IN THE DISTRICT COURT OF CLEVELAND COUNTY
STATE OF OKLAHOMA

STATE OF OKLAHOMA, ex rel.,
MIKE HUNTER,
ATTORNEY GENERAL OF OKLAHOMA,

Plaintiff,

vs.

(1) PURDUE PHARMA L.P.;
(2) PURDUE PHARMA, INC.;
(3) THE PURDUE FREDERICK COMPANY,
(4) TEVA PHARMACEUTICALS USA, INC.;
(5) CEPHALON, INC.;
(6) JOHNSON & JOHNSON;
(7) JANSSEN PHARMACEUTICALS, INC,
(8) ORTHO-MCNEIL-JANSSEN PHARMACEUTICALS, INC., n/k/a JANSSEN PHARMACEUTICALS;
(9) JANSSEN PHARMACEUTICA, INC., n/k/a JANSSEN PHARMACEUTICALS, INC.;
(10) ALLERGAN, PLC, f/k/a ACTAVIS PLC, f/k/a ACTAVIS, INC., f/k/a WATSON PHARMACEUTICALS, INC.;
(11) WATSON LABORATORIES, INC.;
(12) ACTAVIS LLC; and
(13) ACTAVIS PHARMA, INC., f/k/a WATSON PHARMA, INC.,

Defendants.

Case No. CJ-2017-816
Honorable Thad Balkman

William C. Hetherington
Special Discovery Master

CONFIDENTIAL
FILED UNDER SEAL PURSUANT TO PROTECTIVE ORDER DATED APRIL 16, 2018

DEFENDANTS TEVA PHARMACEUTICALS USA, INC., CEPHALON, INC., WATSON LABORATORIES, INC., ACTAVIS LLC, AND ACTAVIS PHARMA, INC., f/k/a WATSON PHARMA, INC.'S MOTION FOR PROTECTIVE ORDER AND TO MAINTAIN CONFIDENTIALITY OF CERTAIN DOCUMENTS AT TRIAL

DOCUMENTS SEALED PER COURT ORDER
DATED APRIL 16, 2018

CONFIDENTIAL—TO BE FILED UNDER SEAL

EXHIBIT 18

ACTIVE INGREDIENT SUPPLY AGREEMENT

This Active Ingredient Supply Agreement (the "Agreement"), is made effective as of December 1, 2011, (the "Effective Date") between Watson Laboratories, Inc., a Nevada corporation, and its Affiliates ("Watson") and Johnson Matthey Inc., a Pennsylvania corporation ("Supplier"). This Agreement may be referenced in orders and other correspondence related hereto as Agreement No. 708.

The parties hereby agree as follows:

ARTICLE 1
DEFINED TERMS

As used herein, certain capitalized terms shall have the meanings ascribed to them on Exhibit A.

ARTICLE 2
MANUFACTURE, SUPPLY AND DELIVERY

2.1 **Supply and Purchase Obligations.** Pursuant to the terms of this Agreement, including attachments and exhibits hereto, Supplier shall manufacture and supply Active Ingredient for Watson. Supplier may manufacture and supply Active Ingredient to third parties; provided however, that in the event of any shortage of Active Ingredient, Supplier shall supply Watson on a pro rata basis based on annual average purchases over last two years. In the event, the two year history is not established then pro rata basis based on twelve months rolling forecast. Watson shall have no obligation to purchase Active Ingredient under this Agreement, except to the extent Watson provides to Supplier purchase orders pursuant to Section 2.2 or as otherwise required pursuant to the purchase requirements set forth in Exhibit B to this Agreement.

2.2 **Forecasts and Orders.**

Not less than forty-five (45) days prior to the first day of each calendar quarter, Watson shall prepare and provide Supplier with a written non-binding forecast of the estimated Active Ingredient requirements of Watson and its Affiliates for each of the following four (4) calendar quarters Watson shall make all purchases hereunder by submitting firm purchase orders to Supplier. Each such purchase order shall be in writing, and shall specify the quantity ordered, up to one hundred percent (100%) of the quantity forecasted for such calendar quarter in the most recent forecast, the price therefor, the place of delivery and the required delivery date, which shall not be less than ninety (90) days after the date of such purchase order. Supplier shall use its commercially reasonable efforts to manufacture and supply to Watson any quantities of Active Ingredient as Watson orders pursuant to its purchase orders. If no response is received within 3 business days, such order shall be deemed a "Firm Order". Once accepted, such order shall be deemed a "Firm Order". In the event of a conflict between the terms and conditions of any purchase order and this Agreement, the terms and conditions of this Agreement shall prevail.

In the event that Watson does not have sufficient quota to place purchase order ninety (90) days prior to the required delivery date, Watson will notify Supplier of requirement not less than ninety (90) days prior to required delivery date. Supplier, at its option, has the right accept or reject such requirement within five (5) days of notification by Watson. If Supplier accepts the requirement, Supplier will treat it as a Firm Order and deliver to Watson on the later of the required delivery date or within 5 days of receipt of Purchase Order. If Supplier does not accept the requirement within five (5) days, Watson, at its option, can buy the requirement from another source and counts toward requirement to buy from Johnson Matthey.

2.3 Delivery and Acceptance.

(a) Delivery. All Active Ingredient supplied hereunder shall be shipped EXW (Incoterms 2010). Title and risk of loss and damages to Active Ingredient shall pass to Watson upon Active Ingredient being made available for collection at Supplier's facility on the agreed upon delivery date. Supplier shall supply Active Ingredient under this Agreement in labeled bulk containers reasonably acceptable to Watson.

(b) Rejection and Cure. Watson shall use reasonable commercial efforts to confirm the Active Ingredient supplied by Supplier complies with the Limited Warranty. If a shipment of Active Ingredient or any portion thereof fails to conform to the Limited Warranty or is damaged during shipment, then Watson shall have the right to reject such nonconforming shipment of Active Ingredient or the nonconforming portion thereof, as the case may be, by returning such rejected Active Ingredient to Supplier and providing Supplier with written notice specifying the grounds for such rejection.

(i) Patent Defect. In the case of a Patent Defect, Watson shall use reasonable commercial efforts to give written notice to Supplier of its rejection hereunder and return such rejected Active Ingredient, within sixty (60) days after Watson's receipt of such shipment. For purposes of this Agreement, "Patent Defect" shall mean any instance where the Active Ingredient fails to conform to the Limited Warranty, and such failure is discoverable upon reasonable physical inspection or standard testing of such Active Ingredient upon receipt by Watson.

(ii) Latent Defect. In the case of a Latent Defect in any Active Ingredient, the party that becomes aware of a Latent Defect in any Active Ingredient shall use reasonable commercial efforts to notify the other party within five (5) business days from the date they become aware of such Latent Defect. For the purposes of this Agreement, "Latent Defect" shall mean any instance where the Active Ingredient fails to conform to the applicable Limited Warranty, and such failure would not be discoverable upon reasonable physical inspection or standard testing of such Active Ingredient.

(iii) Replacement or Refund. The rejected shipment of Active Ingredient, or the portion thereof, shall be held for Supplier's disposition, or shall be returned to Supplier, in each case at Supplier's expense, as directed by Supplier. Supplier shall use its commercially reasonable efforts to replace each nonconforming shipment of Active Ingredient, or the nonconforming portion thereof, with conforming Active Ingredient as soon as reasonably practicable after receipt of notice of rejection thereof, and in any event shall do so within forty five (45) days, or in the event replacement within forty five (45) days is not feasible, Supplier, at Watson's option, shall refund all moneys paid to Supplier for the rejected shipment of Active Ingredient or portion thereof. In any event, Supplier shall reimburse Watson for its reasonable costs of manufacture of products containing Active Ingredient with Latent Defects as well as the costs of accepting and processing returns from its customers of products; provided, however, that Supplier's obligation to reimburse for the cost of manufacturing for any single rejected shipment shall not exceed an aggregate of five million dollars ($5,000,000).

(iv) Disputes. In the event that Supplier disputes Watson's determination that Active Ingredient does not meet the Specifications or has been damaged or is subject to a shortage in quantity, the parties shall meet to resolve, in good faith, such dispute. In the event the parties are not able to reach a mutually agreeable resolution in a timely manner, Watson shall submit the matter to an independent third party laboratory mutually acceptable to the parties for final determination and the conclusions of such independent third party laboratory shall be binding on the parties; provided, however, Supplier shall reimburse Watson for the associated costs in the event the independent third party laboratory does not support Supplier's position in the dispute.

2.4 Cover. If Supplier fails to timely deliver to Watson the quantity of conforming Active Ingredient that Watson orders under any purchase order pursuant to Section 2.2 above for any reason,

including a Force Majeure Event, Watson shall have the right to purchase substitute Active Ingredient from a third party in substitution for the quantity of conforming Active Ingredient which Supplier failed to deliver hereunder, in which event the quantity will be counted toward Watson's requirements set forth in this Agreement.

2.5 DEA Quotas.

a) Both the Commercial Product and the Active Ingredient are scheduled under the Federal Controlled Substances Act. Supplier and Watson are required to obtain a quota from the DEA before producing the Commercial Product or the Active Ingredient. Such quotas are limited, therefore, the parties agree to use commercially reasonable efforts to obtain DEA quotas and the parties shall use commercially reasonable efforts to cooperate with each other to obtain sufficient quotas and to communicate any quota limits.

b) Each party's obligation hereunder is subject to obtaining the necessary DEA quota. Neither party shall be liable to the other for that quantity of Commercial Product or Active Ingredient which the other party is unable to supply or take as a result of failure to obtain a DEA quota, provided that each party has used commercially reasonable efforts to obtain sufficient DEA quota and has provided reasonable notice to the other party.

ARTICLE 3
PRICE AND PAYMENT TERMS

3.1 Price. Watson shall purchase from Supplier all Active Ingredient which is accepted pursuant to Section 2.3 at the price and upon such additional terms as are specified in Exhibit B to this Agreement, provided that supplier's manufacturing facility is qualified under all applicable laws, rules and regulations and by all appropriate governmental and regulatory agencies. Supplier shall invoice Watson for Active Ingredient upon shipment and Watson shall pay each invoice within thirty (30) days after the date of invoice. All payments shall be made in U.S. Dollars.

3.2 Payments. Watson shall pay all invoices from Supplier for the Active Ingredient in full within forty five (45) days after the later of the date of the invoice or delivery date of Active Ingredient in the form of a check, wire, or money order (or other method of payment approved by Supplier in writing).

ARTICLE 4
FURTHER OBLIGATIONS OF THE PARTIES

4.1 Drug Master File. Supplier has filed, shall be solely responsible for maintaining, and shall maintain, the Drug Master File. Supplier shall not make any modification or other change to the Active Ingredient which may represent a deviation from the Drug Master File, a change to the physical or chemical attribute of the Active Ingredient or which necessitate an amendment to the Drug Master File, including but not limited to any regarding the manufacturing processes, analytical methods and specifications, vendors, or site of manufacture ("Change") without first advising Watson of the proposed Change; provided further that, if such Change would materially affect Watson's manufacture and sale of Commercial Product: (i) Watson and Supplier shall mutually agree upon a schedule for such Change and amendment of the Drug Master File; and (ii) Supplier shall manufacture and supply sufficient Active Ingredient under the then current Drug Master File (i.e. before effecting a Change or amendment) as bridge stock to allow Watson to continue to sell Commercial Product pending all updates, filings and approvals necessary or advisable to allow Watson to manufacture and sell Commercial Product with the Change and/or under the amended Drug Master File. Watson shall have the nonexclusive right to reference the Drug Master File in all applicable Regulatory Dossiers for Commercial Products. All such Regulatory Dossiers shall be owned by Watson and Supplier shall have no rights therein.

4.2 **Facility Qualification.** Supplier shall, at no cost to Watson, take all such actions to qualify (and thereafter to maintain qualification of) the facility at which Supplier manufactures Active Ingredient, as required under applicable law, to enable Watson to obtain and maintain all applicable Regulatory Dossiers for the Commercial Products. Supplier shall permit Watson and its agents, at Watson's expense, at mutually agreed upon times during normal business hours and upon reasonable prior notice to supplier, to inspect the Facility where the API is manufactured, handled, stored, tested, as well as all batch records (without making copies) and processes relating to the manufacture, storage, handling, or testing of the API and all manufacturing handling, storage, and test records regarding the API. Supplier shall respond to any non-conformances noted by Watson, within thirty (30) working days of their written notification of such non-conformances, by submitting to Watson a written report stating causes and corrective action planned, and providing a timetable for the corrections.

4.3 **Manufacturing Practices.** Supplier shall manufacture the Active Ingredient in conformity with the Active Ingredient Specifications and in accordance with the Drug Master File, GMP and all applicable laws and regulations. Refer to Quality Agreement for all other related activities.

4.4 **Registration and Technical Assistance.** Upon the request of Watson, Supplier promptly shall, at no cost to Watson, provide Watson with such information, samples and technical assistance, and otherwise reasonably cooperate with Watson, in connection with the preparation, prosecution and maintenance of all applicable Regulatory Dossiers for any Commercial Product.

4.5 **Recall.** In the event either party believes it may be necessary to conduct a recall, field correction, market withdrawal, stock recovery, or other similar action with respect to any Commercial Product containing Supplier's Active Ingredient (a "Recall"), Supplier and Watson shall consult with each other as to how best to proceed, it being understood and agreed that the final decision as to any Recall of any such Commercial Product shall be made by Watson; provided, however, that Supplier shall not be prohibited hereunder from taking any action that it is required to take by applicable law. Watson shall bear all costs in connection with any such Recall; provided, however, that Supplier shall reimburse Watson for all reasonable out-of-pocket expenses incurred by Watson in connection with any such Recall attributable to Supplier's breach of the Limited Warranty not to exceed One Million ($1,000,000) USD (the "Recall Cap") in the aggregate for any one individual Recall.

4.6 **Reprocess and Rework Material.** Supplier shall ensure that the Active Ingredient, which has been reprocessed, shall be documented in the batch record. Reprocessing procedures shall be in accordance with the most recent Drug Master File. Reprocessed batch shall be included in the on-going stability study program. Supplier shall not supply reworked Active Ingredient to Watson without prior written approval by Watson.

4.7 **Certificate of Analysis.** Supplier shall provide a signed certificate of analysis with each shipment for the Active Ingredient/s, as detailed in the Quality Agreement. Active Ingredient has been manufactured in accordance with cGMP. Active Ingredient Specification shall be included on the certificate of analysis in accordance with Attachment A-1 and no changes shall be made to such Specifications without prior agreement with Watson.

4.8 **Conditions to Supply of Oxycodone HCl.** Watson and Supplier hereby acknowledge and agree that the Active Ingredient Oxycodone HCL supplied under to Watson under this Agreement shall be Low ABUK Oxycodone. Watson hereby agrees that such supply of Low ABUK Oxycodone hereunder is subject to the following conditions:

(a) Watson shall use the Low ABUK Oxycodone supplied by Supplier only for IR Low ABUK Oxycodone Product.

(b) The Low ABUK Oxycodone supplied by Supplier is not transferrable by Watson to any third party other than for the purpose of manufacturing or selling IR Low ABUK Oxycodone Product.

(c) Watson shall not claim that the transfer of such Low ABUK Oxycodone to Watson by Supplier under this Agreement exhausts any third-party patent rights to such product.

(d) When requested in support of a filing with the FDA, Supplier will only authorize access to its Drug Master File (DMF # 18472) for the Low ABUK Oxycodone if such filing is related to the manufacture of IR Low ABUK Oxycodone Product.

Watson shall indemnify and hold harmless Supplier and its affiliates and their respective officers, directors, agents and representatives thereof from any and all losses, liability, damages, and/or expenses (including reasonable attorneys' fees and expenses) which may be sustained or claimed by third parties against Supplier in connection with a breach of any of the conditions set forth in this Section 4.8.

ARTICLE 5
WARRANTIES AND LIMITATION OF LIABILITY

5.1 Supplier warrants that the Active Ingredient supplied to Watson hereunder will conform to the Active Ingredient Specifications set forth in Attachment A-1.

5.2 Supplier warrants to Watson that, as of the date of each shipment hereunder of any Active Ingredient subject to the provision of the U.S. Food, Drug, and Cosmetic Act, as amended (the "Act"), such Active Ingredient is not, when received, adulterated or misbranded within the meaning of the Act or of any applicable state law in which the definitions of adulteration and misbranding are substantially the same as those contained in the Act, or an article that may not, under the provision of Sections 404, 505, or 512 of the Act, be introduced into interstate commerce.

5.3 To the best of Supplier's knowledge as of the Effective Date, the manufacture of Active Ingredient by Supplier does not infringe or misappropriate any valid and enforceable patent or other intellectual property right of any third party.

5.4 Except as expressly stated in paragraphs a), b) and c) of this Article 5 (collectively herein referred to as the "Limited Warranty"), SUPPLIER MAKES NO OTHER REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESSED OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY AS TO MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE, OR ANY OTHER MATTER WITH RESPECT TO THE ACTIVE INGREDIENT.

5.5 EXCEPT FOR REMEDIES AND INDEMNIFICATION FOR (1) THIRD-PARTY CLAIMS AS PROVIDED IN ARTICLE 6; (2) WITH REGARD TO A RECALL PURSUANT TO SECTION 4.5; AND (3) REASONABLE COST OF MANUFACTURING AND RETURN PROCESSING AS PROVIDED IN ARTICLE 2.3, WATSON'S EXCLUSIVE REMEDY FOR DAMAGES ARISING OUT OF THE BREACH OF THE LIMITED WARRANTY BY SUPPLIER AND SUPPLIER'S LIABILITY TO WATSON FOR ANY AND ALL LOSSES OR DAMAGE FROM ANY CAUSE WHATSOEVER, INCLUDING, WITHOUT LIMITATION, ALLEGED NEGLIGENCE, SHALL IN NO EVENT EXCEED THIS OBLIGATION TO REPAIR OR REPLACE THE ACTIVE INGREDIENT AND RESUBMIT IT TO WATSON. In the event that Supplier is unable to repair or replace such non-conforming Active Ingredient within a reasonable period of time, at Watson's option, Supplier shall promptly refund the price paid for such non-conforming Active Ingredient.

ARTICLE 6

6.1 **Limitation of Liability.** NEITHER PARTY WILL BE LIABLE TO THE OTHER PARTY FOR LOST PROFITS, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES SUSTAINED BY THAT PARTY, WHETHER SUCH PARTY'S CLAIM IS IN CONTRACT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE, OTHER THAN IN CONNECTION WITH SUCH PARTY'S OBLIGATION TO INDEMNIFY THE OTHER WITH RESPECT TO THIRD PARTY CLAIMS PURSUANT TO ARTICLE 7.

6.2 **Indemnification; Insurance.**

a) **Watson Indemnification.** Watson agrees to indemnify and hold harmless Supplier and its affiliates and their respective officers, directors, agents and representatives thereof from any and all losses, liability, damages, and/or expenses (including reasonable attorneys' fees and expenses) which may be sustained or claimed by third parties against Supplier following Watson's or its designee's receipt of the Active Drug Substance except to the extent of Supplier's liability under Section 6.2(b) or a breach by Supplier of the Limited Warranty. The foregoing indemnity is subject to Supplier promptly notifying Watson in writing of all claims against Supplier for which Supplier may be entitled to indemnity hereunder; provided, however, that failure to give such notification shall not affect the indemnification provided hereunder except to the extent Watson shall have been actually prejudiced as a result of such failure. Watson shall have the right to defend and/or settle any such claim with counsel of its choice and Supplier shall give Watson such defense, provided that Supplier shall have the right to choose its counsel and any settlement that imposes any obligation on is subject to Supplier's consent (which consent not to be unreasonably withheld). Supplier shall have the right to participate in such defense at its cost and with counsel of its choosing.

b) **Supplier Indemnification.** Supplier agrees to indemnify and hold harmless Watson and its affiliates and their respective officers, directors, agents and representatives thereof from any and all losses, liability, damages and/or expenses (including reasonable attorneys' fees and expenses) which may be sustained or claimed by third-parties against Watson based on Supplier's breach of its Limited Warranty except to the extent of Watson's own breach of its obligations in accepting the Active Drug Substance or negligence; provided, however, Supplier's maximum liability for indemnification and damages under this Agreement shall not exceed, in the aggregate over the term of this Agreement, Thirty Million Dollars ($30,000,000) (the "Indemnity Cap"), except in cases of Supplier's willful misconduct in which case Supplier's liability shall not be limited. The term "willful misconduct" as used herein means conduct by Supplier which is done with the deliberate intent to cause harm or with reckless disregard for the safety of another's person or property. The foregoing indemnity is subject to Watson promptly notifying Supplier in writing of all claims against Watson for which Watson may be entitled to indemnity hereunder; provided, however, that failure to give such notification shall not affect the indemnification provided hereunder except to the extent Supplier shall have been actually prejudiced as a result of such failure. Supplier shall have the right to defend and/or settle any such claim and Watson shall give Supplier such defense assistance provided that Watson shall have the right to choose its counsel and consent to any settlement (which consent not to be unreasonably withheld). Watson shall have the right to participate in such defense at its cost.

c) **Insurance.** Each Party shall carry comprehensive general liability insurance, including product liability insurance against claims for bodily injury or property damage in an amount of not less than $10,000,000 per occurrence and $10,000,000 in the aggregate, which may include umbrella coverage. Such policy shall be endorsed to include an agreement by the insurer to provide thirty (30) days' prior written notice to the other party of cancellation or material change in the coverage before such cancellation or change takes effect. Watson shall have the right to provide the above coverages through a program of self-insurance upon written notice to Supplier.

ARTICLE 7
TERM AND TERMINATION

7.1 **Term**. Unless terminated earlier pursuant to Section 7.2, the initial term of this Agreement shall expire four (4) years from the Effective Date of this Agreement (the "Initial Term"). Thereafter, the term of this Agreement shall automatically be extended for additional one (1) year terms (each, a "Renewal Term"; the Initial Term and any Renewal Terms are collectively referred to herein as the "Term"), unless either party gives written notice of its intention not to renew the Agreement (a) in the case of the Initial Term, at least twenty-four (24) months prior to the end of the Initial Term or (b) in the case of a Renewal Term, if any, six (6) months prior to the end of such Renewal Term.

7.2 **Termination**. A party shall have the right to terminate this Agreement, upon or after the breach of any material provision of this Agreement by the other party if the other party has not cured such breach within thirty (30) days after receipt of written notice thereof from the non-breaching party or in the event of force majeure which is not cured or removed within sixty (60) days of the occurrence of such event. Expiration or termination of this Agreement shall not relieve the parties of any obligation accruing prior to such expiration or termination; provided, however, in the event of an uncured breach by Supplier, Watson shall have the right but not the obligation to cancel any pending purchase orders. Further, in the event that Supplier's indemnity obligations exceed 30% of the Indemnity Cap at any time during the term of this Agreement, Watson shall have the right to terminate this Agreement upon ninety (90) days' prior written notice. The provisions of Sections 4.5, and Articles 5, 6 and 7 shall survive any expiration or termination of this Agreement. Each party agrees to return upon the expiration or termination of this Agreement all Confidential Information acquired from the other party, except as to such information it may be required to retain under applicable law or regulation, and except for one copy of such information to be retained by such party's legal department.

ARTICLE 8
GROSS INEQUITIES

It is the intent of the parties hereto that they shall mutually benefit from the terms, conditions and provisions of this Agreement, and in the event that either party shall suffer a gross inequity resulting from such terms, conditions or provisions, or from a substantial change in circumstances or conditions, the parties shall negotiate in good faith to resolve or remove such inequity. It is mutually understood and agreed, however, that nothing herein shall be construed to relieve either party of any of its obligations under this Agreement, unless and until such resolution or removal has been agreed to in writing by both parties.

ARTICLE 9
MISCELLANEOUS

9.1 **Notices**. All notices or other communications given pursuant hereto shall be in writing and deemed given (a) when delivered by messenger, (b) when sent by telecopier, (with receipt confirmed), (c) when received by the addressee, if sent by Express Mail, Federal Express or other express delivery service (receipt requested), or (d) five days after being mailed in the U.S., first-class postage prepaid, registered or certified, in each case to the appropriate addresses and telecopier numbers set forth below (or to such other addresses and telecopier numbers as a party may designate as to itself by notice to the other party):

If to Watson:

Watson Laboratories, Inc.
311 Bonnie Circle
Corona, California 92880

If to Supplier:

Johnson Matthey Inc.
2003 Nolte Drive
West Deptford, New Jersey 08066

Attention: General Counsel
Telecopier: (951) 279-8094

Attention: General Manager
Telecopier: (856) 384-4582

With a copy to:

Johnson Matthey Inc.
435 Devon Park Drive, Suite 600
Wayne, Pennsylvania 19087
Attention: General Counsel
Telecopier: (610) 971-3022

9.2 **Assignment.** Neither party shall, without the prior written consent of the other party, assign or transfer this Agreement; provided that, either party may assign or transfer this Agreement to any Affiliate or to any successor by merger or upon a sale of all or substantially all of such party's assets to which this Agreement relates. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns.

9.3 **Entire Agreement; Waiver.** This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and may not be amended, modified, waived or cancelled except by a writing signed by each of the parties or, in case of a waiver, by the party effecting such waiver. Failure to require performance of any provision hereof shall in no manner effect the right of such party at a later time to enforce the same, and no waiver in any one instance shall be deemed to be a further or continuing waiver of the same or any other provision.

9.4 **Governing Law; Consent to Jurisdiction.** This Agreement shall be governed by the laws of the State New Jersey, without regard to conflicts of laws principles. Each of the parties irrevocably consents that any legal action or proceeding under this Agreement shall be brought in any court of the State of New Jersey, and each of the parties submits to the personal jurisdiction of such courts. Each party further irrevocably consents to the service of any complaint, summons, notice or other process by delivery thereof to it by any manner in which notices may be given pursuant to this Agreement.

9.5 **Independent Contractor.** The relationship between Supplier and Watson is solely that of buyer and seller; it being understood that each party is acting as an independent contractor for its own account. Neither party shall have authority to conclude contracts or otherwise to act for or bind the other party in any manner, whatsoever, as agent or otherwise.

9.6 **Confidentiality.** Each party will ensure the confidentiality of the other party's Confidential Information it receives by taking substantially the same precautions as it does with its own Confidential Information. Neither party shall, during the period of this Agreement and for three (3) years thereafter, use the other party's Confidential Information for any purpose other than to carry out its obligations hereunder. The obligations of confidentiality shall not apply to information that the receiving party is required by law or regulation to disclose; provided however that, the receiving party shall so notify the disclosing party of its intent to disclose and cooperate with the non-disclosing party on reasonable measures to protect the confidentiality of the non-disclosing party's Confidential Information.

9.7 **Force Majeure.** Original agreed upon times are not to be deemed of the essence of an accepted order and reasonable variations from originally agreed upon times will be accepted by Watson. Supplier's obligations to process and Watson's obligation to take (but not to pay for Active Ingredient that is subject to a firm order), Active Ingredient shall be subject to any delays caused by acts of God, fires, floods, explosion, sabotage, riot, accidents; orders of, or failure to issue or continue in effect all necessary permits by, civil or military authorities whether relating to manufacture and sale of the Active Ingredient,

or discharge of materials into the environment or otherwise; strikes or lockouts; perils of the sea; or any other cause beyond such party's reasonable control.

9.8 Further Actions. Each party agrees to execute, acknowledge and deliver such further instruments, and to do all such other acts, as may be reasonably necessary or appropriate in order to carry out the purpose and intent of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective duly authorized officers as of the date first above written.

WATSON LABORATORIES, INC.

By: _____
Name: Patrick Brunner
Title: SVP, Global Strategic Operations
Date: 12/12/11

JOHNSON MATTHEY INC.

By: _____
Name: Tod Dk
Title: GM, Johnson Matthey, Pharm Matls
Date: 12/14/11

Exhibit A

DEFINED TERMS

"**ABUK**" means α, β-unsaturated ketone.

"**Active Ingredient**" means each of the active pharmaceutical ingredients listed in Attachment A-1 to this Exhibit A.

"**Active Ingredient Specifications**" means the mutually agreed upon specifications for the Active Ingredient set forth in Attachment A-1 to this Exhibit A, including (as applicable) statements of pharmaceutical manufacturing, filling, storage and quality control procedures, and labeling and packaging specifications, as such may from time-to-time be amended by mutual written agreement or as required by the FDA, other governmental body in the United States or the then current edition of the U.S. Pharmacopoeia.

"**Affiliate**" means, with respect to any party, any person or entity which, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such party.

"**Calendar Quarter**" shall mean any of the three-month periods beginning January 1, April 1, July 1 and October 1 of any calendar year during the term of this Agreement.

"**Commercial Product**" means any formulation containing Supplier's Active Ingredient, packaged, labeled and finished to meet the Active Ingredient Specifications, and includes samples and trade packaging.

"**Confidential Information**" means information, which is disclosed by a party to the other party in whatever media, and is marked, identified or otherwise acknowledged to be confidential at the time of disclosure; provided that, information shall not be deemed "Confidential Information" which is (a) publicly known, through no fault of the other party, (b) received by the other party from a source having the right to disclose such information, (c) known by the other party prior to disclosure of such information, or (d) independently developed by the other party without use of the disclosing party's information.

"**Cost of Goods**" means standard cost (expressed on a per kilogram basis) of manufacturing the Active Ingredient, including Raw Materials, Direct Labor and Benefits, and Overhead, all determined in accordance with generally accepted accounting principles and consistent with Supplier's accounting practices for other active ingredients manufactured.

"**Direct Labor and Benefits**" means that portion of basic wages, labor and related payroll taxes and employee benefits spent in actual manufacture and quality control of Active Ingredient that can be identified with or charged to Active Ingredients.

"**Drug Master File**" means Supplier's Drug Master File for manufacturing the Active Ingredient filed with the FDA, and the equivalent filing with the governing health authority of any other country.

"**FDA**" means the United States Food and Drug Administration, and any successor agency thereto.

"**Firm Order**" means a purchase order made by Watson to be delivered by Johnson Matthey for an Active Ingredient on the specified date subject to the provisions of the Agreement.

"GMP" means current Good Manufacturing Practices promulgated by the FDA, and their equivalent promulgated by the governing health authority of any other country in which the Active Ingredient is manufactured by Supplier under this Agreement.

"IR Low ABUK Oxycodone Product" means finished dose form oral formulations containing Low ABUK Oxycodone which is labeled for dosing every seven (7) hours or less

"Low ABUK Oxycodone" means Oxycodone Hydrochloride active pharmaceutical ingredient containing 25 ppm ABUK or less. As used herein, "ppm" means parts per million.

"Net Profit" shall mean Net Sales for the Commercial Product in the Territory, minus the Cost of Goods for such Commercial Product, during the applicable reporting period, as computed in accordance with GAAP.

"Net Sales" shall mean, the gross invoice price of sales of the Commercial Product in the by Seller to third parties, less customary and commercially reasonable allowances for returns and discounts, including, discounts made by means of rebates, to direct or indirect customers, or chargebacks directly related to sales of such Commercial Product (and including rebates or other payments required to be paid to governmental entities in connection with sales of such product pursuant to the Omnibus Budget Reconciliation Act of 1990 and similar or other Federal or state legislation or programs); sales credits customary in the industry and accrued in accordance with GAAP, including price protection, shelf stock adjustments and other price adjustments; reprocurement charges by customers (backorder charges) and other similar charges; in each case above, as is customary and commercially reasonable, as incurred in the ordinary course of business in connection with the sale of the Commercial Product and apportioned, as applicable, to only include that portion of the deduction that benefits sales of such Commercial Product during the applicable reporting period. Components of Net Sales shall be determined using the accrual method of accounting and in accordance with GAAP, in accordance with the accounting methods currently utilized by Watson, consistently applied.

"Overhead" means all operating expenses incurred by and in support of the particular manufacturing cost centers, purchasing and quality assurance operations, with respect to Active Ingredient, including indirect labor, related payroll taxes, employee benefits, depreciation, taxes, insurance, rent, repairs and maintenance, supplies, utilities, and factory administrative expenses; provided, however, that Overhead shall exclude start-up costs or idle or excess capacity charges.

"Regulatory Dossiers" means all registrations, permits, licenses, authorizations, approvals, presentations, notifications or filings (together with all applications therefor), which are filed with or granted by the governing health authority of any country, and which are required to develop, make, use, sell, import or export the Active Ingredient and Commercial Products, other than the Drug Master File.

"Reprocess Material" shall mean to subject the material to a repeat of the original process procedure(s), which is included in the manufacturing process.

"Rework Material" shall mean to subject material to a non-original process manufacturing step(s).

"Territory" shall mean the United States of America, including its territories and possessions (including, but not limited to, the Commonwealth of Puerto Rico).

Attachment A-1

Active Ingredients

Hydrocodone Bitartrate

Oxycodone HCl

Fentanyl Base

Fentanyl Citrate

Methylphenidate HCl for Concerta

Lisdexamfetamine

Sodium Oxybate

Naltrexone HCl

Oxymorphone HCl

Johnson Matthey

Attachment A-1 (continued)

Active Ingredient Specifications

Johnson Matthey

Fentanyl Base, USP/Ph.Eur.
Product Code B0046 (043)

Test	Specification
Appearance	White to off white solid free from visible evidence of contamination.
Identification (IR)	Exhibits maxima only at the same wavelengths as that of a similar preparation of the corresponding qualified reference standard.
Melting Range	84° - 86° C
Loss on Drying	NMT 0.5 %
Residue on Ignition	NMT 0.5 %
Pd by AA	NMT 15 ppm Palladium
Assay (HPLC)	98.0 - 102.0 % (dried basis)
% Impurities (GC)	NMT 0.50 % Total Impurities NMT 0.14 % JMI FC-1001 NMT 0.14 % JMI FC-1002 NMT 0.020 % 2-Bromoethylbenzene NMT 0.15 % JMI Acetyl Analog NMT 0.10 % Individual Unspecified Impurity
Arylamine Impurities (HPLC)	NMT 0.01 % JMI Impurity A NMT 0.01 % JMI Impurity B NMT 0.01 % JMI FC-1003
Residual Solvents (Addendum Method)	NMT 290 ppm n-Hexane NMT 0.4 % n-Pentane NMT 0.2 % IPE NMT 100 ppm Methylene Chloride
Additional Testing:	
Particle Size Analysis	For Information Only: D10, D50, D90 and VMD d(4,3)
Assay (Titration), Ph. Eur.	99.0 % - 101.0 % (dried basis)
Loss on Drying, Ph. Eur.	NMT 0.5 %
Related Substances (HPLC), Ph. Eur.	NMT 0.25 % Impurity A (JMI Fentanyl N-Oxide) NMT 0.25 % Impurity B (JMI FC1001) NMT 0.25 % Impurity C (JMI Acetyl Analog) NMT 0.25 % Impurity D (JMI Impurity B) NMT 0.10 % Individual Impurities NMT 0.50 % Total Impurities
Identification (HPLC)	The retention time of the major peak from the sample corresponds to that from the reference standard
Identification (TLC)	1 spot at an Rf corresponding to that of the reference standard
Heavy Metals	NMT 0.002 %
Identification (UV)	Both spectra exhibit similar intensities of absorption at the same wavelengths.

Johnson Matthey

Fentanyl Citrate, USP/JP/Ph. Eur.
Product Code B1112 (039)

Test	Specification
Appearance	White powder, free from visible evidence of contamination
Identification (USP)	
A. IR	Exhibits maxima only at the same wavelengths as that of a similar preparation of the corresponding Standard.
B. UV	Exhibits maxima and minima at the same wavelengths as the Standard
Loss on Drying (USP)	NMT 0.5 %
Residue on Ignition (USP)	NMT 0.5 %
Heavy Metals (USP)	NMT 0.002 %
Ordinary Impurities (USP)	NMT 2.0 %
Assay (USP)	98.0 % - 102.0 % (dried basis)
Purity (HPLC)	98.0 % - 102.0 % (dried basis)
Impurities (HPLC)	NMT 0.50 % Total Impurities NMT 0.15 % Acetyl (*Ph. Eur.* Impurity C) NMT 0.15 % FC-1001 (*Ph. Eur.* Impurity B) NMT 0.10 % Individual Unspecified Impurities
Residual Solvents (GC)	NMT 0.5 % IPA
Bromide	NMT 40 ppm
Melting Range	Between 147 ° - 153 °C
Metal Impurities (ICP)	NMT 0.005 % Palladium
Low Level Arylamines	NMT 0.01 % Impurity B (*Ph. Eur. Impurity D)* NMT 0.01 % Impurity A (*not mentioned in Ph. Eur.*) NMT 0.01 % FC-1003 (*not mentioned in Ph. Eur.*)
Particle Size	For information only: D10, D50, D90, VMD (D4,3)
Identification (JP)	
A. UV	Exhibits similar intensities of absorption at the same wavelengths as the Standard
B. IR (same as USP)	Exhibits similar intensities of absorption at the same wave numbers as the Standard
C. Citrate	A red-brown solution develops
pH (JP)	Between 3.0 and 5.0
Melting Point (JP)	150 ° – 154 °C
Loss on Drying (JP)	NMT 0.5 %
Test	Specification

Johnson Matthey

Test	Specification
Residue on Ignition (JP)	NMT 0.2 %
Assay (Titration) (JP)	98.0 % to 101.0 % (dried basis)
Limit Test for Phenethyl Bromide (HPLC)	NMT 0.01% w/w
Purity (JP)	
A. Heavy metals	NMT 20 ppm

Johnson Matthey

Hydrocodone Bitartrate Hemipentahydrate, USP
Product Code B1183 (030)

Test	Specification
Appearance	White to off-white powder free from visible evidence of contamination.
Identification (USP)	
IR	Conforms to the reference spectrum
UV	Conforms to the reference spectrum
% Water (KF)	For Information only
Loss on Drying (USP)	NLT 7.5 % and NMT 12.0 %
Residue on Ignition (USP)	NMT 0.1 %
Specific Rotation (USP)	-79° to -84° (as is basis)
pH (USP)	3.2 to 3.8
Chloride (USP)	Passes test
Assay (USP, HPLC)	98.0 % - 102.0 % (dried basis)
Impurities (HPLC)	(all on a dried basis) NMT 0.50 % (wt/wt) Dihydrocodeine NMT 0.50 % (wt/wt) Codeine NMT 0.50 % (wt/wt) Dihydroisocodeine NMT 0.10 % each individual Unspecified impurity NMT 1.0 % Total
Residual Solvents	NMT 0.50 % Ethanol NMT 0.05 % Methanol NMT 500 ppm Methylene chloride
Ordinary Impurities (USP)	NMT 2.0 %
Bulk Density	For information only
Additional tests	
Rh (AA) *	NMT 0.002 % (wt/wt)
Particle Size	For Information: D10, D50, D90
Codeinone (Low ABUK) Limit Test	Passes (NMT 0.0025 % wt/wt)
Alternative Method	
Codeinone Low ABUK (LC/MS-SIM)	NMT 25 PPM

Johnson Matthey

Lisdexamfetamine Dimesylate
Product Code B1289 (010)

Test	Specification
Appearance	A white to off-white powder free from visible evidence of contamination
Identification (IR)	Conforms to reference spectrum
Residue on Ignition (ROI)	NMT 0.5 %
Loss on Drying (LOD)	NMT 0.5 %
Water (KF)	NMT 0.5 %
Residual Metal (ICP)	NMT 20 ppm Palladium
Assay (HPLC)	98.0 – 102.0 % w/w (corrected for LOD)
Impurities (HPLC)	NMT 0.15 % Z-Lys(Z)-dextroamphetamine (w/w) NMT 0.15 % Dextroamphetamine (w/w) NMT 0.15 % D-Lisdexamfetamine (area) NMT 0.10 % Unspecified Impurity (area) NMT 0.50 % Total Impurities
Mesylate Impurities (GC)	NMT 15 ppm Isopropyl Mesylate NMT 15 ppm n-Propyl Mesylate
Residual Solvents (GC)	NMT 410 ppm Acetonitrile NMT 890 ppm Toluene NMT 0.5 % Isopropanol (w/w) NMT 0.5 % Methyl iso-Butyl ketone (w/w) NMT 0.5 % n-Propanol (w/w) NMT 0.5 % Isopropyl acetate (w/w)
Acetic Acid (HPLC)	NMT 0.5 % w/w
Particle Size	For information only
X-Ray Diffraction	Conforms to reference spectrum

Johnson Matthey

Methylphenidate Hydrochloride, USP
Product Code B1280 (013)

Test	Specification
Appearance	White to off white powder free from visible evidence of contamination
Identification (USP)	
A. IR	Exhibits maxima at the same wavelength as the reference standard.
B. Chloride	Positive for chloride.
Loss on Drying (USP)	NMT 0.5 %
Residue on Ignition (USP)	NMT 0.1 %
Heavy Metals (USP)	NMT 0.001 %
Assay (USP)	98.0 % - 100.5 % (on the dried basis)
Residual solvent	NMT 0.5 % IPA
HPLC Purity	98.0 % to 102.0 % (on the dried basis)
HPLC Impurities	NMT 1.00 % Total NMT 0.15 % erythro isomer (wt/wt) NMT 0.10 % *threo*-piperidylamide (wt/wt) NMT 0.50 % □-phenyl-2-piperidineacetic acid HCl (wt/wt) [USP Related Compound A] NMT 0.10 % Individual Unspecified impurity (area)
Particle Size	For information Only: D10, D50, D90, VMD

Johnson Matthey

Naltrexone HCl, PhEur, USP Specifications
Product Code B1228

Test	Specification
Appearance	White to almost white crystalline powder
Identity	Complies with tests
Acidity/Alkalinity	Complies to test
Solution	Clear, not more intense than Y_6 or B_6
Completeness of solution	Clear solution
Specific Optical Rotation	-187° to -195° (dry basis) PhEur -187° to -197° (dry basis) USP
Water Content (KF)	Not more than 4.0%
Sulphated Ash/Residue on Ignition	Not more than 0.1%
Heavy Metals	Not more than 20 ppm
Chloride Content	9.20% to 9.58% (dry basis)
Assay	98.0% to 102.0% (dry basis) PhEur 98.0% to 102.0% (dry basis) USP
Related Compounds	Replaced by Related Substances (PhEur)
Related Substances (PhEur)	Impurity D not more than 0.2% No other impurity more than 0.10% Total impurities not more than 1.0%
Residual Solvents	Ethanol not more than 3.0% Methanol not more than 3000 ppm Toluene not more than 890 ppm Total Solvents not more than 5.0%

Complies with the current monographs of PhEur and USP

Johnson Matthey

Oxycodone Hydrochloride USP
Product Code B1165 (021)

TEST	SPECIFICATION
Appearance	White to off-white powder free from visible evidence of contamination
Identification (USP) Melting Range of Base	Between 218 °C and 223 °C, with a range of NMT 2 °C
Identification (USP) IR of Base	Spectrum compares to that of the Reference Standard
Specific Rotation (USP)	Between -137° and -149° (anhydrous, solvent-free basis)
Water, KF (USP)	NMT 7.0 %
ROI (USP)	NMT 0.05 %
Limit of Alcohol (USP)	NMT 0.5 %
Chloride Content (USP)	Between 9.8 and 10.4 % (anhydrous, solvent-free basis)
Assay HPLC (USP)	NLT 97.0 % and NMT 103.0 % (anhydrous, solvent-free basis)
Impurities HPLC (USP)	NMT 0.15 % each: Oxymorphone Noroxymorphone 10-Hydroxyoxycodone 7,8-Dihydro-8□-14-dihydroxycodeinone 6α-Oxycodol NMT 0.14 % Hydrocodone NMT 0.10 % Unspecified Impurity NMT 0.50 % Total Impurities
Particle Size	D(10) For Information D(50) For Information D(90) For Information
Pd Metal (ICP)	NMT 0.005 % w/w
X-Ray Diffraction	Conforms to reference diffractogram
Low □□ unsaturated ketone (HPLC)	NMT 0.001 % w/w of: 14-Hydroxycodeinone Codeinone NMT 0.14 % w/w Hydrocodone
Impurities (HPLC)	NMT 0.15 % of 6α-Oxycodol NMT 0.10 % Oxycodone- N-oxide NMT 0.10 % Codeine NMT 0.10 % Thebaine NMT 0.10 % Unspecified Impurities NMT 0.50 % Total Impurities

JM Johnson Matthey

Oxymorphone HCl, USP
Product Code B1244 (011)

Test	Specification
Appearance	White to off-white powder free from visible evidence of contamination
Identification (USP) A. Chloride	Responds to the tests for chloride
Identification (USP) B. IR	Exhibits maxima only at the same wavelengths as the standard.
Identification (USP) C. UV Ratio	The sample solution exhibits maxima and minima at the same wavelengths as the standard solution. The ratio A_{285}/A_{364} in the sample solution is 1.75 ± 0.2
Identification (USP) D. Ferric Chloride	A blue color is produced immediately
Specific rotation (USP)	-145° to -155° (dried basis)
Acidity (USP)	NMT 0.30 mL
Loss on drying (USP)	NMT 8.0 %
Residue on ignition (USP)	NMT 0.3 %
Limit of Nonphenolic Substances (USP)	The residue obtained does not exceed 15 mg
Ordinary Impurities (USP)	NMT 2.0 %
Chloride Content (USP)	Between 10.2 % to 10.8 %, (dried basis)
Assay (USP) (Titration)	97.0 % to 102.0 %, (dried basis)
Residual solvents (USP) (GC)	NMT 0.30 % w/w Methanol NMT 0.50 % w/w Ethanol NMT 0.50 % w/w n-Propanol NMT 0.06 % w/w Methylene Chloride

Johnson Matthey

Additional Testing:

Test	Specification
Impurities (HPLC)	NMT 0.15 % 6-□ Oxymorphol (w/w) NMT 0.10 % Individual unspecified impurity (area) NMT 1.00 % Total impurities
% 14-Hydroxymorphinone	NMT 10 ppm
Particle Size	For information only: D10, D50, D90
Purity (HPLC)	98.0 % to 102.0 % (dried basis)

Johnson Matthey

Sodium Oxybate
Product Code B1289 (008)

Test	Specification
Water (KF)	NMT 0.5 %
Appearance	White to off-white powder, free from visible evidence of contamination
Identification (IR)	Compares to reference spectrum
Purity (UPLC)	98.0 – 102.0 % (anhydrous basis)
Impurities (HPLC)	NMT 0.05 % GBL NMT 0.10 % Impurity A NMT 0.05 % Unspecified Impurity NMT 0.5 % Total
Residual Solvents (GC)	NMT 0.3 % Methanol NMT 0.5 % Ethanol

Johnson Matthey

Exhibit B

Purchase and Pricing Conditions

Hydrocodone

- From the Effective Date through the end of the calendar year 2015, Watson shall purchase no less than 5,000 kilos or 25% whichever is more of its annual requirements for Hydrocodone from Supplier at a price of $1,200/kg.

Oxycodone

- Following Watson's receipt of applicable regulatory approvals, Watson shall purchase no less than two (2) metric tons of Oxycodone annually from Supplier at a price of $1,900/kg. Any quantities of Oxycodone purchased by Watson during a calendar year beyond the annual minimum of two (2) metric tons shall be at a price of $1,800/kg. For the avoidance of doubt, any and all purchases of Oxycodone by Watson from Supplier shall be subject to the conditions set forth in Section 4.8 of the Agreement.

Fentanyl Base

- Following Watson's receipt of applicable regulatory approvals, Watson shall purchase no less than fifty (50) kilograms of Fentanyl Base annually from Supplier at a price of $25/g. Any quantities of Fentanyl Base purchased by Watson during a calendar year beyond the annual minimum of fifty (50) kilograms shall be at a price of $20/g.

Fentanyl Citrate

- Following Watson's receipt of applicable regulatory approvals, Watson shall purchase no less than the first two (2) kilograms of its annual requirements for Fentanyl Citrate from Supplier at a price of $25/g.

Methylphenidate HCl for Concerta®

- Watson will use commercially reasonable efforts to qualify Supplier as a supplier for Methylphenidate HCl in its generic Concerta® product as soon as reasonably possible; once approved, Watson will purchase at least 50% of its requirements annually from Supplier at a price of $2,250/kg.

Lisdexamfetamine

- Watson shall purchase Lisdexamfetamine from Supplier at a price of $5/g.

Sodium Oxybate

- Watson shall purchase Sodium Oxybate from Supplier at a price of $450/kg.

Naltrexone HCl

- Watson shall purchase Naltrexene HCl from Supplier at a price of $8.50/g.

Oxymorphone

- Notwithstanding anything to the contrary in the Agreement, Supplier shall use commercially reasonable efforts to supply Oxymorphone HCl to Watson; provided, however, that such supply shall only be for use in connection with Watson's generic Opana® immediate-release (IR) and extended-release (ER) products and not for use in connection with any tamper-resistant (TR) product related thereto. For the avoidance of doubt, as used herein with respect to the supply of Oxymorphone HCl, "commercially reasonable efforts" shall be

subject to Supplier's rights to manufacture and supply such Active Ingredient without infringing upon the rights of any third party.

Johnson Matthey

SENT VIA UPS - NEXT DAY AIR

December 22, 2011

Ms. Diane Beideman
Watson Laboratories, Inc
311 Bonnie Circle
Corona CA 92880

Dear Ms. Beideman:

Enclosed please find your fully executed Active Ingredient Supply Agreement (No. 708) between Johnson Matthey Inc. and Watson Laboratories, Inc., for your files.

Sincerely,

Lisa Waltz

Lisa Waltz
Executive Administrator

Encls. (1) Fully Executed Sales Agreement

cc: JM Legal
File

PHARMACEUTICAL MATERIALS
2003 Nolte Drive, West Deptford, NJ 08066-1742, (856) 384-7001, FAX: (856) 384-7278