

TERMS AND CONDITIONS OF PURCHASE
LANNETT COMPANY, INC. and its subsidiaries ("LANNETT")

The following Standard Purchase Order Terms and Conditions ("Terms") only apply to transactions that do not have a written agreement, duly executed by both parties. If there is such a written agreement, then the terms in the written agreement shall govern the transaction and relationship of the parties, unless otherwise agreed to in writing by an authorized representative of each party.

1. **ACCEPTANCE.** Receipt by LANNETT of a shipment from the vendor identified in the Purchase Order ("Vendor") or an act by the Vendor to furnish Goods, Material or Services shall constitute acceptance by Vendor of this Purchase Order subject to the Terms set forth herein (the "Purchase Order"). In the event any information in this Purchase Order is incomplete or missing, LANNETT will not be bound by, nor be deemed to have accepted, any information to which it has not specifically agreed in writing.

2. **COMPLETE AGREEMENT.**

2.1 Vendor agrees to sell, and LANNETT agrees to buy, the Goods, Material or Services which are the subject of this Purchase Order according to these Terms. The Terms set forth in this Purchase Order constitute the complete agreement between LANNETT and Vendor, superseding all prior purchase orders, understandings, or writings relative to such Goods, Material or Services; except if agreed otherwise in a written agreement executed by both parties. LANNETT rejects any and all terms and conditions different from or in addition to those in this Purchase Order unless there is a written agreement between the parties that governs the relationship of the parties. No modification of this Purchase Order will be effective unless it is made in writing and signed by an authorized representative of each party. The rights of both parties hereunder shall be in addition to their rights and remedies at law or equity. Failure of either party to enforce any of its rights shall not constitute a waiver of such rights or of any other rights.

2.2 This Purchase Order may be used in connection with any purchase under a separate, written and executed agreement if the Terms are referenced in such agreement.

3. **CHANGES.** LANNETT shall have the right by written order to suspend work or to make changes from time to time in the Goods, Material or Services to be furnished by Vendor hereunder. If such suspension or changes cause an increase or decrease in the amount or the time required for performance of this Purchase Order, an equitable adjustment shall be negotiated promptly, and this Purchase Order shall be modified in writing accordingly. Any claim by Vendor for an adjustment under this Section 3 must be submitted in writing within thirty (30) days from the date of receipt by Vendor of notice of the change or suspension, specifying the amount claimed and including all supporting documentation. Vendor will be obligated not to effect any internal or external changes in dimensions, components, designs or processes without prior notice to and approval by LANNETT.

4. **TERMINATION/BREACH OF CONTRACT/DAMAGES.**

4.1 Termination for Convenience. LANNETT may, upon written notice; direct Vendor to terminate this Purchase Order, in whole or in part, at any time, for any reason and such termination shall not constitute a default by LANNETT. After receipt of the notice of termination, Vendor shall cancel its outstanding commitments for the procurement of Goods, Material or Services, to the extent they relate to the performance of any work terminated by the notice. Seller's sole and exclusive remedy is payment for Goods, Material or Services received and accepted by LANNETT prior to the termination.

4.2 Termination for Default. LANNETT may by written notice of default to Vendor, terminate the Purchase Order in whole or in part in any one of the following circumstances: (i) if Vendor fails to make delivery of the items described herein or to perform the services described herein within the time specified; or (ii) if Vendor fails to replace or correct defective items when required to do so in accordance with the provisions of Section 7 hereof entitled "SPECIFICATIONS/ WARRANTY/ INSPECTION "; or (iii) if Vendor fails to perform any of the other provisions of this Purchase Order, or so fails to make progress as to endanger performance of this Purchase Order in accordance with the Terms. In the event LANNETT terminates this Purchase Order in whole or in part as provided above, LANNETT may procure, at terms and in such a manner as LANNETT may deem appropriate, items or services similar to those terminated and Vendor shall be liable to LANNETT for any excess costs for such similar items and services, provided that Vendor shall continue with the performance of this Purchase Order to the extent not terminated under the provisions of this Section. If after notice of termination in accordance with the provisions of this Section, it is determined for any reason that Vendor was not in default under the provisions of this Section, the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to the "Termination for Convenience" Section of these Terms. The rights and remedies of LANNETT provided in this Section shall not be exclusive and are in addition to any other right and remedies provided by law, in equity or under these Terms.

The insolvency or adjudication of bankruptcy, or the filing of a voluntary petition of bankruptcy, or the making of an

assignment for the benefit of creditors by Vendor shall be deemed a material breach hereof. In no event shall Vendor be entitled to anticipatory profits, special, punitive, indirect, special, incidental or consequential damages under these Terms and the Purchase Order.

5. RISK OF LOSS/SHIPPING DIRECTIONS. Risk of loss to any Goods or Material hereunder shall be upon Vendor until such Goods or Material is delivered to LANNETT's requested destination and accepted by LANNETT. Unless otherwise specified, Vendor shall preserve and package all Goods and Material in a manner that will afford adequate protection against corrosion, deterioration and physical damage during shipment, and must conform to common carrier rules and regulations and LANNETT's directions for shipment. Furthermore, all costs, risks of loss, and damages due to (i) holds or enforcement actions by the USDA or the FDA, and (ii) taxes and duties imposed upon the delivery of the Goods or Material, shall be the responsibility of Vendor until receipt of the Goods or Material by LANNETT. Vendor agrees that LANNETT may (but is not required to) accept delivery of fewer than all of the items ordered hereunder. In the event LANNETT accepts one or more of the partial deliveries, Vendor agrees to present for payment a separate invoice for each delivery.

6. TIME OF DELIVERY. Time is of the essence, and the failure of Vendor to meet the delivery date set forth herein shall be deemed a material breach hereof. Vendor agrees to pay any penalties and damages imposed upon or incurred by LANNETT for Vendor's failure to deliver, when due, any Goods, Material or Services covered by this Purchase Order. LANNETT reserves the right to refuse or return, at Vendor's risk and expense, any shipment of Goods or Material made prior to the scheduled delivery date or in an amount greater than specified in this Purchase Order.

7. SPECIFICATIONS/WARRANTY/INSPECTION. Vendor shall not furnish or disclose to any person or entity any Goods or Material made in accordance with LANNETT's specifications and drawings without LANNETT's prior written consent. In the event of a conflict between or among the specifications, drawings, samples, designated type, part number or catalog description, the specifications shall govern over drawings; drawings, over samples, whether or not approved by LANNETT; and samples, over designated type, part number or catalog description. In case of any ambiguity in the specifications, drawing, or other requirements of this Purchase Order, Vendor must, before commencing any work hereunder, consult LANNETT, whose written interpretation shall be final. Vendor represents and warrants that the Goods, Material or Services furnished under this Purchase Order to be merchantable within the meaning of the Uniform Commercial Code and fit for their intended purpose. In addition, said Goods, Material or Services shall be performed in accordance with highest standards, in a workmanlike manner, free from defects, whether latent or patent, in labor, workmanship, materials, and design, and shall be in accordance with LANNETT's specifications, drawings, samples or other written descriptions or guides and shall be suitable for the intended use. Vendor warrants that it has good and marketable title to the Goods or Material furnished. The representations and warranties set forth herein shall survive acceptance of this Purchase Order, any payment hereunder, and the expiration and termination hereof. All Goods, Material and Services shall be subject to inspection by LANNETT and its agents, servants, employees, officers and directors before and after delivery. LANNETT may accept any Goods, Material and Services that conforms to Vendor's representations and warranties and, upon discovery of Goods, Material and Services are not so conforming, may reject or keep and rework any such Goods, Material and Services. LANNETT may inspect an entire shipment and reject such shipment if LANNETT determines, in its sole judgment, that such shipment is below an acceptable quality level. Cost of rework, inspection, transportation, repacking and/or reinspection by LANNETT shall be at Vendor's cost and expense.

LANNETT's signature on any shipping/receiving, acknowledgment or other like documents shall not constitute (i) acceptance of the Goods, Materials or Services, (ii) acceptance of any different terms or conditions, or (iii) an acknowledgement of the condition of Goods, Materials or Services, but shall only acknowledge the receipt of a shipment. Without limiting any of Vendor's rights provided by law or by this Purchase Order, Vendor shall, upon request of LANNETT and at Vendor's risk and expense, immediately replace any Goods, Materials or Services rightfully rejected by LANNETT and immediately deliver such replacement Goods, Materials and Services to Vendor's facility. If the Goods, Materials and Services fail any of LANNETT's tests, Vendor agrees to reimburse LANNETT for any and all costs of testing, and all costs to ship any backorders for products that go out of stock due to a rejection based on failure to meet LANNETT's specifications. If after being requested by LANNETT to replace any Goods, Materials and Services, the Vendor fails to promptly correct such defective item within the delivery schedule: LANNETT may, at its option: (i) by contract or otherwise replace such Goods, Materials and Services, and charge to Vendor any additional costs incurred by LANNETT that are in excess of the original costs of the rejected Goods, Materials and Services and any other incidental or consequential costs, (ii) without further notice terminate this Purchase Order for default, or (3) require an appropriate reduction in price. Payment for or use of the Goods, Materials and Services prior to inspection shall not constitute acceptance thereof and shall be made without prejudice to any and all claims that LANNETT may have against Vendor.

8. AUDIT RIGHTS. LANNETT may, at reasonable times and upon reasonable notice, perform such inspections

and/or audits at Vendor's facilities as LANNETT deems necessary to assure itself of Vendor's compliance with applicable laws and regulations and its obligations hereunder.

9. CONFIDENTIAL INFORMATION. Vendor covenants and agrees that confidential information disclosed by LANNETT and all persons claiming under LANNETT shall be used only in the performance of this Purchase Order and shall not, without the prior written consent of LANNETT, be released or divulged to any other person or entity. This covenant shall survive the expiration or termination of this Purchase Order. If the parties entered into one or more separate confidentiality agreements or non-disclosure agreements (each, a "Confidentiality Agreement"), such Confidentiality Agreement(s) shall be and remain in full force and effect as provided therein. In the event of any conflict between the Terms and the terms of any such Confidentiality Agreement, the terms of such Confidentiality Agreement shall control.

10. PATENTS. Vendor represents and warrants that the sale, use or incorporation of all machines and devices into Goods or Material furnished hereunder, which are not LANNETT's design, composition or manufacture, shall not infringe any valid patent, copyright, trademark or other intellectual property rights of any person or entity.

11. COMPLIANCE WITH LAW. Vendor represents and warrants that the Goods, Material or Services to be furnished under this Purchase Order shall be performed, manufactured, contained, packaged, marked, labeled, sold, registered and used in compliance with all relevant Federal, State and local laws, rules, standards and regulations, including the Fair Labor Standards Act, as amended, and the Occupational Safety and Health Act of 1970, as amended. If Vendor is domiciled in a country other than the United States, Vendor agrees to complete compliance with the United States laws that are cited in this Section 10 and all equivalent laws of Vendor's country of domicile.

12. ASSIGNMENT. Vendor may not assign monies due under this Purchase Order without the prior written consent of LANNETT. In no event shall Vendor assign any of its obligations under this Purchase Order or any related agreement.

13. INDEMNITY AGAINST CLAIMS. Vendor shall, at its cost and expense, defend, indemnify, and forever hold harmless LANNETT its subsidiaries, and each of its agents, servants, employees, officers, and directors (collectively, "Agents") from and against any claim, suit, action, cause of action, proceeding, investigation, dispute, demand, order, directive, obligation, loss, injury, liability, damage, deficiency, assessment, fine, penalty, forfeiture, judgment, lien, diminution of value, notice of violation or non-compliance, cost, and expense, including, without limitation, attorneys' fees and expenses incurred to enforce this Agreement, cost of defense, and cost of settlement, arising out of, relating to or resulting from (a) breach of this Purchase Order, any related agreement, any representation or warranty of Vendor herein or any applicable law or regulation by Vendor or any of its Agents, (b) any negligence, gross negligence, error, act, or omission by Vendor or any of its Agents with respect to its or their obligations under or by reason of this Purchase Order, (c) any Goods or Material that is defective or otherwise fails to conform to this Purchase Order, including, without limitation, product liability claims resulting therefrom and claims for damages due to personal injury, property damage, or death, and (d) Vendor's use of LANNETT's premises.

14. INSURANCE. Vendor represents and covenants that it possesses and will maintain Comprehensive General Liability insurance, including Product and Contractual Liability, with a minimum limit of one million dollars (\$1,000,000.00) for bodily injury and/or property damage, as well as Property Damage, Employer Liability and Compensation Insurance, Motor Vehicle Liability Insurance (personal injury and property damage), and such other insurance in the amounts and as is customary for the business and industry in which Vendor is engaged. Vendor will furnish copies of policies or certificates of insurance on LANNETT's demand. Vendor shall provide LANNETT with at least thirty (30) days advance notice in the event of cancellation or modification of the coverage.

15. TAXES/PACKAGING/SHIPPING. The price for Goods, Material or Services (other than equipment) shall cover the net weight of the products. The amount of this Purchase Order includes all taxes. However, all applicable taxes shall be listed separately on Vendor's invoice. Vendor will comply with all applicable tax laws and will indemnify LANNETT against loss due to non-compliance on Vendor's part with such laws. The amount of this Purchase Order also includes charges for boxing, packing, crating, storage and shipping, unless otherwise prepaid by LANNETT or provided for herein. Vendor agrees to adhere to LANNETT's shipping requirements, a copy of which is available upon request.

16. GOVERNMENT CONTRACT PROVISIONS. If this Purchase Order indicates that the Goods, Material and/or Services furnished are for use in connection with a U.S. Government contract or subcontract, then, in addition to the Terms set forth herein, the applicable provisions of the Armed Services Procurement Regulation, as in effect on the date of this Purchase Order, are incorporated herein by reference.

17. EQUAL EMPLOYMENT OPPORTUNITY. Vendor agrees that 41 CFR 60-1.4, which prohibits discrimination against employees and applicants, and 41 CFR 60-1.8, which prohibits segregated facilities, are incorporated by reference into this Purchase Order and each non-exempt contract which now exists or may exist in the future between Vendor and LANNETT. Vendor certifies that it is now, and will remain, in compliance with 41 CFR 60-1.4 and 41 CFR 60-1.8. If applicable, Vendor agrees to timely post notices, develop written affirmative action compliance programs and file Standard Form 100 (EEO-1), and Vendor further agrees that 41 CFR 60-1.42, 41 CFR 60-1.40 and 41 CFR 60-1.7 shall be incorporated by reference in each non-exempt contract which now exists or may exist in the future between Vendor and LANNETT.
18. VETERANS AND HANDICAPPED PERSONS. Vendor agrees that 41 CFR 60-250 (relating to disabled veterans and Vietnam Era veterans), 41 CFR 61-250 (relating to veterans' employment reporting requirements), and 41 CFR 60-741 (relating to qualified handicapped employees and applicants) are incorporated by reference in each non-exempt contract which now exists or may exist in the future between Vendor and LANNETT, and, if applicable, Vendor agrees to timely develop written affirmative action compliance programs in compliance with those regulations.
19. SMALL BUSINESS CONCERNS AND SMALL DISADVANTAGED BUSINESS CONCERNS. Vendor agrees that 48 CFR 19-7 and 48 CFR 52.219-8, relating to small business concerns and small disadvantaged business concerns, respectively, are incorporated by reference in each non-exempt contract which now exists or may exist in the future between Vendor and LANNETT.
20. WOMEN-OWNED SMALL BUSINESS. Vendor agrees that 48 CFR 19.9 and 48 CFR 52.219-13, relating to women-owned small businesses, are incorporated by reference in each non-exempt contract which now exists or may exist in the future between Vendor and LANNETT.
21. LABOR SURPLUS AREA CONCERNS. Vendor agrees that the applicable terms of 48 CFR 20.301, 48 CFR 52.220-3 and 48 CFR 52.220-4, relating to labor surplus area concerns, are incorporated by reference in each non-exempt contract which now exists or may exist in the future between Vendor and LANNETT.
22. TOXIC SUBSTANCE CONTROL ACT. Vendor further represents and warrants that each and every chemical substance constituting or contained in the Goods or Material sold or otherwise transferred to LANNETT under this Purchase Order is on the list of chemical substances compiled and published by the U.S. Environmental Protection Agency pursuant to the Toxic Substances Control Act and are otherwise in compliance with said Act.
23. FOOD, DRUG AND COSMETIC ACT. Vendor agrees that 21 CFR 7.12 and 7.13, relating to a guarantee and suggested forms of guarantee, respectively, are hereby incorporated by reference, and agrees to comply with the requirements thereof.
24. GOVERNING LAW. This Purchase Order and all issues arising hereunder or relating hereto, including, without limitation, its construction, interpretation, breach, and damages for breach, shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to its conflict of law provisions.
25. CHOICE OF VENUE. Each of LANNETT and Vendor (a) agrees that any claim, action, cause of action, proceeding, dispute or other matter arising under or relating to this Purchase Order shall be brought only in the courts of the State of Delaware, or the federal court of the United States, located in Delaware, (b) expressly consents to personal jurisdiction in the State of Delaware, with respect to such claim, action, cause of action, proceeding, dispute or other matter, (c) irrevocably and unconditionally consents to the exclusive jurisdiction and venue of such courts for the purposes of enforcing the Terms or interpreting any provision, remedying any breach, or otherwise adjudicating any claim, action, cause of action, proceeding, dispute or other matter of or under this Purchase Order, (d) irrevocably and unconditionally waives any objection to the jurisdiction and venue required in this Section 25, and (e) agrees not to plead or claim in any such court that any such claim, action, cause of action, proceeding, dispute or other matter has been brought in an inconvenient forum.
26. SEVERABILITY OF PROVISIONS. In the event one or more of the provisions in these Terms or in the Purchase Order is rendered unenforceable, in whole or in part, Vendor expressly agrees that the remaining provisions contained in these Terms and the Purchase Order shall continue in full force and effect.