 2016 and 2015, net revenues for these products totaled $9.0 million and $10.3 million, respectively.

11. COMMITMENTS AND CONTINGENCIES – continued

The FDA's policy with respect to the continued marketing of unapproved products is stated in the FDA's September 2011 Compliance Policy Guide Sec. 440.100 titled "Marketed New Drugs without Approved NDAs or ANDAs." Under this policy, the FDA has stated that it will follow a risk-based approach with regard to enforcement against such unapproved products. The FDA evaluates whether to initiate enforcement action on a case-by-case basis, but gives higher priority to enforcement action against products in certain categories, such as those marketed as unapproved drugs with potential safety risks or that lack evidence of effectiveness. We believe that, so long as we comply with applicable manufacturing standards, the FDA will not take action against us under the current enforcement policy. There can be no assurance, however, that the FDA will continue this policy or not take a contrary position with any individual product or group of products. If the FDA were to take a contrary position, we may be required to seek FDA approval for these products or withdraw such products from the market. If we decide to withdraw the products from the market, our net revenues for generic pharmaceutical products would decline materially, and if we decide to seek FDA approval, we would face increased expenses and might need to suspend sales of the products until such approval was obtained, and there are no assurances that we would receive such approval.

In addition, one group of products that we manufacture on behalf of a contract customer is marketed by that customer without an approved NDA. If the FDA took enforcement action against such customer, the customer may be required to seek FDA approval for the group of products or withdraw them from the market. Our contract manufacturing revenues for these unapproved products for each of the three months ended March 31, 2016 and 2015 were $0.3 million.

We receive royalties on the net sales of a group of contract-manufactured products, which are marketed by the contract customer without an approved NDA. If the FDA took enforcement action against such customer, the customer may be required to seek FDA approval for the group of products or withdraw them from the market. Our royalties on the net sales of these unapproved products for each of the three months ended March 31, 2016 and 2015 were $0.1 million.

Louisiana Medicaid Lawsuit

On September 11, 2013, the Attorney General of the State of Louisiana filed a lawsuit in Louisiana state court against numerous pharmaceutical companies, including us, under various state laws, alleging that each defendant caused the state's Medicaid agency to provide reimbursement for drug products that allegedly were not approved by the FDA and therefore allegedly not reimbursable under the federal Medicaid program. The lawsuit relates to three cough and cold prescription products manufactured and sold by our former Gulfport, Mississippi operation, which was sold in September 2010. Through its lawsuit, the state seeks unspecified damages, statutory fines, penalties, attorneys' fees, and costs. While we cannot predict the outcome of the lawsuit at this time, we could be subject to material damages, penalties, and fines. We intend to vigorously defend against all claims in the lawsuit.

Other Commitments and Contingencies

All manufacturers of the drug Reglan and its generic equivalent metoclopramide, including ANI, are facing allegations from plaintiffs in various states, including California, New Jersey, and Pennsylvania, claiming bodily injuries as a result of ingestion of metoclopramide or its brand name, Reglan, prior to the FDA's February 2009 Black Box warning requirement. In August 2012, we were dismissed with prejudice from all New Jersey cases. We consider our exposure to this litigation to be limited due to several factors: (1) the only generic metoclopramide that we manufactured prior to the implementation of the FDA's warning requirement was an oral solution introduced after May 28, 2008; (2) our market share for the oral solution was a very small portion of the overall metoclopramide market; and (3) once we received a request for change of labeling from the FDA, we submitted our proposed changes within 30 days, and such changes were subsequently approved by the FDA.

11. COMMITMENTS AND CONTINGENCIES – continued

At the present time, we are unable to assess the likely outcome of the cases in the remaining states. Our insurance company has assumed the defense of this matter. We cannot provide assurances that the outcome of these matters will not have an adverse effect on our business, financial condition, and operating results. Furthermore, like all pharmaceutical manufacturers, we may be exposed to other product liability claims in the future, which could further limit our coverage under future insurance policies or cause those policies to become more expensive, which could harm our business, financial condition, and operating results.

12. FAIR VALUE DISCLOSURES

Fair value is the price that would be received from the sale of an asset or paid to transfer a liability assuming an orderly transaction in the most advantageous market at the measurement date. U.S. GAAP establishes a hierarchical disclosure framework that prioritizes and ranks the level of observability of inputs used in measuring fair value.

The inputs used in measuring the fair value of cash and cash equivalents are considered to be level 1 in accordance with the three-tier fair value hierarchy. The fair market values are based on period-end statements supplied by the various banks and brokers that held the majority of our funds. The fair value of short-term financial instruments (primarily accounts receivable, prepaid expenses, accounts payable, accrued expenses, borrowings under line of credit, and other current liabilities) approximate their carrying values because of their short-term nature. While our Notes are recorded on our accompanying unaudited interim condensed consolidated balance sheets at their net carrying value of $115.2 million as of March 31, 2016, the Notes are being traded on the bond market and their full fair value is $128.5 million, based on their closing price on March 31, 2015, a Level 1 input.

Financial Assets and Liabilities Measured at Fair Value on a Recurring Basis

Our contingent value rights ("CVRs"), which were granted coincident with our merger with BioSante, are considered contingent consideration and are classified as liabilities. As such, the CVRs were recorded as purchase consideration at their estimated fair value, using level 3 inputs, and are marked to market each reporting period until settlement. The fair value of CVRs is estimated using the present value of our projection of the expected payments pursuant to the terms of the CVR agreement, which is the primary unobservable input. If our projection or expected payments were to increase substantially, the value of the CVRs could increase as a result. The present value of the liability was calculated using a discount rate of 15%. We determined that the fair value of the CVRs, and the changes in such fair value, was immaterial as of March 31, 2016 and December 31, 2015, and for the three months ended March 31, 2016 and 2015.

The following table presents our financial assets and liabilities accounted for at fair value on a recurring basis as of March 31, 2016 and December 31, 2015, by level within the fair value hierarchy:

(in thousands)

Description	Fair Value at March 31, 2016	Level 1	Level 2	Level 3
Liabilities				
CVRs	$ -	$ -	$ -	$ -

Description	Fair Value at December 31, 2015	Level 1	Level 2	Level 3
Liabilities				
CVRs	$ -	$ -	$ -	$ -

12. FAIR VALUE DISCLOSURES – continued

Financial Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis

We do not have any financial assets and liabilities measured at fair value on a non-recurring basis.

Non-Financial Assets and Liabilities Measured at Fair Value on a Recurring Basis

We do not have any non-financial assets and liabilities that are measured at fair value on a recurring basis.

Non-Financial Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis

We measure our long-lived assets, including property, plant, and equipment, intangible assets, and goodwill, at fair value on a non-recurring basis. These assets are recognized at fair value when they are deemed to be other-than-temporarily impaired. No such fair value impairment was recognized in the three months ended March 31, 2016 and 2015.

Acquired Non-Financial Assets Measured at Fair Value

In January 2016, we purchased from Merck Sharp & Dohme B.V. the NDAs for two previously marketed generic drug products for $75.0 million in cash and a percentage of future net sales from product sales (Note 7). In addition, we capitalized $0.3 million in legal costs directly related to the transaction. We accounted for this transaction as an asset purchase. In order to determine the fair value of the NDAs, we used the present value of the estimated cash flows related to the product rights, using a discount rate of 10%. The NDAs will be amortized in full over their 10 year useful lives, and will be tested for impairment when events or circumstances indicate that the carrying value of the assets may not be recoverable. No such triggering events were identified during the period from the date of acquisition to March 31, 2016 and therefore no impairment loss was recognized for the three months ended March 31, 2016.

In January 2016, we purchased from H2-Pharma, LLC the rights to market, sell, and distribute the authorized generic of Lipofen® and a generic hydrocortisone rectal cream product, along with the rights to an early-stage development project, for total consideration of $10.0 million (Note 7). The consideration consisted of a cash payment of $8.8 million and the assumption of $1.2 million in existing royalties owed on the acquired rights. In addition, we capitalized $42 thousand of costs directly related to the transaction. We accounted for this transaction as an asset purchase. In order to determine the fair value of the rights for purposes of purchase price allocation, we used the present value of the estimate cash flows related to the product rights, using a discount rate of 10%. No value was ascribed to the early-stage development project because the development is still at the preliminary stage, with no expenses incurred or research performed to date. The marketing and distribution rights will be amortized in full over their average estimated useful lives of approximately four years, and will be tested for impairment when events or circumstances indicate that the carrying value of the assets may not be recoverable. No such triggering events were identified from the date of acquisition and March 31, 2016 and therefore no impairment loss was recognized for the three months ended March 31, 2016.

13. SUBSEQUENT EVENT

In March 2016, we entered into an asset purchase agreement with Cranford Pharmaceuticals, LLC to purchase the rights, title, and interest in the NDA for Inderal LA, as well as certain documentation, trademark rights, and finished goods for $60.0 million in cash and milestone payments based on future gross profits from sales of products under the NDA. The asset acquisition closed in April 2016, and we made the $60.0 million cash payment using cash on hand. In addition, at closing, we transferred $5.0 million to an escrow account as security for future milestone payments.

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

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the unaudited interim condensed consolidated financial statements and the accompanying notes thereto included in Part I, Item 1 of this Form 10-Q quarterly report. This discussion contains forward-looking statements, based on current expectations and related to future events and our future financial performance, that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many important factors, including those set forth under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2015.

EXECUTIVE OVERVIEW

ANI Pharmaceuticals, Inc. and its subsidiaries (together, "ANI," the "Company," "we," "us," or "our") is an integrated specialty pharmaceutical company developing, manufacturing, and marketing branded and generic prescription pharmaceuticals. Our targeted areas of product development currently include controlled substances, oncolytics (anti-cancers), hormones and steroids, and complex formulations involving extended release and combination products. We have two pharmaceutical manufacturing facilities located in Baudette, Minnesota that are capable of producing oral solid dose products, as well as liquids and topicals, controlled substances, and potent products that must be manufactured in a fully-contained environment.

Our strategy is to use our assets to develop, acquire, manufacture, and market branded and generic specialty prescription pharmaceuticals. By executing this strategy, we believe we will be able to continue to grow the business, expand and diversify our product portfolio, and create long-term value for our investors.

As of March 31, 2016, our products include both branded and generic pharmaceuticals, specifically:

Generic Products	Branded Products
Esterified Estrogen with Methyltestosterone	Cortenema
Etodolac	Reglan
Flecainide	Lithobid
Fluvoxamine	Vancocin
Hydrocortisone Enema	
Methazolamide	
Metoclopramide Syrup	
Nimodipine	
Opium Tincture	
Oxycodone Oral Solution	
Propafenone	
Vancomycin	

We consider a variety of criteria in determining which products to develop, all of which influence the level of competition upon product launch. These criteria include:

- ***Formulation Complexity.*** Our development and manufacturing capabilities enable us to manufacture pharmaceuticals that are difficult to produce, including highly potent, extended release, combination, and low dosage products. This ability to manufacture a variety of complex products is a competitive strength that we intend to leverage in selecting products to develop or manufacture.
- ***Patent Status.*** We seek to develop products whose branded bioequivalents do not have long-term patent protection or existing patent challenges.
- ***Market Size.*** When determining whether to develop or acquire an individual product, we review the current and expected market size for that product at launch, as well as forecasted price erosion upon conversion from branded to generic pricing. We seek to manufacture products with sufficient market size to enable us to enter the market with a strong likelihood of being able to price our product both competitively and at a profit.
- ***Profit Potential.*** We research the availability and cost of active pharmaceutical ingredients in determining which products to develop or acquire. In determining the potential profit of a product, we forecast our anticipated market share, pricing, including the expected price erosion caused by competition from other generic manufacturers, and the estimated cost to manufacture the products.
- ***Manufacturing.*** Whenever possible, we seek to develop and manufacture products at our own manufacturing plants in order to maximize the capacity and utilization of our facilities, to ensure quality control in our products, and to maximize profit potential.
- ***Competition.*** When determining whether to develop or acquire an individual product, we research the existing and expected market share of generic competitors. We seek to develop products for which we can obtain a large market share, and may decline to develop a product if we anticipate many generic competitors. Our highly specialized manufacturing facilities provide a means of entering niche markets, such as hormone therapies, in which fewer generic companies would be able to compete.

GENERAL

The following table summarizes our results of operations for the periods indicated:

(in thousands)	Three Months Ended March 31, 2016	2015
Net revenues	$ 20,555	$ 18,799
Operating expenses		
Cost of sales (excluding depreciation and amortization)	3,410	2,751
Research and development	966	403
Selling, general, and administrative	5,904	4,751
Depreciation and amortization	4,609	1,327
Operating income	5,666	9,567
Interest expense, net	(2,782)	(2,725)
Other income, net	2	68
Income before provision for income taxes	2,886	6,910
Provision for income taxes	(1,540)	(2,541)
Net income	$ 1,346	$ 4,369

The following table sets forth, for all periods indicated, items in our unaudited interim condensed consolidated statements of earnings as a percentage of net revenues:

	Three Months Ended March 31, 2016	2015
Net revenues	100.0%	100.0%
Operating expenses		
Cost of sales (excluding depreciation and amortization)	16.6%	14.6%
Research and development	4.7%	2.1%
Selling, general, and administrative	28.7%	25.3%
Depreciation and amortization	22.4%	7.1%
Operating income	27.6%	50.9%
Interest expense, net	(13.6)%	(14.5)%
Other income, net	-%	0.4%
Income before provision for income taxes	14.0%	36.8%
Provision for income taxes	(7.5)%	(13.6)%
Net income	6.5%	23.2%

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

Net Revenues

(in thousands)	Three Months Ended March 31,			
	2016	2015	Change	% Change
Generic pharmaceutical products	$ 13,252	$ 12,256	$ 996	8.1%
Branded pharmaceutical products	5,596	4,272	1,324	31.0%
Contract manufacturing	1,384	1,205	179	14.9%
Contract services and other income	323	1,066	(743)	(69.7)%
Total net revenues	$ 20,555	$ 18,799	$ 1,756	9.3%

We derive substantially all of our revenues from sales of generic and branded pharmaceutical products, contract manufacturing, and contract services, which include product development services, laboratory services, and royalties on net sales of certain products.

Net revenues for the three months ended March 31, 2016 were $20.6 million compared to $18.8 million for the same period in 2015, an increase of $1.8 million, or 9.3%, primarily as a result of the following factors:

- Net revenues for generic pharmaceutical products were $13.3 million during the three months ended March 31, 2016, an increase of 8.1% compared to $12.3 million for the same period in 2015. The primary reason for the increase was sales of Flecainide, Nimodipine, Oxycodone oral solution, and Vancomycin, all of which were launched in the fourth quarter of 2015, as well as a full quarter of sales of Propafenone and Etodolac, both of which were launched in the first quarter of 2015.

  As described in Note 11, *Commitments and Contingencies,* in the unaudited interim condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q quarterly report, we market EEMT and Opium Tincture without Food and Drug Administration (“FDA”) approved New Drug Applications (“NDAs”). The FDA's policy with respect to the continued marketing of unapproved products appears in the FDA's September 2011 Compliance Policy Guide Sec. 440.100 titled "Marketed New Drugs without Approved NDAs or ANDAs." Under this policy, the FDA has stated that it will follow a risk-based approach with regard to enforcement against marketing of unapproved products. The FDA evaluates whether to initiate enforcement action on a case-by-case basis, but gives higher priority to enforcement action against products in certain categories, such as those with potential safety risks or that lack evidence of effectiveness. While we believe that, so long as we comply with applicable manufacturing standards, the FDA will not take action against us under the current enforcement policy, we can offer no assurances that the FDA will continue this policy or not take a contrary position with any individual product or group of products. Our combined net revenues for these products for the three months ended March 31, 2016 and 2015 were $9.0 million and $10.3 million, respectively.

- Net revenues for branded pharmaceutical products were $5.6 million during the three months ended March 31, 2016, an increase of 31.0% compared to $4.3 million for the same period in 2015. The primary reason for the increase was increased sales of Lithobid and Vancocin. The increase was partially offset by lower unit sales of Reglan due to decreased purchases by a customer and increased Medicaid utilization and Medicaid rebates for Lithobid and Vancocin. We experience periodic larger orders for our Vancocin product that relate to clinical trials. Such orders constituted $2.4 million and $1.5 million of our branded pharmaceutical product revenue for the three months ended March 31, 2016 and 2015, respectively, and we cannot be sure that such purchases will occur in future periods.

- Contract manufacturing revenues were $1.4 million during the three months ended March 31, 2016, an increase of 14.9% compared to $1.2 million for the same period in 2015, due to timing of orders from contract manufacturing customers in the period. As described in Note 11, *Commitments and Contingencies,* in the unaudited interim condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q quarterly report, we contract manufacture a group of products on behalf of a customer that are marketed by that customer without an FDA-approved NDA. If the FDA took enforcement action against such customer, the customer may be required to seek FDA approval for the group of products or withdraw them from the market. Our contract manufacturing revenues for the group of unapproved products for each of the three months ended March 31, 2016 and 2015 were $0.3 million.

- Contract services and other income were $0.3 million during the three months ended March 31, 2016, a decrease of 69.7% from $1.1 million for the same period in 2015, due primarily to the lack of royalties received on sales of the authorized generic of Vancocin. In the fourth quarter of 2015, we launched an authorized generic of Vancocin under our own label, which replaced the authorized generic product previously on the market. This decrease was partially offset by an increase in royalties related to sales of the authorized generic of Lipofen®, the marketing and distribution rights to which we acquired in January 2016.

  As described in Note 11, *Commitments and Contingencies* , in the unaudited interim condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q quarterly report, we receive royalties on the net sales of a group of contract-manufactured products, which are marketed by the customer without an FDA-approved NDA. If the FDA took enforcement action against such customer, the customer may be required to seek FDA approval for the group of products or withdraw them from the market. Our royalties on the net sales of these unapproved products were $0.1 million for each of the three month periods ended March 31, 2016 and 2015.

Cost of Sales (Excluding Depreciation and Amortization)

(in thousands)	Three Months Ended March 31,			
	2016	2015	Change	% Change
Cost of sales (excl. depreciation and amortization)	$ 3,410	$ 2,751	$ 659	24.0%

Cost of sales consists of direct labor, including manufacturing and packaging, active and inactive pharmaceutical ingredients, freight costs, and packaging components. Cost of sales does not include depreciation and amortization expense, which is reported as a separate component of operating expenses on our unaudited interim condensed consolidated statements of earnings.

For the three months ended March 31, 2016, cost of sales increased to $3.4 million from $2.8 million for the same period in 2015, an increase of $0.6 million or 24.0%, primarily as a result of increased sales of products subject to profit-sharing arrangements. Cost of sales as a percentage of net revenues increased to 16.6% during the three months ended March 31, 2016, from 14.6% during same period in 2015, primarily as a result of increased sales of products subject to profit-sharing arrangements, a trend we expect to continue.

We source the raw materials for our products, including active pharmaceutical ingredients ("API"), from both domestic and international suppliers. Generally, only a single source of API is qualified for use in each product due to the cost and time required to validate a second source of supply. Changes in API suppliers usually must be approved by the FDA. As a result, we are dependent upon our current vendors to reliably supply the API required for ongoing product manufacturing. In addition, certain of our API for our drug products, including those that are marketed without approved NDAs or Abbreviated New Drug Applications ("ANDAs"), are sourced from international suppliers. From time to time, we have experienced temporary disruptions in the supply of certain of such imported APIs due to FDA inspections. During the three months ended March 31, 2016, we purchased 50% of our inventory from three suppliers. As of March 31, 2016, amounts payable to these three suppliers totaled $0.1 million. In the three months ended March 31, 2015, we purchased 62% of our inventory from four suppliers. In order to manufacture Opium Tincture and Oxycodone oral solution, we must receive approval from the Drug Enforcement Agency ("DEA") for a quota to purchase the amount of opium and oxycodone needed to manufacture the respective products. Without approved quotas from the DEA, we would not be able to purchase these ingredients from our suppliers. As a result, we are dependent upon the DEA to approve quotas large enough to support our continued manufacture of Opium Tincture and Oxycodone oral solution.

Other Operating Expenses

(in thousands)	Three Months Ended March 31,			
	2016	2015	Change	% Change
Research and development	$ 966	$ 403	$ 563	139.7%
Selling, general, and administrative	5,904	4,751	1,153	24.3%
Depreciation and amortization	4,609	1,327	3,282	247.3%
Total other operating expenses	$ 11,479	$ 6,481	$ 4,998	77.1%

Other operating expenses consist of research and development costs, selling, general, and administrative expenses, and depreciation and amortization.

For the three months ended March 31, 2016, other operating expenses increased to $11.5 million from $6.5 million for the same period in 2015, an increase of $5.0 million, or 77.1%, primarily as a result of the following factors:

- Research and development expenses increased from $0.4 million to $1.0 million, an increase of 139.7%, due to timing of work on development projects. Current projects include work on the ANDAs purchased in 2014 and 2015, as well as collaborations with partners. We anticipate that research and development costs will continue to increase in 2016, in support of our strategy to expand our product portfolio.

- Selling, general, and administrative expenses increased from $4.8 million to $5.9 million, an increase of 24.3%, primarily due to increased stock-based compensation expense and increases in personnel and related costs. We expect selling, general, and administrative expenses to continue to increase in the future to support anticipated additional revenue growth.

- Depreciation and amortization increased from $1.3 million to $4.6 million, an increase of 247.3%, due primarily to the amortization of the NDAs for Corticotropin and Corticotropin-Zinc and the marketing and distribution rights acquired from H2-Pharma, LLC, both of which were acquired in January 2016, as well as a full quarter of amortization of the ANDAs acquired in 2015. We expect depreciation and amortization expense to increase during 2016 due to amortization expense related to the Inderal LA product acquired in April 2016.

Other Expense, net

(in thousands)	Three Months Ended March 31,			
	2016	2015	Change	% Change
Interest expense, net	$ (2,782)	$ (2,725)	$ (57)	2.1%
Other income, net	2	68	(66)	(97.1)%
Total other expense, net	$ (2,780)	$ (2,657)	$ (123)	4.6%

For the three months ended March 31, 2016, we recognized other expense of $2.8 million versus other expense of $2.7 million for the same period in 2015, a change of $0.1 million. Interest expense, net for both periods consists primarily of interest expense on our convertible debt.

Provision for Income Taxes

(in thousands)	Three Months Ended March 31,			
	2016	2015	Change	% Change
Provision for income taxes	$ (1,540)	$ (2,541)	$ 1,001	(39.4)%

Our provision for income taxes consists of current and deferred components, which include changes in our deferred tax assets, our deferred tax liabilities, and our valuation allowance.

For the three months ended March 31, 2016, we recognized income tax expense of $1.5 million, versus $2.5 million for the same period in 2015, a decrease of $1.0 million. Of the $1.5 million of total tax expense, $1.6 million is current expense and $0.1 million is a net deferred benefit. The effective tax rate for the three months ended March 31, 2016 was 53.4% of pre-tax income reported in the period, calculated based on the estimated annual effective rate anticipated for the year ending December 31, 2016. The effective tax rate for the period was primarily driven by estimated temporary and permanent differences, as well as the impact of current quarter exercises of incentive stock options and disqualifying dispositions of incentive stock options. The effective tax rate for the three months ended March 31, 2015 was 36.8% of pre-tax income reported in the period, calculated based on the estimated annual effective rate anticipated for the year ending December 31, 2015.

LIQUIDITY AND CAPITAL RESOURCES

The following table highlights selected liquidity and working capital information from our balance sheets:

(in thousands)	March 31, 2016	December 31, 2015
Cash and cash equivalents	$ 77,747	$ 154,684
Accounts receivable, net	22,481	21,932
Inventories, net	13,922	13,387
Prepaid income taxes	1,150	1,127
Prepaid expenses and other current assets	1,252	1,453
Total current assets	$ 116,552	$ 192,583
Accounts payable	$ 3,040	$ 2,066
Accrued expenses and other	1,727	617
Accrued royalties	4,632	606
Accrued compensation and related expenses	722	1,188
Accrued Medicaid rebates	3,424	4,631
Returned goods reserve	2,666	2,648
Total current liabilities	$ 16,211	$ 11,756

At March 31, 2016, we had $77.7 million in unrestricted cash and cash equivalents. At December 31, 2015, we had $154.7 million in unrestricted cash and cash equivalents. We generated $11.0 million of cash from operations in the three months ended March 31, 2016. In the first quarter of 2016, we purchased from Merck Sharp & Dohme B.V. the NDAs for Corticotropin and Corticotropin-Zinc and the associated product rights and manufacturing licenses for $75.0 million in cash and a percentage of future net sales of the products under the NDAs. In the first quarter of 2016 we purchased from H2-Pharma, LLC the rights to market, sell, and distribute two products for $8.8 million in cash and the assumption of an accrued royalty of $1.2 million for a total of $10.0 million in consideration.

In March 2016, we entered into an asset purchase agreement with Cranford Pharmaceuticals, LLC to purchase the rights, title, and interest in the NDA for Inderal LA, as well as certain documentation, trademark rights, and finished goods for $60.0 million in cash and milestone payments based on future gross profits from sales of products under the NDA. The asset acquisition is closed in April 2016. We made the $60.0 million payment using cash on hand. In addition, at closing, we transferred $5.0 million to an escrow account as security for future milestone payments.

We are focused on expanding our business and product pipeline through collaborations, and also through acquisitions of products and companies. We are continually evaluating potential asset acquisitions and business combinations. To finance such acquisitions, we might raise additional equity capital, incur additional debt, or both.

We believe that our financial resources, consisting of current working capital and anticipated future operating revenue, will be sufficient to enable us to meet our working capital requirements for at least the next 12 months.

The following table summarizes the net cash and cash equivalents provided by/(used in) operating activities, investing activities, and financing activities for the periods indicated:

(in thousands)	Three Months Ended March 31,	
	2016	2015
Operating Activities	$ 10,969	$ 1,120
Investing Activities	$ (85,551)	$ (4,612)
Financing Activities	$ (2,355)	$ 18

Net Cash Provided By Operations

Net cash provided by operating activities was $11.0 million for the three months ended March 31, 2016, compared to $1.1 million during the same period in 2015, an increase of $9.9 million between the periods. This increase was due to changes in current assets and current liabilities as well as changes in net income. Net income from operations for the three months ended March 31, 2016 increased by approximately $0.5 million from the same period in 2015, after adjusting for non-cash expenses.

Changes in current assets and current liabilities for the three months ended March 31, 2016 provided $2.3 million of cash compared to $7.1 million used in the same period in 2015, a difference of approximately $9.4 million between the periods. Accrued expense, returned goods, and other increased by $4.0 million in the three months ended March 31, 2016, as compared with an increase of $1.0 million in the prior year period. Accounts payable increased $0.9 million for the three months ended March 31, 2016, as compared with a decrease of $0.5 million in the prior year period. Prepaid expenses and other current assets decreased by $0.2 million for the three months ended March 31, 2016, as compared with a decrease of $0.4 million in the prior year period. These increases in cash provided were partially offset by the remaining changes in current assets and liabilities, which were uses of cash. Changes in current income taxes, net were a $23 thousand use of cash in the three months ended March 31, 2016, as compared with using $3.8 million in the prior year period. Accrued compensation and related expenses decreased by $0.5 million in the three months ended March 31, 2016, as compared with a decrease of $0.8 million in the prior year period. Inventory increased $0.5 million in the three months ended March 31, 2016, as compared with an increase of $3.2 million in the prior year period. Accounts receivable increased by $0.5 million in the three months ended March 31, 2016, as compared with an increase of $0.1 million in the prior year period. Medicaid rebates decreased $1.2 million for the three months ended March 31, 2016, as compared with a decrease of $0.2 million in the prior year period.

Net Cash Used In Investing Activities

Net cash used in investing activities for the three months ended March 31, 2016 was $85.6 million, principally due to the January 2016 $75.3 million asset acquisition of the NDAs for Corticotropin and Corticotropin-Zinc, the January 2016 payment of $8.8 million to H2-Pharma, LLC for marketing and distribution rights associated with two products, and $1.4 million of capital expenditures during the period. Net cash used in investing activities was $4.6 million during the same period in 2015, principally due to the $4.5 million asset acquisition of the ANDA for Flecainide, in addition to $0.1 million of capital expenditures during the period.

Net Cash Used In/Provided by Financing Activities

Net cash used in financing activities was $2.4 million for the three months ended March 31, 2016, principally due to the $2.5 million repurchase of the Company's common stock under our Stock Repurchase Program, partially offset by $0.1 million of proceeds from stock option exercises. Net cash provided by financing activities was $18 thousand during the same period in 2015, resulting primarily from proceeds from stock option exercises and excess tax benefit from stock-based compensation awards.

CRITICAL ACCOUNTING POLICIES AND USE OF ESTIMATES

This Management's Discussion and Analysis of Financial Condition and Results of Operations is based on our unaudited interim condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. In our unaudited interim condensed consolidated financial statements, estimates are used for, but not limited to, stock-based compensation, allowance for doubtful accounts, accruals for chargebacks, returns and other allowances, allowance for inventory obsolescence, accruals for contingent liabilities and litigation, fair value of long-lived assets, income tax provision, deferred taxes and valuation allowance, and the depreciable and amortizable lives of long-lived assets.

A summary of our significant accounting policies is included in Item 8. Consolidated Financial Statements, Note 1 — Description of Business and Summary of Significant Accounting Policies, in our Annual Report on Form 10-K for the year ended December 31, 2015. Certain of our accounting policies are considered critical, as these policies require significant, difficult or complex judgments by management, often requiring the use of estimates about the effects of matters that are inherently uncertain. Such policies are summarized in Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the year ended December 31, 2015.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In March 2016, the Financial Accounting Standards Board ("FASB") issued guidance simplifying the accounting for and financial statement disclosure of stock-based compensation awards. Under the guidance, all excess tax benefits and tax deficiencies related to stock-based compensation awards are to be recognized as income tax expenses or benefits in the income statement and excess tax benefits should be classified along with other income tax cash flows in the operating activities section of the statement of cash flows. Under the guidance, companies can also elect to either estimate the number of awards that are expected to vest or account for forfeitures as they occur. In addition, the guidance amends some of the other stock-based compensation awards guidance to more clearly articulate the requirements and cash flow presentation for withholding shares for tax-withholding purposes. The guidance is effective for reporting periods beginning after December 15, 2016 and early adoption is permitted, though all amendments of the guidance must be adopted in the same period. The adoption of certain amendments of the guidance must be applied prospectively, and adoption of the remaining amendments must be applied either on a modified retrospective basis or retrospectively to all periods presented. We are currently evaluating the impact that this guidance will have on our consolidated financial statements.

In March 2016, the FASB issued guidance to clarify the requirements for assessing whether contingent call or put options that can accelerate the payment of principal on debt instruments are clearly and closely related to their debt hosts. The amendments of this guidance are effective for reporting periods beginning after December 15, 2016, and early adoption is permitted. Entities are required to apply the guidance to existing debt instruments using a modified retrospective transition method as of beginning of the fiscal year of adoption. We adopted this guidance for the year ending December 31, 2016, on a modified retrospective basis. The adoption of this new guidance did not have a material impact on our consolidated financial statements.

In February 2016, the FASB issued guidance for accounting for leases. The guidance requires lessees to recognize assets and liabilities related to long-term leases on the balance sheet and expands disclosure requirements regarding leasing arrangements. The guidance is effective for reporting periods beginning after December 15, 2018 and early adoption is permitted. The guidance must be adopted on a modified retrospective basis and provides for certain practical expedients. We are currently evaluating the impact that this guidance will have on our consolidated financial statements.

In November 2015, the FASB issued guidance simplifying the balance sheet classification of deferred taxes. The new guidance requires that all deferred taxes be presented as noncurrent, rather than separated into current and noncurrent amounts. The guidance is effective for reporting periods beginning after December 15, 2016 and early adoption is permitted. In addition, the adoption of guidance can be applied either prospectively or retrospectively to all periods presented. We adopted this guidance for the year ended December 31, 2015 on a retrospective basis, and all periods are presented under this guidance.

In July 2015, the FASB issued guidance for inventory. Under the guidance, an entity should measure inventory within the scope of this guidance at the lower of cost and net realizable value, except when inventory is measured using the last in first out ("LIFO") method or the retail inventory method. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. In addition, the FASB has amended some of the other inventory guidance to more clearly articulate the requirements for the measurement and disclosure of inventory. The guidance is effective for reporting periods beginning after December 15, 2016. The guidance should be applied prospectively, with earlier application permitted. We adopted this guidance for the year ending December 31, 2016, on a prospective basis. The adoption of this new guidance did not have a material impact on our consolidated financial statements.

In April 2015, the FASB issued guidance as to whether a cloud computing arrangement (e.g., software as a service, platform as a service, infrastructure as a service, and other similar hosting arrangements) includes a software license and, based on that determination, how to account for such arrangements. If a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. The guidance is effective for reporting periods beginning after December 15, 2015, and can be adopted on either a prospective or retrospective basis. We adopted this guidance for the year ending December 31, 2016, on a prospective basis. The adoption of this new guidance did not have a material impact on our consolidated financial statements.

In April 2015, the FASB issued guidance to simplify the balance sheet disclosure for debt issuance costs. Under the guidance, debt issuance costs related to a recognized debt liability are presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, in the same manner as debt discounts, rather than as an asset. The guidance is effective for reporting periods beginning after December 15, 2015 and must be adopted on a retrospective basis. Early adoption is permitted. We adopted this guidance for the year ended December 31, 2015 on a retrospective basis, and all periods are presented under this guidance.

In May 2014, the FASB issued guidance for revenue recognition for contracts, superseding the previous revenue recognition requirements, along with most existing industry-specific guidance. The guidance requires an entity to review contracts in five steps: 1) identify the contract, 2) identify performance obligations, 3) determine the transaction price, 4) allocate the transaction price, and 5) recognize revenue. The new standard will result in enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue arising from contracts with customers. In August 2015, the FASB issued guidance approving a one-year deferral, making the standard effective for reporting periods beginning after December 15, 2017, with early adoption permitted only for reporting periods beginning after December 15, 2016. In March 2016, the FASB issued guidance to clarify the implementation guidance on principal versus agent considerations for reporting revenue gross rather than net, with the same deferred effective date. In April 2016, the FASB issued guidance to clarify the implementation guidance on identifying performance obligations and the accounting for licenses of intellectual property, with the same deferred effective date. We are currently evaluating the impact, if any, that this guidance will have on our consolidated financial statements.

CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET ARRANGEMENTS

In addition to the specified contractual obligations set forth in the contractual obligations information provided in Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the year ended December 31, 2015, the following obligations were incurred or discharged during three month period ending March 31, 2016:

- In January 2016, we purchased from Merck Sharp & Dohme B.V. the NDAs for two previously marketed generic drug products for $75.0 million in cash and a percentage of future net sales from product sales.

- In March 2016, we entered into an asset purchase agreement with Cranford Pharmaceuticals, LLC to purchase the rights, title, and interest in the NDA for Inderal LA, as well as certain documentation, trademark rights, and finished goods for $60.0 million upon closing and milestone payments based on future gross profits from sales of products under the NDA. The asset acquisition closed in April 2016. We made the $60.0 million payment using cash on hand. In addition, at closing, we transferred $5.0 million to an escrow account as security for future milestone payments.

As of March 31, 2016 and December 31, 2015, we did not have any off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K promulgated by the SEC.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risks include interest rate risk, foreign currency exchange rate risk, commodity price risk, and other relevant market rate or price risks. Of these risks, only interest rate risk could have a significant impact on our results of operations.

As of March 31, 2016, our only debt obligation was related to our Notes. In order to reduce the potential equity dilution that would result upon conversion of the Senior Convertible Notes issued in December 2014, we entered into note hedge transactions with a financial institution affiliated with one of the underwriters of the Senior Convertible Note offering. The note hedge transactions are expected generally, but not guaranteed, to reduce the potential dilution to our common stock and/or offset the cash payments we are required to make in excess of the principal amount upon any conversion of Senior Convertible Notes, in the event that the market price per share of our common stock, as measured under the terms of the Convertible Note Hedge Transactions, is greater than the conversion price of the Senior Convertible Notes, which is initially approximately $69.48. In addition, in order to partially offset the cost of the note hedge transactions, we issued warrants to the hedge counterparty to purchase approximately 2.1 million shares of our common stock at a strike price of $96.21. The warrants would separately have a dilutive effect to the extent that the market value per share of our common stock exceeds the strike price of the warrants. In addition, non-performance by the counterparties under the hedge transactions would potentially expose us to dilution of our common stock to the extent our stock price exceeds the conversion price.

Interest on the Notes accrues at a fixed rate of 3.0% on the outstanding principal amount of the Notes and is paid semi-annually every December 1st and June 1st until the Notes mature on December 1, 2019. Since the interest rate is fixed, we have no interest-rate market risk related to the Notes. However, if our stock price increases, the fair value of our Notes, and their likelihood of being converted, will increase accordingly.

We are exposed to risks associated with changes in interest rates. The returns from certain of our cash and cash equivalents will vary as short-term interest rates change. A 100 basis-point adverse movement (decrease) in short-term interest rates would decrease the interest income earned on our cash balance in the three months ended March 31, 2016 by approximately $2 thousand.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Our management has carried out an evaluation, under the supervision and with the participation of our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of March 31, 2016. Based upon that evaluation, our principal executive officer and principal financial officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective. 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.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended March 31, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II — OTHER INFORMATION

Item 1. Legal Proceedings

Please refer to Note 11, *Commitments and Contingencies* , in the unaudited interim condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q quarterly report, which is incorporated into this item by reference.

Item 1A. Risk Factors

In addition to the other information set forth in this report, please carefully consider the factors described in our most recent Annual Report on Form 10-K for the fiscal year ended December 31, 2015 under the heading “Part I — Item 1A. Risk Factors.” The risks described are not the only risks facing us. Additional risks and uncertainties not currently known to us, or that our management currently deems to be immaterial, also may adversely affect our business, financial condition, and/or operating results. There have been no material changes to those risk factors since their disclosure in our most recent Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity and Use of Proceeds

The following table summarizes the repurchases of our outstanding common stock for the three months ended March 31, 2016:

(in thousands, except per share data)

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program [1]	Approximate Dollar Value of Shares that May Yet be Purchased Under the Program [1]
January 1 - January 31, 2016	65	$ 38.23	65	$ 22,502
February 1 - February 29, 2016	-	$ -	-	$ 22,502
March 1 - March 31, 2016	-	$ -	-	$ 22,502
Total	65	$ 38.23	65	

[1] In October 2015, our Board of Directors authorized a program to repurchase up to $25.0 million of our outstanding common stock through December 31, 2016. The authorization allows for repurchases to be conducted through open market or privately negotiated transactions. The stock repurchase program may be suspended, modified, or discontinued at any time at our discretion.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

The exhibits listed in the Index to Exhibits, which is incorporated herein by reference, are filed or furnished as part of this Quarterly Report on Form 10-Q.

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.

ANI Pharmaceuticals, Inc. (Registrant)

Date: May 5, 2016

By: /s/ Arthur S. Przybyl
Arthur S. Przybyl
President and
Chief Executive Officer
(principal executive officer)

Date: May 5, 2016

By: /s/ Charlotte C. Arnold
Charlotte C. Arnold
Vice President, Finance and
Chief Financial Officer
(principal financial officer)

INDEX TO EXHIBITS

Exhibit No.	Description
10.1*	Asset Purchase Agreement between H2-Pharma, LLC and ANI Pharmaceuticals, Inc.
10.2*	Asset Purchase Agreement between Cranford Pharmaceuticals, LLC and ANI Pharmaceuticals, Inc.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer and 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	
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

*Confidential Treatment requested as to certain portions of this exhibit. Such portions have been redacted and filed separately with the Commission.

Exhibit 10.1

EXECUTION COPY

Confidential Materials Omitted and Filed Separately with the Securities and Exchange Commission Pursuant to a Request for Confidential Treatment under Rule 406 under the Securities Act of 1933, as amended. Confidential Portions are marked: [***]

ASSET PURCHASE AGREEMENT

between

H2- PHARMA , LLC

AND

ANI PHARMACEUTICALS, INC.

DATED AS OF JANUARY 28, 2016

Confidential Materials Omitted and Filed Separately with the Securities and Exchange Commission Pursuant to a Request for Confidential Treatment under Rule 406 under the Securities Act of 1933, as amended. Confidential Portions are marked: [***]

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SCHEDULES OTHER THAN DISCLOSURE SCHEDULES

Confidential Materials Omitted and Filed Separately with the Securities and Exchange Commission Pursuant to a Request for Confidential Treatment under Rule 406 under the Securities Act of 1933, as amended. Confidential Portions are marked: [***]

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement is made and entered into as of the 28th day of January 2016, by and between H2-Pharma, LLC, a Florida limited liability company (" Seller ") and ANI Pharmaceuticals, Inc., a corporation organized under the laws of Delaware (" Purchaser ").

RECITALS

WHEREAS , Seller licenses the rights to market, sell and distribute the Products in the Territory (the " Business ");

WHEREAS , Seller desires to sell, transfer and assign to Purchaser, and Purchaser desires to acquire and assume from Seller, all of the Purchased Assets and Assumed Liabilities, all as more specifically provided herein.

NOW , **THEREFORE** , in consideration of the foregoing and the representations, warranties, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE I

DEFINITIONS AND TERMS

Section 1.1 Definitions . As used in this Agreement, the following terms shall have the meanings set forth or as referenced below:

" 2016 Seller Royalty " shall have the meaning set forth in Section 3.1(b)(vii) .

" Additional Payment " shall have the meaning set forth in Section 6.4(g) .

" Affiliate " means with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with, such Person at any time during the period for which the determination of affiliation is being made.

" Agreement " means this Asset Purchase Agreement.

" AG Agreement " means the Authorized Generic Distribution Agreement dated March 14, 2014, between Kowa and Seller.

" Ancillary Agreements " means, collectively the Bill of Sale, assignments of Assumed Contracts, Intellectual Property assignments, assumption agreements, or other instruments evidencing the assumption by Purchaser of the Assumed Liabilities, the [***] Amendment and each other agreement, document, instrument and/or certificate contemplated by this Agreement to be executed by Purchaser or Seller in connection with the transactions contemplated hereby.

" Assumed Contracts " shall have the meaning set forth in Section 2.1(a) .

" Assumed Liabilities " shall have the meaning set forth in Section 2.3 .

" Bankruptcy and Equity Exception " shall have the meaning set forth in Section 4.2(b) .

" Business " shall have the meaning set forth in the Recitals.

" Business Day " means any day other than a Saturday, a Sunday or a day on which commercial banks in New York City are authorized or obligated by applicable law or executive order to close.

" Cap " shall have the meaning set forth in Section 8.6(c) .

" Closing " means the closing of the transactions contemplated by this Agreement pursuant to the terms of this Agreement.

" Closing Date " shall have the meaning set forth in Section 3.1(a) .

" Closing Royalty Report " shall have the meaning set forth in Section 3.1(b)(vii) .

" CMS " shall have the meaning set forth in Section 6.2 .

" Code " means the Internal Revenue Code of 1986, as amended, from time to time.

" Competing Business " shall have the meaning set forth in Article VII .

" Confidential Information " shall have the same meaning as is given to "Transaction Material" in Section 1 of the Confidentiality Agreement.

" Confidentiality Agreement " means the Confidentiality Agreement between Seller and Purchaser, dated November 5, 2015, as amended or supplemented from time to time.

" Contract " means any binding contract, agreement, lease, license or commitment.

"[***] Amendment " means a Product Supply Agreement Addendum, entered into as of January 26, 2016, by and between [***], the Seller and the Purchaser, in form and substance acceptable to Purchaser.

" Excluded Assets " shall have the meaning set forth in Section 2.2 .

" Excluded Contracts " means all Contracts that are not Assumed Contracts.

" Exploitation " (including, with correlative meanings, the terms " Exploit " and " Exploited ") means commercializing, labeling, packaging, marketing, promoting, selling, distributing and/or transporting.

" FDA Act " means the Food, Drug and Cosmetics Act of 1938, as amended, supplemented or replaced.

" Final Q2 Sales " shall have the meaning set forth in Section 6.4(i)(iv) .

" Fundamental Representations " shall have the meaning set forth in Section 8.5 .

" GAAP " means United States generally accepted accounting principles, consistently applied.

" Governmental Authority " means any supranational, national, federal, state or local judicial, legislative, executive or regulatory authority.

" Governmental Authorizations " means all licenses, permits, certificates and other authorizations and approvals pertaining to the Products under the applicable Laws of any Governmental Authority.

" Governmental Order " means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

" Indemnity Notice " shall have the meaning set forth in Section 8.3 .

" Indemnified Party " shall have the meaning set forth in Section 8.3 .

" Indemnifying Party " shall have the meaning set forth in Section 8.3 .

" Indemnity Threshold " shall have the meaning set forth in Section 8.6(b) .

" Independent Accountant " shall have the meaning set forth in Section 2.5(c) .

" Intellectual Property " means any and all worldwide rights in, arising from or associated with the following, whether protected, created or arising under the Laws of the United States or any other jurisdiction or under any international convention to the extent related to the Products: (1) all patents and applications therefor and all reissues, divisions, re-examinations, renewals, extensions, provisionals, substitutions, continuations and continuations-in-part thereof, and equivalent or similar rights anywhere in the world in inventions and discoveries including, without limitation, invention disclosures (" Patent Rights "), if any; (2) all trade secrets and other proprietary information which derives independent economic value from not being generally known to the public (collectively, " Trade Secrets "); and (3) all copyrights, copyrights registrations and applications therefor (" Copyrights ").

" Inventories " means all inventory of the Products owned by Seller on the Closing Date.

" Knowledge of Seller " means the actual knowledge any of the individuals listed on Schedule 1.1(a)(ii) has or would have following reasonable inquiry into the subject matter in the course of performing each of their respective duties.

" Kowa " means Kowa Pharmaceuticals America, Inc., a Delaware corporation.

" Kowa Royalty " means the amounts described in Section 5.1 of the AG Agreement that are payable in respect of the sale of Products by Seller, with respect to the period prior to Closing and Purchaser, with respect to the period following Closing.

" Laws " means any federal, state, foreign or local law, common law, statute, ordinance, rule, regulation, code or Governmental Order.

" Liabilities " means any and all Losses, debts, liabilities and obligations, whether accrued or unaccrued, fixed, known or unknown, absolute or contingent, matured or unmatured or determined or determinable, including any liability for Taxes and including all costs and expenses relating thereto.

" Licensed Intellectual Property " shall have the meaning set forth in Section 4.9(b)(i) .

" Liens " means any lien, security interest, mortgage, pledge, assessment, hypothecation, easement, title retention clause, title defect, right of first refusal, charge or similar encumbrance.

" Loss " or " Losses " means any liabilities, losses, damages, fines, penalties, amount paid in settlement or other outlay of cash, or other non-cash consideration, whether resulting from a judgment, a settlement or an award, including those arising out of any Proceeding, Law or Contract, including the Taxes, costs and expenses (including reasonable fees and expenses of counsel, consultants, experts, and other professional fees) associated therewith.

" NDC Number " means the unique 10-digit, 3-segment number assigned by the U.S. Food & Drug Administration to each human drug processed for commercial distribution, which number is published in the NDC Directory pursuant to Section 510 of the FDA Act.

" NonFAMP Eligible Transactions " means those transactions relating to a Product that are used to calculate the Non-Federal Average Manufacturer Price as defined by Veteran's Health Care Act of 1992.

" Owned Intellectual Property " has the meaning set forth in Section 4.9(a) .

" Party " means each of Purchaser and each Seller.

" Permitted Encumbrances " means (i) Liens approved in writing by Purchaser; (ii) statutory Liens arising by operation of Law with respect to a Liability incurred in the ordinary course of business and which is not delinquent; (iii) Liens for Taxes not yet subject to penalties for nonpayment; (iv) mechanics', materialmens', carriers', workmens', warehousemens', repairmens', landlords' or other like Liens and security obligations that are not delinquent; (v) Liens that will be released and, as appropriate, removed of record, at or prior to the Closing Date in accordance with the terms of this Agreement; (vi) Liens arising in connection with any consignment arrangement entered into in the ordinary course of business; and (vii) Liens arising in connection with the transactions contemplated by this Agreement.

" Person " means an individual, a limited liability company, joint venture, a corporation, a partnership, an association, a trust, a division or operating group of any of the foregoing or any other entity or organization.

" Post-Closing Tax Period " means any Tax period (or portion thereof) beginning after the Closing Date.

" Pre-Closing Royalty " means the Kowa Royalty payable under the AG Agreement with respect to all periods prior to January 1, 2016.

" Pre-Closing Tax Period " means any Tax period (or portion thereof) ending on or before the Closing Date.

" Proceeding " means any claim, action, arbitration, mediation, hearing, proceeding, suit, warning letter, or notice of violation.

" Product Registrations " means all Governmental Authorizations (including NDAs, ANDAs and INDs) and comparable regulatory filings granted or applications therefor that are pending with, any Governmental Authority required to manufacture, commercialize, develop, package, label, store, use, market, import, export, distribute and/or sell any of the Products.

" Products " means the products listed on Schedule 1.1(b) hereto.

" Purchased Assets " shall have the meaning set forth in Section 2.1 , it being understood that the Purchased Assets do not include the Excluded Assets.

" Purchased Documents " means all books, records, files and papers, whether in hard copy or computer format, to the extent related to the Products (including with respect to research and development, medical safety or regulatory affairs), including (i) all documents, if any, relating to the calculation of baseline AMP (but excluding any proprietary methodology documents created by Seller or any of its Affiliates with respect to the calculation of baseline AMP), (ii) an electronic version of each Product's Medical Information Inquiry Database, (iii) any and all regulatory files (including correspondence with regulatory authorities) owned by or in the possession or control of Seller or any of its Subsidiaries to the extent relating to the Purchased Assets or the operation of the Business (including safety and adverse event data) and (iv) copies of all books, records, files and papers, whether in hard copy or computer format, to the extent related to nonFAMP-Eligible Transactions from March 1, 2014 through the end of the Transition Period.

" Purchased Intellectual Property " means the Seller's rights to the Owned Intellectual Property and the Licensed Intellectual Property.

" Purchase Price " shall have the meaning set forth in Section 2.5(a) .

" Purchaser " has the meaning set forth in the preamble of this Agreement.

" Purchaser Disclosure Schedules " shall have the meaning set forth in Article V .

" Purchaser Indemnified Parties " shall have the meaning set forth in Section 8.1 .

" Q1 Estimated Report " shall have the meaning set forth in Section 6.4(i)(i) .

" Q1 Final Report " shall have the meaning set forth in Section 6.4(i)(ii) .

" Q2 Estimated Report " shall have the meaning set forth in Section 6.4(o)(iii) .

" Q2 Final Report " shall have the meaning set forth in Section 6.4(i)(iv) .

" Representatives " means, with respect to any Person, the directors, managers, employees, independent contractors, agents or consultants of such Person.

" Required Third Party Consents " means the consents and approvals set forth on Schedule 1.1(e) .

" Retained Liabilities " shall have the meaning set forth in Section 2.4 .

" Seller " has the meaning set forth in the preamble of this Agreement.

" Seller Disclosure Schedules " shall have the meaning set forth in Article IV .

" Seller Indemnified Parties " shall have the meaning set forth in Section 8.2 .

" September Report " shall have the meaning set forth in Section 6.4(i)(v) .

" Shipped Products " shall have the meaning set forth in Section 2.4(b) .

" Subsidiary " means, with respect to any Person, any entity a majority of the capital stock or other voting equity interests of which is owned by such Person, or one or more of such Person's Subsidiaries or which is controlled by such Person or one or more of its Subsidiaries.

" Tax " or " Taxes " means all taxes, levies or other assessments, including income, excise, property, sales or use, value added, profits, license, withholding (with respect to compensation or otherwise), payroll, employment, net worth, capital gains, transfer, stamp, social security, environmental, occupation and franchise taxes, imposed by any Taxing Authority, and including any interest, penalties and additions attributable thereto.

" Tax Return " or " Tax Returns " means any return, report, declaration, information return, statement or other document filed or required to be filed with any Taxing Authority, in connection with the determination, assessment or collection of any Tax or the administration of any Laws relating to any Tax.

" Taxing Authority " means any Governmental Authority, body or instrumentality exercising any authority to impose, regulate or administer the imposition of Taxes.

" Territory " means the United States and its territories and possessions.

" Third Party Claim " shall have the meaning set forth in Section 8.4(a) .

" Transfer Taxes " means any federal, state, county, local, foreign and other sales, use, transfer, value added, conveyance, documentary transfer, stamp, recording, registration or other similar Tax (including any notarial fee) imposed in connection with, or otherwise relating to, the transactions contemplated by this Agreement or the recording of any sale, transfer or assignment of property (or any interest therein) effected pursuant to this Agreement.

" Transition Period " shall have the meaning set forth in Section 6.4(e) .

" Transition Period Report " shall have the meaning set forth in Section 6.4(g) .

" WAC " means, with respect to the 50 mg Product, $[***] and with respect to the 150 mg Product, $[***], in each case per bottle of ninety (90) capsules.

Section 1.2 Other Definitional and Interpretive Provisions (a) The words "hereof", "herein", "hereto" and "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(b) The terms defined in the singular shall have a comparable meaning when used in the plural, and vice versa.

(c) The terms "dollars" and "$" shall mean United States of America dollars.

(d) The term "including" (and with correlative meaning "include") shall mean "including, without limitation."

(e) Reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are permitted by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity.

(f) Reference to any agreement (including this Agreement), document or instrument means such agreement, document or instrument as amended, modified or supplemented and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof.

(g) When a reference is made in this Agreement to an Article, a Section, an Exhibit or a Schedule, such reference shall be to an Article of, a Section of, an Exhibit to or a Schedule to, this Agreement unless otherwise indicated.

(h) The Parties acknowledge that: (i) this Agreement is the result of negotiations between the Parties and shall not be deemed or construed as having been drafted by any one Party; (ii) each Party and its counsel have reviewed and negotiated the terms and provisions of this Agreement (including any exhibits and disclosure schedules attached hereto) and have contributed to its revision; (iii) the rule of construction to the effect that any ambiguities are resolved against the drafting party shall not be employed in the interpretation of this Agreement; and (iv) the terms and provisions of this Agreement shall be construed fairly as to all Parties and not in favor of or against any Party, regardless of which party was generally responsible for the preparation of this Agreement.

ARTICLE II

PURCHASE AND SALE

Section 2.1 Purchase and Sale of Assets . Upon the terms and subject to the conditions set forth herein, at the Closing, Seller shall sell, convey, assign and transfer to Purchaser, and Purchaser shall purchase, acquire and accept from Seller, free and clear of all Liens, other than Permitted Encumbrances, all of Seller's right, title and interest in, to and under those assets described in the following clauses (a) through (e) (collectively, the " Purchased Assets "):

(a) all the Contracts relating to the Products set forth on Schedule 2.1(a) , including with respect to the Licensed Intellectual Property (the " Assumed Contracts ");

(b) all customer lists for each Product and research data to the extent related to the Products and in the possession of Seller;

(c) all Inventories other than the Inventory bearing Seller's NDC Number, if any, and all packaging materials, active pharmaceutical ingredients, work-in-process or finished good to the extent used or held for use by or for the benefit of Seller for the operation of the Business, as currently conducted;

(d) all the Purchased Documents; and

(e) all of Seller's causes of actions, claims, credits, demands or rights of set-off against third parties to the extent related to the Business and/or the Purchased Assets, including any claims that may arise under Assumed Contracts.

Section 2.2 Excluded Assets . Nothing herein contained shall be deemed to sell, transfer, assign or convey the Excluded Assets to Purchaser, and the Seller shall retain all right, title and interest to, in and under the Excluded Assets. " Excluded Assets " means all assets, properties, interests and rights of Seller other than the Purchased Assets, including each of the following assets:

(a) all cash, cash equivalents, bank deposits or similar cash items and accounts receivable of Seller;

(b) all books and records of Seller other than the Purchased Documents; provided , however, that Purchaser shall have the right to make copies of any portions of any such retained books and records that relate to any of the Purchased Assets;

(c) all rights of Seller to any other Intellectual Property, other than Intellectual Property included in the Purchased Assets;

(d) all insurance policies or rights to proceeds thereof relating to the Purchased Assets or Products;

(e) all rights, claims or causes of action of Seller against third parties in connection with the Purchased Assets or Products arising out of events occurring on or prior to the Closing Date;

(f) all Tax Returns and financial statements of Seller and all records (including working papers) related thereto;

(g) all refunds for Taxes relating to the Purchased Assets with respect to a Pre-Closing Tax Period;

(h) all of Seller's rights in respect of real property, including leasehold interests;

(i) the membership interests in Seller, and Seller's minute book and corporate records;

(j) all rights that accrue to Seller under this Agreement and the Ancillary Agreements;

(k) all of Seller's causes of action, claims, credits, demands or rights of set-off against third parties, to the extent related to any Excluded Asset or Retained Liabilities;

(l) all uniform resource locators, e-mail and other internet addresses and domain names and applications and registrations therefor (" URLs ");

(m) all trade names, corporate names, logos, slogans, trade dress, trademarks, service marks, and trademark and service mark registrations and applications therefor and all goodwill associated therewith (" Trademarks "); and

(n) those assets described on Schedule 2.2(n) .

Section 2.3 Assumption of Liabilities .

(a) Upon the terms and subject to the conditions of this Agreement, Purchaser agrees, effective at the Closing, to assume and to satisfy and discharge when due only those Liabilities of Seller (other than the Retained Liabilities), specifically set forth below (all of such Liabilities and other than the Retained Liabilities being herein collectively referred to as the " Assumed Liabilities "):

(i) all Liabilities arising from the Exploitation of any Products, including Liabilities for returns, rebates and chargebacks related to any of the Products bearing Purchaser's NDC Number;

(ii) Liabilities to fulfill certain purchase orders, as and to the extent provided in Section 6.4(k) ; and

(iii) all Liabilities under Assumed Contracts relating to the period following the Closing Date, other than any Liabilities directly arising out of, or resulting from, a breach of any such Assumed Contract by Seller prior to the Closing Date.

Section 2.4 Retained Liabilities . Notwithstanding any provision in this Agreement, Seller shall retain and be responsible only for the following Liabilities (the " Retained Liabilities "):

(a) all Liabilities of Seller related to the Excluded Assets;

(b) all Liabilities arising out of or relating to (i) the return of any Product bearing Seller's NDC Number (including the Inventories) shipped by Seller to a third party prior to the end of the Transition Period (" Shipped Products ") or (ii) rebates or chargebacks related to any Shipped Products;

(c) all Liabilities of Seller in respect of any Proceeding (whether class, individual or otherwise in nature, in law or in equity) commenced or asserted prior to the Closing, whether related to the Purchased Assets or the Excluded Assets;

(d) all Liabilities arising out of or relating to any product liability, breach of warranty or similar claim for injury to any Person or property that resulted from the use or misuse of the Products or otherwise related to the Products, including the Inventories (including any Proceeding relating to any such Liabilities) shipped or sold by or on behalf of Seller before the end of the Transition Period or otherwise bearing Seller's NDC Number;

(e) all Liabilities of Seller to its suppliers for materials and services relating to the manufacture of finished goods Inventory that were delivered or provided to Seller prior to Closing;

(f) the Pre-Closing Royalty;

(g) any Liability arising out of any Permitted Encumbrance of the type set forth in clauses (iii) or (iv) of the definition thereof;

(h) any Liability under Seller's employee benefits or compensation arrangements; and

(i) all Liabilities of Seller for Taxes relating to the Purchased Assets or the Products other than as provided in Section 9.7 .

Section 2.5 Purchase Price .

(a) On the terms and subject to the conditions set forth herein, in consideration of the sale and transfer of the Purchased Assets:

(i) at the Closing, Purchaser (A) shall assume the Assumed Liabilities and (B) pay an amount in cash equal to the sum of:

(1) Ten Million Dollars ($10,000,000); *plus*

(2) $20,000 as reimbursement for the $20,000 prepayment of the purchase order identified in Schedule 2.1(a) ; *minus*

(3) the Kowa Royalty set forth in the Closing Royalty Report; and

(ii) no later than ten (10) days following Seller's delivery of the Transition Period Report to Purchaser, Purchaser shall pay the Additional Payment described in Section 6.4(i)

(the amount set forth in clauses (i) and (ii) together being, the " Purchase Price "), which in the case of the amounts described in clause (i)(B) and clause (ii) , shall be paid to the Seller in immediately available funds by wire transfer to the account(s) specified in written instructions given by the Seller to Purchaser on or prior to the Closing Date.

(b) The Parties to this Agreement agree that the allocation of the Purchase Price shall be proposed by Purchaser prior to or within ninety (90) days following the Closing. Purchaser shall deliver to Seller a copy of such allocation (which in the case of the covenant contained in Article VII shall be a nominal amount) promptly after Seller's determination of the proposed allocation, and Seller shall have the right to review and raise any objections in writing to the proposed allocation during the ten (10) day period after Purchaser's receipt thereof. If Seller does not notify Purchaser of a disagreement with the proposed allocation during such ten (10) day period, the proposed allocation shall become final. If Seller disagrees with respect to any item in the allocation, the Parties shall negotiate in good faith to resolve the dispute. If the Parties are unable to agree on the allocation within thirty (30) days after the commencement of such good faith negotiations (or such longer period as Seller and Purchaser may mutually agree in writing), then the parties shall refer such dispute to an independent internationally recognized accounting firm (" Independent Accountant ") at that time to review the allocation, and make a determination as to the resolution of such allocation. The determination of the Independent Accountant regarding the allocation shall be delivered as soon as practicable following engagement of the Independent Accountant, but in no event more than sixty (60) days thereafter, and shall be final, conclusive and binding upon Seller and Purchaser, and Sellers shall revise the allocation accordingly. Seller, on the one hand, and Purchaser on the other hand, shall each pay one-half of the cost of the Independent Accountant. The finalized allocation shall be binding on Seller and Purchaser for all Tax reporting purposes and Seller and Purchaser agree to refrain from taking any position inconsistent therewith unless required by applicable Law or a final determination of a Taxing Authority.

Section 2.6 Wrong Pocket Assets . If at any time or from time to time after the Closing Date, Seller or any of its Affiliates, on the one hand, or Purchaser or any of its Affiliates, on the other, shall receive or otherwise possess any asset (including cash) that should belong to Purchaser, on the one hand, or Seller, on the other, pursuant to this Agreement, such Person shall promptly transfer, or cause to be transferred, such asset to the Person so entitled thereto. Prior to any such transfer in accordance with this Section 2.6 , the Person receiving or possessing such asset shall hold such asset in trust for such other Person. In furtherance thereof, Purchaser and Seller hereby agree to reimburse one another, U.S. dollar for dollar, in the event that (i) any of Seller's or Purchaser's customers, or their respective Affiliates' customers, offset against accounts payable by such customer to Seller or Purchaser or their respective Affiliates, the cost of any Product returned by such customer, or (ii) Seller or Purchaser or any of their respective Affiliates are required to issue a credit for the account of, or reimburse, any customer for returns, in each case which are the responsibility of the other Party hereto pursuant to Section 2.3(a)(i) and Section 2.4(b) . Purchaser and Seller hereby agree to, and to cause their respective Affiliates to, provide notice to one another of any such offset, issuance of credit or reimbursement for which such party or its Affiliate is entitled to be reimbursed pursuant to this Section 2.6 . Payment shall be made promptly following receipt of notice of any such offset by or issuance of a credit to a customer (together with supporting documentation). Following the Closing, Purchaser and Seller shall cooperate to ensure that a customer does not offset returns of any Product against both Seller (or any of its Affiliates) and Purchaser (or any of its Affiliates).

ARTICLE III

CLOSING

Section 3.1 Closing (a) The Closing shall take place at the offices of Dentons US LLP, located at 1221 Avenue of the Americas, New York, New York 10020 on the date hereof (the " Closing Date "). The Closing shall be deemed to occur and be effective as of 12:01 a.m. on the Closing Date.

(b) At the Closing, Seller shall deliver or cause to be delivered to Purchaser the following instruments and documents, in each case, in form and substance reasonably acceptable to Purchaser:

(i) a receipt for payment of the Purchase Price at Closing;

(ii) a certificate of an authorized officer of Seller as to the resolutions adopted by the members, board of managers or similar governing body of Seller relating to the transactions contemplated hereby;

(iii) executed copies of the Required Third Party Consents;

(iv) assignments of Assumed Contracts duly executed by the Seller;

(v) Bill of Sale and all other Ancillary Agreements, duly executed by an authorized officer of the Seller;

(vi) copies of the Purchased Documents, provided that the Purchased Documents may be delivered in accordance with Section 6.4(c) ;

(vii) a calculation of Seller's good faith estimate of the Kowa Royalty that would be payable by Seller under the terms of the AG Agreement, with respect to the portion of the 2016 calendar year occurring prior to the Closing Date (the " 2016 Seller Royalty "), together with documentation supporting such calculation, all in form and substance reasonably acceptable to Purchaser (the " Closing Royalty Report ");

(viii) the [***] Amendment, duly executed by [***] and the Seller; and

(ix) any federal, state, local or foreign Tax forms, certificates, instruments or other documents reasonably requested by Purchaser or otherwise required to be provided by Seller in connection with the consummation of the transactions contemplated by this Agreement.

(c) At the Closing, Purchaser shall deliver or cause to be delivered to Seller, the following: (x) the Purchase Price, as and to the extent provided in Section 2.5(a)(i)(B) , and (y) the following instruments and documents, in each case, in form and substance reasonably acceptable to Seller:

(i) assignments of Assumed Contracts duly executed by Purchaser;

(ii) the Bill of Sale and other Ancillary Agreements and all other instruments appropriate to evidence Purchaser’s assumption of the Assumed Liabilities, duly executed by an authorized officer of the Purchaser; and

(iii) certificate of an authorized officer of Purchaser as to the resolutions adopted by the Boards of Directors of Purchaser relating to the transactions contemplated hereby.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF SELLER

Except as set forth in the section of the disclosure schedules attached hereto that relates to such Section of this Agreement (the " Seller Disclosure Schedules "), the Seller hereby make the representations and warranties contained in this Article IV to Purchaser.

Section 4.1 Organization . Seller is (i) a limited liability company duly organized, validly existing and in good standing under the Laws of Florida and (ii) is duly qualified or licensed to do business and is in good standing in each jurisdiction in which such qualification or licensing is necessary under applicable Laws or where the Exploitation of the Products requires such qualification, except where the failure to be so qualified would not reasonably be expected to be material to the Business, Purchased Assets or the Products, taken as a whole. Seller has no Subsidiaries.

Section 4.2 Authority; Binding Effect (a) Seller has all requisite limited liability company power and authority to execute and deliver this Agreement and the Ancillary Agreements and to consummate the transactions contemplated hereby and thereby and perform its obligations hereunder. The execution, delivery and performance by Seller of this Agreement and the Ancillary Agreements and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary limited liability action on behalf of Seller.

(b) This Agreement and each Ancillary Agreement has been duly executed and delivered by Seller and, assuming the valid execution and delivery by Purchaser, constitutes a valid and binding obligation of Seller, in each case enforceable against Seller in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or similar laws affecting creditors' rights generally or by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or law) (the " Bankruptcy and Equity Exception ").

Section 4.3 No Conflicts; Consents . The execution, delivery and performance of this Agreement and the Ancillary Agreements by Seller and the consummation of the transactions contemplated hereby and thereby do not and will not (i) violate any provision of the organizational documents of Seller; (ii) subject to obtaining the consents referred to in Schedule 4.3 of the Seller Disclosure Schedules, conflict with, or result in the breach of, constitute a default under, result in the termination, cancellation or acceleration (whether after the giving of notice or the lapse of time or both) of any right or obligation of Seller under, or to a loss of any benefit to which Seller is entitled under, any Assumed Contract; and (iii) assuming compliance with the matters set forth in Sections 4.4 and 5.5 , violate or result in a breach of or constitute a default under any Law or other restriction of any Governmental Authority to which Seller is subject; except, with respect to clauses (ii) and (iii) , for any violations, breaches, conflicts, defaults, terminations, cancellations or accelerations as would not reasonably be expected to be material to the Business, Purchased Assets or the Products.

Section 4.4 Governmental Authorization . The execution and delivery of this Agreement and the Ancillary Agreements by Seller do not require any consent or approval of any Governmental Authority, except for the consents or approvals set forth in Schedule 4.4 of the Seller Disclosure Schedules.

Section 4.5 Absence of Material Changes . Except as otherwise contemplated or permitted by this Agreement, from December 15, 2015 to the date of this Agreement:

(a) there has not been any material adverse effect with respect to the Business, Purchased Assets or the Products, taken as a whole; and

(b) other than with respect to the transactions contemplated by this Agreement and the exploration of strategic alternatives for the Purchased Assets by Seller, Seller operated the Purchased Assets, in all material respects, in the ordinary course of business.

Section 4.6 No Litigation . No Proceeding by or before any Governmental Authority is pending against or, to the Knowledge of Seller, threatened in writing against Seller with respect to the Purchased Assets that would reasonably be expected to be material to the Business, the Purchased Assets and the Products, taken as a whole, or that in any manner challenges or seeks to prevent, enjoin, alter or materially delay the transactions contemplated by this Agreement or the Ancillary Agreements. None of Seller or any of the Purchased Assets are subject to any Governmental Order or arbitration award that is material to the Purchased Assets, taken as a whole, or that imposes any material limitation on the ability of Purchaser to operate the Business as currently conducted.

Section 4.7 Compliance with Laws .

(a) Since March 1, 2014, except as would not reasonably be expected to be material to the Business, the Purchased Assets or the Products, Seller has operated the Business in material compliance with all Laws applicable to the Purchased Assets, including the FDA Act; and

(b) Seller directly or indirectly through its contractual arrangements, possesses all Governmental Authorizations necessary for the ongoing operation of the Business and the Purchased Assets as currently conducted; and

(c) since March 1, 2014, no Governmental Authority has notified Seller in writing that Seller (with respect to the Product, the Purchased Assets or the operation of the Business) is in violation of any applicable Law.

Section 4.8 Product Registrations; Regulatory Compliance .

(a) Schedule 4.8(a) of the Seller Disclosure Schedules sets forth, a list of all Product Registrations with respect to any of the Products in the Territory, which constitute all material registrations, applications, approvals, licenses or permits granted by any Governmental Authority.

(b) All of the Products sold under the Product Registrations are, and at all times since March 1, 2014, have been marketed in accordance with applicable Laws, except where the failure to comply therewith would not reasonably be expected to be material to the Business, the Purchased Assets and the Product, taken as a whole.

(c) Seller is the licensee of the Product Registrations, free and clear of any Liens, other than Permitted Encumbrances.

(d) To Seller's Knowledge: (i) the Product Registrations are in full force and effect, (ii) all product fees, establishment fees and other fees invoiced by or payable to any Governmental Authority with respect to any of the Product Registrations for the annual period commencing October 1, 2015, have been paid (other than any branded prescription drug fees) and (iii) there are no Proceedings pending (or to the Seller's knowledge, threatened) which could result in the revocation, cancellation or suspension of any of the Product Registrations.

(e) No right of reference has been granted by Seller or to Seller's Knowledge, the respective owners of the Product Registration to any Person with respect to any of Product Registrations.

(f) To the Knowledge of Seller, there are no pending requirements to conduct any Phase IV or other clinical studies with respect to any Product in the United States for any approved indication.

(g) Neither Seller nor to Seller's Knowledge any of Seller's contractors has (nor, to the Knowledge of Seller, has any other Person) at any time since March 1, 2014: (i) received or been subject to a warning letter, untitled letter, Form FDA 483, or any other similar Governmental Authority notice or action relating to any Product; (ii) been subject to any Governmental Authority detention, seizure, injunction, consent decree, notice of criminal investigation, indictment, sentencing memorandum, plea agreement, court order, target or no-target letter, or other investigation relating to any Product; or (iii) initiated or been subject to any product recall, market withdrawal, stock replacement or post-sale warning relating to any Product.

Section 4.9 Intellectual Property .

(a) Schedule 4.9(a)(i) – (iii) of the Seller Disclosure Schedules set forth a true and correct list of all (i) Patent Rights, (ii) applications and registrations for Trademarks, and (iii) applications and registrations for Copyrights, in each case to the extent owned by Seller and used solely in connection with the Exploitation of Products (" Owned Intellectual Property ").

(b) With respect to the Intellectual Property:

(i) there is no action or proceeding pending, nor any notice of any objection or claim (other than objections or claims that have been previously resolved) asserted against Seller in writing or, to the Knowledge of Seller, threatened by any Person, with respect to or challenging, the ownership, validity or enforceability of any Owned Intellectual Property (or, to the Knowledge of Seller, any Intellectual Property licensed to Seller pursuant to an Assumed Contract (" Licensed Intellectual Property ")));

(ii) the Owned Intellectual Property and the rights of Seller to any Licensed Intellectual Property are free and clear of any Liens, other than Permitted Encumbrances; and

(iii) none of the Owned Intellectual Property (nor, to the Knowledge of Seller, the rights of Seller to any Licensed Intellectual Property) is the subject of (A) any pending (or, to the Knowledge of Seller, threatened) material adverse claim, judgment, injunction, order, decree or agreement restricting (1) its use in connection with any Product or (2) assignment thereof by Seller as contemplated hereunder, or (B) any other pending (or, to the Knowledge of Seller, threatened) material litigation or claim of infringement.

(c) Except for the rights and assets set forth on Schedule 4.9(c) of the Seller Disclosure Schedules, the (i) Owned Intellectual Property, (ii) the rights of Seller to Licensed Intellectual Property under the Assumed Contracts and (iii) any Intellectual Property with respect to the Seller or Product identifiers, names or marks, collectively, include all of the Intellectual Property used by Seller to Exploit the Products as of the date of this Agreement in all material respects.

(d) To the Knowledge of Seller, the Exploitation of Seller's Products in the manner in which such Products are Exploited as of the date hereof, does not infringe, misappropriate or otherwise violate any Intellectual Property or proprietary right of any Person.

(e) Seller has not granted any license, option or other rights with respect to any of its Owned Intellectual Property or, solely with respect to Seller's Products, any rights of Seller to any Licensed Intellectual Property to any other Person, in each case to the extent such license, option or other rights is material to the Exploitation of the Products.

Section 4.10 Assets.

(a) Seller owns or has the legal right to use all of its Purchased Assets. Seller has good and marketable title to all its Purchased Assets, free of Liens, except for Permitted Encumbrances.

(b) Except for the rights and assets set forth on Schedule 4.10 of the Seller Disclosure Schedules, the Purchased Assets constitute all of the assets and rights of Seller used or held for use by Seller in the Exploitation of the Products.

Section 4.11 Taxes.

(a) Seller has duly and timely filed, including extensions (or caused to be filed) with the appropriate Taxing Authorities all Tax Returns relating to its Purchased Assets required to be filed. No claim has ever been made in writing by a Taxing Authority in any jurisdiction where Seller does not file Tax Returns that Seller is or may be subject to taxation by that jurisdiction as a result of its operation, ownership or use of Purchased Assets.

(b) Seller has paid (or caused to be paid) all Taxes relating to its Purchased Assets due and payable (whether or not shown on any Tax Return) on or prior to the Closing Date. Seller has withheld or collected (or caused to be withheld or collected) all Taxes relating to its Purchased Assets required to be withheld or collected.

(c) There are no Liens for Taxes nor is any Taxing Authority in the process of imposing any Lien on any of Seller's Purchased Assets, other than for Permitted Encumbrances set forth in clause (ii) of such definition. There exists no claimed or proposed assessment, deficiency or other adjustment for Taxes against Seller which, if not satisfied or resolved, would result in a Lien on the Purchased Assets or in liability of Purchaser or its Affiliates as a transferee of or successor to Seller's Purchased Assets.

(d) Seller has not waived any statute of limitations, agreed to any extension of time, or entered into any written agreement in respect of Taxes the nonpayment or underpayment of which would result in a Lien on its Purchased Assets that would survive the Closing Date or in Liability of Purchaser or its Affiliates as a transferee of or successor to such Purchased Assets.

Section 4.12 Contracts .

(a) Schedule 2.1(a) of the Seller Disclosure Schedules sets forth, as of the date of this Agreement, a true, correct and complete list of all of the Assumed Contracts (including all amendments or modifications thereto), to which Seller is a party or by which any of its Purchased Assets are bound.

(b) Seller has delivered to Purchaser true, complete and correct copies of all Assumed Contracts including any and all amendments, supplements or modifications thereto, or detailed descriptions of any oral Assumed Contracts, to which it is a party. Each such Assumed Contract is a legal, valid and binding obligation enforceable against Seller and, to the Knowledge of Seller, the other party thereto, and is in full force and effect, subject to the Bankruptcy and Equity Exception. Neither Seller nor, to the Knowledge of Seller, any other party thereto (i) is in breach or violation of, or default under, or has delivered a notice of termination of, any such Assumed Contract and no event has occurred that, with the giving of notice or lapse of time or both, would constitute a breach or default of any such Assumed Contract, (ii) has delivered a written notice to terminate or to cancel any such Assumed Contract. Except for the Assumed Contracts, Seller is not a party to or bound by any Contract that is presently used or held for use with respect to the Business or the Purchased Assets or that is material to the operation of the Business as currently conducted.

Section 4.13 Brokers . Except for [***], whose fees shall be paid at Closing by the Seller, no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Seller.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Except as set forth in the section of the disclosure schedules attached hereto that relates to such Section of this Agreement (the " Purchaser Disclosure Schedules "), Purchaser hereby represents and warrants to each Seller as follows:

Section 5.1 Organization and Qualification . Purchaser is a corporation duly organized, validly existing and in good standing under the Laws of the jurisdiction of its incorporation and has full corporate power and authority to conduct its business as it is presently being conducted and to own and lease its properties and assets.

Section 5.2 Corporate Authorization . No vote of holders of capital stock of Purchaser or any of its Affiliates is necessary to approve this Agreement or the transactions contemplated by this Agreement. Purchaser has all requisite corporate power and authority to execute and deliver this Agreement and each Ancillary Agreement to which it will be a party, and to perform its obligations hereunder and thereunder. The execution, delivery and performance by Purchaser of this Agreement and each such Ancillary Agreement, and the performance by Purchaser of its obligations hereunder and thereunder, have been duly authorized by all requisite or other legal entity action on the part of Purchaser.

Section 5.3 Binding Effect . This Agreement and each Ancillary Agreement has been duly executed and delivered by Purchaser and constitutes a valid and binding obligation of Purchaser, enforceable against Purchaser in accordance with its terms subject to the Bankruptcy and Equity Exception.

Section 5.4 No Conflict; Consents . The execution, delivery and performance by Purchaser of this Agreement, and the consummation of the transactions contemplated hereby, do not and will not (i) violate any provision of the certificate of incorporation, bylaws or other organizational documents of Purchaser; (ii) result in a breach of, or default under, or right to accelerate with respect to, any term or provision of any Contract to which Purchaser or any of its Affiliates is a party or is subject; (iii) assuming compliance with the matters set forth in Sections 4.4 and 5.5 , violate or result in a breach of or constitute a default under any Law or other restriction of any Governmental Authority to which Purchaser is subject; or (iv) require any consents, waivers, authorizations or approvals of, filings with, any Persons which have not been obtained by Purchaser (other than as contemplated by Section 5.5).

Section 5.5 Governmental Authorization . The execution and delivery of this Agreement by Purchaser do not and will not require any material consent or approval of or any filing with any Governmental Authority, except for the consents, approvals or filings set forth in Schedule 5.5 of the Purchaser Disclosure Schedules.

Section 5.6 Compliance with Laws .

(a) The businesses of each of Purchaser and its Subsidiaries are being conducted in compliance in all material respects with applicable Laws. No material audit or, to the knowledge of Purchaser, investigation, or review by any Governmental Authority with respect to Purchaser or any of its Subsidiaries is pending or, to the knowledge of Purchaser, threatened, nor has any Governmental Authority indicated an intention to conduct the same.

(b) Purchaser and each of its Subsidiaries has obtained and is in compliance with all Licenses necessary for it to own, lease or operate its properties, rights and other assets and to conduct its business and operations as presently conducted in all material respects and all such Licenses are in full force and effect in all material respects. No material default under, or material violation of, any material License has occurred. To Purchaser's knowledge there is not currently threatened any revocation, adverse modification or cancellation of any material License.

Section 5.7 Litigation . There is no material action, order, writ, injunction, judgment or decree outstanding, or Proceeding, labor dispute (other than routine grievance procedures or routine, uncontested claims for benefits under any benefit plans for any officers, employees or agents of Purchaser), arbitration, investigation or reported claim, pending or, to the knowledge of Purchaser, threatened, before any court, Governmental Authority or arbitrator, which seeks to delay or prevent the consummation of the transactions contemplated by this Agreement or would, if successful, materially and adversely affect the Business or the Purchased Assets or ability of Purchaser to consummate the transactions contemplated by this Agreement.

ARTICLE VI

COVENANTS

Section 6.1 Insurance . From and after the Closing Date through the end of the Transition Period, Seller shall maintain all of its insurance policies as in effect on the date hereof. The coverage under all such Seller's insurance policies, including as they may relate to the Purchased Assets, shall continue in force only for the benefit of Seller and not for the benefit of Purchaser or any of its Affiliates. Purchaser agrees to arrange for its own insurance policies with respect to the Purchased Assets covering all periods and agrees not to seek, through any means, to benefit from any of Seller's insurance policies that may provide coverage for claims relating in any way to the Purchased Assets prior to the Closing.

Section 6.2 Filings .

Promptly after the Closing and in any event within thirty (30) calendar days after the Closing, Sellers and Purchaser shall make all appropriate filings and submissions with Governmental Authorities, including the Centers for Medicare & Medicaid Services (" CMS ") and the FDA to the extent, if any, required to transfer all regulatory responsibilities of Seller for each Product, excluding all Retained Liabilities and except as contemplated hereby, from Seller to Purchaser. All such filings and submissions shall be in form and substance reasonably acceptable to Seller and Purchaser.

Section 6.3 Confidentiality. From and after the Closing:

(a) The Confidentiality Agreement will terminate without further action by the parties thereto.

(b) Seller shall treat as confidential, shall not use and shall safeguard any and all information, knowledge and data included in the Purchased Assets by using the same degree of care, but no less than a reasonable standard of care, to prevent the unauthorized use, dissemination or disclosure of such information, knowledge and data as Seller or its Affiliates used with respect thereto prior to the execution of this Agreement.

(c) Purchaser shall treat as confidential and shall safeguard any and all information, knowledge or data included in any information relating to the business of Seller, other than the Products, the Purchased Assets or the Assumed Liabilities, and except as otherwise agreed to by Seller in writing; provided, however, that nothing in this Section 6.3(c) shall prevent the disclosure of any such information, knowledge or data to any agents, advisors, directors, officers or employees of Purchaser to whom such disclosure is necessary or desirable in the conduct of Purchaser's business if such Persons are informed by Purchaser of the confidential nature of such information and are directed by Purchaser to comply with the provisions of this Section 6.3(c).

(d) Purchaser and Seller acknowledge that the confidentiality obligations set forth herein shall not extend to information, knowledge and data that is publicly available or becomes publicly available through no act or omission of the Party owing a duty of confidentiality, or becomes available on a non-confidential basis from a source other than a party owing a duty of confidentiality so long as such source is not reasonably known by such Party to be bound by a confidentiality agreement with or other obligations of secrecy to the other Party.

(e) In the event of a breach of the obligations hereunder by Purchaser or Seller, the non-breaching party, in addition to all other available remedies, will be entitled to injunctive relief to enforce the provisions of this Section 6.3 in any court of competent jurisdiction.

Section 6.4 Procedures; Transition of Business; Inventory.

(a) From and after the Closing, Purchaser agrees that it will not take any action (i) with the intent to encourage, through the offering of incentives or changes in the return, rebate or chargeback policies or practices of the Business or otherwise (other than in the ordinary course of business consistent with the past practice of the Business prior to Closing), customers to return any Product shipped by Seller or any of its Affiliates prior to the end of the Transition Period, or to initiate any chargeback, rebate or similar request in respect of such Product, except as required by applicable Law, or (ii) that would reasonably be expected to adversely affect Seller's obligations to make rebate payments to, or entitlements to refunds for overpayments from (including in each case the amount thereof), CMS for Products shipped prior to the end of the Transition Period.

(b) Promptly after the Closing Date, the Parties shall notify all customers of the Business in writing, in a form agreed by the Parties prior to the date hereof, (i) of the transfer of the Purchased Assets to Purchaser including related transitional matters and (ii) that all purchase orders for the Products received by the Seller prior to the Closing Date but not filled as of such date will be filled in the ordinary course provided that Seller and Purchaser shall cooperate with each other to ensure that such purchase orders as well as any additional purchase orders received between the Closing Date and the end of the Transition Period are filled in accordance with the provisions of Sections 6.4(e) and 6.4(k) . All purchase orders for the Product received by Seller after the end of the Transition Period shall be forwarded by Seller to Purchaser or Purchaser's distributor at the address to be provided by Purchaser prior to the end of the Transition Period and will be fulfilled by or on behalf of Purchaser.

(c) On or as promptly as reasonably practicable after the Closing Date, Seller shall (i) transfer (or implement arrangements reasonably satisfactory to Purchaser for the transfer and delivery of physical possession of) all tangible assets included in the Purchased Assets to the Purchaser or its designated representatives, and (ii) upon reasonable request of the Purchaser, notify all of its agents that hold files or other tangible material included in the Purchased Assets that, effective as of the Closing, the Purchaser owns such Purchased Assets, with directions to transfer such Purchased Assets to Purchaser in accordance with the Purchaser's reasonable instructions. Purchaser shall pay for any costs or expenses associated with the delivery of the Purchased Assets to Purchaser or any of its designees. Notwithstanding the foregoing, to the extent the following are included in the Purchased Assets and are not delivered at the Closing, Seller shall deliver and cause its Subsidiaries to deliver all of the Purchased Documents (in electronic and non-electronic form) to Purchaser no later than 60 calendar days after the Closing Date; provided that Seller shall only have an obligation to deliver such books, records and files that, to Seller's Knowledge, are in the possession or control of Seller.

(d) Following the Closing, the parties agree to use commercially reasonable efforts to transition the Business to the Purchaser. In this regard, Seller shall remove its Products from the DailyMed website as soon as reasonably practicable following the expiration of the last to expire lot of Products sold under Seller's NDC Number.

(e) Immediately following the Closing and until the earlier of (x) April 30, 2016 and (y) the date specified in a written notice from Purchaser to Seller that it will be able to commence commercial sales of the Products using its own NDC Number (the period from the Closing Date until the earlier of (x) and (y) , the " Transition Period "), Seller shall act as a distributor for Purchaser, and direct each of its distributors to:

(i) continue to sell the Inventories bearing Seller's NDC Numbers, and Seller's existing packaging materials and to otherwise operate under the applicable Excluded Contracts, in each case in the ordinary course of business until the earlier of the expiration of the Transition Period or the exhaustion of all Inventories on-hand with Seller or its contractors (it being acknowledged that the Seller undertakes no obligation to acquire additional Inventories and such sales by Seller may be on terms and prices determined by Seller in its discretion); and

(ii) continue to (1) process purchase orders and ship Inventories, (2) process returns of Inventories, (3) process rebates and chargebacks relating to Inventories, each in the ordinary course of business and (4) delivery a copy of any ordinary course reports provided to Seller regarding the foregoing to Seller and Purchaser.

Notwithstanding the foregoing, in the event Purchaser has not received a supply of finished goods of one or more Products by the scheduled termination of the Transition Period, it shall have the unilateral right, in its sole discretion, to extend the Transition Period by thirty (30) calendar days, which period shall be deemed to be part of the "Transition Period" for purposes of this Agreement. Promptly following the end of the Transition Period, Seller shall follow the reasonable directions of the Purchaser with respect to the destruction or return to Purchaser of any remaining Inventory on hand with Seller.

(f) From and after the Closing Date, Seller shall remit to Purchaser or instruct its distributors to remit to Purchaser, as applicable, in accordance with the wire instructions provided to Seller prior to the date hereof and no later than thirty (30) days following the end of each calendar month, a fee equal to the amount per unit of Inventory sold set forth on Schedule 6.4(f) , which shall be used by the Purchaser to pay the Kowa Royalty. The balance of any proceeds from the sale of Inventory during the Transition Period shall be retained by Seller in consideration of the services rendered by it to Purchaser under this Section 6.4 . Seller shall not terminate the Excluded Contracts with its distributors with respect to the Products with an effective date prior to the end of the Transition Period (as such may be extended in accordance with the terms hereof).

(g) No later than five (5) Business Days following the last day of the Transition Period, Seller shall provide Purchaser with an inventory report from each of its top three distributors setting forth the Inventory of each Product on hand as of the last day of the Transition Period (together, the " Transition Period Report "). No later than five (5) Business Days after Purchaser's receipt of the complete Transition Period Report, Purchaser shall deliver to Seller its calculation of the " Additional Payment ," which shall be calculated as [***] and paid in accordance with Section 2.5(a)(ii) above.

(h) Seller shall pay the Pre-Closing Royalty as and when due pursuant to the terms of the AG Agreement.

(i) From and after the Closing Date, Seller shall timely provide Purchaser with sales reports and such other information relating to Products bearing Seller's NDC Number as may be necessary to permit Purchaser to pay the Kowa Royalty in accordance with the terms thereof. In furtherance thereof, the Parties agree as follows:

(i) On April 1, 2016, Seller shall deliver to Purchaser its estimation of the Kowa Royalty payable for the calendar quarter ended March 31, 2016, which shall be consistent in form and substance with the reports Seller shall have historically provided to Kowa (the " Q1 Estimated Report "). Purchaser shall review and forward the Q1 Estimated Report to Kowa in a timely manner.

(ii) On May 15, 2016, Seller shall deliver to Purchaser its calculation of the actual Kowa Royalty for the calendar quarter ended March 31, 2016 based on sales of the Products during the Transition Period, which shall be provided together with documentation evidencing actual chargebacks, returns, Medicaid rebates and all other payments in respect of programs sponsored by applicable Governmental Authorities in the Territory during the period from January 1, 2016 (to the extent not previously taken into consideration in calculating any Kowa Royalty payment) through May 15, 2016, which shall be consistent in form and substance with the reports Seller shall have historically provided to Kowa (the " Q1 Final Report "). Purchaser shall review and forward the Q1 Final Report to Kowa in a timely manner. The amount of all chargebacks, returns, Medicaid rebates and all other payments in respect of programs sponsored by applicable Governmental Authorities in the Territory set forth in the Q1 Final Report shall be allocated between the Parties, based on the sales of the Product that occurred on or after January 1, 2016 and prior to the Closing Date, which shall be for the Seller's account and the sales of the Product on or after the Closing Date, which shall be for the Buyer's account. If as a result of such allocation the amount of the 2016 Seller Royalty was (A) less than the amount of the Kowa Royalty that should have been set forth in the Closing Royalty Report taking in to consideration such allocation, then Seller shall promptly remit such difference to Purchaser or (B) greater than the amount of the Kowa Royalty that should have been set forth in the Closing Royalty Report taking in to consideration such allocation, then Purchaser shall promptly remit such difference to Seller. In addition, following such allocation, if the Kowa Royalty resulting from the actual amount of Net Sales (calculated pursuant to the AG Agreement) (less the sales attributable to the period prior to Closing) set forth in the Q1 Final Report is (x) greater than the sum of the payments made by Seller to Purchaser in respect of such calendar quarter pursuant to Section 6.4(f) above, then Seller shall promptly remit such amount to Purchaser or (y) less than the sum of the payments made by Seller to Purchaser in respect of such calendar quarter pursuant to Section 6.4(f) above, then Purchaser shall promptly remit such amount to Seller.

(iii) On July 1, 2016, Seller shall deliver to Purchaser its estimation of the Kowa Royalty payable for the calendar quarter ended June 30, 2016, which shall be consistent in form and substance with the reports Seller shall have historically provided to Kowa (the " Q2 Estimated Report "). Purchaser shall review and forward the Q2 Estimated Report to Kowa in a timely manner.

(iv) On August 15, 2016, Seller shall deliver to Purchaser its calculation of the actual Kowa Royalty for the calendar quarter ended June 30, 2016 based on sales of the Products during the Transition Period, which shall be provided together with documentation evidencing actual chargebacks, returns, Medicaid rebates and all other payments in respect of programs sponsored by applicable Governmental Authorities in the Territory during the period from April 1, 2016 (to the extent not previously taken into consideration in calculating any Kowa Royalty payment) through August 15, 2016, which shall be consistent in form and substance with the reports Seller shall have historically provided to Kowa (the " Q2 Final Report "). Purchaser shall review and forward the Q2 Final Report to Kowa in a timely manner. If the Kowa Royalty resulting from the actual amount of Net Sales (calculated pursuant to the AG Agreement) set forth in the Q2 Final Report is (x) greater than the sum of the payments made by Seller to Purchaser in respect of such calendar quarter pursuant to Section 6.4(f) above, then Seller shall promptly remit such amount to Purchaser or (y) less than the sum of the payments made by Seller to Purchaser in respect of such calendar quarter pursuant to Section 6.4(f) above, then Purchaser shall promptly remit such amount to Seller (Net Sales as so determined, the " Final Q2 Sales ").

(v) On September 15, 2016, Seller shall deliver to Purchaser documentation evidencing actual chargebacks, returns, Medicaid rebates and all other payments in respect of programs sponsored by applicable Governmental Authorities in the Territory during the period from July 1, 2016 (to the extent not previously taken into consideration in calculating any Kowa Royalty payment) through September 15, 2016 (the " September Report "). Purchaser shall review the September Report and, if the Final Q2 Sales, adjusted as reflected in the September Report were (x) greater than the Final Q2 Sales previously reported, then Seller shall promptly remit such amount to Purchaser or (y) less than the Final Q2 Sales previously reported, then Purchaser shall promptly remit such amount to Seller.

(j) Purchaser shall (i) use reasonable best efforts to obtain its own NDC Number and to enable itself to commence commercial sales of the Products using its own NDC Number (including by causing to be manufactured Product bearing Purchaser's NDC Number) as promptly as practicable after Closing, (ii) promptly inform Seller in writing upon receipt of its NDC Number and (iii) reasonably cooperate, and cause its Affiliates to reasonably cooperate, with Seller, in providing any information or assistance reasonably requested by Seller in connection with this Section 6.4(j) , including any information Purchaser possesses in respect of sales of Inventories as Seller may require to include in any regulatory filings to be made in respect of the Products sold bearing a Seller's NDC Number.

(k) No Seller or Affiliate of a Seller shall have any Liability to Purchaser or any of its Affiliates in connection with its provision of services under this Section 6.4 , except to the extent caused by a Seller's fraud or intentional misconduct and except to the extent such Liability constitutes a Retained Liability. Notwithstanding anything in this Agreement to the contrary, any purchase order for Product issued by a customer that is received by Seller prior to the end of the Transition Period with a scheduled delivery date following the end of the Transition Period, including pursuant to an Excluded Contract, shall be deemed to be a Purchased Asset hereunder, and all Liabilities arising under such purchase order shall be deemed to be Assumed Liabilities hereunder; provided, in each case, that Purchaser has received a copy of any such purchase order no later than five (5) calendar days after Seller's receipt thereof.

Section 6.5 Use of Seller NDC Number . For a period not to exceed three (3) months following the end of the Transition Period, Purchaser shall have the right, exercisable by delivering written notice to Seller no less than five (5) Business Days prior to the expiration of the Transition Period, to utilize Seller's NDC Number and the name "H2-Pharma, LLC", together with related trade dress, in connection with its sale of the Products and Seller hereby grants to Purchaser a fully-paid up, non-exclusive, royalty-free, transferable license with respect thereto. In the event Purchaser exercises its right under this Section 6.5 , the Parties agree to negotiate in good faith the appropriate terms regarding their respective indemnity obligations with respect to such Products, including in connection with chargebacks, returns, rebates and product liability claims in order to allocate the responsibility therefore to Purchaser.

Section 6.6 Post-Closing Cooperation.

(a) Following the Closing, each Party will afford the other Party, its counsel and its accountants, during normal business hours, reasonable access to the books, records and other data relating to the Business in its possession with respect to periods prior to the Closing and any period commencing before and ending after the Closing and the right to make copies and extracts therefrom, to the extent that such access may be reasonably required by the requesting party in connection with (i) the preparation of Tax returns, (ii) the determination or enforcement of rights and obligations under this Agreement or any of the Ancillary Agreements, (iii) compliance with the requirements of any Governmental Authority, or (iv) in connection with any actual or threatened action or Proceeding. Further each Party agrees for a period extending six (6) years after the Closing Date not to destroy or otherwise dispose of any such books, records and other data unless such Party shall first offer in writing to surrender such books, records and other data to the other Party and such other Party shall not agree in writing to take possession thereof and pay the cost of shipping during the forty-five (45) day period after such offer is made.

(b) If, in order properly to prepare its Tax returns, other documents or reports required to be filed with Governmental Authorities or its financial statements or to fulfill its obligations hereunder, it is necessary that a Party be furnished with additional information, documents or records relating to the Business not referred to in paragraph (a) above, and such information, documents or records are in the possession or control of the other Party, such other Party shall use its commercially reasonable efforts to furnish or make available such information, documents or records (or copies thereof) at the recipient's request, cost and expense. Any information obtained by such Party in accordance with this paragraph shall be held confidential by such Party.

(c) Notwithstanding anything to the contrary contained in this Section 6.6 , if the parties are in an adversarial relationship in litigation or arbitration, the furnishing of information, documents or records in accordance with this Section 6.6 shall not operate as a waiver to any otherwise applicable rules relating to discovery in such proceeding.

Section 6.7 Correspondence . Seller authorizes Purchaser on and after the Closing Date to receive and open all mail and other communications received by Purchaser relating to the Purchased Assets and to deal with the contents of such communications in good faith and in a proper manner. Seller shall use commercially reasonable efforts to promptly deliver, or cause to be delivered, to Purchaser any mail or other communications received by Seller from any Person (including the FDA) related to the Purchased Assets (including any mail or other communications in respect of the Products, the subject matter of this Agreement and the Ancillary Agreements).

ARTICLE VII

NON-COMPETE

For a period of three (3) years from Closing Date, Seller shall not, directly or indirectly through any Subsidiary, market or sell, or license to any other party the right to market or sell, the Products, or any "AB-rated" generic thereof, in the Territory (a " Competing Business "); provided that, notwithstanding the foregoing, Seller shall not be restricted from:

(a) collectively owning less than five percent (5%) of any class of securities of any publicly traded company conducting a Competing Business if such securities are held as a passive investment; or

(b) acquiring one or more Persons or businesses that include within its business a Competing Business, so long as (1) the Competing Business comprises no more than 25% of the acquired business and (2) Seller completes the sale of the Competing Business within six months of the acquisition; provided, however, that if such sale is subject to regulatory approval, then such six-month period shall be extended until five Business Days after all regulatory approvals have been received, but only to the extent that the parties to such sale are using commercially reasonable efforts to obtain any such approvals.

ARTICLE VIII

INDEMNIFICATION

Section 8.1 Indemnification by Seller . Subject to the provisions of this Article VIII , from and after the Closing, the Seller agrees to defend, indemnify and hold harmless Purchaser and its Affiliates, and, if applicable, their respective directors, officers, agents, employees, successors and assigns (collectively, the " Purchaser Indemnified Parties ") from and against any Losses to the extent arising out of or related to:

(a) any breach of any representation or warranty of Seller contained in this Agreement or any Ancillary Agreement;

(b) any failure of Seller to perform or any breach by Seller of any of its covenants or agreements contained in this Agreement or any Ancillary Agreement; or

(c) any Retained Liability.

Section 8.2 Indemnification by Purchaser . Subject to the provisions of this Article VIII , from and after the Closing Purchaser agrees to defend, indemnify and hold harmless Seller and its Affiliates, and, if applicable, their respective directors, officers, agents, employees, successors and assigns (collectively, the " Seller Indemnified Parties ") from and against any and all Losses to the extent arising out of or related to:

(a) any breach of any representation or warranty of Purchaser contained in this Agreement or any Ancillary Agreement;

(b) any failure to perform or breach by Purchaser of any of its covenants or agreements in this Agreement or any Ancillary Agreement; or

(c) any Assumed Liability, including those arising out of the Exploitation, development, manufacture, supply, marketing or distribution of the Products following the Closing Date.

Section 8.3 Notice of Direct Claims . If any of the Persons to be indemnified under this Article VIII (the " Indemnified Party ") has suffered or incurred any Loss subject to indemnification under this Article VIII that does not involve a Third Party Claim, the Indemnified Party shall so notify the Party responsible for providing indemnification therefor under this Agreement (the " Indemnifying Party ") promptly in a writing describing such Loss, the basis for indemnification hereunder, the amount or estimated amount of such Loss, if known or reasonably capable of estimation, and the method of computation of such Loss, all with reasonable particularity and containing a reference to the provisions of this Agreement in respect of which such Loss shall have occurred (an " Indemnity Notice "). A failure by the Indemnified Party to give notice in a timely manner pursuant to this Section 8.3 shall not limit the obligation of the Indemnifying Party under this Article VIII , except (i) to the extent such Indemnifying Party is materially prejudiced thereby or (ii) as provided by Section 8.5 . In the event that the Indemnifying Party agrees to or is determined to have an obligation to reimburse the Indemnified Party for Losses as provided in this Article VIII , the Indemnifying Party shall, subject to the provisions of Section 8.6 , promptly (but, in any event, within 30 calendar days) pay such amount to the Indemnified Party by wire transfer of immediately available funds to the account specified in writing by the Indemnified Party. The Indemnifying Party may defer making such payment if it objects in a written statement to the claim made in an Indemnity Notice and delivers such statement to the Indemnifying Party prior to the expiration of such 30- calendar day period, provided that an Indemnifying Party's failure to object within such 30- calendar day period to any claim set forth in an Indemnity Notice shall not be deemed to be the Indemnifying Party's acceptance of, or waiver of any objections to, such claim. If an Indemnifying Party shall so object in writing to any claim or claims made in any Indemnity Notice, the Indemnifying Party and the Indemnified Party shall attempt in good faith for a period of 20 calendar days following the Indemnified Party's receipt of such objection notice to agree upon the respective rights of the parties with respect to each of such claims. If no such agreement can be reached after such 20- calendar day period of good faith negotiation, either the Indemnifying Party or the Indemnified Party may initiate a Proceeding for purposes of having the matter settled in accordance with the terms of this Agreement.

Section 8.4 Third Party Claims .

(a) If any Proceeding is instituted by or against a third party with respect to which the Indemnified Party intends to seek indemnity under this Article VIII (a " Third Party Claim "), the Indemnified Party shall promptly notify the Indemnifying Party of such Third Party Claim and tender to the Indemnifying Party the conduct or defense of such Third Party Claim. A failure by the Indemnified Party to give notice and to tender the conduct or defense of the Third Party Claim in a timely manner pursuant to this Section 8.4 shall not limit the obligation of the Indemnifying Party under this Article VIII , except (i) to the extent such Indemnifying Party is materially prejudiced thereby or (ii) as provided by Section 8.5

(b) The Indemnifying Party shall have the right to defend the Indemnified Party against such Third Party Claim as provided herein. If the Indemnifying Party notifies the Indemnified Party that the Indemnifying Party elects to assume the defense of the Third Party Claim (such election to be without prejudice to the right of the Indemnifying Party to dispute whether such claim is an indemnifiable Loss under this Article VIII), then the Indemnifying Party shall have the right to defend such Third Party Claim with counsel selected by the Indemnifying Party and reasonably satisfactory to the Indemnified Party, in all appropriate proceedings, to a final conclusion or settlement at the discretion of the Indemnifying Party in accordance with this Section 8.4(b) , provided , however , that the Indemnifying Party shall keep the Indemnified Party reasonably advised of the status of such claim and defense thereof and shall consider in good faith recommendations made by the Indemnified Party with respect thereto. The Indemnifying Party shall have full control of such defense and proceedings, including any compromise or settlement thereof; however, neither Party shall enter into any settlement agreement without the written consent of the Indemnified Party (which consent shall not be unreasonably withheld, conditioned or delayed). Notwithstanding the foregoing, such consent shall not be required if (i) the settlement agreement contains a complete and unconditional general release by the third party asserting the Third Party Claim to all Indemnified Parties affected by the claim and (ii) the settlement agreement does not contain any admission of liability by or other obligation on the part of the Indemnified Party or sanction or restriction upon the conduct or operation of any business by the Indemnified Party or its Affiliates. The Indemnified Party may participate in, but not control, any defense or settlement of any Third Party Claim controlled by the Indemnifying Party pursuant to this Section 8.4(b) , and the Indemnified Party shall bear its own costs and expenses with respect to such participation *provided* , *however* , that if the Indemnifying Party assumes control of the defense of such claim and the Indemnifying Party and the Indemnified Party have materially conflicting interests or different defenses available with respect to such claim that cause the Indemnified Party to hire its own separate counsel with respect to such proceeding, the reasonable fees and expenses of a single counsel to all Indemnified Parties shall be considered "Losses" for purposes of this Agreement.

(c) If the Indemnifying Party does not notify the Indemnified Party that the Indemnifying Party elects to defend the Indemnified Party pursuant to Section 8.4(b) within thirty (30) days after receipt of any Claim Notice, then the Indemnified Party shall defend, and be reimbursed for its reasonable cost and expense (but only if the Indemnified Party is actually entitled to indemnification hereunder) in regard to the Third Party Claim with counsel selected by the Indemnified Party, in all appropriate proceedings, which proceedings shall be prosecuted diligently by the Indemnified Party. In such circumstances, the Indemnified Party shall defend any such Third Party Claim in good faith and have full control of such defense and proceedings; provided , however , that the Indemnified Party may not enter into any compromise or settlement of such Third Party Claim if indemnification is to be sought hereunder, without the Indemnifying Party's consent (which consent shall not be unreasonably withheld, conditioned or delayed). The Indemnifying Party may participate in, but not control, any defense or settlement controlled by the Indemnified Party pursuant to this Section 8.4(c) , and the Indemnifying Party shall bear its own costs and expenses with respect to such participation; provided , however , if at any time the Indemnifying Party acknowledges in writing that such Third Party Claim is an indemnifiable Loss under this Article VIII , the Indemnifying Party shall be entitled to assume the defense of such Third Party Claim in accordance with Section 8.4(b) .

(d) If requested by the Party controlling the defense if a Third Party Claim, the other Party agrees to cooperate with the controlling Party and its counsel in contesting any Third Party Claim being contested, including providing access to documents, records and information; provided that all out-of-pocket costs reasonably incurred by it in connection with such cooperation shall be paid by the controlling Party. In addition, the Party that is not controlling the defense will make its personnel available at no cost to the Indemnifying Party for conferences, discovery, proceedings, hearings, trials or appeals as may be reasonably required by the Indemnifying Party. The Party not controlling the defense also agrees to cooperate with the controlling Party and its counsel in the making of any related counterclaim against the Person asserting the Third Party Claim or any cross complaint against any Person and executing powers of attorney to the extent necessary.

Section 8.5 Expiration . Each Party's obligation to indemnify any Indemnified Party under this Article VIII shall expire and terminate on the following dates, unless a claim therefor is asserted in writing in accordance with the terms of this Agreement prior to the applicable survival date, failing which such claim shall be waived and extinguished: the date that is (i) thirty (30) days after the statute of limitations with respect to any claim for indemnification based on a breach of Sections 4.1 , 4.2 , 4.7 , 4.10(a) , 4.11 , 4.13 , 5.1 , 5.2 or 5.3 (" Fundamental Representations ") or (ii) twelve (12) months from the Closing Date, in the case of any other claim for indemnification based on the representations or warranties of the other Party contained in this Agreement. In addition, none of the covenants or agreements contained in this Agreement shall survive the Closing other than those that by their terms expressly contemplate performance after the Closing Date and such surviving covenants and agreements shall survive the Closing until fully performed.

Section 8.6 Limitations on Indemnification .

(a) De Minimis . Notwithstanding any other provision of this Agreement to the contrary, except for claims arising out a breach of a Fundamental Representation, no Indemnifying Party shall be required to indemnify, defend or hold harmless any Indemnified Party pursuant to Sections 8.1(a) or 8.2(a) against, or reimburse any Indemnified Party for, any Losses with respect to any individual claims (or series of related claims) unless such claim (or series of claims) involves Losses in excess of $[***] (nor shall such item be applied to or considered for purposes of calculating the Indemnity Threshold).

(b) Threshold . Except for claims arising out a breach of a Fundamental Representation, no Indemnifying Party shall be liable with respect to claims to provide indemnification pursuant to Sections 8.1(a) or 8.2(a) for any Losses suffered by any Indemnified Party unless the aggregate of all Losses suffered by the Indemnified Parties under such claim exceeds, on a cumulative basis, an amount equal to $[***] (the " Indemnity Threshold "), and then an Indemnifying Party shall be liable to provide indemnification to the extent of all such Losses.

(c) Cap . Except for claims arising out a breach of a Fundamental Representation, in no event shall any Indemnified Party be liable to provide indemnification pursuant to Article VIII for Losses in the aggregate in excess of an amount equal to [***] (the " Cap "), other than with respect to claims for indemnification for Losses directly arising out of the breach of a Fundamental Representation, fraud or intentional misconduct of an Indemnifying Party in respect of a provision of this Agreement, in which event such Indemnifying Party shall not be liable for Losses in excess of an aggregate amount equal to (i) the portion of the Purchase Price actually received by the Seller, in the case of an Indemnifying Party that is Seller and (ii) the Purchase Price, in the case of Purchaser.

(d) Adjustment to Purchase Price . Seller and Purchaser agree to treat all payments made either to or for the benefit of the other Party under this Agreement as adjustments to the Purchase Price for Tax purposes to the extent permitted under applicable Tax Law.

Section 8.7 Reimbursement . If an Indemnified Party recovers an amount from a third party in respect of a Loss that is the subject of indemnification hereunder after all or a portion of such Loss has been paid by an Indemnifying Party pursuant to this Article VIII , the Indemnified Party shall promptly remit to the Indemnifying Party the amount received from the third party in respect thereof, net of all costs associated with the recovery thereof.

Section 8.8 Subrogation . If the Indemnifying Party makes any payment on any claim pursuant to Section 8.1 or Section 8.2 , the Indemnifying Party shall be subrogated, to the extent of such payment, to all rights and remedies of the Indemnified Party to any insurance benefits or other claims of the Indemnified Party with respect to such claim. Without limiting the generality or effect of any other provision hereof, each Indemnified Party shall duly execute upon request all instruments reasonably necessary to evidence and perfect the subrogation rights detailed herein and otherwise cooperate in the prosecution of such claims.

Section 8.9 Sole Remedy/Waiver . Should the Closing occur, the remedies provided for in this Article VIII shall be the sole and exclusive remedies of any Indemnified Party in respect of this Agreement, the Ancillary Agreements, the Purchased Assets, the Products, the Excluded Assets, the Assumed Liabilities, the Retained Liabilities or the transactions contemplated hereby or by the Ancillary Agreements, other than (i) for actions for specific performance or other equitable remedies or (ii) for claims against a Party directly arising out of the fraud or intentional misconduct of such Party in respect of a provision of this Agreement. In furtherance of the foregoing, each Party hereby waives (on behalf of itself and the relevant Indemnified Parties) any provision of applicable Law to the extent that it would limit or restrict the agreement contained in this Section 8.9 , and each Party hereby waives (on behalf of itself and the relevant Indemnified Parties) for periods following the Closing any and all other rights, claims or causes of action it or its Affiliates or relevant Indemnified Parties may have against the other Party or its Affiliates or Representatives now or in the future arising under or based upon this Agreement, any Ancillary Agreement, any document or certificate delivered in connection herewith. IN NO EVENT SHALL ANY PARTY HERETO BE LIABLE TO THE OTHER FOR CONSEQUENTIAL, SPECIAL, INDIRECT OR PUNITIVE DAMAGES ARISING OUT OF ANY BREACH OF THE PROVISIONS OF THIS AGREEMENT OR ANY ANCILLARY AGREEMENT, EXCEPT IN THE CASE OF FRAUD OR WILLFUL MISCONDUCT OR TO THE EXTENT PAYABLE TO A THIRD PARTY.

ARTICLE IX

MISCELLANEOUS

Section 9.1 Notices .

(a) All notices, demands and other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given (a) when personally delivered, (b) when transmitted (except if not a Business Day then the next Business Day) via (with transmission confirmed), (c) the day following the day (except if not a Business Day then the next Business Day) on which the same has been delivered prepaid to a reputable national overnight air courier service or (d) the third Business Day following the day on which the same is sent by certified or registered mail, postage prepaid. Notices, demands and communications, in each case to the respective Parties, shall be sent to the applicable address or facsimile number set forth below, unless another address or facsimile number has been previously specified in writing by such Party:

To Seller:

H2-Pharma, LLC
2010 Berry Chase Place
Montgomery, AL 36117
Telephone: [Tel. number]
Facsimile: [Fax number]
Attn: President

to Purchaser:

ANI Pharmaceuticals, Inc.
510 Main Street West
Baudette, MN 56623
Telephone: [Tel. number]
Facsimile: [Fax number]
Attn: Arthur Przybyl

with a copy to:

Dentons US LLP
1221 Avenue of the Americas
New York, NY 10020
Telephone: [Tel. number]
Facsimile: [Fax number]
Attn: Paul A. Gajer

(b) This Agreement and any signed agreement entered into in connection herewith or contemplated hereby, and any amendments hereto or thereto, to the extent signed and delivered by means of a facsimile machine or scanned pages via electronic mail, shall be treated in all manner and respects as an original contract and shall be considered to have the same binding legal effects as if it were the original signed version thereof delivered in person. No Party hereto or to any such contract shall raise the use of a facsimile machine or email to deliver a signature or the fact that any signature or contract was transmitted or communicated through the use of facsimile machine or email as a defense to the formation of a contract and each such Party forever waives any such defense. This Agreement is not binding unless and until signature pages are executed and delivered by each of the Purchaser, Sellers and the Seller Representative.

Section 9.2 Amendment; Waiver. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by Purchaser and Sellers, or in the case of a waiver, by the party against whom the waiver is to be effective. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

Section 9.3 Assignment. No Party to this Agreement may assign any of its rights or obligations under this Agreement without the prior written consent of the other Parties hereto; except that no such consent shall be required in connection with (a) the sale of all or substantially all of the assets of the Purchaser in one or a series of related transactions or (b) Purchaser's assignment of this Agreement to any Affiliate of the Purchaser, provided that such assignment shall not relieve the Purchaser of any of its obligations hereunder.

Section 9.4 Entire Agreement. This Agreement (including all Schedules and Exhibits hereto) and the Ancillary Agreements contain the entire agreement between the Parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, with respect to such matters.

Section 9.5 Parties in Interest. This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and permitted assigns. Nothing in this Agreement, express or implied, is intended to confer upon any Person other than Purchaser, Sellers, or their successors or permitted assigns, any rights or remedies under or by reason of this Agreement, provided, that (i) the provisions of Article VIII shall inure to the benefit of the Indemnified Parties and (ii) the provisions of Section 9.14(b) shall inure to the benefit of the Persons referenced therein.

Section 9.6 Public Disclosure . Notwithstanding anything herein to the contrary, each of the Parties to this Agreement hereby agrees with the other Parties hereto that, except as may be required to comply with the requirements of any applicable Laws, and the rules and regulations of each stock exchange upon which the securities of one of the Parties is listed, if any, no press release or similar public announcement or communication shall be made or caused to be made concerning the execution or performance of this Agreement unless the Parties shall have consulted in advance with respect thereto. The parties agree that except as set forth above, any press release shall be agreed upon prior to its publication.

Section 9.7 Expenses; Transfer Taxes . Except as otherwise expressly provided in this Agreement, whether or not the transactions contemplated by this Agreement are consummated, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be borne by the Party incurring such expenses. Notwithstanding the foregoing, all Transfer Taxes, if any, shall be shared equally by Seller and Purchaser.

Section 9.8 Schedules . The disclosure of any matter in any Schedule to this Agreement, as may be amended or supplemented prior to the Closing, shall be deemed to be a disclosure with respect to any other section or subsection of this Agreement with respect to which its relevance is reasonably apparent on its face for all purposes of this Agreement, but shall expressly not be deemed to constitute an admission by a Seller or Purchaser, or to otherwise imply, that any such matter is material for the purposes of this Agreement.

Section 9.9 Governing Law; Jurisdiction .

(a) This Agreement and its negotiation, execution, performance or non-performance, interpretation, termination, construction and all claims or causes of action (whether in contract, in tort, at law or otherwise) that may be based upon, arise out of, or relate to this Agreement, or the transactions contemplated hereby (including any claim or cause of action based upon, arising out of or related to any representation or warranty made in connection with this Agreement or as an inducement to enter this Agreement), shall be exclusively governed by, and construed in accordance with, the laws of the State of Delaware regardless of Laws that might otherwise govern under any applicable conflict of laws principles.

(b) Any Proceeding based upon, arising out of, or related to this Agreement and its negotiation, execution, performance, non-performance, interpretation, termination, construction or the transactions contemplated hereby shall be heard and determined in the state or federal courts located in Wilmington, Delaware. The Parties hereto hereby irrevocably submit to the exclusive jurisdiction and venue of such courts in any such Proceeding and irrevocably and unconditionally waive the defense of an inconvenient forum, or lack of jurisdiction to the maintenance of any such Proceeding. The consents to jurisdiction and venue set forth herein shall not constitute general consents to service of process in the State of Delaware and shall have no effect for any purpose except as provided in this Section 9.9 and shall not be deemed to confer rights on any Person other than the Parties hereto. Each Party hereto agrees that the service of process upon such Party in any Proceeding arising out of or relating to this Agreement shall be effective if notice is given by overnight courier at the address set forth in Section 9.1 . Each of the Parties also agrees that any final, non-appealable judgment against a Party in connection with any Proceeding arising out of or relating to this Agreement shall be conclusive and binding on such Party and that such award or judgment may be enforced in any court of competent jurisdiction, either within or outside of the United States. A certified or exemplified copy of such award or judgment shall be conclusive evidence of the fact and amount of such award or judgment.

Section 9.10 WAIVER OF JURY TRIAL . TO THE FULLEST EXTENT PERMITTED BY LAW, THE PARTIES HERETO HEREBY WAIVE THEIR RESPECTIVE R IGHTS TO A JURY TRIAL OF ANY PROCEEDING (WHETHER IN CONTRACT, IN TORT, AT LAW OR OTHERWISE) BASED UPON, ARISING OUT OF, OR RELATED TO THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS AGREEMENT, INCLUDING WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THE PARTIES HERETO ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS ALREADY RELIED ON THE WAIVER IN ENTERING INTO THIS AGREEMENT AND THAT EACH WILL CONTINUE TO RELY ON THE WAIVER IN THEIR RELATED FUTURE DEALINGS. THE PARTIES HERETO FURTHER WARRANT AND REPRESENT THAT EACH HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT OR TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THE TRANSACTIONS CONTEMPLATED HEREBY. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

Section 9.11 Counterparts . This Agreement may be executed in one or more counterparts (including by facsimile or electronic .pdf submission), each of which shall be deemed an original, and all of which shall constitute one and the same agreement and shall become effective when one or more counterparts have been signed by each of the Parties and delivered (by telecopy or otherwise) to the other Party, it being understood that both Parties need not sign the same counterpart.

Section 9.12 Headings . The heading references herein and the table of contents hereto are for convenience purposes only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

Section 9.13 Severability . The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any term or other provision of this Agreement, or the application thereof to any Person or any circumstance, is invalid, illegal or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other Persons, entities or circumstances shall not be affected by such invalidity, illegality or unenforceability, nor shall such invalidity, illegality or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

Section 9.14 Specific Performance. Each of the Parties acknowledges that the rights of Purchaser under Article VII of this Agreement are unique and recognizes and affirms that in the event of a breach thereof by Seller, money damages may be inadequate and Purchaser may have no adequate remedy at Law. Accordingly, the Parties agree that Purchaser shall have the right, in addition to any other rights and remedies existing in its favor at Law or in equity, to enforce its rights and the Seller's obligations under Article VII not only by a Proceeding or Proceedings for damages but also by an Proceeding or Proceedings for specific performance, injunctive and/or other equitable relief (without posting of bond or other security). Seller agrees that it shall not oppose the granting of an injunction, specific performance and other equitable relief when expressly available pursuant to the terms of this Agreement, and hereby waives (x) any defenses in any Proceeding for an injunction, specific performance or other equitable relief, including the defense that the other Parties have an adequate remedy at Law or an award of specific performance is not an appropriate remedy for any reason at Law or equity and (y) any requirement under Law to post a bond, undertaking or other security as a prerequisite to obtaining equitable relief.

Section 9.15 Non-Recourse .

(a) This Agreement may only be enforced against, and any claim or cause of action based upon, arising out of or related to this Agreement may only be brought against the entities that are expressly named as Parties hereto and then only with respect to the specific obligations set forth herein with respect to such Party. Except to the extent a named Party to this Agreement (and then only to the extent of the specific obligations undertaken by such named Party in this Agreement), no past, present or future director, officer, employee, incorporator, member, partner, stockholder, Affiliate, agent, attorney or other Representative of any Party hereto shall have any liability (whether in contract or in tort, in law or in equity, or based upon any theory that seeks to impose liability of an entity party against its owners or Affiliates) for any obligations or liabilities of any Party hereto under this Agreement or for any claim based on, in respect of, or by reason of, the transactions contemplated hereby or in respect of any oral representations made or alleged to have been made in connection herewith

(b) The provisions of this Section 9.15 are intended to be for the benefit of, and enforceable by, the directors, officers, employees, incorporators, members, partners, stockholders, Affiliates, agents, attorneys and other Representatives of the Parties hereto, and each such Person shall be a third party beneficiary of this Section 9.15 .

[*Remainder of Page Intentionally Left Blank*]

Confidential Materials Omitted and Filed Separately with the Securities and Exchange Commission Pursuant to a Request for Confidential Treatment under Rule 406 under the Securities Act of 1933, as amended. Confidential Portions are marked: [***]

IN WITNESS WHEREOF , the Parties have executed or caused this Agreement to be executed as of the date first written above.

H2-PHARMA, LLC

By: _____
Name:
Title:

ANI PHARMACEUTICALS, INC.

By: _____
Name:
Title:

[SIGNATURE PAGE TO ASSET PURCHASE AGREEMENT]

Exhibit 10.2

[EXECUTION VERSION]

Confidential Materials Omitted and Filed Separately with the Securities and Exchange Commission Pursuant to a Request for Confidential Treatment under Rule 406 under the Securities Act of 1933, as amended. Confidential Portions are marked: [***]

ASSET PURCHASE AGREEMENT

between

CRANFORD PHARMACEUTICALS, LLC,

and

ANI PHARMACEUTICALS, INC.

DATED AS OF MARCH 10, 2016

Confidential Materials Omitted and Filed Separately with the Securities and Exchange Commission Pursuant to a Request for Confidential Treatment under Rule 406 under the Securities Act of 1933, as amended. Confidential Portions are marked: [***]

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EXHIBITS

SCHEDULES OTHER THAN DISCLOSURE SCHEDULES

Confidential Materials Omitted and Filed Separately with the Securities and Exchange Commission Pursuant to a Request for Confidential Treatment under Rule 406 under the Securities Act of 1933, as amended. Confidential Portions are marked: [***]

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement is made and entered into as of the 10th day of March 2016, by and between Cranford Pharmaceuticals, LLC, a Delaware limited liability company (" Seller ") and ANI Pharmaceuticals, Inc., a corporation organized under the laws of Delaware (" Purchaser ").

RECITALS

WHEREAS , Seller holds the rights to manufacture, market, sell and distribute the Products in the Territory (the " Business "); and

WHEREAS , Seller desires to sell, transfer and assign to Purchaser, and Purchaser desires to acquire and assume from Seller, all of the Purchased Assets and Assumed Liabilities, all as more specifically provided herein;

NOW , **THEREFORE** , in consideration of the foregoing and the representations, warranties, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE I

DEFINITIONS AND TERMS

Section 1.1 Definitions . As used in this Agreement, the following terms shall have the meanings set forth or as referenced below:

" Acquisition Proposal " shall have the meaning set forth in Section 6.9 .

" Affiliate " means with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with, such Person at any time during the period for which the determination of affiliation is being made. Without limitation, Rouses Point Pharmaceuticals, LLC and Akrimax Pharmaceuticals, LLC shall each be deemed for all purposes hereunder an Affiliate of Seller. Solely for purposes of Section 6.11 and Section 7.1 , Cranford Therapeutics LLC and its respective Affiliates shall be deemed Affiliates of Seller.

" Agreement " means this Asset Purchase Agreement.

" AMP " means the average manufacturer price, as defined at 42 U.S.C. § 1396r-8(k)(1) and 42 C.F.R. § 447.500 et seq.

" Ancillary Agreements " means, collectively, the Escrow Agreement, the Services Agreement, the Trademark License-Back Agreement, Bill of Sale, assignments of Assumed Contracts, patent assignments, trademark assignments, assumption agreements or other instruments evidencing the assumption by Purchaser of the Assumed Liabilities, and each other agreement, document, instrument and/or certificate contemplated by this Agreement to be executed by Purchaser or Seller in connection with the transactions contemplated hereby.

" Annual Gross Profit Milestone" shall have the meaning set forth in Section 2.8(a)(i) .

" Annual Milestone Payment " shall have the meaning set forth in Section 2.8(a)(ii) .

" Annual Milestone Payment Statement " shall have the meaning set forth in Section 2.8(e)(i) .

" Annual Period " shall have the meaning set forth in Section 2.8(a)(i).

"[***] Supply Agreement " shall have the meaning set forth in Section 3.1(b)(xiv) .

" Assumed Contracts " shall have the meaning set forth in Section 2.1(a) .

" Assumed Liabilities " shall have the meaning set forth in Section 2.4(a) .

" Audited Financial Statements " shall have the meaning set forth in Section 4.13(a) .

" Bankruptcy and Equity Exception " shall have the meaning set forth in Section 4.2(b) .

" Bill of Sale " means a bill of sale, dated as of the Closing Date, in the form set forth as Exhibit D hereto.

" Business " shall have the meaning set forth in the Recitals.

" Business Day " means any day other than a Saturday, a Sunday or a day on which commercial banks in New York City are authorized or obligated by applicable law or executive order to close.

" Cap " shall have the meaning set forth in Section 9.6(c) .

" Challenged Amount " shall have the meaning set forth in Section 2.7(e) .

" Challenged Amount(s) " shall have the meaning set forth in Section 2.8(f)(iv) .

" Change of Control " means the occurrence of any of the following events prior to the end of the Milestone Payments Term: (a) any Person or group of Persons within the meaning of §13(d)(3) of the Securities Exchange Act of 1934 becomes the beneficial owner, directly or indirectly, of fifty percent (50%) or more of the outstanding equity interests of Purchaser (other than as part of an internal reorganization of Purchaser where Persons who beneficially own more than 50% of the outstanding equity interests of the Purchaser immediately prior to such reorganization continue to own more than 50% immediately thereafter), (b) the sale by Purchaser of all or substantially all of its assets, including the Purchased Assets, or (c) a sale of any one of the Products without the express written consent of Seller (it being acknowledged and agreed by the Parties that notwithstanding the terms of this clause (c) , any sale of both of the Products together to any one Person or related Persons in a single or related transactions shall not be deemed a Change of Control for purposes hereof and shall be subject to the terms and conditions of Section 2.8(h)).

" Closing " means the closing of the transactions contemplated by this Agreement pursuant to the terms of this Agreement.

" Closing Consideration " means the total amount of cash and the fair market value of all other property paid (excluding any amounts paid into escrow and all contingent or future payments) to the Purchaser or its Affiliates in connection with any Sale Transaction at the closing thereof, net of (i) income taxes actually paid or payable by or on behalf of Purchaser or its Affiliates in connection with the receipt of such consideration and (ii) reasonable transaction costs associated with such Sale Transaction, including brokers' fees. For purposes of determining the fair market value of any non-cash consideration, such determination shall be made on the Business Day preceding the closing of the relevant Sale Transaction, except that if any part of the aggregate consideration consists of marketable securities, for purposes of determining the amount of the aggregate consideration, the value of those securities shall be determined by using the average of the last sale prices for those securities on the three (3) trading days ending on the last Business Day preceding the closing of the relevant transaction.

" Closing Date " shall have the meaning set forth in Section 3.1(a) .

" Closing Date Inventory Value " means the aggregate value of all the Inventories of the Products owned by Seller (including finished goods to the extent used or held for use by or for the benefit of Seller for the operation of the Business, as currently conducted) as at 23:59 New York time on the Business Day immediately preceding the Closing Date, determined on the basis of Seller's cost basis in such Inventories; provided , however , that the cost basis of any Inventories that are damaged, defective or otherwise not saleable in the ordinary course of business on customary terms shall be excluded from the calculation of Closing Date Inventory Value.

" Closing Purchase Price " shall have the meaning set forth in Section 2.6(a) .

" Code " means the Internal Revenue Code of 1986, as amended, from time to time.

" Collateral Source " shall have the meaning set forth in Section 9.7 .

" Competing Business " shall have the meaning set forth in Section 7.1 .

" Confidential Information " shall have the meaning set forth in the Confidentiality Agreement.

" Confidentiality Agreement " means the Confidentiality Agreement between Akrimax Pharmaceuticals, LLC and Purchaser, dated June 30, 2015, as amended or supplemented from time to time.

" Contingent Consideration " means any additional amount of cash and the fair market value of all other property paid (including any amounts paid into escrow and all contingent or future payments) to the Purchaser or its Affiliates in connection with any Sale Transaction after the closing thereof above and beyond the Closing Consideration paid in connection therewith, net of (i) income taxes actually paid or payable by or on behalf of Purchaser or its Affiliates in connection with the receipt of such consideration and (ii) reasonable transaction costs associated with such Sale Transaction, including brokers' fees For purposes of determining the fair market value of any non-cash consideration, such determination shall be made on the Business Day preceding the payment of such non-cash consideration, except that if any part of the aggregate consideration consists of marketable securities, for purposes of determining the amount of the aggregate consideration, the value of those securities shall be determined by using the average of the last sale prices for those securities on the three (3) trading days ending on the last Business Day preceding the payment of such non-cash consideration.

" Contract " means any binding contract, agreement, lease, license or commitment.

" Copyrights " shall have the meaning set forth in the definition for Intellectual Property.

" Covered Proceeds " shall have the meaning set forth in Section 2.1(h) .

[***] shall have the meaning set forth in Section 6.16 .

" Dentons " shall have the meaning set forth in Section 11.17(b) .

" Distribution Activities " shall have the meaning set forth in Section 6.8(d) .

" Escrow Agent " means the Person mutually selected by Seller and Purchaser to serve as escrow agent under the Escrow Agreement.

" Escrow Agreement " means an escrow agreement, in the form attached hereto as Exhibit E .

" Excluded Assets " shall have the meaning set forth in Section 2.3 .

" Exploitation " (including, with correlative meanings, the terms " Exploit " and " Exploited ") means developing, commercializing, manufacturing, labeling, packaging, marketing, promoting, selling, distributing and/or transporting.

" Excess Amount " shall have the meaning set forth in Section 9.11(a) .

" FDA Act " means the Food, Drug and Cosmetics Act of 1938, as amended, supplemented or replaced.

" Final Inventory Value " shall have the meaning set forth in Section 2.7(d) .

" Final Judgment " shall have the meaning set forth in Section 9.11(b) .

" Financial Statements " shall have the meaning set forth in Section 4.13(b) .

" First Annual Period " shall have the meaning set forth in Section 2.8(a)(i) .

" First Minimum Milestone Payment " shall have the meaning set forth in Section 2.8(b)(i) .

" Fundamental Representations " shall have the meaning set forth in Section 9.5 .

" GAAP " means United States generally accepted accounting principles, consistently applied.

" Governmental Authority " means any supranational, national, federal, state or local or foreign judicial, legislative, executive or regulatory authority.

" Governmental Authorizations " means all licenses, permits, certificates and other authorizations and approvals pertaining to the Products under the applicable Laws of any Governmental Authority.

" Governmental Order " means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

" Gross Profit " means the amount equal to [***].

" Indemnity Notice " shall have the meaning set forth in Section 9.3(a) .

" Indemnified Party " shall have the meaning set forth in Section 9.3(a) .

" Indemnifying Party " shall have the meaning set forth in Section 9.3(a) .

" Indemnity Threshold " shall have the meaning set forth in Section 9.6(b) .

" Independent Accountant " shall have the meaning set forth in Section 2.6(c) .

" Intellectual Property " means any and all worldwide rights in, arising from or associated with the following, whether protected, created or arising under the Laws of the United States or any other jurisdiction or under any international convention: (1) all patents and applications therefor and all reissues, divisions, re-examinations, renewals, extensions, provisionals, substitutions, continuations and continuations-in-part thereof, and equivalent or similar rights anywhere in the world in inventions and discoveries including, without limitation, invention disclosures (" Patent Rights "); (2) all trade secrets and other proprietary information which derives independent economic value from not being generally known to the public (collectively, " Trade Secrets "); (3) all copyrights, copyrights registrations and applications therefor (" Copyrights "); (4) all uniform resource locators, e-mail and other internet addresses and domain names and applications and registrations therefor (" URLs "); (5) all trade names, corporate names, logos, slogans, trade dress, trademarks, service marks, and trademark and service mark registrations and applications therefor and all goodwill associated therewith (" Trademarks ") and (6) any similar, corresponding or equivalent rights to any of the foregoing anywhere in the world.

" Inventories " means all inventory of finished goods Products owned by Seller on the Closing Date.

" Inventory Excess Amount " shall have the meaning set forth in Section 2.7(g)(ii) .

" Inventory Shortfall Amount " shall have the meaning set forth in Section 2.7(g)(i) .

" Knowledge of Purchaser " means the actual knowledge any of the individuals listed on Schedule 1.1(a)(i) has or would have following reasonable inquiry into the subject matter in the ordinary course of performing each of their respective duties.

" Knowledge of Seller " means the actual knowledge any of the individuals listed on Schedule 1.1(a)(ii) has or would have following reasonable inquiry into the subject matter in the ordinary course of performing each of their respective duties.

" Laws " means any federal, state, foreign or local law, common law, statute, ordinance, rule, regulation, code or Governmental Order.

" Liabilities " means any and all Losses, debts, liabilities and obligations, whether accrued or unaccrued, fixed, known or unknown, absolute or contingent, matured or unmatured or determined or determinable, including all costs and expenses relating thereto.

" Licensed Intellectual Property " shall have the meaning set forth in Section 4.9(b)(i) .

" Licensed Know-How " shall have the meaning set forth in Section 6.12 .

" Liens " means any lien, security interest, mortgage, pledge, assessment, hypothecation, easement, title retention clause, title defect, right of first refusal, charge or similar encumbrance.

" Loss " or " Losses " means any liabilities, losses, damages, fines or penalties that are suffered or sustained, or that have required an outlay or payment of cash or other non-cash consideration, whether resulting from a judgment, a settlement or an award, including those arising out of any Proceeding, Law or Contract, including the Taxes, costs and expenses (including reasonable fees and expenses of counsel, consultants, experts, and other professional fees) associated therewith.

" Lowenstein " shall have the meaning set forth in Section 11.17(a) .

" Material Adverse Effect " means any event, fact, condition, occurrence, change or effect that is or would reasonably be expected to be materially adverse to the Exploitation of the Products or the Purchased Assets, taken as a whole; provided , however , that none of the following shall be deemed, either alone or in combination, to constitute a Material Adverse Effect, or be taken into account in determining whether there has or will be a Material Adverse Effect: (a) changes in political or economic conditions (including changes in interest or exchange rates) in any country in which Purchased Assets are located or in which the Business operates, or in the securities, syndicated loan, credit or financial markets of any such country; (b) changes in general market conditions affecting the Exploitation of the Products in general or within the United States; (c) changes in GAAP; (d) changes or effects that arise out of or are attributable to the acts or omissions of, or circumstances affecting, Purchaser and/or its Affiliates; (e) changes or effects that generally affect the markets in which the Products are Exploited; (f) changes or effects that arise out of or are attributable to the commencement, occurrence, continuation or intensification or reduction or cessation of any war (whether or not declared), sabotage, armed hostilities or acts of terrorism; (g) changes or effects that arise out of or are attributable to earthquakes, hurricanes or other natural disasters, epidemics or other outbreaks of disease; (h) changes or effects that relate to any failure by Seller to meet internal projections or forecasts for any period (including with respect to the Purchased Assets or Products), or that arise out of or are attributable to market conditions with respect to the Products, including the availability of generic alternatives or alternative therapies and treatments or the availability of Patent Rights; and (i) any action taken by Seller as required by this Agreement or with Purchaser's consent, except, in the case of clauses (a) , (b) , (c) , (e) and (f) , for those changes or effects that have a disproportionate impact on the Exploitation of the Products relative to other comparable pharmaceutical products.

" Maximum Milestone Payment Amount " shall have the meaning set forth in Section 2.8(a)(ii) .

" Milestone Overpayment " shall have the meaning set forth in Section 2.8(e)(iii) .

" Milestone Payments " means any or all of the Annual Milestone Payments and/or Quarterly Milestone Payments.

" Milestone Payments Escrow Fund " shall have the meaning set forth in Section 2.8(j) .

" Milestone Payments Term " shall have the meaning set forth in Section 2.8(a)(ii) .

" NDC Number " means the unique 10-digit, 3-segment number assigned by the U.S. Food & Drug Administration to each human drug processed for commercial distribution, which number is published in the NDC Directory pursuant to Section 510 of the FDA Act.

" Net Sales " means the gross amount received by Purchaser or an Affiliate or Subsidiary of Purchaser, as applicable, for sales of the Products (other than applicable, sales, use or VAT Taxes), *less* the following deductions taken by the Purchaser or an Affiliate or Subsidiary of Purchaser, as applicable, with respect to such sales in accordance with GAAP:

(i) [***];

(ii) [***];

(iii) [***]; and

(iv) [***].

Notwithstanding the foregoing, sales of Products for patient assistance programs, research or development or complimentary samples shall not be deemed "sales" for purposes of calculating Net Sales.

" Non-Compete Period " has the meaning set forth in Section 7.1 .

" NonFAMP Eligible Transactions " means those transactions relating to a Product that are used to calculate the Non-Federal Average Manufacturer Price as defined by Veteran's Health Care Act of 1992.

" Objection Notice " shall have the meaning set forth in Section 2.7(c) .

" Offset " shall have the meaning set forth in Section 9.11(a) .

" Offset Amount " shall have the meaning set forth in Section 9.11(a) .

" Offset Notification " shall have the meaning set forth in Section 9.11(b) .

" Outside Date " shall have the meaning set forth in Section 10.1(b) .

" Owned Intellectual Property " shall have the meaning set forth in Section 4.9(a) .

" Partial Acceleration Milestone Payment " shall have the meaning set forth in Section 2.8(h) .

" Party " means each of Purchaser and Seller.

" Patent Rights " shall have the meaning set forth in the definition for Intellectual Property.

" Permitted Encumbrances " means (i) statutory Liens arising by operation of Law with respect to a Liability incurred in the ordinary course of business and which is not delinquent; (ii) Liens for Taxes not yet subject to penalties for nonpayment or that are being contested in good faith by appropriate proceedings; (iii) mechanics', materialmens', carriers', workmens', warehousemens', repairmens', landlords' or other like Liens and security obligations that are not delinquent; (iv) Liens set forth on Schedule 1.1(b) hereto, all of which will be released and, as appropriate, removed of record, at or prior to the Closing Date in accordance with the terms of this Agreement; and (v) Liens arising under this Agreement.

" Person " means an individual, a limited liability company, joint venture, a corporation, a partnership, an association, a trust, a division or operating group of any of the foregoing or any other entity or organization.

"[***] Supply Agreement " shall have the meaning set forth in Section 3.1(b)(xiii) .

" Post-Closing Tax Period " means any Tax period (or portion thereof) beginning after the Closing Date.

" Pre-Closing Tax Period " means any Tax period (or portion thereof) ending on or before the Closing Date.

" Proceeding " means any claim, action, arbitration, mediation, hearing, proceeding, suit, warning letter, or notice of violation.

" Product Registrations " means all Governmental Authorizations (including NDAs, ANDAs and INDs) and comparable regulatory filings granted to Seller or any Affiliate thereof by, or applications therefor in the name of Seller or any Affiliate thereof that are pending with, any Governmental Authority (including applications that are in the process of being prepared by Seller or any Affiliate thereof) required to manufacture, commercialize, develop, package, label, store, use, market, import, export, distribute and/or sell any of the Products.

" Products " means the products listed on Schedule 1.1(c) hereto.

" Property Taxes " shall have the meaning set forth in Section 11.8(b) .

" Purchased Assets " shall have the meaning set forth in Section 2.1 , it being understood that the Purchased Assets do not include the Excluded Assets.

" Purchased Documents " means originals, or if originals are unavailable, copies of all books, records, files and papers, whether in hard copy or computer format, to the extent related to the Products or Product Registrations (including with respect to research and development, medical safety or regulatory affairs), including (i) all documents, if any, relating to the calculation of baseline AMP (but excluding any proprietary methodology documents created by Seller or any of its Affiliates with respect to the calculation of baseline AMP), (ii) an electronic version of each Product's Medical Information Inquiry Database and the documents set forth in Schedule 1.1(d) , (iii) any and all regulatory files (including correspondence with regulatory authorities) owned by or in the possession or control of Seller or any Affiliate thereof to the extent relating to the Purchased Assets or the operation of the Business (including safety and adverse event data) and (iv) copies of all books, records, files and papers, whether in hard copy or computer format, to the extent related to NonFAMP Eligible Transactions from the third fiscal quarter of 2012 through the Closing Date.

" Purchase Price " shall have the meaning set forth in Section 2.6(a) .

" Purchaser " has the meaning set forth in the preamble of this Agreement.

" Purchaser Disclosure Schedules " shall have the meaning set forth in Article V .

" Purchaser Indemnified Parties " shall have the meaning set forth in Section 9.1 .

" Quarterly Milestone Payment " shall have the meaning set forth in Section 2.8(c)(i)Section 2.8(a)(ii) .

" Quarterly Reports " shall have the meaning set forth in Section 2.8(d).

" Representatives " means, with respect to any Person, the directors, managers, employees, independent contractors, agents or consultants of such Person.

" Required Third Party Consents " means the consents and approvals set forth on Schedule 1.1(e) .

" Retained Liabilities " shall have the meaning set forth in Section 2.5 .

" Sale Profit " shall have the meaning set forth in Section 2.8(h) .

" Sale Transaction " shall have the meaning set forth in Section 2.8(h) .

" Second Annual Period " shall have the meaning set forth in Section 2.8(b)(ii).

" Second Minimum Milestone Payment " shall have the meaning set forth in Section 2.8(b)(ii) .

" Seller " shall have the meaning set forth in the preamble of this Agreement.

" Seller Company Identifiers " shall have the meaning set forth in Section 6.7(a) .

" Seller Disclosure Schedules " shall have the meaning set forth in Article IV .

" Seller Indemnified Parties " shall have the meaning set forth in Section 9.2 .

" Services Agreement " means a services agreement, dated as of the Closing Date, in the form set forth as Exhibit A hereto.

" Side Letter " shall have the meaning set forth in Section 3.1(b)(xiv) .

" Solvent ", when used with respect to any Person, means that, as of any date of determination, (a) the amount of the "fair saleable value" of the assets of such Person on a going concern basis will, as of such date, exceed (i) the value of all "liabilities of such Person, including contingent and other liabilities" as of such date, as such quoted terms are generally determined in accordance with applicable United States federal laws governing determinations of the insolvency of debtors and (ii) the amount that will be required to pay the probable liabilities of such Person on its existing debts (including contingent liabilities) as such debts become absolute and matured, (b) such Person will not have, as of such date, an unreasonably small amount of capital for the operation of the businesses in which it is engaged or proposed to be engaged following such date and (c) such Person will be able to pay its liabilities, including contingent and other liabilities, as they mature. For purposes of this definition, each of the phrases "not have an unreasonably small amount of capital for the operation of the businesses in which it is engaged or proposed to be engaged" and "able to pay its liabilities, including contingent and other liabilities, as they mature" means that such Person will be able to generate enough cash from operations, asset dispositions or refinancing, or a combination thereof, to meet its obligations as they become due.

" Subsidiary " or " Subsidiaries " means an entity as to which Seller or Purchaser or any other relevant entity, as the case may be, owns directly or indirectly 50% or more of the voting power or other similar interests. Any Person which comes within this definition as of the date of this Agreement but thereafter fails to meet such definition shall from and after such time not be deemed to be a Subsidiary of Seller or Purchaser or any other relevant entity, as the case may be. Similarly, any Person which does not come within such definition as of the date of this Agreement but which thereafter meets such definition shall, from and after such time, be deemed to be a Subsidiary of Seller or Purchaser or any other relevant entity, as the case may be.

" Tax " or " Taxes " means all taxes, levies or other assessments, including income, excise, property, sales or use, value added, profits, license, withholding (with respect to compensation or otherwise), payroll, employment, net worth, capital gains, transfer, stamp, social security, environmental, occupation and franchise taxes, imposed by any Taxing Authority, and including any interest, penalties and additions attributable thereto.

" Tax Return " or " Tax Returns " means any return, report, declaration, information return, statement or other document filed or required to be filed with any Taxing Authority, in connection with the determination, assessment or collection of any Tax or the administration of any Laws relating to any Tax.

" Taxing Authority " means any Governmental Authority, body or instrumentality exercising any authority to impose, regulate or administer the imposition of Taxes.

" Territory " means the United States and its territories and possessions, including Puerto Rico and U.S. military bases abroad.

" Third Party Claim " shall have the meaning set forth in Section 9.4(a) .

" Total Consideration " means the total amount of Closing Consideration and Contingent Consideration in connection with any Sale Transaction.

" Trade Secrets " shall have the meaning set forth in the definition for Intellectual Property.

" Trademarks " shall have the meaning set forth in the definition for Intellectual Property.

" Trademark License-Back Agreement " means a trademark license agreement, dated as of the Closing Date, in the form set forth as Exhibit B hereto.

" Transfer Taxes " means any federal, state, county, local, foreign and other sales, use, transfer, value added, conveyance, documentary transfer, stamp, recording, registration or other similar Tax (including any notarial fee) imposed in connection with, or otherwise relating to, the transactions contemplated by this Agreement or the recording of any sale, transfer or assignment of property (or any interest therein) effected pursuant to this Agreement.

" Treasury Regulations " means the regulations promulgated by the Treasury Department under the Code.

" Unaudited Financial Statements " shall have the meaning set forth in Section 4.13(b) .

" URLs " shall have the meaning set forth in the definition for Intellectual Property.

" Withheld Milestone Payments " shall have the meaning set forth in Section 9.11(a) .

Section 1.2 Other Definitional and Interpretive Provisions . (a) The words "hereof", "herein", "hereto" and "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(b) The terms defined in the singular shall have a comparable meaning when used in the plural, and vice versa.

(c) The terms "dollars" and "$" shall mean United States of America dollars.

(d) The term "including" (and with correlative meaning "include") shall mean "including, without limitation."

(e) Reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are permitted by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity.

(f) Reference to any agreement (including this Agreement), document or instrument means such agreement, document or instrument as amended, modified or supplemented and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof.

(g) When a reference is made in this Agreement to an Article, a Section, an Exhibit or a Schedule, such reference shall be to an Article of, a Section of, an Exhibit to or a Schedule to, this Agreement unless otherwise indicated.

(h) The Parties acknowledge that: (i) this Agreement is the result of negotiations between the Parties and shall not be deemed or construed as having been drafted by any one Party; (ii) each Party and its counsel have reviewed and negotiated the terms and provisions of this Agreement (including any exhibits and disclosure schedules attached hereto) and have contributed to its revision; (iii) the rule of construction to the effect that any ambiguities are resolved against the drafting party shall not be employed in the interpretation of this Agreement; and (iv) the terms and provisions of this Agreement shall be construed fairly as to all Parties and not in favor of or against any Party, regardless of which party was generally responsible for the preparation of this Agreement.

ARTICLE II

PURCHASE AND SALE

Section 2.1 Purchase and Sale of Assets . Upon the terms and subject to the conditions set forth herein, at the Closing, Seller shall sell, convey, assign and transfer to Purchaser, and Purchaser shall purchase, acquire and accept from Seller, free and clear of all Liens, other than Permitted Encumbrances, all of Seller's right, title and interest in, to and under those assets described in the following clauses (a) through (i) related to Seller's Products (collectively, the " Purchased Assets "):

(a) all the Contracts relating to the Products set forth on Schedule 2.1(a) , including with respect to the Licensed Intellectual Property (the " Assumed Contracts ");

(b) all of the Owned Intellectual Property;

(c) all Product Registrations;

(d) all customer lists for each Product and research data to the extent related to the Products and in the possession or control of Seller or any Affiliate thereof;

(e) all Inventories;

(f) all the Purchased Documents; provided , however , that Seller shall have the right to retain one copy (subject to the confidentiality provisions set forth in Section 6.11) of all or any portion of the Purchased Documents to comply with applicable Laws and regulatory guidance;

(g) all refunds for Taxes relating to the Purchased Assets with respect to a Post-Closing Tax Period;

(h) all of Seller's rights under warranties, guaranties, indemnities and similar rights against third parties, including any predecessors in title, to the extent related to the Assumed Liabilities or the Exploitation of the Purchased Assets and the Products on or after the Closing Date, including rights to proceeds under insurance policies in respect of damage or loss to the Purchased Assets which have not been fully remediated as of the Closing (" Covered Proceeds"); and

(i) all of Seller's claims, counterclaims, causes of action and all other rights of any kind against any third party in connection with the Assumed Liabilities or related to the Exploitation of the Purchased Assets on or after the Closing Date.

Section 2.2 Consents . Purchaser acknowledges that certain consents to the transactions contemplated by this Agreement (other than the Required Third Party Consents) may be required from counterparties to Contracts and that such consents may not be obtained prior to Closing. Seller shall use its commercially reasonable efforts (which shall not require Seller to pay any money or other consideration to any Person, to initiate any claim or proceeding against any Person or to otherwise grant any accommodation (financial or otherwise) to any Person) (i) to obtain such approval or consent and (ii) if such approval or consent cannot be obtained, to secure an arrangement reasonably satisfactory to Purchaser ensuring that Purchaser will receive the benefits under the Purchased Asset for which such consent is being sought and Purchaser will bear the burden of the Liabilities related to such Purchased Asset; provided , however , that notwithstanding anything to the contrary herein or otherwise (A) Seller shall have no obligation to obtain such consent or approval or to provide such an alternative arrangement other than the undertaking to use commercially reasonable efforts to obtain or provide the same as set forth in this Section 2.2 , and (B) Purchaser shall indemnify Seller in respect of all Liabilities incurred by Seller in respect of any such alternative arrangement and the underlying Purchased Asset. To the extent that, in connection with obtaining a third party's consent under any Assumed Contract, one or more of the parties hereto enter into an agreement with such third party that provides for an allocation of Liability among the parties hereto with respect to such Assumed Contract that is inconsistent with the terms of this Agreement, the parties agree that, as among themselves, the provisions of this Agreement shall control.

Section 2.3 Excluded Assets . Nothing herein contained shall be deemed to sell, transfer, assign or convey the Excluded Assets to Purchaser, and Seller shall retain all right, title and interest to, in and under the Excluded Assets. " Excluded Assets " means all assets, properties, interests and rights of Seller other than the Purchased Assets to be sold by Seller, including each of the following assets:

(a) all cash, cash equivalents, bank deposits or similar cash items and accounts receivable of Seller;

(b) all books and records of Seller other than the Purchased Documents; provided , however , that Purchaser shall have the right to make copies of any portions of any such retained books and records to the extent related to any of the Purchased Assets;

(c) all rights of Seller to (i) the Seller Company Identifiers and (ii) any other Intellectual Property, other than Intellectual Property included in the Purchased Assets;

(d) all insurance policies or rights to proceeds thereof relating to the Purchased Assets or the Products (except Covered Proceeds);

(e) subject to Section 2.1(i) , all rights, claims or causes of action of Seller against third parties in connection with the Exploitation of the Purchased Assets and the Products prior to the Closing Date;

(f) all Tax Returns and financial statements of Seller and all records (including working papers) related thereto;

(g) all refunds for Taxes relating to the Purchased Assets with respect to a Pre-Closing Tax Period;

(h) all of Seller's rights in respect of real property, including leasehold interests;

(i) the membership interests in and other equity or ownership interests in Seller;

(j) all rights that accrue to Seller under this Agreement and the Ancillary Agreements; and

(k) all of Seller's causes of action, claims, credits, demands or rights of set-off against third parties, to the extent related to any Excluded Asset.

Section 2.4 Assumption of Liabilities .

(a) Upon the terms and subject to the conditions of this Agreement, Purchaser agrees, effective at the Closing, to assume and to satisfy and discharge when due the Liabilities of Seller (other than the Retained Liabilities), specifically set forth below (all of such Liabilities and other than the Retained Liabilities being herein collectively referred to as the " Assumed Liabilities "):

(i) all Liabilities arising from the Exploitation of any Products after the Closing Date, including Liabilities for returns, rebates and chargebacks related to any of the Products shipped after the Closing Date;

(ii) all Liabilities for Taxes relating to the Purchased Assets or the Products with respect to a Post-Closing Tax Period, including those allocated in accordance with Section 11.8(b) ;

(iii) all Liabilities for materials and services relating to the Purchased Assets contracted for in the ordinary course of business prior to the Closing pursuant to an Assumed Contract, but scheduled to be delivered or provided thereafter, and all Liabilities to customers under purchase orders for Products that have not yet been shipped at Closing, in each case to the extent not related to any breach of Seller occurring prior to the Closing;

(iv) all Liabilities under Assumed Contracts (including Liabilities to customers under purchase orders made in the ordinary course of the sale and marketing of the Products consistent with past practice for any Product that has not been shipped prior to the Closing) relating to the period following the Closing Date, other than any Liabilities to the extent arising out of, or resulting from, a breach of any such Assumed Contract by Seller prior to the Closing Date;

(v) all Liabilities arising out of or relating to any product liability, breach of warranty or similar claim for injury to any Person or property that resulted from the use or misuse of the Products on or after the Closing Date or otherwise relates to the Products sold (including any Proceeding relating to any such Liabilities) on or after the Closing Date, which, in the case of any split lots of Product, shall be determined based on the percentage of any such lot sold on or after the Closing Date;

(vi) all other Liabilities relating to the Purchased Assets or the Products, or Purchaser's use thereof, solely to the extent that such are not Retained Liabilities, including to any Governmental Authority, and all fees arising from or related to any Product Registrations and Intellectual Property included in the Purchased Assets, but only to the extent not related to or arising out of any act, omission or event occurring prior to the Closing; and

(vii) all Liabilities for branded prescription drug fees allocable to the period on and after the Closing Date.

Section 2.5 Retained Liabilities . Notwithstanding any provision in this Agreement, Seller shall retain and be responsible only for the following Liabilities (the " Retained Liabilities "):

(a) all Liabilities of Seller and/or any Affiliate of Seller other than Assumed Liabilities, including all Liabilities related to the Excluded Assets;

(b) all Liabilities of Seller and/or any of its Affiliates under the Ancillary Agreements;

(c) all Liabilities of Seller and/or any of its Affiliates in respect of any Proceeding (whether class, individual or otherwise in nature, in law or in equity) commenced or asserted prior to the Closing, or based on acts or omissions of Seller and/or any of its Affiliates or their respective equityholders, officers, directors or managers occurring prior to the Closing, and arising out of or to the extent relating to or otherwise in any way relating to the Purchased Assets or the Products, including, without limitation, any Liability to any equityholder of Seller or any Affiliate of Seller and including all Liabilities arising out of or related to the litigation described on Schedule 4.6 of the Seller Disclosure Schedules;

(d) all Liabilities of Seller to its suppliers for materials and services relating to the Products that were delivered or provided to Seller prior to Closing;

(e) all Liabilities arising out of or relating to any product liability, breach of warranty or similar claim for injury to any Person or property that resulted from the use or misuse of the Products prior to the Closing Date or otherwise relates to the Products sold (including any Proceeding relating to any such Liabilities) prior to the Closing Date, which, in the case of any split lots of Product, shall be determined based on the percentage of any such lot sold prior to the Closing Date;

(f) any Liability under Seller's employee benefits or compensation arrangements;

(g) all Liabilities for branded prescription drug fees allocable to the period prior to the Closing Date;

(h) all Liabilities for Taxes relating to the Purchased Assets or the Products with respect to a Pre-Closing Tax Period, including those allocated in accordance with Section 11.8(b) ; and

(i) all amounts required to be paid under and in connection with the termination of the [***] Supply Agreement.

Section 2.6 Purchase Price .

(a) On the terms and subject to the conditions set forth herein, in consideration of the sale and transfer of the Purchased Assets, at the Closing, Purchaser shall (i) assume the Assumed Liabilities and (ii) pay an amount in cash equal to Sixty Million Dollars ($60,000,000) (the " Closing Purchase Price " and together with the aggregate amount of all Milestone Payments to be made pursuant to, and in accordance with Section 2.8 hereof, the " Purchase Price ") to Seller in immediately available funds by wire transfer to the account(s) specified in written instructions given by Seller to Purchaser not less than two (2) Business Days prior to the Closing.

(b) To the extent that Purchaser is required under any provision of Law to deduct and withhold Taxes on any payment hereunder, Purchaser shall withhold and deduct from the Purchase Price such required amounts and such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Persons in respect of which such deductions and withholdings were made; provided , however , that Purchaser may deduct such amounts only if Purchaser shall (i) give Seller reasonable advance notice of the intention to make such deduction or withholding; (ii) explain the basis for such deduction or withholding, and (iii) cooperate with Seller to the extent reasonably requested to obtain any applicable reduction of or relief from such deduction or withholding; provided , further , that, except as otherwise required by Law or applicable court order, Purchaser shall not withhold any portion of the Purchase Price if Seller delivers a non-foreign affidavit under Section 1445 of the Code and the Treasury Regulations promulgated thereunder.

(c) The allocation of the Purchase Price among the Purchased Assets and Assumed Liabilities shall be prepared by Purchaser within ninety (90) days following the Closing. Purchaser shall deliver to Seller a copy of such proposed allocation promptly after Purchaser's determination of the proposed allocation, and Seller shall have the right to review and raise any objections in writing to the proposed allocation during the fifteen (15) day period after Seller's receipt thereof. If Seller does not notify Purchaser in writing of a disagreement with the proposed allocation during such fifteen (15) day period, the proposed allocation shall become final. If Seller disagrees with respect to any item in the allocation, the Parties shall negotiate in good faith to resolve the dispute. If the Parties are unable to agree on the allocation within thirty (30) days after the commencement of such good faith negotiations (or such longer period as Seller and Purchaser may mutually agree in writing), then the parties shall refer such dispute to an independent internationally recognized accounting firm (" Independent Accountant ") at that time to review the allocation, and make a determination as to the resolution of such allocation. The determination of the Independent Accountant regarding the allocation shall be delivered as soon as practicable following engagement of the Independent Accountant, but in no event more than sixty (60) days thereafter, and shall be final, conclusive and binding upon Seller and Purchaser, and Purchaser shall revise the original proposed allocation accordingly. Seller, on the one hand, and Purchaser on the other hand, shall each pay one-half of the cost of the Independent Accountant. The finalized allocation shall be binding on Seller and Purchaser for all Tax reporting purposes and Seller and Purchaser agree to refrain from taking any position inconsistent therewith, unless required by applicable Law or a final determination of a Taxing Authority.

Section 2.7 Purchase Price Adjustment .

(a) On the Closing Date, Seller shall deliver to Purchaser a statement (the " Closing Statement ") containing Seller's final calculation of the Closing Date Inventory Value and shall be accompanied with reasonably detailed documentation supporting Seller's calculation thereof. The Closing Statement will be in the form as set forth in Schedule 2.7(a) .

(b) The Purchaser will have a period of twenty (20) Business Days to review the Closing Statement and all calculations set forth therein. Seller shall give Purchaser (upon reasonable advance notice and during normal business hours in a manner that does not materially interfere with Seller's business) reasonable access to the applicable personnel and books and records of Seller and its Affiliates as reasonably requested by Purchaser, as well as use commercially reasonable efforts to cause [***] to provide Purchaser reasonable access to the premises of [***] and the records kept by them of the Inventories, to reasonably enable Purchaser to fully review the Closing Statement and such access shall be provided in a timely manner to allow Purchaser to complete such review in such twenty (20) Business Day period.

(c) The Closing Statement shall be conclusive of the amount of the Closing Date Inventory Value and shall be final and binding upon the Parties unless on or before the twentieth (20 th) Business Day after the date on which the Closing Statement is delivered to Purchaser, Purchaser delivers to Seller a notice of objection (an " Objection Notice ") to any matter stated in the Closing Statement. Any Objection Notice shall specify, in reasonable detail to the extent Purchaser has the available information, those items or amounts as to which Purchaser disputes in good faith and Purchaser shall be deemed to have agreed with all other items and amounts contained in the Closing Statement and the calculations of the Closing Date Inventory Value set forth therein.

(d) If Purchaser fails to deliver an Objection Notice within such twenty (20) Business Day period, Purchaser shall be deemed to have waived its rights to contest the Closing Statement and the calculation of the Closing Date Inventory Value set forth therein shall be deemed to be final and binding upon the Parties (the " Final Inventory Value ") and such amount shall be used for the purposes of adjustment of the Maximum Milestone Payment Amount pursuant to Section 2.7(g) .

(e) If Purchaser delivers an Objection Notice to Seller on or before such twenty (20) Business Day period, then the Parties shall meet within ten (10) Business Days after Purchaser delivers an Objection Notice, by telephone or at a mutually agreeable location to discuss in good faith and attempt to reconcile their differences with respect to the amount of the Closing Date Inventory Value that is being challenged by Purchaser (the " Challenged Amount(s) "). In the event the Parties are unable to reach agreement on the Challenged Amounts, either Party may at any time thereafter submit such remaining disagreements to the Independent Accountant.

(f) The Parties shall use commercially reasonable efforts to cause the Independent Accountant, once appointed, to resolve all remaining disagreements with respect to Challenged Amounts as soon as practicable, but in any event shall direct the Independent Accountant to render a determination within thirty (30) days after retention of the Independent Accountant. Each Party will be afforded the opportunity to present to the Independent Accountant any material such Party deems relevant to the determination. The Independent Accountant shall consider only those items and amounts in Purchaser's and Seller's respective calculations of the Challenged Amounts that are identified as being items and amounts to which Purchaser and Seller have been unable to agree. In resolving any disputed item, the Independent Accountant may not assign a value to any item greater than the greatest value for such item claimed by either Party or less than the smallest value for such item claimed by either Party. The Independent Accountant's determination of the Challenged Amounts shall be based solely on written materials submitted by the Parties (*i.e* ., not on independent review) and on the definitions included in this Agreement. The determination of the Independent Accountant shall be conclusive and binding upon the Parties and shall not be subject to appeal or further review and shall be deemed as the Final Inventory Value for all purposes hereunder. The costs and expenses of the Independent Accountant in determining any Challenged Amounts shall be borne equally by Purchaser, on the one hand, and Seller, on the other hand.

(g) On the date of the binding determination of the Final Inventory Value pursuant to the terms of this Section 2.7 , either (as applicable);

(i) the value of the Maximum Milestone Payment Amount for all purposes hereunder shall be deemed decreased dollar for dollar by the amount by which the Final Inventory Value is *less* than [***] (the " Inventory Shortfall Amount ") or

(ii) the value of the Maximum Milestone Payment Amount for all purposes hereunder shall be increased dollar for dollar by the amount by which the Final Inventory Value *exceeds* [***] (the " Inventory Excess Amount ").

Section 2.8 Milestone Payments .

(a) Milestone Payments .

(i) As additional consideration for the Purchased Assets above and beyond the Closing Purchase Price, Purchaser shall make Annual Milestone Payments (as defined below) to Seller upon the achievement of certain Gross Profit goals in accordance with the specific terms of this Section 2.8 . Annual Milestone Payments (as defined below) shall be earned and payable in accordance with the terms of this Section 2.8 , when, in respect of each applicable four calendar quarter period during the Milestone Payments Term beginning on April 1 and ending on the subsequent March 31 of the following calendar year (each an " Annual Period ", other than in respect of the first period which shall run from the Closing Date through and including March 31, 2017, hereinafter referred to as the " First Annual Period "), Gross Profit arising out of the sale of the Products in each such Annual Period, or the First Annual Period, as applicable, exceeds [***] (an " Annual Gross Profit Milestone ").

(ii) During the period from and after the Closing Date, through the [***] anniversary thereof (the " Milestone Payments Term "), if an Annual Gross Profit Milestone is met, Seller shall be entitled to receive from Purchaser an aggregate amount equal to [***] of all of Purchaser's Gross Profit in excess of [***] arising out of Purchaser's sale of the Products in such applicable Annual Period (or with respect to the First Annual Period, from the Closing Date through and including March 31, 2017) (each payment in respect of an Annual Gross Profit Milestone, an " Annual Milestone Payment "); provided , that the aggregate sum of all Annual Milestone Payments made to Seller pursuant to this Agreement shall not exceed [***], minus any Offset Amounts claimed by Purchaser under Section 9.11 and subject to adjustment in accordance with Section 2.7(f) (the " Maximum Milestone Payment Amount ").

(b) Minimum Milestone Payments .

(i) In respect of the First Annual Period, Seller shall be entitled to a minimum Annual Milestone Payment of [***] *less* the aggregate amount in respect of any Offset Amount claimed by Purchaser in accordance with Section 9.11 *less* , if applicable, the Inventory Shortfall Amount, or *plus* , if applicable, the Inventory Excess Amount (the " First Minimum Milestone Payment "); provided , that in the event the Inventory Shortfall Amount exceeds [***], such excess (the " Inventory Shortfall Excess ") shall reduce future Milestone Payments until the Inventory Shortfall Excess has been reduced to $0; and

(ii) In respect of the Annual Period from April 1, 2017 and ending on March 31, 2018 (the " Second Annual Period "), Seller shall be entitled to a minimum Annual Milestone Payment of [***] *less* the aggregate amount of any Offset Amount claimed by Purchaser in accordance with Section 9.11 and *less* the Inventory Shortfall Excess, if any (the " Second Minimum Milestone Payment ").

(c) Quarterly Advances Against Annual Milestone Payments .

(i) During each Annual Period throughout the Milestone Payments Term, Purchaser shall make quarterly payments to Seller, as advances against the Annual Milestone Payments to be make for such Annual Period (each, a " Quarterly Milestone Payment "), as follows:

(A) In respect of the First Annual Period, Purchaser shall pay to Seller an amount equal to 25% of the First Minimum Milestone Payment on June 30, 2016 and on the last day of each of the next three calendar quarters;

(B) In respect of the Second Annual Period, Purchaser shall pay to Seller an amount equal to 25% of the Second Minimum Milestone Payment on June 30, 2017 and on the last day of each of the next three calendar quarters; and

(C) In respect of each Annual Period after the Second Annual Period, Purchaser will make Quarterly Milestone Payments to Seller on the last day of each calendar quarter during such Annual Period equal to 25% of 90% of Purchaser's good faith estimate of the Annual Milestone Payment expected to be due for such Annual Period (calculated based on Purchaser's budget for Gross Profit attributable to Net Sales of the Products for such Annual Period). A copy of the budget, and any revisions thereof, in each case prepared in good faith by Purchaser, shall be delivered to Seller no later than thirty (30) days after the start of any such Annual Period, or thirty (30) days after such revisions are made.

(ii) All required Quarterly Milestone Payments shall be subject to reduction (without duplication) to the extent of any Inventory Shortfall Excess and any Withheld Milestone Payments created pursuant to Section 9.11 below.

(iii) All or a portion of the Quarterly Milestone Payments made pursuant to clause (i)(C) above shall be subject to repayment to Purchaser in the circumstances set forth in Section 2.8(e) below based on the calculation of Gross Profit for the relevant Annual Period. The Quarterly Milestone Payments made pursuant to clauses (c)(i)(A) or (B) represent the Minimum Annual Milestone Payments due for the First Annual Period and Second Annual Period, respectively, and are not subject to repayment under Section 2.8(e) below.

(d) Quarterly Reports .

No later than forty-five (45) days after the end of each calendar quarter, commencing with the quarter ending June 30, 2016, Purchaser shall provide to Seller, a statement for such calendar quarter containing (i) a Net Sales and a Gross Profit summary showing all sales of the Products by customer and units, (ii) a summary of all deductions relevant to the calculation of Gross Profit of the Products for such calendar quarter, together with copies of all material documentation to support allowable deductions used in computing Gross Profit of the Products during such calendar quarter, (iii) any applicable Offset notification or notification of Withheld Milestone Payments in accordance with the terms of Section 9.11 , and (iv) a summary of all payments of Contingent Consideration received by Purchaser or its Affiliates during such calendar quarter in connection with any Sale Transaction (the " Quarterly Reports "). It is understood that such Quarterly Reports will be provided for information purposes only.

(e) Annual Milestone Payment Statements and Calculation of Annual Milestone Payments .

(i) No later than sixty (60) days after the end of each Annual Period, Purchaser shall deliver to Seller, an annual statement (an " Annual Milestone Payment Statement "), containing (i) a report on Net Sales for the four calendar quarters of the Annual Period in the same format as the Quarterly Reports and containing the same level of detail, (ii) a reasonably detailed calculation of Purchaser's annual Gross Profit related to the Products for such Annual Period, which shall be calculated in accordance with GAAP, (iii) a list of all Quarterly Milestone Payments previously made as an advance against such Annual Milestone Payment, (iv) a list of all payments of Contingent Consideration received by Purchaser or its Affiliates during such Annual Period in connection with any Sale Transaction, and (iv) a certificate signed by the Chief Financial Officer of Purchaser certifying that to the best of his or her knowledge, information and belief, after reasonable investigation, the information set forth in the Annual Milestone Payment Statement is true and correct in all material respects. Such Annual Milestone Payment Statement shall set forth the total aggregate amount of each of (A) the Annual Milestone Payment, and (B) the portion of any Contingent Consideration, that in each case Seller is entitled to receive from Purchaser for the relevant Annual Period and the remaining amount of the Annual Milestone Payment to be paid or the amount of any overpayment thereof.

(ii) Any Annual Milestone Payment due under this Section 2.8 shall be computed by deducting therefrom all Quarterly Milestone Payments and Withheld Milestone Payments allocable thereto, and any balance due to Seller shall be paid by Purchaser, not later than five (5) Business Days following the final determination of the amount of such Annual Milestone Payment in accordance with the terms of Section 2.8(f) ; provided , however that the Annual Milestone Payment for the First Annual Period will not be less than the First Minimum Milestone Payment and the Annual Milestone Payment for the Second Annual Period will not be less than the Second Minimum Milestone Payment.

(iii) In the event that during any Annual Period, the aggregate of the four Quarterly Milestone Payments is greater than the final determination of the amount of the Annual Milestone Payment, Purchaser shall be entitled to offset the amount of (A) the aggregate sum of the four Quarterly Milestone Payments previously made in respect of such Annual Period *less* (B) the applicable finally determined Annual Milestone Payment (the " Milestone Overpayment "), against future Quarterly Milestone Payments which Purchaser is obligated to make to Seller. In the event that the Purchaser is not able to offset the entire amount of the Milestone Overpayment against the next two subsequent Quarterly Milestone Payments following the final determination of any Annual Milestone Payment, then Seller shall pay to Purchaser the difference equal to (A) the Milestone Overpayment *less* (B) the amount of the Milestone Overpayment offset by the Purchaser against such subsequent two Quarterly Milestone Payments, not later than five (5) Business Days following demand therefor by Purchaser.

(f) Procedures Applicable to Annual Milestone Payments Dispute Resolutions .

(i) Seller will have a period of twenty (20) Business Days to review the Annual Milestone Payment Statement and all calculations set forth therein. Purchaser shall give Seller access to the relevant financial personnel and books and records of Purchaser as reasonably requested by Purchaser to enable it to fully review the Annual Milestone Payment Statement and such access shall be provided in a timely manner to allow Seller to complete such review in such twenty (20) Business Day period.

(ii) The Annual Milestone Payment Statement shall be conclusive of the amount of the applicable Annual Milestone Payment and (if applicable) the portion of any Contingent Consideration payable to Seller pursuant to the terms of this Agreement, and shall be final and binding upon the Parties unless before the twentieth (20 th) Business Day after the date on which the Annual Milestone Payment Statement is delivered to Seller, Seller delivers to Purchaser an Objection Notice to any matter stated in the Annual Milestone Payment Statement. Any Objection Notice shall specify, in reasonable detail, those items or amounts as to which Seller disputes in good faith, and Seller shall be deemed to have agreed with all other items and amounts contained in the Annual Milestone Payment Statement and the calculations of the Annual Milestone Payment and (if applicable) the portion of any Contingent Consideration payable to Seller set forth therein.

(iii) If Seller fails to deliver an Objection Notice within such twenty (20) Business Day period, Seller shall be deemed to have waived its rights to contest the Annual Milestone Payment Statement and the calculation of the Annual Milestone Payment and (if applicable) the portion of any Contingent Consideration payable to Seller set forth therein shall be deemed to be final and binding upon the Parties.

(iv) If Seller delivers an Objection Notice to Purchaser on or before such twenty (20) Business Day period, then the Parties shall meet within ten (10) Business Days after Seller delivers an Objection Notice, by telephone or at a mutually agreeable location to discuss in good faith and attempt to reconcile their differences with respect to the Annual Milestone Payment Statement or the amount of the Annual Milestone Payment or portion of any Contingent Consideration that is being challenged by Seller (the " Challenged Amount(s) "). In the event the Parties are unable to reach agreement on the Challenged Amounts, Seller may at any time thereafter submit such remaining disagreements to the Independent Accountant.

(v) The Parties shall use commercially reasonable efforts to cause the Independent Accountant, once appointed, to resolve all remaining disagreements with respect to Challenged Amounts as soon as practicable, but in any event shall direct the Independent Accountant to render a determination within thirty (30) days after retention of the Independent Accountant. The Independent Accountant shall be granted access to the records of Purchaser during reasonable business hours for the purpose of verifying, at Seller's expense, Gross Profit for the Annual Period under review. The results of the Independent Accountant's audit shall be final and binding on all Parties. If Purchaser or Seller is required to reimburse the other Party for an underpayment or overpayment (in any amount) such Party shall do so within five (5) Business Days of their receipt of notice of the results of the Independent Accountant's audit.

(g) Full Acceleration of Milestone Payments . If any of the following events occurs at any time prior to expiration of the Milestone Payments Term, Purchaser shall pay to Seller by wire transfer of immediately available funds no later than five (5) Business Days after the occurrence of such event an amount equal to the Maximum Milestone Payment Amount *less* the aggregate amount of all Quarterly Milestone Payments already paid by Purchaser to Seller *less* Withheld Amounts:

(i) Purchaser dissolves, or is adjudicated insolvent or bankrupt;

(ii) a Change of Control occurs; or

(iii) if Purchaser (*x*) materially breaches any of the covenants set forth in Section 6.17(a)(i) , (*y*) Purchaser does not cure such breach during the applicable Cure Period after its receipt of written notice of such breach as provided in such section, and (*z*) a court has "finally determined" that Purchaser has breached the covenants set forth in Section 6.17(a)(i) . For purposes of this Section 2.8(g)(iii) , a "finally determined" breach of the covenant shall occur on the date of any final decision, order, judgment or decree of a court of competent jurisdiction regarding such breach, which final decision, order, judgment or decree is not subject to further proceedings or appeals and is finally binding upon the Parties.

(h) Partial Acceleration of Milestone Payments . Notwithstanding anything to the contrary herein or otherwise, Purchaser may transfer, assign or otherwise sell both of the Products together in a single or related transactions to any one Person or related Persons prior to the expiration of the Milestone Payments Term (a " Sale Transaction "), subject in all respect to the terms set forth in this Section 2.8(h) . Purchaser shall pay to Seller by wire transfer of immediately available funds no later than five (5) Business Days after the consummation of any such Sale Transaction an amount equal to the lesser of (x) [***] of the Sale Profit and (y) the remaining Maximum Milestone Payment Amount (the " Partial Acceleration Milestone Payment "). For all purposes hereof, " Sale Profit " shall be equal to [***]. To the extent any Contingent Consideration shall be payable to Purchaser as a result of any such Sale Transaction, Purchaser shall further pay to Seller an amount equal to [***] of such Contingent Consideration received by Purchaser, which shall be due and payable to Seller not later than five (5) Business Days following the final determination of such amount in accordance with the procedures set forth in Section 2.8(f) . Notwithstanding anything to the contrary herein, if the sum of (A) a Partial Acceleration Milestone Payment *plus* (B) the Milestone Payments calculated as payable but not paid because of any offsets against or reductions to such amounts validly taken in accordance with the terms of this Agreement, calculated as of the date of the consummation of the applicable Sale Transaction, is less than the Maximum Milestone Payment Amount, such Sale Transaction shall not be permitted hereunder and shall be deemed null and void for all purposes, unless such third party purchaser of the Products in connection with such Sale Transaction duly executes a written agreement to assume all of Purchaser's obligations hereunder in respect to the remaining Milestone Payments, and provided that Purchaser shall remain liable in full for the performance of all of its obligations hereunder and for any breach by its assignee.

(i) No Security . The parties hereto understand and agree that (i) the contingent rights to receive the Quarterly Milestone Payments shall not be represented by any form of certificate or other instrument, are not transferable, except by operation of Laws and do not constitute an equity or ownership interest in Purchaser, (ii) Seller shall not have any rights as a securityholder of Purchaser as a result of Seller's contingent right to receive the Quarterly Milestone Payments, and (iii) no interest is payable with respect to the Quarterly Milestone Payments.

(j) Milestone Payments Escrow Account .

(i) Purchaser's obligation to make Quarterly Milestone Payments pursuant to, and in accordance with, this Section 2.8 shall be secured by Five Million U.S. Dollars ($5,000,000) (the " Milestone Payments Escrow Funds "), which Milestone Payments Escrow Funds shall be deposited in full by Purchaser at the Closing into a segregated escrow account designated by the Escrow Agent not less than two (2) Business Days prior to the Closing, all in accordance with the terms of the Escrow Agreement. Subject to Section 2.8(j)(ii) , the Milestone Payments Escrow Funds shall remain in the segregated escrow account until the first to occur of (a) the [***] anniversary of the Closing Date, on which date all of the then remaining Milestone Payments Escrow Funds shall be released to Purchaser and (b) the date on which the amount of the difference equal to (*x*) the Maximum Milestone Payment Amount (as adjusted pursuant to Section 2.7(g)) *less* (*y*) the aggregate sum of all Milestone Payments previously made to Seller pursuant to the terms of this Section 2.8 *less* (z) the aggregate Excess Amount held by the Escrow Agent, is equal to, in the aggregate, less than Five Million U.S. Dollars ($5,000,000), following which the Milestone Payments Escrow Funds shall be released to Purchaser in accordance with the terms of the Escrow Agreement such that the sum of (A) the amount retained in the Milestone Payments Escrow Funds *plus* (B) the aggregate sum of all Milestone Payments made to Seller pursuant to this Section 2.8 is equal to the Maximum Milestone Payment Amount *less* any Excess Amount held by the Escrow Agent.

(ii) In the event Purchaser consummates a Sale Transaction in accordance with and subject to, the terms of this Agreement, and in connection with such Sale Transaction the applicable third party purchaser deposits into escrow for the benefit of Seller and such third party, as of the closing of such Sale Transaction, an amount equal to the remaining Milestone Payments Escrow Funds on the same terms set forth in this Agreement and the Escrow Agreement, Seller hereby agrees to execute with Purchaser a joint written instruction directing the Escrow Agent to release any remaining Milestone Payments Escrow Funds to Purchaser.

ARTICLE III

CLOSING

Section 3.1 Closing . (a) The Closing shall take place remotely via the exchange of documents and signatures by electronic mail and overnight courier service on (i) the second (2 nd) Business Day following the satisfaction (or, to the extent permitted hereby and by applicable Law, waiver) of the conditions set forth in Article VIII (other than the conditions that by their nature are to be satisfied by actions to be taken on the Closing Date, but subject to the waiver or satisfaction of such conditions) or (ii) at such other time and place as the Parties may mutually agree in writing. The date on which the Closing occurs is called the " Closing Date ." The Closing shall be deemed to occur and be effective as of 12:01 a.m. on the Closing Date.

(b) At the Closing, Seller shall deliver or cause to be delivered to Purchaser the following instruments and documents, in each case, in form and substance reasonably acceptable to Purchaser:

(i) a receipt for payment of the Closing Purchase Price;

(ii) a certificate of an authorized officer of Seller as to the resolutions adopted by the members, board of managers or similar governing body of Seller relating to the transactions contemplated hereby;

(iii) executed copies of the Required Third Party Consents;

(iv) assignments of Assumed Contracts, duly executed by Seller or its applicable Affiliate;

(v) the Bill of Sale, duly executed by an authorized officer of Seller;

(vi) the Escrow Agreement, duly executed by an authorized officer of Seller;

(vii) (A) general patent assignments and general trademark assignments, in recordable form, with respect to patents and trademarks included within the Purchased Assets, duly executed by Seller;

(B) general assignments executed by all of the Seller Affiliates assigning to Purchaser all right, title and interest they may have in and to any of the Purchased Assets;

(viii) physical or, to the extent available, electronic copies of the Purchased Documents including copies of all the Purchased Documents comprising the NDA;

(ix) executed copies of the FDA transfer letters referenced in Section 6.10 ;

(x) a duly executed non-foreign affidavit under Section 1445 of the Code and the Treasury Regulations promulgated thereunder;

(xi) the Services Agreement, duly executed by an authorized officer of Seller;

(xii) the Trademark License-Back Agreement, duly executed by an authorized officer of Seller;

(xiii) a new supply agreement with [***], substantially in the form attached hereto as Exhibit F (the "[***] Supply Agreement "), duly executed by an authorized officer of Seller and [***], together with an assignment thereof from Seller to Purchaser consented to by [***];

(xiv) a side letter, in form and substance reasonably satisfactory to Purchaser, duly executed by authorized officers of the applicable Affiliates of Seller, addressing only those matters set forth in Exhibit G (the " Side Letter ");

(xv) evidence reasonably satisfactory to Purchaser of the termination of (A) that certain Supply Agreement for Inderal ® LA dated as of February 4, 2014 between the Seller and [***] (the "[***] Supply Agreement "), together with evidence that all payments required in connection with such termination have been paid, and (B) that distribution agreement between the Company and Rouses Point Pharmaceuticals LLC to the extent related to distribution rights with respect to the Products;

(xvi) either (A) evidence in form and substance reasonably satisfactory to Purchaser that those Liens on the Purchased Assets (other than Permitted Encumbrances) set forth on Schedule 1.1(b) have been or will be released at the Closing or (B) written authorization from the appropriate Lien holders authorizing Purchaser to file terminations or releases of such Liens set forth on Schedule 1.1(b) ; and

(xvii) copies of wholesaler inventory reports and an inventory report from [***], each as of the day prior to the Closing Date.

(c) At the Closing, Purchaser shall deliver or cause to be delivered to Seller, the following: (x) the Closing Purchase Price, as provided in Section 2.6(a) , and (y) the following instruments and documents, in each case, in form and substance reasonably acceptable to Seller:

(i) Assignments of Assumed Contracts duly executed by Purchaser;

(ii) executed assumption agreements and all other instruments appropriate to evidence Purchaser's assumption of the Assumed Liabilities;

(iii) certificates of an authorized officer of Purchaser as to the resolutions adopted by the Boards of Directors of Purchaser relating to the transactions contemplated hereby;

(iv) the Escrow Agreement, duly executed by an authorized officer of Purchaser;

(v) the Services Agreement, duly executed by an authorized officer of Purchaser;

(vi) the Trademark License-Back Agreement, duly executed by an authorized officer of Purchaser; and

(vii) the Side Letter, duly executed by an authorized officer of Purchaser.

(d) At the Closing, Purchaser shall deliver or cause to be delivered to the Escrow Agent the Milestone Payments Escrow Fund pursuant to the Escrow Agreement and in accordance with Section 2.8(a) .

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF SELLER

Except as set forth in the correspondingly numbered section of the disclosure schedules attached hereto that relates to such Section of this Agreement (the " Seller Disclosure Schedules "), Seller hereby makes the representations and warranties contained in this Article IV to Purchaser.

Section 4.1 Organization . Seller is (i) a limited liability company duly organized, validly existing and in good standing under the Laws of Delaware and (ii) is duly qualified or licensed to do business and is in good standing in each jurisdiction in which such qualification or licensing is necessary under applicable Laws or where the Exploitation of Seller's Products requires such qualification, except where the failure to be so qualified would not have a Material Adverse Effect. Seller has no Subsidiaries.

Section 4.2 Authority; Binding Effect . (a) Seller has all requisite limited liability company power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby and perform its obligations hereunder. The execution, delivery and performance by Seller of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary limited liability action on behalf of Seller.

(b) This Agreement has been duly executed and delivered by Seller and, assuming the valid execution and delivery by Purchaser, constitutes a valid and binding obligation of Seller, and each Ancillary Agreement will be, prior to the Closing, duly executed and delivered by Seller and will, assuming the valid execution and delivery by Purchaser, from and after the Closing, constitute a valid and binding obligation of Seller, in each case enforceable against Seller in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or similar laws affecting creditors' rights generally or by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or law) (the " Bankruptcy and Equity Exception ").

Section 4.3 No Conflicts; Consents . The execution, delivery and performance of this Agreement and the Ancillary Agreements by Seller and the consummation of the transactions contemplated hereby and thereby do not and will not (i) violate any provision of the organizational documents of Seller; (ii) subject to obtaining the Required Third Party Consents as well as the other consents referred to in Schedule 4.3 of the Seller Disclosure Schedules, conflict with, or result in the breach of, constitute a default under, result in the termination, cancellation or acceleration (whether after the giving of notice or the lapse of time or both) of any right or obligation of Seller under, or to a loss of any benefit to which Seller is entitled under, any Assumed Contract, or any other Contract to which the assets of Seller or any of its Affiliates are subject to the extent such relate to the Purchased Assets; and (iii) assuming compliance with the matters set forth in Section 4.4 and Section 5.5 , violate or result in a breach of or constitute a default under any Law or other restriction of any Governmental Authority to which Seller is subject; except, with respect to clauses (ii) and (iii) , for any violations, breaches, conflicts, defaults, terminations, cancellations or accelerations as would not reasonably be expected to be material to the Business, Purchased Assets or the Products.

Section 4.4 Governmental Authorization . The execution and delivery of this Agreement and the Ancillary Agreements by Seller or any Affiliate thereof does not require any consent or approval of any Governmental Authority included within the Required Third Party Consents.

Section 4.5 Absence of Material Changes . Except as otherwise contemplated or permitted by this Agreement, from December 31, 2014 to the date of this Agreement:

(a) there has not been any Material Adverse Effect; and

(b) other than with respect to the transactions contemplated by this Agreement and the exploration of strategic alternatives for the Purchased Assets by Seller, Seller operated the Purchased Assets, in all material respects, in the ordinary course of business.

Section 4.6 No Litigation . No proceeding by or before any Governmental Authority is pending against or, to the Knowledge of Seller, threatened in writing against Seller with respect to the Purchased Assets that would reasonably be expected to be material to the Business, the Purchased Assets and the Products, taken as a whole, or that in any manner challenges or seeks to prevent, enjoin, alter or materially delay the transactions contemplated by this Agreement or the Ancillary Agreements. None of Seller or any of its Purchased Assets are subject to any Governmental Order or arbitration award that is material to the Purchased Assets, taken as a whole, or that imposes any material limitation on the ability of Seller to operate its Business as currently conducted.

Section 4.7 Compliance with Laws . Except as to matters otherwise set forth in this Agreement:

(a) Since February 4, 2014, Seller and its Affiliates have operated the Business in material compliance with all Laws applicable to the Purchased Assets, including the FDA Act; and

(b) Seller possesses all Governmental Authorizations necessary for the operation of the Business and the Purchased Assets as currently conducted; and

(c) since February 4, 2014, no Governmental Authority has notified Seller or any Affiliate of Seller in writing that Seller or an Affiliate of Seller (with respect to the Product, the Purchased Assets or the operation of the Business) is in violation of any applicable Law.

Section 4.8 Product Registrations; Regulatory Compliance.

(a) Schedule 4.8(a) of the Seller Disclosure Schedules sets forth, as of the date hereof, a list of all Product Registrations with respect to any Products in the United States, which constitute all material registrations, applications, approvals, licenses or permits granted by any Governmental Authority and used by Seller or any Affiliate of Seller in the Exploitation of the Products since February 4, 2014.

(b) All of the Products sold under the Product Registrations are, and at all times since February 4, 2014, have been manufactured and marketed in accordance with the specifications and standards contained in such Product Registrations and in accordance with applicable Laws, except where the failure to comply therewith would not reasonably be expected to be material to the Business, the Purchased Assets and the Product, taken as a whole.

(c) Seller is the sole and exclusive owner of the Product Registrations, free and clear of any Liens, other than Permitted Encumbrances.

(d) (i) The Product Registrations are in full force and effect, (ii) all product fees, establishment fees and other fees invoiced by or payable to any Governmental Authority with respect to any of the Product Registrations for the annual period commencing October 1, 2015, have been paid (other than any branded prescription drug fees that are Assumed Liabilities) and (iii) there are no Proceedings pending (or, to the Knowledge of Seller, threatened) which could result in the revocation, cancellation or suspension of any of the Product Registrations.

(e) No right of reference has been granted to any Person with respect to any of the Product Registrations.

(f) To the Knowledge of Seller, there are no pending requirements to conduct any Phase IV or other clinical studies with respect to any Product of Seller in the United States for any approved indication.

(g) Neither Seller nor any of Seller's Affiliates or any of their respective contractors has (nor, to the Knowledge of Seller, has any other Person) at any time since February 4, 2014: (i) received or been subject to a warning letter, untitled letter, Form FDA 483, or any other similar Governmental Authority notice or action relating to any Product; (ii) been subject to any Governmental Authority detention, seizure, injunction, consent decree, notice of criminal investigation, indictment, sentencing memorandum, plea agreement, court order, target or no-target letter, or other investigation relating to any Product; or (iii) initiated or been subject to any product recall, market withdrawal, stock replacement or post-sale warning relating to any Product.

Section 4.9 Intellectual Property .

(a) Schedule 4.9(a)(i) – (iv) of the Seller Disclosure Schedules set forth a true and correct list of all (i) Patent Rights, (ii) applications and registrations for Trademarks, (iii) URL registrations and (iv) applications and registrations for Copyrights, in each case to the extent owned by Seller or any Seller Affiliate and used in connection with the Exploitation of Products as of the date of this Agreement (" Owned Intellectual Property ").

(b) Except as set forth on Schedule 4.9(b)(i) – (iii) of the Seller Disclosure Schedule:

(i) there is no action or proceeding pending, nor any notice of any objection or claim (other than objections or claims that have been previously resolved) asserted in writing or, to the Knowledge of Seller, threatened by any Person, with respect to or challenging, the ownership, validity or enforceability of any Owned Intellectual Property (or, to the Knowledge of Seller, any Intellectual Property licensed to Seller or a Seller Affiliate pursuant to an Assumed Contract (" Licensed Intellectual Property "));

(ii) the Owned Intellectual Property and the rights of Seller or a Seller Affiliate to any Licensed Intellectual Property are free and clear of any Liens, other than Permitted Encumbrances; and

(iii) none of the Owned Intellectual Property (nor, to the Knowledge of Seller, the rights of Seller or a Seller Affiliate to any Licensed Intellectual Property) is the subject of (A) any pending (or, to the Knowledge of Seller, threatened) material adverse claim, judgment, injunction, order, decree or agreement restricting (1) its use in connection with any Product or (2) assignment thereof to Purchaser as contemplated hereunder, or (B) any other pending (or, to the Knowledge of Seller, threatened) material litigation or claim of infringement.

(c) Except for the rights and assets set forth on Schedule 4.9(c) of the Seller Disclosure Schedules, the (i) Owned Intellectual Property, (ii) the rights of Seller to Licensed Intellectual Property under the Assumed Contracts, (iii) any Intellectual Property with respect to the Seller Company Identifiers and (iv) the Licensed Know-How, collectively, include all of the material Intellectual Property used by Seller or any Affiliate of Seller to Exploit the Products since February 4, 2014.

(d) Except as set forth on Schedule 4.9(d) , the Exploitation of Seller's Products in the manner in which such Products have been Exploited since February 4, 2014, does not infringe, misappropriate or otherwise violate any Intellectual Property or proprietary right of any Person.

(e) Except as set forth on Schedule 4.9(e) of the Seller Disclosure Schedule, Seller has not granted any license, option or other rights with respect to any of its Owned Intellectual Property or, with respect to the Products, any rights of Seller to any Licensed Intellectual Property to any other Person, in each case to the extent such license, option or other rights is material to the Exploitation of the Products.

Section 4.10 Assets .

(a) Except as otherwise provided in this Agreement, Seller owns or has the legal right to use all of its Purchased Assets. Seller has good and marketable title to all its Purchased Assets (other than Product Registrations and Intellectual Property, which are the subject of Section 4.8 and Section 4.9 , respectively), free of Liens, except for Permitted Encumbrances.

(b) Except for the rights and assets set forth on Schedule 4.10 of the Seller Disclosure Schedules, the Purchased Assets, together with the rights granted to Purchaser under the Ancillary Agreements, constitute all of the assets and rights of Seller, its Affiliates and/or [***] pertaining to the Products or used or held for use by Seller in the Exploitation of the Products. Except as set forth on Schedule 4.10 of the Seller Disclosure Schedules, neither [***], nor any Affiliate of Seller has any rights to or interest in any of the Purchased Assets, except for such rights or interest that will be assigned to Purchaser at the Closing.

Section 4.11 Taxes .

(a) Seller has duly and timely filed, including extensions (or caused to be filed) with the appropriate Taxing Authorities all income and other material Tax Returns relating to its Purchased Assets required to be filed. No claim has ever been made in writing by a Taxing Authority in any jurisdiction where Seller does not file Tax Returns that Seller is or may be subject to taxation by that jurisdiction as a result of its operation, ownership or use of Purchased Assets.

(b) Seller has paid (or caused to be paid) all income and other material Taxes relating to its Purchased Assets due and payable (whether or not shown on any Tax Return) on or prior to the Closing Date. Seller has withheld or collected (or caused to be withheld or collected) all material Taxes relating to its Purchased Assets required to be withheld or collected.

(c) There are no Liens for Taxes, nor, to the Knowledge of Seller, is any Taxing Authority in the process of imposing any Lien, on the Purchased Assets, other than for Permitted Encumbrances set forth in clause (ii) of such definition. There are no written claims, assessments, deficiencies or other adjustments for Taxes against Seller which, if not satisfied or resolved, would result in a Lien on the Purchased Assets, other than for Permitted Encumbrances set forth in clause (ii) of such definition, that would survive the Closing Date or in a Liability of Purchaser or its Affiliates as a transferee of or successor to Seller's Purchased Assets.

(d) Seller has not waived any statute of limitations, agreed to any extension of time, or entered into any written agreement in respect of Taxes, the nonpayment or underpayment of which would result in a Lien on its Purchased Assets, other than for Permitted Encumbrances set forth in clause (ii) of such definition, that would survive the Closing Date, or in a Liability of Purchaser or its Affiliates as a transferee of or successor to such Purchased Assets.

Section 4.12 Contracts .

(a) Schedule 4.12(a) of the Seller Disclosure Schedules sets forth, as of the date of this Agreement, a true, correct and complete list of all of the Assumed Contracts (including all amendments or modifications thereto), to which Seller is a party which are used in the Exploitation of the Products or by which any of its Purchased Assets are bound, including:

(i) any Contract that, in accordance with its terms, requires aggregate payments of [***] or more within the twelve (12) month period following the date hereof and that is not cancelable without Liability on sixty (60) or fewer days' notice to the other party thereto;

(ii) any Contracts or agreements relating to or evidencing indebtedness in excess of [***] which is secured in whole or part by the Purchased Assets;

(iii) any Contracts that contain any non-compete or exclusivity provisions (or obligates Purchaser or any of its Affiliates to enter into any non-compete or exclusivity arrangements following the Closing) with respect to any line of business or geographic area;

(iv) any Contract that requires (or would require upon the happening of a contingency) the disposition of any assets or line of business of Seller prior to Closing, or by Purchaser or any of its Affiliates following the Closing;

(v) any Contract that grants a contractual counterparty "most favored nation" or similar status;

(vi) any Contract that restricts the conduct of any line of business (including the ability to research, develop, distribute, sell, supply, market or manufacture any product (including products under development) for any indication in any product market, therapeutic area or geographic area) by Purchaser or any of its Affiliates following the Closing;

(vii) any Contract that requires or obligates Purchaser or any of its Affiliates to purchase specified minimum amounts of any product or material or to perform or conduct research, clinical trials or development for the benefit of any Person other than Purchaser or any of its Affiliates;

(viii) any Contract that prohibits or limits in any material respect the right of Seller prior to Closing, or Purchaser or any of its Affiliates following the Closing, to make, sell or distribute any products or services or use, transfer, license, distribute or enforce any of its Intellectual Property;

(ix) any Contract that could reasonably be expected to account for sales of one or more of the Products by Seller or any Seller Affiliate of [***] or more in the aggregate during the fiscal years ending December 31, 2015 or 2016;

(x) any Contract that is a settlement agreement, other than (A) releases or separation agreements entered into with former employees or current or former independent contractors and (B) settlement agreements under which there are no continuing obligations, Liabilities or rights (excluding releases);

(xi) any Contract pursuant to which Seller is granted a license, covenant not to sue, option or other right with respect to any Licensed Intellectual Property that is material to the Exploitation of the Products;

(xii) any Contract pursuant to which Seller grants a third party a license, covenant not to sue, option or other right with respect to any Purchased Intellectual, excluding licenses, covenants not to sue, options and other rights granted in the ordinary course of business; and

(xiii) any Contract that contains any liability or obligation to indemnify any Person against any Tax Liability or to share any Tax Liability with any Person (other than commercial Contracts, the primary purpose of which is not related to Taxes, none of which are Assumed Contracts).

(b) Seller has made available to Purchaser true, complete and correct copies of all Assumed Contracts including any and all amendments, supplements or modifications thereto, or detailed descriptions of any oral Assumed Contracts, to which it is a party. Each Assumed Contract is a legal, valid and binding obligation, and is enforceable against Seller, and, to the Knowledge of Seller, the other party thereto, and is in full force and effect, subject to the Bankruptcy and Equity Exception. Neither Seller nor, to the Knowledge of Seller, any other party thereto (i) is in breach or violation of, or default under, or has delivered a notice of termination of, any such Assumed Contract and no event has occurred that, with the giving of notice or lapse of time or both, would constitute a breach or default of any such Assumed Contract, (ii) has not communicated any intention or threat to Seller, to reduce the prices it will pay to Seller pursuant thereto, to terminate or to cancel any such Assumed Contract or has failed to renew or extend the term of any such Assumed Contract upon the expiration of any such term.

(c) From and after the Closing, the Purchaser will have no obligation to make any payment to or perform any obligation for the benefit of any Affiliate of Seller (whether pursuant to an Assumed Contract or otherwise), except to the extent set forth herein or in an Ancillary Agreement

(d) Schedule 4.12(d) of the Seller Disclosure Schedules sets forth, as of the date of this Agreement, a true, correct and complete list, with respect to the Products, any Contract between Seller or any Seller Affiliate and each of (A) the ten (10) largest customers and (B) the two sole suppliers of the Products during either the fiscal year ended December 31, 2014 or the fiscal year ended December 31, 2015.

Section 4.13 Financial Statements .

(a) Seller has provided to Purchaser a correct and complete copy of an audited balance sheet (including any related notes thereto) of Seller for the year ended December 31, 2014 together with the audited statement of income and cash flows for the year ended December 31, 2014 (the " Audited Financial Statements "). The Audited Financial Statements were prepared in accordance with GAAP applied on a consistent basis throughout the periods involved (except as may be indicated in the notes thereto), are consistent with and were prepared from the books and records of Seller, and fairly present in all material respects the financial condition, results of its operations and income and cash flows of Seller as of the of the respective dates thereof and for the respective periods, except as otherwise set forth in the notes thereto.

(b) Seller has provided to Purchaser a correct and complete copy of the unaudited balance sheet of Seller for the three (3) month period ended September 30, 2015, together with the unaudited consolidated statement of income and cash flows for the three (3) month period ended on September 30, 2015 (the " Unaudited Financial Statements " and, collectively with the Audited Financial Statements, the " Financial Statements "). The Unaudited Financial Statements were prepared in accordance with GAAP applied on a consistent basis throughout the periods involved (except as may be indicated in any notes thereto), are consistent with and were prepared from the books and records of Seller, and fairly present in all material respects the financial condition, results of its operations and income and cash flows of Seller as of the respective dates thereof and for the respective periods indicated, except that the Unaudited Financial Statements do not contain notes and are subject to normal year-end adjustments (none of which would be materially adverse).

(c) Section 4.13(c) of the Seller Disclosure Schedule sets forth, in all material respects, a complete and correct calculation of Net Sales and Gross Profits of Seller and its Affiliates, based on unaudited financial statements available as of the date hereof, with respect to the Products (calculated on a consolidated basis and consistent with and prepared from the books and records of Seller) for the year ended December 31, 2015.

(d) Seller maintains books and records accurately reflecting its material assets and material liabilities and a system of internal controls that management reasonably believes is sufficient to ensure that transactions are recorded as necessary to permit preparation of financial statements of Seller in conformity with GAAP and to maintain asset accountability, and to provide adequate assurance that material transactions and access to assets are authorized only by management. Such books and records are accurate and complete in all material respects. Seller does not maintain any off-the-book accounts. Seller has disclosed to Purchaser any known or, to the knowledge of Seller, alleged fraud, respecting Seller or any Affiliate of Seller since February 4, 2014, that involves management or other employees who have had a significant role in the internal control over financial reporting.

Section 4.14 Suppliers and Customers . No customer or supplier identified in Section 4.14 of the Seller Disclosure Schedule has, since January 1, 2015, ceased, failed to renew or materially altered its relationship with Seller or an Affiliate of Seller with respect to the Business in a manner adverse to Seller or such Affiliate or, to the Knowledge of Seller, has threatened in writing to cease or materially alter such relationship in a manner materially adverse to Seller or its Affiliate. No such customer has notified Seller or an Affiliate of Seller in writing, that it shall stop, or materially decrease the rate of, buying Products from Seller or an Affiliate of Seller which would be materially adverse to Seller or its Affiliate. No such supplier has notified Seller or an Affiliate of Seller in writing that it shall stop, or materially decrease the rate of, supplying materials, products or services to Seller or an Affiliate of Seller with respect to the Business which would be materially adverse to Seller.

Section 4.15 Brokers . Except as set forth on Schedule 4.15 of the Seller Disclosure Schedule (whose fees will be paid by Seller), no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Seller.

Section 4.16 Inventories . As of the Closing, the Inventories: (i) are in material compliance with all applicable specifications, (ii) have been manufactured in all material respects in accordance with current Good Manufacturing Practices, as set forth in the United States Code of Federal Regulations, and (iii) are not misbranded or adulterated, within the meaning of the Food, Drug and Cosmetics Act.

Section 4.17 Ordinary Course . Except as set forth on Schedule 4.17 of the Seller Disclosure Schedule, since January 1, 2015, the Seller and each of its Affiliates has maintained the Purchased Assets and Exploited the Products in the ordinary course of business consistent in all material respects, with past practice. Except as set forth on Schedule 4.17 of the Seller Disclosure Schedule, since September 30, 2015, neither Seller nor any Affiliate of the Seller has offered any discounts or sales promotions intended to increase sales of the Products, except as required under Contracts existing as of such date.

Section 4.18 Base Period AMP . The base period AMP set forth on Schedule 4.18 for each of the Products has been calculated in accordance with all applicable Laws, and to Seller's knowledge, there are no facts or circumstances that would require a restatement of the base period AMP for any Product.

Section 4.19 No Other Representations or Warranties . EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES EXPRESSLY CONTAINED IN THIS Article IV (AS MODIFIED BY THE SELLER DISCLOSURE SCHEDULES), NEITHER SELLER NOR ANY OTHER PERSON MAKES ANY OTHER EXPRESS OR IMPLIED (BY STATUTE OR OTHERWISE), REPRESENTATION OR WARRANTY WITH RESPECT TO SELLER, THE PURCHASED ASSETS, OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, THE ASSUMED LIABILITIES AND ANY OTHER RIGHTS OR OBLIGATIONS TO BE TRANSFERRED HEREUNDER OR PURSUANT HERETO, AND SELLER DISCLAIMS ANY OTHER REPRESENTATIONS OR WARRANTIES, WHETHER MADE BY SELLER OR ANY OF ITS AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR REPRESENTATIVES, AND WITHOUT LIMITING THE EXPRESS REPRESENTATIONS AND WARRANTIES OF SELLER SET FORTH HEREIN (AS MODIFIED BY THE SELLER DISCLOSURE SCHEDULES), IT IS THE EXPLICIT INTENT AND UNDERSTANDING OF EACH PARTY HERETO THAT PURCHASER TAKES THE PURCHASED ASSETS "AS IS," "WHERE IS" AND "WITH ALL KNOWN AND UNKNOWN FAULTS." EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES EXPRESSLY CONTAINED IN THIS Article IV (AS MODIFIED BY THE SELLER DISCLOSURE SCHEDULES) OR IN THE ANCILLARY AGREEMENTS, SELLER HEREBY DISCLAIMS ALL LIABILITY AND RESPONSIBILITY FOR ANY REPRESENTATION, WARRANTY, PROJECTION, FORECAST, STATEMENT, OR INFORMATION MADE, COMMUNICATED OR FURNISHED (ORALLY OR IN WRITING) TO PURCHASER OR ITS AFFILIATES OR REPRESENTATIVES (INCLUDING ANY OPINION, INFORMATION, PROJECTION OR ADVICE THAT MAY HAVE BEEN OR MAY BE PROVIDED TO PURCHASER BY ANY DIRECTOR, OFFICER, EMPLOYEE, AGENT, CONSULTANT OR REPRESENTATIVE OF SELLER OR ANY OF ITS AFFILIATES). SELLER MAKES NO REPRESENTATIONS OR WARRANTIES TO PURCHASER REGARDING THE PROBABLE SUCCESS OR PROFITABILITY OF THE PURCHASED ASSETS OR THE PRODUCTS.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Except as set forth in the section of the disclosure schedules attached hereto that relates to such Section of this Agreement (the " Purchaser Disclosure Schedules "), Purchaser hereby represents and warrants to Seller as follows:

Section 5.1 Organization and Qualification . Purchaser is a corporation duly organized, validly existing and in good standing under the Laws of the jurisdiction of its incorporation and has full corporate power and authority to conduct its business as it is presently being conducted and to own and lease its properties and assets.

Section 5.2 Corporate Authorization . No vote of holders of capital stock of Purchaser or any of its Affiliates is necessary to approve this Agreement or the transactions contemplated by this Agreement. Purchaser has all requisite corporate power and authority to execute and deliver this Agreement and each Ancillary Agreement to which it will be a party, and to perform its obligations hereunder and thereunder. The execution, delivery and performance by Purchaser of this Agreement and each such Ancillary Agreement, and the performance by Purchaser of its obligations hereunder and thereunder, have been duly authorized by all requisite or other legal entity action on the part of Purchaser.

Section 5.3 Binding Effect . This Agreement has been duly executed and delivered by Purchaser and constitutes a valid and binding obligation of Purchaser, and each Ancillary Agreement will be, prior to the Closing, duly executed and delivered by Purchaser and will, after the Closing, constitute a valid and binding obligation of Purchaser, in each case, enforceable against Purchaser in accordance with its terms subject to the Bankruptcy and Equity Exception.

Section 5.4 No Conflict; Consents . The execution, delivery and performance by Purchaser of this Agreement, and the consummation of the transactions contemplated hereby, do not and will not (i) violate any provision of the certificate of incorporation, bylaws or other organizational documents of Purchaser; (ii) result in a breach of, or default under, or right to accelerate with respect to, any term or provision of any Contract to which Purchaser or any of its Affiliates is a party or is subject; (iii) assuming compliance with the matters set forth in Section 4.4 and Section 5.5 , violate or result in a breach of or constitute a default under any Law or other restriction of any Governmental Authority to which Purchaser is subject; or (iv) require any consents, waivers, authorizations or approvals of, filings with, any Persons which have not been obtained by Purchaser (other than as contemplated by Section 5.5).

Section 5.5 Governmental Authorization . The execution and delivery of this Agreement by Purchaser do not and will not require any material consent or approval of any Governmental Authority, except for the consents or approvals set forth in Schedule 5.5 of the Purchaser Disclosure Schedules.

Section 5.6 Financing . Purchaser has, and will have at the Closing, sufficient immediately available funds necessary to pay the Closing Purchase Price, deposit the Milestone Payments Escrow Funds with the Escrow Agent, to consummate the transactions contemplated by this Agreement and to perform its obligations in connection with this Agreement and such transactions and to pay any expenses it incurs in connection therewith. In no event shall the receipt or availability of any funds or financing by Purchaser or any of its Affiliates in connection with the transactions contemplated by this Agreement be a condition to any of Purchaser's obligations hereunder.

Section 5.7 Compliance with Laws.

(a) The businesses of each of Purchaser and its Subsidiaries are being conducted in compliance in all material respects with applicable Laws. No material audit or, to the Knowledge of Purchaser, investigation, or review by any Governmental Authority with respect to Purchaser or any of its Subsidiaries is pending or, to the knowledge of Purchaser, threatened, nor has any Governmental Authority indicated an intention to conduct the same, in each case which would be reasonably expected to adversely affect the Exploitation of the Products or Purchaser's ability to consummate the Transaction.

(b) Purchaser and each of its Subsidiaries has obtained and is in compliance with all licenses necessary for it to own, lease or operate its properties, rights and other assets and to conduct its business and operations as presently conducted in all material respects and all such licenses are in full force and effect in all material respects. No material default under, or material violation of, any material License has occurred. To Purchaser's knowledge there is not currently threatened any revocation, adverse modification or cancellation of any material license.

Section 5.8 Condition of the Purchased Assets . PURCHASER ACKNOWLEDGES AND AGREES THAT IT (I) HAS MADE ITS OWN INQUIRY AND INVESTIGATION INTO, AND, BASED THEREON, HAS FORMED AN INDEPENDENT JUDGMENT CONCERNING SELLER, THE PURCHASED ASSETS, THE PRODUCTS, THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, THE ASSUMED LIABILITIES AND ANY OTHER ASSETS, RIGHTS OR OBLIGATIONS TO BE TRANSFERRED HEREUNDER OR PURSUANT HERETO, AND (II) HAS BEEN FURNISHED WITH, OR GIVEN ADEQUATE ACCESS TO, SUCH INFORMATION ABOUT SELLER, THE PURCHASED ASSETS, THE PRODUCTS, THE ASSUMED LIABILITIES AND ANY OTHER RIGHTS OR OBLIGATIONS TO BE TRANSFERRED HEREUNDER OR PURSUANT HERETO, AS IT HAS REQUESTED. EXCEPT FOR THE SPECIFIC REPRESENTATIONS AND WARRANTIES EXPRESSLY MADE BY SELLER IN Article IV OF THIS AGREEMENT AND IN THE ANCILLARY AGREEMENTS, (I) PURCHASER ACKNOWLEDGES AND AGREES THAT (A) SELLER IS NOT MAKING AND HAS NOT MADE ANY REPRESENTATION OR WARRANTY, EXPRESSED OR IMPLIED, AT LAW OR IN EQUITY, IN RESPECT OF THE PURCHASED ASSETS, SELLER, SELLER'S AFFILIATES, OR ANY OF SELLER'S OR ITS AFFILIATES' RESPECTIVE BUSINESSES, ASSETS, LIABILITIES, OPERATIONS, PROSPECTS OR CONDITION (FINANCIAL OR OTHERWISE), INCLUDING WITH RESPECT TO MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY ASSETS, THE NATURE OR EXTENT OF ANY LIABILITIES, THE PROSPECTS OF THE PURCHASED ASSETS OR THE PRODUCTS, THE EFFECTIVENESS OR THE SUCCESS OF ANY OPERATIONS, OR THE ACCURACY OR COMPLETENESS OF ANY CONFIDENTIAL INFORMATION MEMORANDA, DOCUMENTS, PROJECTIONS, MATERIAL OR OTHER INFORMATION (FINANCIAL OR OTHERWISE) REGARDING THE PURCHASED ASSETS OR THE PRODUCTS, SELLER OR SELLER'S AFFILIATES FURNISHED TO PURCHASER OR ITS REPRESENTATIVES OR MADE AVAILABLE TO PURCHASER AND ITS REPRESENTATIVES IN SELLER'S ELECTRONIC DATA ROOM, MANAGEMENT PRESENTATIONS OR IN ANY OTHER FORM IN EXPECTATION OF, OR IN CONNECTION WITH, THE TRANSACTIONS CONTEMPLATED HEREBY, AND (B) NO OFFICER, AGENT, REPRESENTATIVE OR EMPLOYEE OF SELLER OR ANY OF SELLER'S AFFILIATES HAS ANY AUTHORITY, EXPRESS OR IMPLIED, TO MAKE ANY REPRESENTATIONS, WARRANTIES OR AGREEMENTS NOT SPECIFICALLY SET FORTH IN THIS AGREEMENT AND IN THE ANCILLARY AGREEMENTS AND SUBJECT TO THE LIMITED REMEDIES HEREIN PROVIDED; (II) PURCHASER SPECIFICALLY DISCLAIMS THAT IT IS RELYING UPON OR HAS RELIED UPON ANY SUCH OTHER REPRESENTATIONS OR WARRANTIES THAT MAY HAVE BEEN MADE BY ANY PERSON, AND ACKNOWLEDGES AND AGREES THAT SELLER HAS SPECIFICALLY DISCLAIMED AND DOES HEREBY SPECIFICALLY DISCLAIM ANY SUCH OTHER REPRESENTATION OR WARRANTY MADE BY ANY PERSON; (III) PURCHASER SPECIFICALLY DISCLAIMS ANY OBLIGATION OR DUTY BY SELLER TO MAKE ANY DISCLOSURES OF FACT NOT REQUIRED TO BE DISCLOSED PURSUANT TO THE SPECIFIC REPRESENTATIONS AND WARRANTIES SET FORTH IN Article IV OF THIS AGREEMENT OR IN THE ANCILLARY AGREEMENTS; AND (IV) PURCHASER IS ACQUIRING THE PURCHASED ASSETS AND THE ASSUMED LIABILITIES IN "AS IS" CONDITION AND ON A "WHERE IS" BASIS, SUBJECT ONLY TO THE SPECIFIC REPRESENTATIONS AND WARRANTIES SET FORTH IN Article IV OF THIS AGREEMENT (AS MODIFIED BY THE SELLER DISCLOSURE SCHEDULE) OR IN THE ANCILLARY AGREEMENTS AS FURTHER LIMITED BY THE SPECIFICALLY BARGAINED FOR EXCLUSIVE REMEDIES SET FORTH IN Article IX **.**

Section 5.9 Litigation. There is no material action, order, writ, injunction, judgment or decree outstanding, or Proceeding, labor dispute (other than routine grievance procedures or routine, uncontested claims for benefits under any benefit plans for any officers, employees or agents of Purchaser), arbitration, investigation or reported claim, pending or, to the Knowledge of Purchaser, threatened, before any court, Governmental Authority or arbitrator, which seeks to delay or prevent the consummation of the transactions contemplated by this Agreement or would, if successful, materially and adversely affect the Business or the Purchased Assets or ability of Purchaser to consummate the transactions contemplated by this Agreement.

Section 5.10 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Purchaser.

Section 5.11 Solvency. Immediately after the Closing, and after giving effect to the transactions contemplated by this Agreement, Purchaser will be Solvent.

ARTICLE VI

COVENANTS

Section 6.1 Information and Documents . (a) From and after the date hereof and pending Closing, upon reasonable advance notice, Seller shall (and shall cause each of its Affiliates to) (i) permit Purchaser and its Representatives to have reasonable access, during regular business hours to all offices and facilities, and the assets, books, records, agreements, documents, data, files and personnel of, and such other information relating to the Purchased Assets (including the Books and Records), (ii) furnish, or cause to be furnished, to Purchaser any financial and operating data and other information that is available with respect to Seller's Purchased Assets as Purchaser from time to time reasonably requests and (iii) instruct the personnel, and their counsels and financial advisors to cooperate with Purchaser in its investigation of the Purchased Assets, including instructing its accountants to give Purchaser access to their work papers; provided , however , that no such access shall unreasonably interfere in any material respect with Seller's or any of its Affiliate's operation of business; and provided further that Seller may restrict the foregoing access to the extent that (A) in the opinion of Seller's counsel (a copy of which is provided to Purchaser), any applicable Law requires Seller or any of its Affiliates to restrict or prohibit access to any information, (B) in the reasonable judgment of Seller, the disclosure of information would result in Seller or any of its Affiliates being in violation of confidentiality obligations to a third party, or (C) disclosure of any such information or document could result in the loss or waiver of the attorney-client privilege. If Seller seeks to withhold information from Purchaser for any reason permitted by this Section 6.1 , Seller and Purchaser shall cooperate in good faith to implement appropriate and mutually agreeable measures to permit the disclosure of such information in a manner to remove the basis for the objection, including by arrangement of appropriate clean room procedures, redaction or entry into a customary joint defense agreement with respect to any information to be so provided. It is further agreed that, prior to Closing, except for announcements or filings required by applicable securities laws, Purchaser and its Representatives shall not make any announcements or statements targeted at, or otherwise communicate directly with, any of the customers, manufacturers or suppliers of Seller or its Affiliates, in connection with the transactions contemplated by this Agreement, whether in person or by telephone, mail or other means of communication, without the specific prior authorization by Seller, which authorization shall not be unreasonably withheld, conditioned or delayed.

(b) All information received by Purchaser and given by or on behalf of Seller in connection with this Agreement and the transactions contemplated hereby shall be held by Purchaser and its Affiliates, agents and Representatives as " Confidential Information ", as defined in, and pursuant to the terms of, the Confidentiality Agreement.

Section 6.2 Conduct .

(a) From and after the date hereof until the earlier of the date on which this Agreement is terminated pursuant to ARTICLE X and the Closing, except (1) as set forth on Schedule 6.2 of the Seller Disclosure Schedules or as otherwise required by this Agreement or (2) as Purchaser shall otherwise consent in writing, which consent shall not be unreasonably withheld, Seller agrees that it shall (and shall cause its Affiliates to) Exploit the Products and maintain the Purchased Assets in the ordinary course of business, and use commercially reasonable efforts to preserve intact the Purchased Assets and related relationships with customers, suppliers and other third parties. From and after the date hereof until the Closing, except (x) as set forth on Schedule 6.2 of the Seller Disclosure Schedules or as otherwise required by this Agreement, or (y) as Purchaser shall otherwise consent in writing, which consent shall not be unreasonably withheld, Seller covenants and agrees that, with respect to its Purchased Assets, it shall (and shall cause its Affiliates to):

(i) not incur, create or assume any Lien, other than Permitted Encumbrances;

(ii) not incur or suffer to exist any indebtedness except (A) for working capital borrowings incurred in the ordinary course of business, (B) incurrence of trade payables in the ordinary course of business or (C) indebtedness incurred in the ordinary course of business or (D) indebtedness incurred solely in connection with Retained Liabilities or Excluded Assets;

(iii) not amend, modify or terminate any material term of, or waive any material right under, any Assumed Contract or amend or modify any agreement that would increase the liability of Purchaser under the Services Agreement;

(iv) not enter into any Contract, agreement or commitment that would constitute an Assumed Contract if it were in effect on the date of this Agreement or would increase the liability of Purchaser under the Services Agreement;

(v) not divest, sell, assign, license, transfer, abandon, cancel, convey, lease or otherwise dispose of any assets that would constitute Purchased Assets;

(vi) not adopt a plan or agreement of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other material reorganization of Seller;

(vii) not change the accounting policies or procedures except to the extent required to conform with GAAP;

(viii) not settle any Proceeding (i) that would (A) materially affect the Exploitation of any Product after the Closing or adversely affect, in a material manner, the expected Net Sales or Gross Profit of the Business in respect of the period after the Closing (B) result in its operations with respect to any Product being subject to any Governmental Order or other equitable relief or admission of wrongdoing or (ii) for an amount, individually or in the aggregate, exceeding [***]; provided, that clause (ii) shall not apply to any Proceeding that is solely related to a Retained Liability;

(ix) not withdraw, amend, modify or terminate any Product Registrations;

(x) submit all adverse event reports required to be submitted to any Governmental Authority under any Law;

(xi) not dispose of or permit to expire, terminate or otherwise lapse any rights in, to or for the use of any Purchased Intellectual Property that is material to the Exploitation of the Products;

(xii) not grant any license, covenant not to sue or other right under any Purchased Intellectual Property;

(xiii) not offer any discounts or sales promotions other than as required under Contracts existing as of January 1, 2016; and

(xiv) not authorize, agree or resolve or consent to any of the foregoing.

(b) Nothing contained in this Agreement is intended to give Purchaser, directly or indirectly, the right to control or direct any Seller's or its Affiliate's businesses or operations prior to the consummation of the transactions contemplated by this Agreement. Prior to the consummation of the transactions contemplated by this Agreement, Seller and Purchaser shall exercise, consistent with and subject to the terms and conditions of this Agreement, complete control and supervision over their respective operations.

Section 6.3 Member Approvals; Efforts to Consummate Generally .

(a) On or prior to the date hereof, Seller shall obtain all approvals of its and its Affiliates' members, board of managers or analogous governing body required to be obtained under Seller's and its Affiliates organizational documents and applicable Law in order to consummate the transactions contemplated by this Agreement.

(b) Subject to the terms and conditions of this Agreement (and without limiting the requirements of Section 6.3 , each Party shall use its reasonable best efforts to cause the Closing to occur as soon as possible after the date hereof, including (i) satisfying the conditions precedent set forth in Article VIII within the control of such Party and (ii) drafting, negotiating, executing and delivering to each other in good faith such other agreements, documents, instruments and/or certificates, and doing such other acts and things, as may be reasonably necessary or desirable for the implementation of this Agreement and the Ancillary Agreements and the consummation of the transactions contemplated hereby and thereby.

(c) Seller shall use commercially reasonable best efforts to give all notices to, make all filings with and obtain all third party consents, including the Required Third Party Consents, necessary to be obtained from any Persons (including Governmental Authorities) to consummate the transactions contemplated hereby and by the Ancillary Agreements without resulting in any breach or violation of, a default under, or an acceleration of any obligations or the creation of a Lien on the Products or the Purchased Assets (without the expenditure of any funds therefor other than filing, recordation or similar fees and related legal fees and expenses, which shall be borne by Seller).

Section 6.4 Bulk Transfer Laws . Notwithstanding anything else to the contrary in this Agreement, Purchaser hereby waives compliance by Seller with the requirements and provisions of any "bulk-transfer" Laws of any jurisdiction that may otherwise be applicable with respect to the sale of any or all of the Purchased Assets to Purchaser.

Section 6.5 Insurance . As of the Closing Date, the coverage under all insurance policies related to the Purchased Assets shall continue in force only for the benefit of Seller and not for the benefit of Purchaser or any of its Affiliates, except to the extent set forth herein. Purchaser agrees to arrange for its own insurance policies with respect to the Purchased Assets covering all periods and, except in connection with enforcing its rights to indemnification pursuant to Article IX , agrees not to seek, through any means, to benefit from any of Seller's insurance policies that may provide coverage for claims relating in any way to the Purchased Assets prior to the Closing.

Section 6.6 Trade Notification . Subject to the provisions set forth below, Seller and Purchaser shall agree on the method and content of the notifications to customers of the sale of the Purchased Assets to Purchaser. Seller and Purchaser agree that said notifications are to provide sufficient advance notice of the sale and the plans associated therewith.

Section 6.7 Seller-Labeled Products .

(a) From and after Closing, Purchaser and its Affiliates may use, reproduce and display, and Seller hereby grants (effective upon Closing) to Purchaser and its Affiliates, a non-exclusive, paid-up and royalty-free right and license to use, reproduce and display, the NDC Numbers, company names, company marks and company trade dress of Seller and its Affiliates and distributors related to the Products (collectively, the " Seller Company Identifiers "), solely to the extent the foregoing are affixed to: (i) the Inventory of finished, packaged Products that are included in the Purchased Assets, (ii) any finished, packaged Products that, as of the date hereof, are scheduled to be delivered by [***] in April 2016 or (iii) in respect of rebate coupons or other promotional materials related to Products bearing Seller's NDC Numbers consistent with past practice; provided , that the license set forth in this Section 6.7(a) shall continue until Purchaser and its Affiliates have disposed of all such Inventory.

(b) Except as set forth in Section 6.7(a) and except for the rights to Trademarks that are included in the Purchased Assets, Purchaser and its Affiliates shall have no right under this Agreement to use any of the trademarks, service marks, brand names, certification marks, trade dress, logos or domain names containing the name of any Seller or any of their respective Affiliates or distributors, or any word or expression confusingly similar thereto or constituting an abbreviation or extension thereof or any logos containing or comprising the foregoing or any NDC Numbers of Seller or any of their respective Affiliates or distributors.

Section 6.8 NDC Numbers .

(a) As soon as reasonably possible, but in any event no later than nine (9) months after the Closing Date, Purchaser shall obtain a new NDC Number and labeler code for such Product. Purchaser, at its own expense, shall prepare and file with the FDA any and all reports, documents and materials, and take such other actions, as are necessary to undertake the foregoing.

(b) Purchaser shall fully reimburse Seller and its Affiliates and distributors for any increased cost or Liability (including any returns, rebates or chargeback claims) associated with any changes in pricing, including any changes in wholesale acquisition cost, made by Purchaser or any of its Affiliates to any Product that bears an NDC Number of Seller or any of its Affiliates. Purchaser shall pay any such reimbursement within thirty (30) days of receiving a written request for such reimbursement from Seller, which shall be accompanied by supporting documentation that reasonably evidences the increased cost or Liability to be reimbursed. Purchaser shall notify Seller promptly of any such changes in pricing to a Product that bears an NDC Number of Seller or any of its Affiliates or distributors.

(c) Purchaser shall fully cooperate with Seller and its Affiliates and distributors by providing whatever assistance, product sales and other information and access as may be required by Seller or any of its Affiliates or distributors to comply with any reporting obligations that arise as a result of the sale by Purchaser of Product bearing an NDC Number of Seller or any of its Affiliates, and to enable Seller and its Affiliates, one time within the period of 12 months from and after the date of last commercial sale to an end customer of Product bearing an NDC Number of Seller or any Affiliate thereof, to audit the books and records of Purchaser and its Affiliates with respect to any such sales (provided , that such audit takes place upon reasonable advance written notice to Purchaser, during normal business hours of Purchaser and does not materially interfere with Purchaser's business). Purchaser represents and warrants that all Product sales and other information provided to Seller or any of its Affiliates or distributors in connection with the foregoing shall be accurate and complete in all material respects, and shall be calculated in accordance with applicable Laws and regulatory guidance.

(d) Subject to appropriate confidentiality protection, after the Closing Date and for a period of [***] years thereafter (except with respect to government claims not subject to a statute of limitations, such as Medicaid rebate claims, which shall continue as long as there is potential for a claim), Purchaser and its Affiliates shall reasonably cooperate (at Seller's expense) with Seller and its Affiliates, distributors and Representatives, subject to confidentiality protections reasonably satisfactory to Purchaser, during normal business hours and upon reasonable advance notice, to provide reasonable access to records maintained by Purchaser and its Affiliates relating to Purchaser and its Affiliates' distribution of Seller's Seller-Labeled Products or related regulatory filing and reporting requirements and activities with respect to Seller's Seller-Labeled Products, including, without limitation, government price reporting (" Distribution Activities "), to provide reports reasonably requested by Seller or its Affiliates or distributors regarding such records and information, and to permit copying at the expense of Seller or, for the purposes of (i) any financial reporting or Tax matters relating to Distribution Activities, (ii) any claims or litigation involving Distribution Activities or (iii) any investigation being conducted by any federal, state or local Governmental Authority relating to Distribution Activities.

Section 6.9 No-Shop .

(a) From the date hereof until the Closing or earlier termination of this Agreement in accordance with the terms hereof, Seller and its Affiliates shall not, and shall not authorize or permit any of their Representatives to, directly or indirectly, (i) knowingly encourage, solicit, initiate, facilitate or continue inquiries regarding an Acquisition Proposal; (ii) enter into discussions or negotiations with, or provide any information to, any Person concerning a possible Acquisition Proposal other than to state that Seller, its Affiliates and each of their Representatives are restricted from entering into, continuing or participating in such discussions or negotiations pursuant to the terms of this Section 6.9 ; or (iii) enter into any agreements or other instruments (whether or not binding) regarding an Acquisition Proposal. Seller and its Affiliates shall immediately cease and cause to be terminated, and shall cause their Representatives to immediately cease and cause to be terminated, all existing discussions or negotiations with any Persons conducted heretofore with respect to, or that could reasonably be expected to lead to, an Acquisition Proposal and shall revoke all access in favor of any Person (other than Purchaser and its Representatives) to any virtual data room established for the purposes of evaluating a potential acquisition of all or a part of the Purchased Assets or the Business. For purposes of this Section 6.9 , " Acquisition Proposal " shall mean any inquiry, proposal or offer from any Person (other than Purchaser or any of its Affiliates) concerning (i) the direct or indirect purchase, whether by sale, merger or otherwise, or license of all or any portion of the Purchased Assets (including by way of the purchase of the equity interests of Seller or any Affiliate thereof); or (ii) the disclosure, directly or indirectly, to any Person of any confidential information or data concerning the Purchased Assets or the Business except as necessary to conduct business in the ordinary course consistent with past practice.

(b) Seller agrees that the rights and remedies for noncompliance with this Section 6.9 shall include having such provision specifically enforced by any court having equity jurisdiction, it being acknowledged and agreed that any such breach or threatened breach shall cause irreparable injury to Purchaser and that money damages would not provide an adequate remedy to Purchaser.

Section 6.10 Transfer of Product Registrations, Related Applications and Dossiers .

(a) On the Closing Date, Seller shall deliver a letter to the FDA transferring the rights to the Product Registrations to Purchaser (or its designee) in the form attached hereto as Exhibit C . On the Closing Date, Purchaser shall deliver a letter to the FDA assuming responsibility for the Product Registrations from Seller. As soon as practical after the Closing Date and in no event more than sixty (60) calendar days following the Closing Date, Seller shall deliver to Purchaser, or its Affiliate as directed by Purchaser, in physical and electronic form, the regulatory documentation in the possession or control of Seller or any Affiliate of Seller related to such Product Registrations.

(b) Promptly after the Closing and in any event within thirty (30) calendar days after the Closing, Seller and Purchaser shall make all appropriate filings and submissions with Governmental Authorities, including the Centers for Medicare & Medicaid Services, the Veteran's Administration and the FDA to transfer all regulatory responsibilities (excluding all Retained Liabilities and except as contemplated by Section 6.8 (NDC Numbers) and the Services Agreement) attaching thereto of each Product, from Seller to Purchaser.

(c) Without limiting the Parties' respective obligations under Section 6.10(a) with respect to any Product that is marketed in the United States on the basis of an existing Product Registration, (i) Seller shall use all commercially reasonable efforts to complete the transfer of the corresponding Product Registrations as promptly as practicable after the Closing Date to the benefit of Purchaser or its Affiliates as directed by Purchaser in accordance with this Section 6.10(c) and (ii) Purchaser or its Affiliates shall use all commercially reasonable efforts to assist Seller in the transfer of such Product Registrations, accept the transfer of the corresponding Product Registrations and formalize with Seller and any applicable Governmental Authority, as promptly as practicable after the Closing Date, all necessary documents. Following the transfer of the Product Registration, neither Seller nor any Affiliate of Seller shall retain any rights in the Product Registration, including any rights to use or reference.

Section 6.11 Confidentiality . From and after the Closing:

(a) The Confidentiality Agreement will terminate without further action by the parties thereto.

(b) Seller shall treat (and shall cause each of its Affiliates to treat) as confidential and shall safeguard any and all information, knowledge and data included in the Purchased Assets by using the same degree of care, but no less than a reasonable standard of care, to prevent the unauthorized use, dissemination or disclosure of such information, knowledge and data as Seller or its Affiliates used with respect thereto prior to the execution of this Agreement.

(c) Purchaser shall treat as confidential and shall safeguard any and all information, knowledge or data included in any information relating to the business of Seller, other than the Business, Products, the Purchased Assets or the Assumed Liabilities, and except as otherwise agreed to by Seller in writing; provided , however , that nothing in this Section 6.11(c) shall prevent the disclosure of any such information, knowledge or data to any agents, advisors, directors, officers or employees of Purchaser to whom such disclosure is necessary or desirable in the conduct of Purchaser's business if such Persons are informed by Purchaser of the confidential nature of such information and are directed by Purchaser to comply with the provisions of this Section 6.11(c) .

(d) Purchaser and Seller acknowledge that the confidentiality obligations set forth herein shall not extend to information, knowledge and data that is publicly available or becomes publicly available through no act or omission of the Party owing a duty of confidentiality, or becomes available on a non-confidential basis from a source other than a party owing a duty of confidentiality so long as such source is not known by such Party to be bound by a confidentiality agreement with or other obligations of secrecy to the other Party.

(e) In the event of a breach of the obligations hereunder by Purchaser or Seller, the non-breaching party, in addition to all other available remedies, will be entitled to injunctive relief to enforce the provisions of this Section 6.11 in any court of competent jurisdiction.

Section 6.12 Know-How License . Effective as of the Closing, Seller hereby grants to Purchaser (on behalf of itself and its Affiliates) a perpetual, irrevocable, transferable (as set forth in this Section 6.12), sublicensable (as set forth in this Section 6.12), non-exclusive, paid-up, royalty-free, worldwide right and license to use and otherwise exploit the trade secrets, technical information, data and know-how owned by Seller or any Affiliate of Seller related to the Products (the " Licensed Know-How ") in developing, commercializing, manufacturing, using, packaging, marketing, promoting, importing, exporting, researching, transporting, selling and distributing the Products. Purchaser may (but it is not obligated to) transfer the foregoing license, and/or grant sublicenses thereunder, to (a) any of its Affiliates, and (b) any acquirer of any of the assets or business of Purchaser and its Affiliates relating to any of the Products.

Section 6.13 Correspondence . Seller authorizes Purchaser on and after the Closing Date to receive and open all mail and other communications received by Purchaser relating to the Purchased Assets and to deal with the contents of such communications in good faith and in a proper manner. Seller shall use commercially reasonable efforts to promptly deliver, or cause to be delivered, to Purchaser any mail or other communications received by Seller or any Affiliate of Seller from any Person (including the FDA) related to the Purchased Assets (including any mail or other communications in respect of the Products, the subject matter of this Agreement and the Ancillary Agreements).

Section 6.14 Escrow Account . On or prior to the Closing Date, Purchaser, Seller and the Escrow Agent shall enter into the Escrow Agreement. Any distributions to Purchaser Indemnified Parties of the Milestone Payments Escrow Funds or any Excess Amount shall be made either as permitted pursuant to such Escrow Agreement or pursuant to joint written instructions of Purchaser and Seller to the Escrow Agent instructing the Escrow Agent to make such distributions in accordance with the terms of the Escrow Agreement. Each Party agrees to execute any joint instructions required to enable the Party to receive a distribution of the Milestone Payments Escrow Funds or any Excess Amount to which it is entitled hereunder.

Section 6.15 Pharmacovigilance . Prior to the Closing, Seller shall cooperate with Purchaser and shall facilitate and assist in negotiating arrangements between the third party that currently provides pharmacovigilance services to Seller and the third party that currently provides pharmacovigilance services to Purchaser for the reporting of adverse events and provision of other required regulating information with respect to the Products, all in form and substance reasonably satisfactory to Purchaser. Until such arrangements are in place, Seller shall promptly report adverse events to Purchaser to permit Purchaser to comply with applicable Law.

Section 6.16 Warehousing Services . Prior to the Closing, Seller shall cooperate with Purchaser and shall use commercially reasonable efforts to facilitate and assist in negotiating arrangements between [***] and Purchaser, in connection with the provision of certain warehousing and other services by [***] for Purchaser with respect to the Products.

Section 6.17 Milestone Payments Covenants .

(a) From and after the Closing Date and continuing until the earlier of (*x*) the expiration the Milestone Payments Term (except, solely in the case of clause (i) below, until the [***] anniversary of the Closing Date and subject to the provision of notice and the Cure Period set forth in Section 6.17(b)) or (*y*) the date on which the Maximum Milestone Payment Amount has been paid pursuant to Section 2.8 , Purchaser shall:

(i) operate in good faith and use commercially reasonable efforts to market and sell the Products in the ordinary course of business; and

(ii) keep complete and accurate books and records of all sales of the Products, and provide to Seller reasonable access to such books and records and the offices and facilities in which such books and records are housed, and to its Chief Financial Officer as and to the extent required pursuant to Section 2.8 in connection with Seller's review of the Annual Milestone Payment Statement.

(b) Seller shall promptly notify Purchaser in writing of any alleged breach of Section 6.17(a)(i) . Following the receipt of such notice of breach, Purchaser shall have thirty (30) days to cure such breach, which time period may be extended for up to an additional sixty (60) days (the " Cure Period ") if Purchaser is using commercially reasonable efforts to timely cure such breach.

Section 6.18 Certain Financial Information . Within two (2) Business Days after Seller obtains audited Financial Statements for the year ended December 31, 2015, but not later than June 1, 2016, Seller shall deliver to Purchaser the audited Financial Statements of Seller for the year ended December 31, 2015, including a balance sheet, statement of operations and statement of income and cash flows certified by the Chief Financial Officer of Seller as (i) prepared in accordance with GAAP applied on a consistent basis throughout the periods involved (except as may be indicated in the notes thereto), (ii) consistent with and were prepared from the books and records of Seller, and (iii) fairly presenting in all material respects the financial condition, results of its operations and income and cash flows of Seller as of the date thereof and for the period thereof, except as otherwise set forth in the notes thereto. In addition, no later than March 31, 2016, Seller shall deliver to Purchaser the unaudited Financial Statements of Seller for the year ended December 31, 2015, including a balance sheet, statement of operations and statement of income and cash flows certified by the Chief Financial Officer of Seller as (A) prepared in accordance with GAAP applied on a consistent basis throughout the periods involved (except as may be indicated in the notes thereto), (B) consistent with and were prepared from the books and records of Seller, and (C) fairly presenting in all material respects the financial condition, results of its operations and income and cash flows of Seller as of the date thereof and for the period thereof, except as otherwise set forth in the notes thereto.

Section 6.19 Wrong-Pocket Assets . If at any time or from time to time after the Closing Date, a Seller any of its Affiliates, on the one hand, or Purchaser or any of its Affiliates, on the other, shall receive or otherwise possess any asset (including cash) that should belong to Purchaser, on the one hand, or Seller, on the other, pursuant to this Agreement, such Person shall promptly transfer, or cause to be transferred, such asset to the Person so entitled thereto. Prior to any such transfer in accordance with this Section 6.19, the Person receiving or possessing such asset shall hold such asset in trust for such other Person.

Section 6.20 Consultation and Cooperation . In connection with any claims with respect to, or enforcement of: (i) any of Seller's rights under warranties, guaranties, indemnitees and similar rights against third parties, including any predecessors in title, to the extent related to the Exploitation of the Purchased Assets and the Products prior to the Closing Date, or (ii) any other rights, claims or causes of action of Seller against third parties in connection with the Exploitation of the Purchased Assets and the Products prior to the Closing Date, Seller hereby agrees to consult and reasonably cooperate in good faith with Purchaser prior to the commencement of any such claim or enforcement and Seller shall refrain from commencing any Proceeding or asserting any such right to the extent Purchaser in good faith concludes that any such claim or enforcement may reasonably be expected to have an adverse effect on the ability of Purchaser to Exploit the Purchased Assets and the Products in a manner consistent with Purchaser's ordinary course of business with respect to the Purchased Assets and the Products.

ARTICLE VII

NON-COMPETE

Section 7.1 Non-Compete . For a period of seven (7) years from and after the Closing Date (the " Non-Compete Period "), neither Seller nor any Affiliate thereof (which, for the purposes of this Section 7.1 , shall not include JCP IICI AIV, LP or any of its respective Affiliates) shall market or sell, or license to any other party the right to market or sell, the Products, or any "AB-rated" generic thereof, in the Territory (a " Competing Business "); provided , that , notwithstanding the foregoing, Seller and its Affiliates shall not be restricted from:

(a) collectively owning less than five percent (5%) of any class of securities of any publicly traded company conducting a Competing Business if such securities are held as a passive investment; or

(b) acquiring one or more Persons or businesses that include within its business a Competing Business, so long as (i) the Competing Business comprises no more than twenty-five percent (25%) of the acquired business (and is not reasonably expected to comprise more than 25% of the acquired business prior to the end of the Non-Compete Period), based on net sales attributable to such Competing Business as compared to the aggregate net sales of the acquired business as a whole, and (ii) Seller or its Affiliate, as applicable, completes the sale of the Competing Business within six (6) months of the acquisition; provided , however , that if such sale is subject to regulatory approval, then such six- (6) month period shall be extended until five (5) Business Days after all regulatory approvals have been received, but only to the extent that the parties to such sale are using commercially reasonable efforts to obtain any such approvals.

ARTICLE VIII

CONDITIONS TO CLOSING

Section 8.1 Conditions to the Obligations of Purchaser and Seller . The respective obligations of each of the Parties to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction or, to the extent permitted by applicable Law, waiver of the following conditions precedent:

(a) There shall be no Governmental Order in existence that prohibits or materially restrains the transactions contemplated by this Agreement or the Ancillary Agreements, and there shall be no Proceeding pending by any Governmental Authority seeking such a Governmental Order.

Section 8.2 Conditions to the Obligations of Purchaser . The obligation of Purchaser to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction or, to the extent permitted by applicable Law, waiver of the following conditions precedent:

(a) The representations and warranties of Seller contained herein shall be true and correct in all material respects as of the Closing, as if made as of the Closing (except for those representations and warranties that address matters as of a particular date, which need be true and correct only as of such date), (disregarding for purposes of this clause (a) any Material Adverse Effect, materiality or similar qualifier contained in such other representations and warranties, other than the representations and warranties made in Section 4.5(a)). Purchaser shall have received a certificate of Seller, dated as of the Closing Date and signed by an officer of Seller in such capacity, certifying as to the fulfillment of the foregoing.

(b) Seller shall have performed in all material respects its agreements and obligations contained in this Agreement required to be performed by it at or before the Closing. Purchaser shall have received a certificate of Seller, dated as of the Closing Date and signed by an officer of Seller in such capacity, certifying as to the fulfillment of the foregoing.

(c) Seller shall have made or caused to be made delivery to Purchaser of the items required by Section 3.1(b) .

(d) There shall have been no material reduction in or termination of and/or Seller or its Affiliates shall not have received written notice of any material reduction in or termination of any Contracts relating to the sale of the Propranolol ER Product that would reasonably be expected to result in a decrease in the annual sales of such Product by [***] or more, measured by volume.

(e) No event shall have occurred since the date hereof which has had a Material Adverse Effect.

(f) Purchaser shall have executed agreements in form reasonably satisfactory to it, with one or more third party distributor with respect to the distribution of the Inventories; provided, however, that the foregoing condition shall terminate in the event Purchaser has not executed any such agreement(s) within forty five (45) days after the date hereof.

(g) Purchaser shall have executed an agreement in form reasonably satisfactory to it, with [***] relating to the provision of warehousing and other services by [***] to the Purchaser relating to the Products; provided, however, that the foregoing condition shall terminate in the event Purchaser has not executed any such agreement within forty five (45) days after the date hereof.

Section 8.3 Conditions to the Obligations of Seller . The obligation of Seller to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction or, to the extent permitted by applicable Law, waiver of the following conditions precedent:

(a) The representations and warranties of Purchaser contained herein shall be true and correct in all material respects as of the Closing, as if made as of the Closing (except for those representations and warranties that address matters as of a particular date, which need be true in all material respects only as of such date). Seller shall have received a certificate of Purchaser, dated as of the Closing Date and signed by an officer of Purchaser in such capacity, certifying as to the fulfillment of the foregoing.

(b) Purchaser shall have performed in all material respects its agreements and obligations contained in this Agreement required to be performed by it at or before the Closing. Seller shall have received a certificate of Purchaser, dated as of the Closing Date and signed by an officer of Purchaser in such capacity, certifying as to the fulfillment of the foregoing.

(c) Purchaser and its Affiliates shall have made or caused to be made delivery to Seller of the items required by Section 3.1(c) .

Section 8.4 Frustration of Closing Conditions . Neither of Seller or Purchaser may rely on the failure of any condition set forth in this Article VIII to be satisfied if such failure was caused by such Party's failure to act in good faith or to use its reasonable best efforts to cause the Closing to occur, as required by Section 6.4 .

ARTICLE IX

INDEMNIFICATION

Section 9.1 Indemnification by Seller . Subject to the provisions of this Article IX , from and after the Closing, Seller agrees to and shall defend, indemnify and hold harmless Purchaser and its Affiliates, and, if applicable, their respective directors, officers, agents, employees, successors and assigns (collectively, the " Purchaser Indemnified Parties ") from and against any Losses to the extent arising out of or related to:

(a) any breach of any representation or warranty of Seller or any Affiliate of Seller contained in this Agreement or any Ancillary Agreement, or any failure to perform or breach by Seller or an Affiliate of Seller of any of its covenants or agreements contained in this Agreement or any Ancillary Agreement that by their express terms contemplate performance prior to or on the Closing Date;

(b) any failure of Seller or any Affiliate of Seller to perform or any breach by Seller or any Affiliate of Seller of any of its covenants or agreements contained in this Agreement or any Ancillary Agreement that by their terms expressly contemplate performance after the Closing Date; or

(c) any Retained Liability.

Section 9.2 Indemnification by Purchaser . Subject to the provisions of this Article IX , from and after the Closing, Purchaser agrees to and shall defend, indemnify and hold harmless Seller and its Affiliates, and, if applicable, their respective directors, officers, agents, employees, successors and assigns (collectively, the " Seller Indemnified Parties ") from and against any and all Losses to the extent arising out of or related to:

(a) any breach of any representation or warranty of Purchaser contained in this Agreement or any Ancillary Agreement, or any failure to perform or breach by Purchaser of any of its covenants or agreements in this Agreement or any Ancillary Agreement that by their express terms contemplate performance prior to or on the Closing Date;

(b) any failure to perform or breach by Purchaser of any of its covenants or agreements in this Agreement or any Ancillary Agreement that by their terms expressly contemplate performance after the Closing Date;

(c) any Assumed Liability, or

(d) the Exploitation of the Products by the Purchaser following the Closing (except for Liabilities expressly agreed to be borne by Seller pursuant to this Agreement or any Ancillary Agreement).

Section 9.3 Notice of Direct Claims . (a) If any of the Persons to be indemnified under this Article IX (the " Indemnified Party ") has suffered or incurred any Loss subject to indemnification under this Article IX that does not involve a Third Party Claim, the Indemnified Party shall so notify the Party responsible for providing indemnification therefor under this Agreement (the " Indemnifying Party ") promptly in a writing describing such Loss, the basis for indemnification hereunder, the amount or estimated amount of such Loss, if known or reasonably capable of estimation, and the method of computation of such Loss, all with reasonable particularity and containing a reference to the provisions of this Agreement in respect of which such Loss shall have occurred (an " Indemnity Notice "). A failure by the Indemnified Party to give notice in a timely manner pursuant to this Section 9.3 shall not limit the obligation of the Indemnifying Party under this Article IX , except (i) to the extent such Indemnifying Party is materially prejudiced thereby or (ii) as provided by Section 9.5 . In the event that the Indemnifying Party agrees to or is determined to have an obligation to reimburse the Indemnified Party for Losses as provided in this Article IX , the Indemnifying Party shall, subject to the provisions of Section 9.6 , promptly (but, in any event, within 30 calendar days) pay such amount to the Indemnified Party by wire transfer of immediately available funds to the account specified in writing by the Indemnified Party; provided , that the Indemnifying Party may defer making such payment if it objects in a written statement to the claim made in an Indemnity Notice and delivers such statement to the Indemnifying Party prior to the expiration of such 30- calendar day period; provided , further that an Indemnifying Party's failure to object within such 30- calendar day period to any claim set forth in an Indemnity Notice shall be deemed to be the Indemnifying Party's acceptance of, and waiver of any objections to, such claim. If an Indemnifying Party shall so object in writing to any claim or claims made in any Indemnity Notice, the Indemnifying Party and the Indemnified Party shall attempt in good faith for a period of 20 calendar days following the Indemnified Party's receipt of such objection notice to agree upon the respective rights of the parties with respect to each of such claims. If no such agreement can be reached after such 20- calendar day period of good faith negotiation, either the Indemnifying Party or the Indemnified Party may initiate a Proceeding for purposes of having the matter settled in accordance with the terms of this Agreement.

(b) Except when a notice, report or other filing must be filed immediately pursuant to applicable Law, Purchaser shall provide notice and an opportunity to comment to Seller before Purchaser files any report, notification or filing with any Governmental Authority or third party in connection with an event that would be reasonably likely to result in a Loss subject to the indemnification provisions of Section 9.1 . In the event Purchaser is required to file a report, notification or filing immediately, Purchaser shall, to the extent permitted by Law provide simultaneous notice to Seller when it submits such report, notification or filing to the applicable Governmental Authority.

Section 9.4 Third Party Claims .

(a) If any Proceeding is instituted by or against a third party with respect to which the Indemnified Party intends to seek indemnity under this Article IX (a " Third Party Claim "), the Indemnified Party shall promptly notify the Indemnifying Party of such Third Party Claim and tender to the Indemnifying Party the conduct or defense of such Third Party Claim. A failure by the Indemnified Party to give notice and to tender the conduct or defense of the Third Party Claim in a timely manner pursuant to this Section 9.4 shall not limit the obligation of the Indemnifying Party under this Article IX , except (i) to the extent such Indemnifying Party is materially prejudiced thereby, (ii) with respect to out-of-pocket expenses incurred during the period in which notice was not provided, and (iii) if such notice is not given within the applicable time period provided under Section 9.5

(b) The Indemnifying Party shall have the right to defend the Indemnified Party against such Third Party Claim as provided herein. If the Indemnifying Party notifies the Indemnified Party that the Indemnifying Party elects to assume the defense of the Third Party Claim (such election to be without prejudice to the right of the Indemnifying Party to dispute whether such claim is an indemnifiable Loss under this Article IX), then the Indemnifying Party shall have the right to defend such Third Party Claim with counsel selected by the Indemnifying Party and reasonably satisfactory to the Indemnified Party, in all appropriate proceedings, to a final conclusion or settlement in accordance with this Section 9.4(b) . The Indemnifying Party shall use reasonably diligent and good faith efforts to defend or prosecute such Third Party Claim and shall keep the Indemnified Party reasonably advised of the status of such claim and defense thereof and shall consider in good faith recommendations made by the Indemnified Party with respect thereto. The Indemnifying Party shall have full control of such defense and proceedings, including any compromise or settlement thereof; however, neither Party shall enter into any settlement agreement without the written consent of the Indemnified Party (which consent shall not be unreasonably withheld, conditioned or delayed). Notwithstanding the foregoing, such consent shall not be required if (i) the settlement agreement contains a complete and unconditional general release by the third party asserting the Third Party Claim to all Indemnified Parties affected by the claim, (ii) the settlement agreement does not contain any admission of liability by or other obligation on the part of the Indemnified Party or sanction or restriction upon the conduct or operation of any business by the Indemnified Party or its Affiliates and (iii) the settlement does not require any payment to be made by the Indemnified Party to any Person. The Indemnified Party may participate in, but not control, any defense or settlement of any Third Party Claim controlled by the Indemnifying Party pursuant to this Section 9.4(b) , and the Indemnified Party shall bear its own costs and expenses with respect to such participation; provided , however , that if the Indemnifying Party assumes control of the defense of such claim and the Indemnifying Party and the Indemnified Party have, in the opinion of legal counsel, materially conflicting interests or different defenses available with respect to such claim that cause the Indemnified Party to hire its own separate counsel with respect to such proceeding, the reasonable fees and expenses of a single counsel to the Indemnified Party shall be considered "Losses" for purposes of this Agreement.

(c) If the Indemnifying Party does not notify the Indemnified Party that the Indemnifying Party elects to defend the Indemnified Party pursuant to Section 9.4(b) within thirty (30) calendar days after receipt of any Claim Notice, then the Indemnified Party shall defend, and be reimbursed by the Indemnifying Party for its reasonable cost and expense in regard to the Third Party Claim with counsel selected by the Indemnified Party, in all appropriate proceedings, which proceedings shall be prosecuted diligently by the Indemnified Party; provided , that if it is ultimately determined that the Indemnified Party would not be entitled to indemnification hereunder, even if the facts alleged in the Third Party Claim were true as alleged, the Indemnified Party shall promptly repay in full such reimbursed amounts to the Indemnifying Party. In the circumstances described in this Section 9.4(c) , the Indemnified Party shall defend any such Third Party Claim in good faith and have full control of such defense and proceedings; provided , however , that the Indemnified Party may not enter into any compromise or settlement of such Third Party Claim if indemnification is to be sought hereunder, without the Indemnifying Party's consent (which consent shall not be unreasonably withheld, conditioned or delayed). The Indemnifying Party may participate in, but not control, any defense or settlement controlled by the Indemnified Party pursuant to this Section 9.4(c) , and the Indemnifying Party shall bear its own costs and expenses with respect to such participation.

(d) If requested by the Party controlling the defense of a Third Party Claim, the other Party agrees, at the sole cost and expense of such controlling Party (but only if the controlling Party is actually entitled to indemnification hereunder), to cooperate with the controlling Party and its counsel in contesting any Third Party Claim being contested, including providing access to documents, records and information. In addition, the Party that is not controlling the defense will make its personnel available at no cost to the Indemnifying Party for conferences, discovery, proceedings, hearings, trials or appeals as may be reasonably required by the Indemnifying Party. The Party not controlling the defense also agrees to cooperate with the controlling Party and its counsel in the making of any related counterclaim against the Person asserting the Third Party Claim or any cross complaint against any Person and executing powers of attorney to the extent necessary.

Section 9.5 Expiration . Each Party's obligation to indemnify any Indemnified Party under this Article IX shall expire and terminate as follows, unless a claim therefor is asserted in writing in accordance with the terms of this Agreement prior to the applicable survival date, failing which such claim shall be waived and extinguished: the date that is (i) thirty (30) days after the statute of limitations expires with respect to any claim for indemnification under based on a breach of Section 4.1 , Section 4.2 , Section 4.10(a) , Section 5.1 , or Section 5.2 (" Fundamental Representations "), (ii) twelve (12) months from the Closing Date, in the case of any claim for indemnification based on the representations or warranties of the other Party contained in this Agreement other than the Fundamental Representations and Section 4.16 , or (iii) the [***] anniversary of the Closing Date in the case of indemnification for a breach of Section 4.16 or in respect of any other matter not addressed in the foregoing sub-clauses (i) or (ii) or (iii) , excluding claims related to Section 9.1(b) , Section 9.1(c) , Section 9.2(b) , Section 9.2(c) or Section 9.2(d) . Each Party's obligation to indemnify any Indemnified Party in connection with Section 9.1(b) , Section 9.1(c) , Section 9.2(b) , Section 9.2(c) or Section 9.2(d) , as applicable, shall, in each case, survive indefinitely. For the avoidance of doubt, none of the covenants or agreements contained in this Agreement shall survive the Closing other than those that by their terms expressly contemplate performance after the Closing Date, which such covenants and agreements shall survive the Closing until fully performed.

Section 9.6 Limitations on Indemnification and other Matters .

(a) De Minimis . Notwithstanding any other provision of this Agreement to the contrary, no Indemnifying Party shall be required to indemnify, defend or hold harmless any Indemnified Party pursuant to Section 9.1(a) or Section 9.2(a) against, or reimburse any Indemnified Party for, any Losses with respect to any individual claims (or series of related claims) unless such claim (or series of claims) involves Losses in excess of [***] (nor shall such item be applied to or considered for purposes of calculating the Indemnity Threshold).

(b) Threshold . Except for Losses arising out of a breach of a Fundamental Representation, no Indemnifying Party shall be liable to provide indemnification pursuant to Section 9.1(a) or Section 9.2(a) for any Losses suffered by any Indemnified Party unless the aggregate of all Losses suffered by the Indemnified Parties exceeds, on a cumulative basis, an amount equal to [***] (the " Indemnity Threshold "), and then an Indemnifying Party shall only be liable to provide indemnification to the extent of any such excess Losses.

(c) Cap . In no event shall any Indemnified Party be liable to provide indemnification pursuant to Article IX for Losses in the aggregate in excess of an amount equal to [***] (the " Cap "), other than with respect to claims for indemnification for Losses arising out of the breach of a Fundamental Representation, fraud or intentional misconduct of an Indemnifying Party in respect of a provision of this Agreement. In no event shall an Indemnifying Party be liable for Losses in excess of an aggregate amount equal to the Purchase Price.

(d) Waiver . The waiver of any condition based on the accuracy of any representation or warranty, or on the performance of or compliance with any such covenant or agreements, will not affect the right to indemnification or any other remedy based on such representations, warranties, covenants and agreements.

(e) Read Out of Materiality Qualifiers . Solely for purposes of calculating Losses hereunder, any materiality or Material Adverse Effect qualifications in the representations (other than Section 4.5(a) above), warranties, covenants and agreements herein shall be disregarded.

(f) Exclusion of Certain Damages . NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, EXCEPT TO THE EXTENT ARISING OUT OF OR ASSERTED IN A THIRD PARTY CLAIM OR ARISING OUT OF A RETAINED LIABILITY OR AN ASSUMED LIABILITY OR FRAUD OR INTENTIONAL MISCONDUCT, NO INDEMNIFIED PARTY SHALL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, TREBLE, REMOTE, SPECIAL, EXEMPLARY, OPPORTUNITY COST, CONSEQUENTIAL OR PUNITIVE DAMAGES OR DAMAGES FOR, MEASURED BY OR BASED ON LOST PROFITS, LOSS OF REVENUE OR INCOME, DIMUNITION IN VALUE, MULTIPLE OR EARNINGS, PROFITS OR CASH FLOWS, OR OTHER SIMILAR MEASURES OR FOR ANY LOSS OF BUSINESS REPUTATION OR OPPORTUNITY THAT ARISES OUT OF OR RELATES TO THIS AGREEMENT OR THE PERFORMANCE OR BREACH HEREOF.

(g) Adjustment to Purchase Price . Seller and Purchaser agree to treat all payments made either to or for the benefit of the other Party under this Agreement as adjustments to the Purchase Price for Tax purposes to the extent permitted under applicable Tax Law.

Section 9.7 Losses Net of Insurance, Etc. Any indemnifiable Losses with respect to any matter shall be net of (i) any amounts recovered by the Indemnified Party pursuant to any indemnification by or indemnification agreement with any third party and (ii) any insurance proceeds or other cash receipts or sources of reimbursement received as an offset against such Loss (each Person named in clauses (i) and (ii), a " Collateral Source "), in each case net of any costs of recovery or collection from any such Collateral Source. No Indemnifying Party shall have an indemnification payment obligation in respect of any contingent liability unless and until such liability becomes due and payable.

Section 9.8 Reimbursement . If an Indemnified Party recovers an amount from a Collateral Source in respect of a Loss that is the subject of indemnification hereunder after all or a portion of such Loss has been paid by an Indemnifying Party pursuant to this Article IX , the Indemnified Party shall promptly remit to the Indemnifying Party the amount received from the third party in respect thereof, net of all costs associated with the recovery thereof, up to the amount of the Loss paid by the Indemnifying Party.

Section 9.9 Subrogation . If the Indemnifying Party makes any payment on any Loss pursuant to Section 9.1 or Section 9.2 , the Indemnifying Party shall be subrogated, to the extent of such payment, to all rights and remedies of the Indemnified Party to any insurance benefits or other claims of the Indemnified Party with respect to such claim. Without limiting the generality or effect of any other provision hereof, each Indemnified Party shall duly execute upon request all instruments reasonably necessary to evidence and perfect the subrogation rights detailed herein and otherwise reasonably cooperate in the prosecution of such claims (at the expense of the Indemnifying Party).

Section 9.10 Sole Remedy/Waiver . Should the Closing occur, the remedies provided for in this Article IX shall be the sole and exclusive remedies of any Indemnified Party in respect of this Agreement, the Ancillary Agreements, the Purchased Assets, the Products, the Excluded Assets, the Assumed Liabilities, the Retained Liabilities or the transactions contemplated hereby or by the Ancillary Agreements, other than (i) for actions for specific performance or other equitable remedies or (ii) for claims against a Party directly arising out of the fraud or intentional misconduct of such Party. In furtherance of the foregoing, each Party hereby waives (on behalf of itself and the relevant Indemnified Parties) any provision of applicable Law to the extent that it would limit or restrict the agreement contained in this Section 9.10 , and each Party hereby waives (on behalf of itself and the relevant Indemnified Parties) for periods following the Closing any and all rights, claims or causes of action it or its Affiliates or relevant Indemnified Parties may have (other than pursuant to this ARTICLE IX or as described in clauses (i) or (ii) of this Section 9.10) against the other Party or its Affiliates or Representatives.

Section 9.11 Milestone Payment Offset .

(a) Subject to and in accordance with the provisions of this Section 9.11 , Purchaser shall have the right to withhold from any Milestone Payment otherwise due under Section 2.8 up to the amount, in the aggregate, equal to the amount of Losses estimated in good faith by Purchaser in respect of any pending claims for indemnification asserted by a Purchaser Indemnified Party against Seller pursuant to, and in accordance with, the terms of this Article IX , as set forth in a written notice delivered by Purchaser to Seller, calculated after giving effect to all applicable caps, thresholds, limitations and exclusions set forth in Section 9.5 and Section 9.6 (" Withheld Milestone Payments "); provided , however , that if the aggregate amount of all Withheld Milestone Payments exceeds [***] (such excess, the " Excess Amount "), then Purchaser shall promptly deposit with the Escrow Agent an amount equal to the Excess Amount, to be held by the Escrow Agent in the indemnity subaccount provided for in the Escrow Agreement, and deliver to the Escrow Agent the notice(s) of claim appropriately identifying the indemnity claim(s) to which the Excess Amount relates. The Withheld Milestone Payment shall become due and payable when the indemnity claim(s) to which such Withheld Milestone Payment relates are "finally determined" and the portion thereof in excess of the Excess Amount that is not released from escrow shall, consistent with such final determination, either be paid over by Purchaser to Seller within five (5) Business Days of such final determination, or be deemed an "Offset Amount" with respect to the Milestone Payment(s) from which such amounts were withheld by Purchaser, as applicable. In the case of the Excess Amount, at the time the related claims are "finally determined," the applicable party shall deliver to the Escrow Agent within two (2) Business Days of such finally determined judgment a written certificate as contemplated by the Escrow Agreement, requesting that the Excess Amount (or applicable portion thereof) be disbursed by the Escrow Agent in accordance with such determination no later than five (5) Business Days after the Escrow Agent receives such certificate, all in accordance with the terms of the Escrow Agreement. In addition, the Escrow Agent shall distribute any Excess Amount held in accordance with the terms of any joint notification received by it in accordance with the terms of the Escrow Agreement.

(b) Upon any Losses relating to a claim for indemnification by a Purchaser Indemnified Party against Seller being "finally determined", Purchaser shall have the right, but not the obligation, to cause such "finally determined" Losses to be paid to it by an offset (an " Offset ", and the amount of any such Losses so "Offset" is referred to as an " Offset Amount "). The calculation of any Offset Amount shall be subject to all limitations, procedures and other provisions detailed in this Article IX , including all caps, thresholds, limits and exclusions set forth in Section 9.5 and Section 9.6 .

(c) Losses shall be deemed to be "finally determined" to require indemnification by Seller for purposes of this Article IX if (i) Purchaser and Seller have agreed that such Losses are indemnifiable by Seller in accordance with the terms of Section 9.3 or (ii) such Losses are determined to be indemnifiable by Seller pursuant to a final decision, order, judgment or decree of a court of competent jurisdiction which is not subject to further proceedings or appeals and is binding upon the Parties (a " Final Judgment "). Solely to the extent that Losses under this Article IX are finally determined to be indemnifiable by Seller in accordance with the immediately preceding sentence, Purchaser may exercise an Offset in respect of such Losses by notifying Seller thereof in writing in the applicable Annual Milestone Payment Statement that Purchaser is electing to Offset (the " Offset Notification "). Such Offset Notification shall (i) describe in particular the claim for indemnification with respect to which such set off rights have been exercised and (ii) attach a copy of the Indemnity Notice, and all other applicable documentation evidencing the final determination of the claimed Offset Amount (including, if applicable, a Final Judgment providing for the final determination of Seller's obligation to indemnify the Purchaser Indemnified Party for such Losses).

ARTICLE X

TERMINATION

Section 10.1 Termination . This Agreement may be terminated at any time prior to the Closing:

(a) by written agreement of Purchaser and Seller;

(b) by either Purchaser or Seller, by giving written notice of such termination to the other Party, if the Closing shall not have occurred on or prior to May 16, 2016 (the " Outside Date "); provided , however , that the right to terminate this Agreement pursuant to this Section 10.1(b) shall not be available to any Party hereto whose action or failure to fulfill any obligation under this Agreement has been a principal cause of, or resulted in, the failure of the Parties to consummate the Closing by such date;

(c) by Seller, if any of the representations or warranties of Purchaser set forth in this Agreement shall not be true and correct, or if Purchaser has failed to perform any covenant or agreement on the part of such Purchaser set forth in this Agreement (including an obligation to consummate the Closing), in each case, such that the conditions to the Closing set forth in Section 8.3(a) or Section 8.3(b) would not be satisfied as of the Closing Date and the breach or breaches causing such representations or warranties not to be true and correct, or the failures to perform any covenant or agreement, as applicable, are not cured within twenty (20) Business Days after written notice thereof is delivered to Purchaser;

(d) by Purchaser, if any of the representations or warranties of Seller set forth in this Agreement shall not be true and correct, or if Seller has failed to perform any covenant or agreement on the part of Seller set forth in this Agreement (including an obligation to consummate the Closing), in each case, such that the conditions to the Closing set forth in Section 8.2(a) or Section 8.2(b) would not be satisfied as of the Closing Date and the breach or breaches causing such representations or warranties not to be true and correct, or the failures to perform any covenant or agreement, as applicable, are not cured within twenty (20) Business Days after written notice thereof is delivered to Seller; or

Section 10.2 Effect of Termination . (a) In the event of the termination of this Agreement in accordance with Section 10.1 hereof, this Agreement shall thereafter become void and have no effect, and no Party hereto shall have any liability to the other Party hereto or their respective Affiliates, directors, officers or employees; provided , that (i) no such termination shall relieve the obligations of the Parties hereto contained in this Section 10.2 and in Section 6.1(b) (" Information and Documents "), Section 11.1 (" Notices "), Section 11.6 (" Public Disclosure "), Section 11.7 (" Return of Information "), Section 11.8 (" Expenses, Transfer Taxes and Property Taxes "), Section 11.10 (" Governing Law; Jurisdiction "), Section 11.11 (" Waiver of Jury Trial "), and Section 11.16 (" Non-Recourse ") hereof and (ii) nothing herein shall relieve any Party from Liability for any breach of any representation, warranty or covenant set forth in this Agreement prior to such termination.

(b) In the event this Agreement shall be terminated and at such time any Party is in material breach of or default under any term or provision hereof, such termination shall be without prejudice to, and shall not affect, any and all rights to damages that the other Party may have hereunder or otherwise under applicable Law. The damages recoverable by the non-defaulting Party shall include all attorneys' fees reasonably incurred by such Party in connection with the transactions contemplated hereby.

ARTICLE XI

MISCELLANEOUS

Section 11.1 Notices .

(a) All notices, demands and other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given (a) when personally delivered, (b) when transmitted (except if not a Business Day then the next Business Day) via facsimile to the number set out below (with transmission confirmed) or to the address set out below, (c) the day following the day (except if not a Business Day then the next Business Day) on which the same has been delivered prepaid to a reputable national overnight air courier service or (d) the third Business Day following the day on which the same is sent by certified or registered mail, postage prepaid. Notices, demands and communications, in each case to the respective Parties, shall be sent to the applicable address or facsimile number set forth below, unless another address or facsimile number has been previously specified in writing by such Party:

To Seller:

Cranford Pharmaceuticals, LLC
11 Commerce Drive, 1 st Floor
Cranford, New Jersey 07016
Facsimile: [Fax number]
Attn: Greg Ford, President

with a copy to:

Lowenstein Sandler LLP
65 Livingston Avenue
Roseland, New Jersey 07068
Facsimile: [Fax number]
Attn: Michael J. Lerner

to Purchaser:

ANI Pharmaceuticals, Inc.
210 Main Street West
Baudette, MN 56623
Telephone: [Tel. number]
Facsimile: [Fax number]
Attn: Arthur Przybyl

with a copy to:

Dentons US LLP
1221 Avenue of the Americas
New York, NY 10020
Telephone: [Tel. number]
Facsimile: [Fax number]
Attn: Paul A. Gajer

(b) This Agreement and any signed agreement entered into in connection herewith or contemplated hereby, and any amendments hereto or thereto, to the extent signed and delivered by means of a facsimile machine or scanned pages via electronic mail, shall be treated in all manner and respects as an original contract and shall be considered to have the same binding legal effects as if it were the original signed version thereof delivered in person. No Party hereto or to any such contract shall raise the use of a facsimile machine or email to deliver a signature or the fact that any signature or contract was transmitted or communicated through the use of facsimile machine or email as a defense to the formation of a contract and each such Party forever waives any such defense. This Agreement is not binding unless and until signature pages are executed and delivered by each of Purchaser and Seller.

Section 11.2 Amendment; Waiver . Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by Purchaser and Seller, or in the case of a waiver, by the party against whom the waiver is to be effective. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

Section 11.3 Assignment. No Party to this Agreement may assign any of its rights or obligations under this Agreement; provided, that (i) either Party may assign all or part of its rights under this Agreement without consent to any of its Affiliates, in each case, so long as such assigning Party shall remain liable in full for the performance of its obligations hereunder and for any breach thereof by its assignee, and (ii) Purchaser may assign all or part of its rights under this Agreement to any third party to whom it sells both of the Products in a single transaction, subject to and in accordance with the terms of Section 2.8(h).

Section 11.4 Entire Agreement. This Agreement (including all Schedules and Exhibits hereto) contains the entire agreement between the Parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, with respect to such matters, except for (i) the Confidentiality Agreement which will remain in full force and effect for the term provided for therein and (ii) any written agreement of the Parties that expressly provides that it is not superseded by this Agreement.

Section 11.5 Parties in Interest. This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and permitted assigns. Nothing in this Agreement, express or implied, is intended to confer upon any Person other than Purchaser, Seller, or their successors or permitted assigns, any rights or remedies under or by reason of this Agreement, provided, that (i) the provisions of Article IX shall inure to the benefit of the Indemnified Parties and (ii) the provisions of Section 11.16 shall inure to the benefit of the Persons referenced therein.

Section 11.6 Public Disclosure. Notwithstanding anything herein to the contrary, each of the Parties to this Agreement hereby agrees with the other Parties hereto that, except as may be required to comply with the requirements of any applicable Laws, and the rules and regulations of each stock exchange upon which the securities of one of the Parties is listed, if any, no press release or similar public announcement or communication shall, if prior to the Closing, be made or caused to be made concerning the execution or performance of this Agreement unless the Parties shall have consulted in advance with respect thereto.

Section 11.7 Return of Information. If the transactions contemplated by this Agreement are terminated as provided herein:

(a) notwithstanding anything in the Confidentiality Agreement to the contrary, Purchaser shall return to Seller or destroy all documents and other material received by Purchaser, its Affiliates and their respective Representatives from Seller, or any of its respective Affiliates, relating to the transactions contemplated hereby and by the Ancillary Agreements, whether so obtained before or after the execution hereof; and

(b) all confidential information received by Purchaser, its Affiliates and their respective Representatives with respect to a Seller, or any of its respective Affiliates, the Purchased Assets and the Assumed Liabilities shall be treated in accordance with the Confidentiality Agreement, which shall remain in full force and effect in accordance with its terms notwithstanding the termination of this Agreement.

Section 11.8 Expenses, Transfer Taxes and Property Taxes . (a) Except as otherwise expressly provided in this Agreement, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be borne by the Party incurring such expenses. Notwithstanding the foregoing, all Transfer Taxes shall be paid 50% by Purchaser and 50% by Seller.

(b) In the case of any taxable period that includes (but does not end on) the Closing Date, real, personal and intangible property Taxes and similar Taxes imposed with respect to the Purchased Assets (" Property Taxes ") shall be allocated between the Pre-Closing Tax Period and the Post-Closing Tax Period on a per diem basis. Seller shall be responsible for any Property Taxes for the Pre-Closing Period and Purchaser shall be responsible for any Property Taxes for the Post-Closing Period. Seller and Purchaser shall promptly reimburse each other in accordance with such allocation for any such Property Taxes which any Party is required to pay under applicable Law. Liability for any fees payable to any Governmental Authority with respect to the Purchased Assets shall be allocated in the same manner.

Section 11.9 Schedules . The disclosure of any matter in the Disclosure Schedule shall be deemed to be a disclosure with respect to any other section or subsection of ARTICLE IV of this Agreement with respect to which its relevance is reasonably apparent on its face, but shall expressly not be deemed to constitute an admission by Seller or Purchaser, or to otherwise imply, that any such matter is material for the purposes of this Agreement.

Section 11.10 Governing Law; Jurisdiction . (a) This Agreement and its negotiation, execution, performance or non-performance, interpretation, termination, construction and all claims or causes of action (whether in contract, in tort, at law or otherwise) that may be based upon, arise out of, or relate to this Agreement, or the transactions contemplated hereby (including any claim or cause of action based upon, arising out of or related to any representation or warranty made in connection with this Agreement or as an inducement to enter this Agreement), shall be exclusively governed by, and construed in accordance with, the laws of the State of New York regardless of Laws that might otherwise govern under any applicable conflict of laws principles.

(b) Any Proceeding based upon, arising out of, or related to this Agreement and its negotiation, execution, performance, non-performance, interpretation, termination, construction or the transactions contemplated hereby shall be heard and determined in the courts of the State of New York sitting in the Borough of Manhattan and the United States District Court for the Southern District of New York. The Parties hereto hereby irrevocably submit to the exclusive jurisdiction and venue of such courts in any such Proceeding and irrevocably and unconditionally waive the defense of an inconvenient forum, or lack of jurisdiction to the maintenance of any such Proceeding. The consents to jurisdiction and venue set forth herein shall not constitute general consents to service of process in the State of New York and shall have no effect for any purpose except as provided in this Section 11.10 and shall not be deemed to confer rights on any Person other than the Parties hereto. Each Party hereto agrees that the service of process upon such Party in any Proceeding arising out of or relating to this Agreement shall be effective if notice is given by overnight courier at the address set forth in Section 11.1 . Each of the Parties also agrees that any final, non-appealable judgment against a Party in connection with any Proceeding arising out of or relating to this Agreement may be enforced in any court of competent jurisdiction, either within or outside of the United States. A certified or exemplified copy of such judgment shall be conclusive evidence of the fact and amount of such judgment.

Section 11.11 WAIVER OF JURY TRIAL . TO THE FULLEST EXTENT PERMITTED BY LAW, THE PARTIES HERETO HEREBY WAIVE THEIR RESPECTIVE R IGHTS TO A JURY TRIAL OF ANY PROCEEDING (WHETHER IN CONTRACT, IN TORT, AT LAW OR OTHERWISE) BASED UPON, ARISING OUT OF, OR RELATED TO THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS AGREEMENT, INCLUDING WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THE PARTIES HERETO ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS ALREADY RELIED ON THE WAIVER IN ENTERING INTO THIS AGREEMENT AND THAT EACH WILL CONTINUE TO RELY ON THE WAIVER IN THEIR RELATED FUTURE DEALINGS. THE PARTIES HERETO FURTHER WARRANT AND REPRESENT THAT EACH HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT OR TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THE TRANSACTIONS CONTEMPLATED HEREBY. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

Section 11.12 Counterparts . This Agreement may be executed in one or more counterparts (including by facsimile or electronic .pdf submission), each of which shall be deemed an original, and all of which shall constitute one and the same agreement and shall become effective when one or more counterparts have been signed by each of the Parties and delivered (by telecopy or otherwise) to the other Party, it being understood that both Parties need not sign the same counterpart.

Section 11.13 Headings . The heading references herein and the table of contents hereto are for convenience purposes only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

Section 11.14 Severability . The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any term or other provision of this Agreement, or the application thereof to any Person or any circumstance, is invalid, illegal or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other Persons, entities or circumstances shall not be affected by such invalidity, illegality or unenforceability, nor shall such invalidity, illegality or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

Section 11.15 Specific Performance . Each of the Parties acknowledges that the rights of each Party to consummate the transactions contemplated hereby are unique and recognizes and affirms that in the event of a breach of this Agreement by any Party, money damages may be inadequate and the non-breaching Party may have no adequate remedy at Law. Accordingly, the Parties agree that prior to a valid termination of this Agreement in accordance with this Agreement, such non-breaching Party shall have the right, in addition to any other rights and remedies existing in its favor at Law or in equity, to enforce its rights and the other Party's obligations hereunder not only by an Proceeding or Proceedings for damages but also by an Proceeding or Proceedings for specific performance, injunctive and/or other equitable relief (without posting of bond or other security). Each of the Parties agrees that it shall not oppose the granting of an injunction, specific performance and other equitable relief when expressly available pursuant to the terms of this Agreement, and hereby waives (x) any defenses in any Proceeding for an injunction, specific performance or other equitable relief, including the defense that the other Parties have an adequate remedy at Law or an award of specific performance is not an appropriate remedy for any reason at Law or equity and (y) any requirement under Law to post a bond, undertaking or other security as a prerequisite to obtaining equitable relief.

Section 11.16 Non-Recourse .

(a) This Agreement may only be enforced against, and any claim or cause of action based upon, arising out of or related to this Agreement may only be brought against the entities that are expressly named as Parties hereto and then only with respect to the specific obligations set forth herein with respect to such Party (or, in the case of Article VI and Article VII , the relevant Affiliates of Seller). Except to the extent a named Party to this Agreement (and then only to the extent of the specific obligations undertaken by such named Party in this Agreement) (or, in the case of Article VI and Article VII ,, the relevant Affiliates of Seller), no past, present or future director, officer, employee, incorporator, member, partner, stockholder, Affiliate, agent, attorney or other Representative of any Party hereto shall have any liability (whether in contract or in tort, in law or in equity, or based upon any theory that seeks to impose liability of an entity party against its owners or Affiliates) for any obligations or liabilities of any Party hereto under this Agreement or for any claim based on, in respect of, or by reason of, the transactions contemplated hereby or in respect of any oral representations made or alleged to have been made in connection herewith (except with respect to claims of fraud or intentional misconduct).

(b) The provisions of this Section 11.16 are intended to be for the benefit of, and enforceable by, the directors, officers, employees, incorporators, members, partners, stockholders, Affiliates, agents, attorneys and other Representatives of the Parties hereto, and each such Person shall be a third party beneficiary of this Section 11.16 .

Section 11.17 Conflict of Interest .

(a) Lowenstein Sandler LLP (" Lowenstein ") shall be permitted to represent Seller after the Closing in connection with any matter relating to the transactions contemplated by this Agreement. Without limiting the generality of the foregoing, after the Closing, Lowenstein shall be permitted to represent Seller, any of its agents and Affiliates, or any one or more of them, in connection with any negotiation or transaction with Purchaser or any of its agents or Affiliates under or relating to this Agreement, the transactions contemplated hereby, and any related matter.

(b) Dentons US LLP (" Dentons ") shall be permitted to represent Purchaser after the Closing in connection with any matter relating to the transactions contemplated by this Agreement. Without limiting the generality of the foregoing, after the Closing, Dentons shall be permitted to represent Purchaser, any of its agents and Affiliates, or any one or more of them, in connection with any negotiation or transaction with Seller or any of its agents or Affiliates under or relating to this Agreement, the transactions contemplated hereby, and any related matter.

[*Remainder of Page Intentionally Left Blank*]

Confidential Materials Omitted and Filed Separately with the Securities and Exchange Commission Pursuant to a Request for Confidential Treatment under Rule 406 under the Securities Act of 1933, as amended. Confidential Portions are marked: [***]

IN WITNESS WHEREOF , the Parties have executed or caused this Agreement to be executed as of the date first written above.

CRANFORD PHARMACEUTICALS, LLC

By: _____

Name:
Title:

[SIGNATURE PAGE TO ASSET PURCHASE AGREEMENT]

ANI PHARMACEUTICALS, INC.

By: _____

Name:
Title:

[SIGNATURE PAGE TO ASSET PURCHASE AGREEMENT]

Exhibit 31.1

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

I, Arthur S. Przybyl, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ANI Pharmaceuticals, Inc.;

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

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

4. The registrant's other certifying officer 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 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 5, 2016

/s/ Arthur S. Przybyl

Arthur S. Przybyl
President and
Chief Executive Officer
(principal executive officer)

Exhibit 31.2

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

I, Charlotte C. Arnold, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ANI Pharmaceuticals, Inc.;

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

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

4. The registrant's other certifying officer 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 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 5, 2016

/s/ Charlotte C. Arnold
Charlotte C. Arnold
Vice President, Finance and
Chief Financial Officer
(principal financial officer)

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of ANI Pharmaceuticals, Inc. (the "Company") for the quarterly period ended March 31, 2016 (the "Report") as filed with the Securities and Exchange Commission on the date hereof, the undersigned Chief Executive Officer and Chief Financial Officer of the Company hereby certify that, to such officer's knowledge:

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

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

This certification is provided solely pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Dated: May 5, 2016

/s/ Arthur S. Przybyl
Arthur S. Przybyl
President and
Chief Executive Officer
(principal executive officer)

Dated: May 5, 2016

/s/ Charlotte C. Arnold
Charlotte C. Arnold
Vice President, Finance and
Chief Financial Officer
(principal financial officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.