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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 10, 2014

IMPRIMIS PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-35814
(Commission
File Number)

45-0567010
(IRS Employer
Identification No.)

12626 High Bluff Drive, Suite 150
San Diego, CA
(Address of principal executive offices)

92130
(Zip Code)

Registrant's telephone number, including area code: **(858) 704-4040**

N/A

(Former name or former address if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry Into a Material Definitive Agreement

On February 10, 2014, Imprimis Pharmaceuticals, Inc. (the “Company”) entered into a Membership Interest Purchase Agreement (the “Purchase Agreement”) to acquire all of the outstanding membership interests of Pharmacy Creations, LLC (“Pharmacy Creations”) from J. Scott Karolchyk and Bernard Covalesky (the “Sellers”, and such transaction, the “Acquisition”). The acquisition of Pharmacy Creations, a compounding pharmacy located in Randolph, New Jersey, is expected to permit the Company to make and distribute its patent-pending proprietary drug formulations and other novel pharmaceutical solutions.

The Purchase Agreement contains customary representations, warranties, covenants and indemnities by the parties thereto, and the closing of the transaction contemplated by the Purchase Agreement is subject to the satisfaction of certain customary closing conditions as described therein. The closing of the Acquisition (the “Closing”) is expected to occur on or prior to March 31, 2014, subject to the satisfaction or waiver of all closing conditions, including entry into employment agreements with each of the Sellers. The Purchase Agreement may be terminated at any time prior to the Closing Date by, among other things, mutual agreement of the Sellers and the Company, or by either the Sellers or the Company if the other party fails to satisfy the applicable closing conditions under the Purchase Agreement by March 31, 2014.

At the Closing, the Company will pay to the Sellers an aggregate cash purchase price of \$600,000, subject to adjustment based on the final calculation of Pharmacy Creations’ earnings before income, taxes, depreciation and amortization for the fiscal year ended December 31, 2013. In addition, the Sellers are entitled to receive additional contingent consideration upon the satisfaction of certain conditions:

- A contingent cash payment of an aggregate of \$50,000, payable only if Pharmacy Creations earns revenue of over \$3,500,000 for the 12 month period ending March 31, 2015.
- A contingent stock payment of up to an aggregate of 215,910 shares of the Company’s common stock, issuable only if the following revenue milestones are met:
 - if Pharmacy Creations earns revenue of over \$7,500,000 during the 12 month period ending March 31, 2016, all 215,190 shares;
 - if Pharmacy Creations earns revenue of between \$3,500,000 and \$7,500,000 during the 12 month period ending March 31, 2016, an aggregate of that number of shares of Common Stock equal to the amount that such revenue exceeds \$3,500,000 divided by 18.5882, rounded down to the last whole number (not to exceed 215,190 shares).

The Purchase Agreement provides that the Company shall invest an aggregate of \$1,000,000 by March 31, 2016 in the Pharmacy Creations facilities (which could include construction of a new pharmacy or outsourcing facility), personnel, equipment, technology, other systems and processes and marketing and sales.

The above description of the Purchase Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the agreement. The representations and warranties contained in the Purchase Agreement were made only for the purposes of the agreement as of specific dates and may have been qualified by certain disclosures between the parties and a contractual standard of materiality different from those generally applicable to stockholders, among other limitations. The representations and warranties were made for the purposes of allocating contractual risk between the parties to the Purchase Agreement and should not be relied upon as a disclosure of factual information relating to the Company or Pharmacy Creations. The Purchase Agreement is filed as Exhibit 2.1 hereto and incorporated herein by reference. A copy of the press release announcing the execution of the Purchase Agreement is furnished as Exhibit 99.1 hereto.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

EXHIBIT NUMBER	DESCRIPTION
2.1	Membership Interest Purchase Agreement, dated February 10, 2014, among John Scott Karolchyk and Bernard Covalesky (as Sellers) and Imprimis Pharmaceuticals, Inc.*
99.1	Press Release dated February 11, 2014

* Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule or exhibit will be furnished supplementally to the Securities and Exchange Commission upon request; provided, however that the Company may request confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended, for any schedule or exhibit so furnished.

Cautionary Note Regarding Forward-Looking Statements

This Form 8-K, including the exhibits filed with this Form 8-K, contain certain forward-looking statements regarding the proposed transaction between the Company and the Sellers. Actual events or results may differ materially from those contained in these forward-looking statements. Among the important factors that could cause future events or results to vary from those addressed in the forward-looking statements include, without limitation, risks and uncertainties arising from the possibility that the closing of the transaction may be delayed or may not occur; difficulties with the integration process or the realization of the expected benefits of the transaction; and regulatory developments impacting compounding pharmacies, outsourcing facilities and the pharmaceutical industry. In addition, please refer to the documents that the Company files with the SEC on Forms 10-K, 10-Q and 8-K. The filings by the Company identify and address other important factors that could cause events and results to differ materially from those contained in the forward-looking statements set forth in this Form 8-K and in the Company's other filings. The Company is under no duty to update any of the forward-looking statements after the date of this Form 8-K to conform to actual results.

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 hereunto duly authorized.

IMPRIMIS PHARMACEUTICALS, INC.

Dated: February 11, 2014

By: /s/ Andrew R. Boll

Name: Andrew R. Boll

Title: Vice-President, Accounting and Public Reporting

EXHIBIT INDEX

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MEMBERSHIP INTEREST PURCHASE AGREEMENT

among

JOHN SCOTT KAROLCHYK and BERNARD COVALESKY

and

IMPRIMIS PHARMACEUTICALS, INC.

dated as of

February 10, 2014

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MEMBERSHIP INTEREST PURCHASE AGREEMENT

This Membership Interest Purchase Agreement (this “**Agreement**”), dated as of February 10, 2014, is entered into by and among John Scott Karolchyk and Bernard Covallesky (each a “**Seller**” and collectively the “**Sellers**”) and Imprimis Pharmaceuticals, Inc., a Delaware corporation (“**Buyer**”) (each a “**Party**” and collectively the “**Parties**”).

RECITALS

WHEREAS, Sellers own all of the issued and outstanding membership interests (the “**Membership Interests**”), in Pharmacy Creations, LLC, a New Jersey limited liability company (the “**Company**”); and

WHEREAS, Sellers wishes to sell to Buyer, and Buyer wishes to purchase from Sellers, the Membership Interests, subject to the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I DEFINITIONS

The following terms have the meanings specified or referred to in this **Article I**:

“**2014 Revenue**” has the meaning set forth in **Section 2.07(a)(i)**.

“**2015 Revenue**” has the meaning set forth in **Section 2.07(a)(ii)**.

“**Action**” means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity.

“**Additional Revenue Objection Period**” has the meaning set forth in **Section 2.07(b)**.

“**Affiliate**” of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term “control” (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“**Agreement**” has the meaning set forth in the preamble.

“**Annual Financial Statements**” has the meaning set forth in **Section 3.06**.

“**Assignment**” has the meaning set forth in **Section 2.03(b)(i)**.

“**Audited Financial Statements**” has the meaning set forth in **Section 2.04(a)(i)**.

“**Balance Sheet**” has the meaning set forth in **Section 3.06**.

“**Balance Sheet Date**” has the meaning set forth in **Section 3.06**.

“**Basket**” has the meaning set forth in **Section 8.04(a)**.

“**Benefit Continuation Period**” has the meaning set forth in **Section 5.11(a)**.

“**Benefit Plan**” has the meaning set forth in **Section 3.20(a)**.

“**Business Day**” means any day except Saturday, Sunday or any other day on which commercial banks located in San Diego, California are authorized or required by Law to be closed for business.

“**Buyer**” has the meaning set forth in the preamble.

“**Buyer Indemnitees**” has the meaning set forth in **Section 8.02**.

“**Buyer’s Accountants**” means KMJ Corbin & Co., LLC.

“**Cap**” has the meaning set forth in **Section 8.04(a)**.

“**Cash Consideration**” has the meaning set forth in **Section 2.02**.

“**CERCLA**” means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601 et seq.

“**Closing**” has the meaning set forth in **Section 2.05**.

“**Closing Date**” has the meaning set forth in **Section 2.05**.

“**Closing EBITDA**” means the Company’s actual EBITDA for the fiscal year ended December 31, 2013.

“**Closing EBITDA Statement**” has the meaning set forth in **Section 2.04(a)(i)**.

“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Common Stock**” means the common stock, par value \$0.001 of Buyer.

“**Company**” has the meaning set forth in the recitals.

“**Company Intellectual Property**” has the meaning set forth in **Section 3.12(a)**.

“**Contingent Cash Payment**” has the meaning set forth in **Section 2.07(a)(i)**.

“**Contingent Stock Payment**” has the meaning set forth in **Section 2.07(a)(ii)**.

“**Continuing Employees**” has the meaning set forth in **Section 5.11(a)**.

“**Contracts**” means all contracts, leases, deeds, mortgages, licenses, instruments, notes, commitments, undertakings, indentures, joint ventures and all other agreements, commitments and legally binding arrangements, whether written or oral.

“**Direct Claim**” has the meaning set forth in **Section 8.05(c)**.

“**Disclosure Schedules**” means the Disclosure Schedules delivered by Sellers concurrently with the execution and delivery of this Agreement.

“**Disputed Amounts**” has the meaning set forth in **Section 2.04(b)(iii)**.

“**Earn-Out Payments**” means the Contingent Cash Payment and Contingent Stock Payment.

“**EBITDA**” means the sum of, without duplication, (i) Net Income, (ii) Interest Expense, (iii) Taxes on income, (iv) amortization and (v) depreciation and depletion.

“**Encumbrance**” means any charge, claim, community property interest, pledge, condition, equitable interest, lien (statutory or other), option, security interest, mortgage, easement, encroachment, right of way, right of first refusal, or restriction of any kind, including any restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership.

“**Environmental Claim**” means any Action, Governmental Order, lien, fine, penalty, or, as to each, any settlement or judgment arising therefrom, by or from any Person alleging liability of whatever kind or nature (including liability or responsibility for the costs of enforcement proceedings, investigations, cleanup, governmental response, removal or remediation, natural resources damages, property damages, personal injuries, medical monitoring, penalties, contribution, indemnification and injunctive relief) arising out of, based on or resulting from: (a) the presence, Release of, or exposure to, any Hazardous Materials; or (b) any actual or alleged non-compliance with any Environmental Law or term or condition of any Environmental Permit.

“Environmental Law” means any applicable Law, and any Governmental Order or binding agreement with any Governmental Authority: (a) relating to pollution (or the cleanup thereof) or the protection of natural resources, endangered or threatened species, human health or safety, or the environment (including ambient air, soil, surface water or groundwater, or subsurface strata); or (b) concerning the presence of, exposure to, or the management, manufacture, use, containment, storage, recycling, reclamation, reuse, treatment, generation, discharge, transportation, processing, production, disposal or remediation of any Hazardous Materials. The term “Environmental Law” includes, without limitation, the following (including their implementing regulations and any state analogs): the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601 et seq.; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. §§ 6901 et seq.; the Federal Water Pollution Control Act of 1972, as amended by the Clean Water Act of 1977, 33 U.S.C. §§ 1251 et seq.; the Toxic Substances Control Act of 1976, as amended, 15 U.S.C. §§ 2601 et seq.; the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §§ 11001 et seq.; the Clean Air Act of 1966, as amended by the Clean Air Act Amendments of 1990, 42 U.S.C. §§ 7401 et seq.; and the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. §§ 651 et seq.

“Environmental Notice” means any written directive, notice of violation or infraction, or notice respecting any Environmental Claim relating to actual or alleged non-compliance with any Environmental Law or any term or condition of any Environmental Permit.

“Environmental Permit” means any Permit, letter, clearance, consent, waiver, closure, exemption, decision or other action required under or issued, granted, given, authorized by or made pursuant to Environmental Law.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

“ERISA Affiliate” means, with respect to any Person, any other Person that, together with such first Person, would be treated as a single employer within the meaning of Section 414(b), (c), (m) or (o) of the Code.

“Estimated EBITDA” means \$737,000.

“Final Returns” has the meaning set forth in **Section 6.02(a)**.

“Financial Statements” has the meaning set forth in **Section 3.06**.

“GAAP” means United States generally accepted accounting principles in effect from time to time.

“Governmental Authority” means any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction.

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

“Hazardous Materials” means: (a) any material, substance, chemical, waste, product, derivative, compound, mixture, solid, liquid, mineral or gas, in each case, whether naturally occurring or manmade, that is hazardous, acutely hazardous, toxic, or words of similar import or regulatory effect under Environmental Laws; and (b) any petroleum or petroleum-derived products, radon, radioactive materials or wastes, asbestos in any form, lead or lead-containing materials, urea formaldehyde foam insulation, and polychlorinated biphenyls.

“Immediate Family” means a spouse, child, grandchild or other lineal descendant (including by adoption), father, mother, brother or sister.

“Indemnified Party” has the meaning set forth in Section 8.05.

“Indemnifying Party” has the meaning set forth in Section 8.05.

“Independent Accountants” has the meaning set forth in Section 2.04(b)(iii).

“Insurance Policies” has the meaning set forth in Section 3.16.

“Intellectual Property” has the meaning set forth in Section 3.12(a).

“Intellectual Property Registrations” has the meaning set forth in Section 3.12(b).

“Interest Expense” means, with respect to any period of computation thereof, the interest expense (not of any interest income received by the Company during such period) of the Company, all determined in accordance with GAAP consistently applied.

“Interim Financial Statements” has the meaning set forth in Section 3.06.

“Knowledge of Sellers” or “Sellers’ Knowledge” or any other similar knowledge qualification, means the actual or constructive knowledge of any managing member, manager or officer of Sellers or the Company, after due inquiry.

“**Law**” means any statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law, judgment, decree, other requirement or rule of law of any Governmental Authority.

“**Liabilities**” has the meaning set forth in **Section 3.07**.

“**Licensed Intellectual Property**” has the meaning set forth in **Section 3.12(a)**.

“**Losses**” means losses, damages, liabilities, deficiencies, Actions, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys’ fees and the cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers; *provided, however*, that “**Losses**” shall not include punitive damages, except in the case of fraud or to the extent actually awarded to a Governmental Authority or other third party.

“**Material Adverse Effect**” means any event, occurrence, fact, condition or change that is, or could reasonably be expected to become, individually or in the aggregate, materially adverse to (a) the business, results of operations, condition (financial or otherwise) or assets of the Company, or (b) the ability of Sellers to consummate the transactions contemplated hereby on a timely basis.

“**Material Contracts**” has the meaning set forth in **Section 3.09(a)**.

“**Material Customers**” has the meaning set forth in **Section 3.15(a)**.

“**Material Suppliers**” has the meaning set forth in **Section 3.15(b)**.

“**Membership Interests**” has the meaning set forth in the recitals.

“**Multiemployer Plan**” has the meaning set forth in **Section 3.20(c)**.

“**NDS**” has the meaning set forth in **Section 2.01**.

“**NDS APA**” has the meaning set forth in **Section 2.01**.

“**NDS Intellectual Property**” has the meaning set forth in **Section 3.12(c)**.

“**NDS Licensed Products**” has the meaning set forth in **Section 3.12(e)**.

“**NDS/ECN APA**” has the meaning set forth in **Section 2.01**.

“**Net Income**” means, for any period of computation thereof, the net income of the Company, determined in accordance with GAAP consistently applied.

“**Organizational Documents**” means (a) in the case of a Person that is a corporation, its articles or certificate of incorporation and its by-laws, regulations or similar governing instruments required by the laws of its jurisdiction of formation or organization; (b) in the case of a Person that is a partnership, its articles or certificate of partnership, formation or association, and its partnership agreement (in each case, limited, limited liability, general or otherwise); (c) in the case of a Person that is a limited liability company, its articles or certificate of formation or organization, and its limited liability company agreement or operating agreement; and (d) in the case of a Person that is none of a corporation, partnership (limited, limited liability, general or otherwise), limited liability company or natural person, its governing instruments as required or contemplated by the laws of its jurisdiction of organization.

“**Party**” or “**Parties**” has the meaning set forth in the preamble.

“**Permits**” means all permits, licenses, franchises, approvals, authorizations, registrations, certificates, variances and similar rights obtained, or required to be obtained, from Governmental Authorities.

“**Permitted Encumbrances**” has the meaning set forth in **Section 3.10(a)**.

“**Person**” means an individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association or other entity.

“**Pre-Closing Period**” has the meaning set forth in **Section 6.02(a)**.

“**Post-Closing Adjustment**” has the meaning set forth in **Section 2.04(a)(i)**.

“**Purchase Price**” has the meaning set forth in **Section 2.02**.

“**Qualified Benefit Plan**” has the meaning set forth in **Section 3.20(c)**.

“**Real Property**” means the real property owned, leased or subleased by the Company, together with all buildings, structures and facilities located thereon.

“**Release**” means any actual or threatened release, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, abandonment, disposing or allowing to escape or migrate into or through the environment (including, without limitation, ambient air (indoor or outdoor), surface water, groundwater, land surface or subsurface strata or within any building, structure, facility or fixture).

“**Representative**” means, with respect to any Person, any and all managers, officers, employees, consultants, financial advisors, counsel, accountants and other agents of such Person.

“**Resolution Period**” has the meaning set forth in **Section 2.04(b)(ii)**.

“**Restricted Business**” means the business of pharmacy compounding for humans, including pharmacy compounding under and operation of an outsourcing facility under Sections 503A and 503B, respectively, of the Federal Food, Drug and Cosmetic Act, as amended.

“**Restricted Period**” has the meaning set forth in **Section 5.05(a)**.

“**Revenue Objection Period**” has the meaning set forth in **Section 2.07(b)**.

“**Review Period**” has the meaning set forth in **Section 2.04(b)(i)**.

“**Revenue Statement**” has the meaning set forth in **Section 2.07(b)**.

“**Securities Act**” has the meaning set forth in **Section 2.07(e)**.

“**Sellers**” has the meaning set forth in the preamble.

“**Sellers Indemnitees**” has the meaning set forth in **Section 8.03**.

“**Sellers’ Accountants**” means a registered public accounting firm selected by Sellers.

“**Shares**” has the meaning set forth in **Section 2.07(a)(ii)**.

“**Statement of Objections**” has the meaning set forth in **Section 2.04(b)(ii)**.

“**Schedule Supplement**” has the meaning set forth in **Section 5.12**.

“**Tax**” or “**Taxes**” means any federal, state, local or foreign taxes, including, without limitation, income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, net worth, franchise, profits, withholding, social security (or similar), sales, use, transfer, registration, value added, real estate, ad valorem, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not, imposed by any U.S. federal, state, local or non-U.S. taxing authority.

“**Tax Return**” means all returns and reports (including elections, declarations, disclosures, schedules, estimates and information returns) required to be filed with or supplied to a Tax authority relating to Taxes, including any amendments thereto.

“**Territory**” means the United States.

“**Third Party Claim**” has the meaning set forth in **Section 8.05(a)**.

“**Transaction Documents**” means this Agreement, the Assignment, an employment agreement in substantially the form attached hereto as **Exhibit A** with John Scott Koralchuk, and an employment agreement in substantially the form attached hereto as **Exhibit A** with Bernard Covalesky.

“**Transfer**” has the meaning set forth in **Section 2.07(e)**.

“**Undisputed Amounts**” has the meaning set forth in **Section 2.04(b)(iii)**.

ARTICLE II PURCHASE AND SALE

Section 2.01 Purchase and Sale. Subject to the terms and conditions set forth herein, at the Closing, Sellers shall sell to Buyer, and Buyer shall purchase from Sellers, all of Sellers’ right, title and interest in and to the Membership Interests, free and clear of all Encumbrances, for the consideration specified in **Section 2.02**. The Parties hereby acknowledge and agree that nothing contained in this Agreement is intended to or does modify the terms of (a) that certain Asset Purchase Agreement by and between Buyer and Novel Drug Solutions, LLC, a New Jersey limited liability company (“**NDS**”), dated as of October 8, 2013, as amended (the “**NDS APA**”) or (b) that certain Asset Purchase Agreement by and among Buyer, NDS and Eye Care Northwest, P.A., dated as of August 8, 2013, as amended (the (“**NDS/ECN APA**”).

Section 2.02 Purchase Price. The aggregate purchase price for the Membership Interests shall be (i) Six Hundred Thousand Dollars (\$600,000) (the “**Cash Consideration**”) payable at the Closing and (ii) if applicable following the Closing, Buyer shall pay to Sellers the Earn-Out Payments as further described in and subject to the conditions of **Section 2.07** below (the aggregate of the amounts in (i) and (ii) above, as adjusted pursuant to **Section 2.04** and **Article VIII** below, shall constitute the “**Purchase Price**”), which shall be allocated equally among Sellers (with 50% of such Purchase Price allocated to each Seller). References to “pro rata basis” and “pro rata portions” in this Agreement shall be based upon such allocation.

Section 2.03 Transactions to be Effected at the Closing.

(a) At the Closing, Buyer shall deliver to Sellers:

(i) the Cash Consideration, by wire transfer of immediately available funds to an account of Sellers designated in writing by Sellers to Buyer no later than two Business Days prior to the Closing Date, as provided in **Section 2.02**;

(ii) the Transaction Documents and all other agreements, documents, instruments or certificates required to be delivered by Buyer at or prior to the Closing pursuant to **Section 7.02** of this Agreement.

(b) At the Closing, Sellers shall deliver to Buyer:

(i) an assignment of the Membership Interests to Buyer in form and substance satisfactory to Buyer (the “**Assignment**”), duly executed by Sellers; and

(ii) the other Transaction Documents and all other agreements, documents, instruments or certificates required to be delivered by Sellers at or prior to the Closing pursuant to **Section 7.01** of this Agreement.

Section 2.04 Purchase Price Adjustment.

(a) Post-Closing Adjustment.

(i) Within seventy-five (75) days following the Closing, Buyer shall prepare and deliver, or cause to be prepared and delivered, to Sellers the audited financial statements of the Company for the fiscal year ended December 31, 2013, including a consolidated balance sheet as of December 31, 2013 and the related statements of income and cash flows for the fiscal year then ended prepared in accordance with GAAP (the “**Audited Financial Statements**”), at Buyer’s sole expense. Buyer shall further prepare a statement (the “**Closing EBITDA Statement**”) setting forth the Closing EBITDA derived from the Audited Financial Statements. The post-closing adjustment shall be an amount equal to the Closing EBITDA minus the Estimated EBITDA (the “**Post-Closing Adjustment**”).

(ii) If the Closing EBITDA is more than 10% higher than the Estimated EBITDA, Buyer shall pay to Sellers an amount equal to the Post-Closing Adjustment in cash, and if the Closing EBITDA is more than 10% lower than the Estimated EBITDA, Sellers shall pay to Buyer an amount equal to the Post-Closing Adjustment in cash.

(iii) Except as otherwise provided herein, any payment of the Post-Closing Adjustment, shall be due (A) within ten (10) Business Days of acceptance of the Closing EBITDA Statement or (B) if there are any objections to the Closing EBITDA Statement pursuant to clause (b) below, then within ten (10) Business Days of the resolution described in clause (b) below.

(b) Examination and Review.

(i) Examination. After receipt of the Closing EBITDA Statement, Sellers shall have thirty (30) days (the “**Review Period**”) to review the Closing EBITDA Statement. During the Review Period, Sellers and Sellers’ Accountants shall have full access to the books and records of the Company, the personnel of, and work papers prepared by, Buyer and/or Buyer’s Accountants to the extent that they relate to the Closing EBITDA Statement and to such historical financial information (to the extent in Buyer’s possession) relating to Closing EBITDA Statement as Sellers may reasonably request for the purpose of reviewing the Closing EBITDA Statement and to prepare a Statement of Objections (defined below), *provided*, that such access shall be in a manner that does not interfere with the normal business operations of Buyer or the Company.

(ii) Objection. On or prior to the last day of the Review Period, Sellers may object to the Closing EBITDA Statement by delivering to Buyer a written statement setting forth Sellers' objections in reasonable detail, indicating each disputed item or amount and the basis for Sellers' disagreement therewith (the "**Statement of Objections**"). If Sellers fail to deliver the Statement of Objections before the expiration of the Review Period, the Closing EBITDA Statement and the Post-Closing Adjustment, as the case may be, reflected in the Closing EBITDA Statement shall be deemed to have been accepted by Sellers. If Sellers deliver the Statement of Objections before the expiration of the Review Period, Buyer and Sellers shall negotiate in good faith to resolve such objections within 30 days after the delivery of the Statement of Objections (the "**Resolution Period**"), and, if the same are so resolved within the Resolution Period, the Post-Closing Adjustment and the Closing EBITDA Statement with such changes as may have been previously agreed in writing by Buyer and Sellers, shall be final and binding.

(iii) Resolution of Disputes. If Sellers and Buyer fail to reach an agreement with respect to all of the matters set forth in the Statement of Objections before expiration of the Resolution Period, then any amounts remaining in dispute ("**Disputed Amounts**") and any amounts not so disputed, the "**Undisputed Amounts**"), Buyer and Sellers shall appoint by mutual agreement the office of an impartial nationally recognized firm of independent certified public accountants other than Sellers' Accountants or Buyer's Accountants (the "**Independent Accountants**") who, acting as experts and not arbitrators, shall resolve the Disputed Amounts only and make any adjustments to the Post-Closing Adjustment, as the case may be, and the Closing EBITDA Statement. The parties hereto agree that all adjustments shall be made without regard to materiality. The Independent Accountants shall only decide the specific items under dispute by the parties and their decision for each Disputed Amount must be within the range of values assigned to each such item in the Closing EBITDA Statement and the Statement of Objections, respectively.

(iv) Fees of the Independent Accountants. Buyer shall pay the fees and expenses of the Independent Accountants; *provided, however*, that Sellers shall pay the fees and expenses of the Independent Accountants if one or more of the disputed item or amount set forth in the Statement of Objections is brought in bad faith by the Sellers or is determined by the Independent Accountants to be without any reasonable basis.

(v) Determination by Independent Accountants. The Independent Accountants shall make a determination as soon as practicable within 30 days (or such other time as the parties hereto shall agree in writing) after their engagement, and their resolution of the Disputed Amounts and their adjustments to the Closing EBITDA Statement and/or the Post-Closing Adjustment shall be conclusive and binding upon the parties hereto.

(c) **Adjustments for Tax Purposes**. Any payments made pursuant to **Section 2.04** shall be treated as an adjustment to the Purchase Price by the parties for Tax purposes, unless otherwise required by Law.

Section 2.05 Closing. Subject to the terms and conditions of this Agreement, the purchase and sale of the Membership Interests contemplated hereby shall take place at a closing (the "**Closing**") to be held at 10:00 a.m., Pacific time, no later than three Business Days after the last of the conditions to Closing set forth in **Article VII** have been satisfied or waived (other than conditions which, by their nature, are to be satisfied on the Closing Date), at Buyer's principal office, or at such other time or on such other date or at such other place as Sellers and Buyer may mutually agree upon in writing (the day on which the Closing takes place being the "**Closing Date**").

Section 2.06 Withholding Tax. Buyer and the Company shall be entitled to deduct and withhold from the Purchase Price all Taxes that Buyer and the Company may be required to deduct and withhold under any provision of Tax Law, including without limitations any transfer, sales, use, documentary transfer, value-added, stamp or excise Taxes or other similar Taxes of any type payable in connection with the sale and transfer of the Membership Interests or otherwise in connection with the consummation of the transaction contemplated by this Agreement. All such withheld amounts shall be treated as delivered to Sellers hereunder.

Section 2.07 Post-Closing Contingent Earn-Out Payments.

(a) As additional consideration for the sale of the Membership Interests, Sellers may be entitled to receive additional Earn-Out Payments in the manner described in this **Section 2.07**. The Earn-Out Payments shall be calculated as follows:

(i) **Contingent Cash Payment to Sellers.** In addition to the Cash Consideration payable pursuant to **Section 2.02**, Buyer shall make a contingent payment in cash to Sellers in the aggregate amount of Fifty Thousand Dollars (\$50,000) (the “**Contingent Cash Payment**”) if and only if the Company’s revenue from the sale of goods and services into those states in which the Company is licensed as a nonresident or resident pharmacy as of March 31, 2015, calculated on an accrual basis in accordance with GAAP consistently applied by Buyer, less returns, discounts and credit card service fees for the twelve month period ending March 31, 2015 (“**2014 Revenue**”) equals or exceeds \$3,500,000.

(ii) **Contingent Stock Payment to Sellers.** In addition to the Cash Consideration payable at Closing and the Contingent Cash Payment, Buyer shall issue to Sellers up to an aggregate of 215,190 shares of Common Stock (the “**Contingent Stock Payment**” and, upon issuance, such shares of Common Stock, the “**Shares**”) subject to the Company meeting certain performance targets set forth below:

(A) in the event that the Company’s revenue from the sale of goods and services into those states in which the Company is licensed as a nonresident or resident pharmacy as of March 31, 2016, calculated on an accrual basis in accordance with GAAP consistently applied by Buyer, less returns, discounts and credit card service fees for the twelve month period ending March 31, 2016 (the “**2015 Revenue**”) equals or exceeds \$7,500,000, Buyer shall issue to Sellers an aggregate of 215,190 shares of Common Stock;

(B) in the event that the 2015 Revenue exceeds \$3,500,000 but is less than \$7,500,000, Buyer shall issue to Sellers an aggregate of that number of shares of Common Stock equal to the amount that 2015 Revenue exceeds \$3,500,000 divided by 18.5882, rounded down to the last whole number (not to exceed 215,190 shares of Common Stock);

(C) in the event that the 2015 Revenue is equal to or lower than \$3,500,000, Sellers shall not receive any Contingent Stock Payment.

(b) Contingent Payment Determination. As soon as practicable after the applicable target period for the Contingent Cash Payment or Contingent Stock Payment, as the case may be, but no later than the May 31 following the end of the applicable fiscal year, Buyer (or its audit committee or accountants) shall prepare and deliver to Sellers a statement setting forth in reasonable detail the 2014 Revenue or 2015 Revenue, as the case may be, together with the calculation used to determine such revenue (each, a “**Revenue Statement**”). The Revenue Statement will be prepared in accordance with GAAP applied on a consistent basis. Sellers shall have thirty (30) days following their receipt of the Revenue Statement (the “**Revenue Objection Period**”) to accept or dispute its accuracy. On or prior to the last day of the Revenue Objection Period, Sellers may object to the Revenue Statement by delivering to Buyer a Statement of Objections. If Sellers fail to deliver the Statement of Objections before the expiration of the Revenue Objection Period, Buyer shall provide Sellers with written notice of such failure and afford Sellers an additional seven (7) days following Sellers receipt of such second notice to object to the Revenue Statement by delivery to Buyer a Statement of Objections (the “**Additional Revenue Objection Period**”). If Sellers fail to deliver the Statement of Objections before the expiration of the Additional Revenue Objection Period, the Revenue Statement shall be deemed to have been accepted by Sellers. If Sellers deliver the Statement of Objections before the expiration of the Revenue Objection Period, Buyer and Sellers shall negotiate in good faith to resolve such objections during the Resolution Period, and, if the same are so resolved within the Revenue Objection Period, the Revenue Statement with such changes as may have been previously agreed in writing by Buyer and Sellers, shall be final and binding. If Sellers and Buyer fail to reach an agreement with respect to all of the matters set forth in the Statement of Objections before expiration of the Resolution Period, then all such disputes shall be resolved pursuant to the procedures set forth in **Section 2.04(b)(iii), (iv) and (v)**.

(c) Payment of Earn-Out Payments.

(i) Buyer shall pay the Contingent Cash Payment, if any, by wire transfer of immediately available funds to the accounts specified in writing by Sellers (i) within ten (10) Business Days of acceptance of the applicable Revenue Statement by Sellers or (ii) if there are any objections to the applicable Revenue Statement pursuant to clause (b) above, within ten (10) Business Days of the resolution described in clause (b) above.

(ii) Buyer shall issue the applicable Contingent Stock Payment, if any, to Sellers on a pro rata basis (i) within ten (10) Business Days of acceptance of the applicable Revenue Statement by Sellers or (ii) if there are any objections to the applicable Revenue Statement pursuant to clause (b) above, within ten (10) Business Days of the resolution described in clause (b) above.

(iii) No interest shall be paid or accrued for any Contingent Cash Payment or Contingent Stock Payment payable hereunder.

(d) Operation of the Business.

(i) Subject to the terms of this Agreement and the other Transaction Documents, subsequent to the Closing Buyer shall have sole discretion with regard to all matters relating to the operation of the Company; *provided*, that following the Closing, Buyer shall not, directly or indirectly, take any actions in bad faith that would have the purpose of avoiding or reducing any of the Earn-Out Payments hereunder; *provided, further*, that Buyer shall, over the course of the period beginning on the Closing Date and ending March 31, 2016, invest an aggregate of no less than \$1,000,000 in the operations of the Company, including, without limitation, investments in facilities (which may include facility upgrades and/or the construction of a separate outsourcing facility under Section 503B of the Federal Food, Drug and Cosmetic Act), personnel, equipment, technology, other systems and processes, and marketing and sales. Notwithstanding the foregoing, Buyer has no obligation to operate the Company in order to achieve any Earn-Out Payment or to maximize the amount of any Earn-Out Payment.

(ii) If, following the Closing and prior to December 31, 2015, Buyer enters into an exclusive license with an Affiliate or other third party to sell one or more products or formulations the rights to which were acquired by Buyer under the NDS APA or the NDS/ECN APA in any of the Licensed States, Buyer shall include Buyer's revenue from the license of such goods and services in such Licensed States, calculated on an accrual basis in accordance with GAAP consistently applied by Buyer, in the calculation of the Company Revenue for purposes of **Section 2.07(a)(ii)**.

(e) Restrictions on the Sale of Shares. If and when issued pursuant to **Section 2.07** above, the Shares shall not have not been registered under the Securities Act of 1933, as amended (the "**Securities Act**") or the securities laws of any other jurisdiction and their issuance shall be made in reliance on one or more exemptions for private offerings under Section 4(a)(2) of the Securities Act and applicable securities laws. Accordingly, no sale, transfer or other disposition of (whether with or without consideration and whether voluntarily or involuntarily or by operation of law) ("**Transfer**") of any of the Shares is permitted unless such Transfer is registered under the Securities Act and other applicable securities laws, or an exemption from such registration is available. If and when issued, the stock certificates representing the Shares shall be imprinted with the following legend:

THIS SECURITY HAS NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF SELLERS

Except as set forth in the correspondingly numbered Section of the Disclosure Schedules, each of the Sellers, severally and not jointly, hereby represents and warrants to Buyer that the statements contained in this **Article III** are true and correct as of the date hereof.

Section 3.01 Authority of Sellers. Each of the Sellers has full power and authority to enter into this Agreement and the other Transaction Documents to which such Seller is a party, to carry out his obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by each of the Sellers of this Agreement and any other Transaction Document to which such Seller is a party, the performance by each of the Sellers of his obligations hereunder and thereunder and the consummation by each of the Sellers of the transactions contemplated hereby and thereby have been duly authorized by all requisite action on the part of each of the Sellers. This Agreement has been duly executed and delivered by each of the Sellers, and (assuming due authorization, execution and delivery by Buyer) this Agreement constitutes a legal, valid and binding obligation of each of the Sellers enforceable against Sellers in accordance with its terms. When the other Transaction Documents to which any of Sellers is or will be a party has been duly executed and delivered by such Seller, the Transaction Document will constitute a legal and binding obligation of such Seller enforceable against him in accordance with its terms.

Section 3.02 Organization, Authority and Qualification of the Company. The Company is a limited liability company duly organized, validly existing and in good standing under the Laws of the state of New Jersey and has full limited liability company power and authority to own, operate or lease the properties and assets now owned, operated or leased by it and to carry on its business as it has been and is currently conducted. **Section 3.02** of the Disclosure Schedules sets forth each jurisdiction in which the Company is licensed or qualified to do business, and the Company is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the properties owned or leased by it or the operation of its business as currently conducted makes such licensing or qualification necessary. All limited liability company actions taken by the Company in connection with this Agreement and the other Transaction Documents will be duly authorized on or prior to the Closing.

Section 3.03 Capitalization.

(a) Sellers are the record owner of and have good and valid title to the Membership Interests, free and clear of all Encumbrances. The Membership Interests constitute 100% of the total issued and outstanding membership interests in the Company. The Membership Interests have been duly authorized and are validly issued, fully-paid and non-assessable. Upon consummation of the transactions contemplated by this Agreement, Buyer shall own all of the Membership Interests, free and clear of all Encumbrances.

(b) The Membership Interests were issued in compliance with applicable Laws. The Membership Interests were not issued in violation of the Organizational Documents of the Company or any other agreement, arrangement or commitment to which any of the Sellers or the Company is a party and are not subject to or in violation of any preemptive or similar rights of any Person.

(c) There are no outstanding or authorized options, warrants, convertible securities or other rights, agreements, arrangements or commitments of any character relating to any membership interests in the Company or obligating any of the Sellers or the Company to issue or sell any membership interests (including the Membership Interests), or any other interest, in the Company. Other than the Organizational Documents, there are no voting trusts, proxies or other agreements or understandings in effect with respect to the voting or transfer of any of the Membership Interests.

Section 3.04 No Subsidiaries. The Company does not own, or have any interest in any shares or have an ownership interest in any other Person.

Section 3.05 No Conflicts; Consents. The execution, delivery and performance by each of the Sellers of this Agreement and the other Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the Organizational Documents of the Company; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to the Company; (c) require the consent, notice or other action by any Person under, conflict with, result in a violation or breach of, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, result in the acceleration of or create in any party the right to accelerate, terminate, modify or cancel any Contract to which the Company is a party or by which the Company is bound or to which any of its properties and assets are subject (including any Material Contract) or any Permit affecting the properties, assets or business of the Company; or (d) result in the creation or imposition of any Encumbrance other than Permitted Encumbrances on any properties or assets of the Company. No consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to the Company in connection with the execution and delivery of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby.

Section 3.06 Financial Statements. Complete copies of the Company's financial statements consisting of the balance sheet of the Company as at December 31 in each of the years 2012 and 2011 and the related statements of income and retained earnings and members' equity for the years then ended (the "**Annual Financial Statements**"), and financial statements consisting of the balance sheet of the Company as at September 30, 2013 and the related statements of income and retained earnings and members' equity for the nine-month period then ended (the "**Interim Financial Statements**" and together with the Annual Financial Statements, the "**Financial Statements**") have been delivered to Buyer. The Financial Statements are based on the books and records of the Company, and fairly present the financial condition of the Company as of the respective dates they were prepared and the results of the operations of the Company for the periods indicated. The balance sheet of the Company as of September 30, 2013 is referred to herein as the "**Balance Sheet**" and the date thereof as the "**Balance Sheet Date**".

Section 3.07 Undisclosed Liabilities. The Company has no liabilities, obligations or commitments of any nature whatsoever, asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, matured or unmatured or otherwise ("**Liabilities**"), except (a) those which are adequately reflected or reserved against in the Balance Sheet as of the Balance Sheet Date, and (b) those which have been incurred in the ordinary course of business consistent with past practice since the Balance Sheet Date and which are not, individually or in the aggregate, material in amount.

Section 3.08 Absence of Certain Changes, Events and Conditions. Since the Balance Sheet Date, and other than in the ordinary course of business consistent with past practice, there has not been, with respect to the Company, any:

(a) event, occurrence or development that has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;

(b) amendment of the Organizational Documents of the Company;

(c) split, combination or reclassification of any membership interests in the Company;

(d) issuance, sale or other disposition of, or creation of any Encumbrance on, any membership interests in the Company, or grant of any options, warrants or other rights to purchase or obtain (including upon conversion, exchange or exercise) any membership interests in the Company;

(e) declaration or payment of any distributions on or in respect of any membership interests in the Company or redemption, purchase or acquisition of any of the Company's outstanding membership interests;

(f) material change in the Company's cash management practices and its policies, practices and procedures with respect to collection of accounts receivable, establishment of reserves for uncollectible accounts, accrual of accounts receivable, inventory control, prepayment of expenses, payment of trade accounts payable, accrual of other expenses, deferral of revenue and acceptance of customer deposits;

(g) entry into any Contract that would constitute a Material Contract;

(h) incurrence, assumption or guarantee of any indebtedness for borrowed money except unsecured current obligations and Liabilities incurred in the ordinary course of business consistent with past practice;

(i) transfer, assignment, sale or other disposition of any of the assets shown or reflected in the Balance Sheet or cancellation of any debts or entitlements;

(j) transfer, assignment or grant of any license or sublicense of any material rights under or with respect to any Intellectual Property;

(k) material damage, destruction or loss (whether or not covered by insurance) to its property;

(l) any capital investment in, or any loan to, any other Person;

(m) acceleration, termination, material modification to or cancellation of any material Contract (including, but not limited to, any Material Contract) to which the Company is a party or by which it is bound;

(n) any material capital expenditures;

(o) imposition of any Encumbrance upon any of the Company's properties or assets, tangible or intangible;

(p) (i) grant of any bonuses, whether monetary or otherwise, or increase in any wages, salary, severance, pension or other compensation or benefits in respect of its employees, officers, managers, independent contractors or consultants, other than as provided for in any written agreements or required by applicable Law, (ii) change in the terms of employment for any employee or any termination of any employees for which the aggregate costs and expenses exceed \$10,000, or (iii) action to accelerate the vesting or payment of any compensation or benefit for any employee, officer, manager, independent contractor or consultant;

(q) adoption, modification or termination of any: (i) employment, severance, retention or other agreement with any current or former employee, officer, manager, independent contractor or consultant or (ii) Benefit Plan, in each case whether written or oral;

(r) any loan to (or forgiveness of any loan to), or entry into any other transaction with, any of its members, managers, officers and employees;

(s) entry into a new line of business or abandonment or discontinuance of existing lines of business;

(t) adoption of any plan of merger, consolidation, reorganization, liquidation or dissolution or filing of a petition in bankruptcy under any provisions of federal or state bankruptcy Law or consent to the filing of any bankruptcy petition against it under any similar Law;

(u) purchase, lease or other acquisition of the right to own, use or lease any property or assets for an amount in excess of \$5,000, individually (in the case of a lease, per annum) or \$10,000 in the aggregate (in the case of a lease, for the entire term of the lease, not including any option term), except for purchases of inventory or supplies in the ordinary course of business consistent with past practice;

(v) acquisition by merger or consolidation with, or by purchase of a substantial portion of the assets, stock or other equity of, or by any other manner, any business or any Person or any division thereof; or

(w) any Contract to do any of the foregoing, or any action or omission that would result in any of the foregoing.

Section 3.09 Material Contracts.

(a) **Section 3.09(a)** of the Disclosure Schedules lists each of the following Contracts of the Company (such Contracts, together with all Contracts concerning the occupancy, management or operation of any Real Property (including without limitation, brokerage contracts) listed or otherwise disclosed in **Section 3.10(b)** of the Disclosure Schedules and all Contracts relating to Intellectual Property set forth in **Section 3.12(d)** and **Section 3.12(f)** of the Disclosure Schedules, being “**Material Contracts**”):

(i) each Contract of the Company involving aggregate consideration in excess of \$10,000 and which, in each case, cannot be cancelled by the Company without penalty or without more than 30 days’ notice;

(ii) all Contracts that require the Company to purchase its total requirements of any product or service from a third party or that contain “take or pay” provisions;

(iii) all Contracts that provide for the indemnification by the Company of any Person or the assumption of any Tax, environmental or other Liability of any Person;

(iv) all Contracts that relate to the acquisition or disposition of any business, a material amount of equity or assets of any other Person or any real property (whether by merger, sale of stock or other equity interests, sale of assets or otherwise);

(v) all broker, distributor, dealer, agency, sales promotion, market research, marketing consulting and advertising Contracts to which the Company is a party;

(vi) all employment agreements and Contracts with independent contractors or consultants (or similar arrangements) to which the Company is a party and which are not cancellable without material penalty or without more than 30 days’ notice;

(vii) except for Contracts relating to trade receivables, all Contracts relating to indebtedness (including, without limitation, guarantees) of the Company;

(viii) all Contracts with any Governmental Authority to which the Company is a party;

(ix) all Contracts that limit or purport to limit the ability of the Company to compete in any line of business or with any Person or in any geographic area or during any period of time;

(x) any Contracts to which the Company is a party that provide for any joint venture, partnership or similar arrangement by the Company;

(xi) all Contracts between or among the Company on the one hand and any of the Sellers or any Affiliate of any of the Sellers (other than the Company) on the other hand; and

(xii) any other Contract that is material to the Company and not previously disclosed pursuant to this **Section 3.09**.

(b) Each Material Contract is valid and binding on the Company in accordance with its terms and is in full force and effect. None of the Company or, to Sellers' Knowledge, any other party thereto is in breach of or default under (or is alleged to be in breach of or default under) in any material respect, or has provided or received any notice of any intention to terminate, any Material Contract. No event or circumstance has occurred that, with notice or lapse of time or both, would constitute an event of default under any Material Contract or result in a termination thereof or would cause or permit the acceleration or other changes of any right or obligation or the loss of any benefit thereunder. Complete and correct copies of each Material Contract (including all modifications, amendments and supplements thereto and waivers thereunder) have been made available to Buyer.

Section 3.10 Title to Assets; Real Property.

(a) The Company does not own any Real Property. The Company has good and valid title to, or a valid leasehold interest in, all Real Property and personal property and other assets reflected in the Financial Statements or acquired after the Balance Sheet Date, other than properties and assets sold or otherwise disposed of in the ordinary course of business consistent with past practice since the Balance Sheet Date. All such properties and assets (including leasehold interests) are free and clear of Encumbrances except for the following (collectively referred to as "**Permitted Encumbrances**"):

(i) those items set forth in **Section 3.10(a)** of the Disclosure Schedules;

(ii) liens for Taxes not yet due and payable or being contested in good faith by appropriate procedures and for which there are adequate accruals or reserves on the Balance Sheet;

(iii) mechanics, carriers', workmen's, repairmen's or other like liens arising or incurred in the ordinary course of business consistent with past practice or amounts that are not delinquent and which are not, individually or in the aggregate, material to the business of the Company;

(iv) easements, rights of way, zoning ordinances and other similar encumbrances affecting Real Property which are not, individually or in the aggregate, material to the business of the Company; or

(v) liens arising under original purchase price conditional sales contracts and equipment leases with third parties entered into in the ordinary course of business consistent with past practice which are not, individually or in the aggregate, material to the business of the Company.

(b) **Section 3.10(b)** of the Disclosure Schedules lists (i) the street address of each parcel of Real Property, (ii) the landlord under the lease, (iii) the rental amount currently being paid, (iv) the expiration of the term of such lease or sublease for each leased or subleased property, and (v) the current use of such property. Sellers have delivered or made available to Buyer true, complete and correct copies of any leases affecting the Real Property. The Company is not a sublessor or grantor under any sublease or other instrument granting to any other Person any right to the possession, lease, occupancy or enjoyment of any leased Real Property. The use and operation of the Real Property in the conduct of the Company's business do not violate in any material respect any Law, covenant, condition, restriction, easement, license, permit or agreement. No material improvements constituting a part of the Real Property encroach on real property owned or leased by a Person other than the Company. There are no Actions pending nor, to the Sellers' Knowledge, threatened against or affecting the Real Property or any portion thereof or interest therein in the nature or in lieu of condemnation or eminent domain proceedings.

Section 3.11 Condition and Sufficiency of Assets. The buildings, plants, structures, furniture, fixtures, machinery, equipment, vehicles and other items of tangible personal property of the Company are structurally sound, are in good operating condition and repair, and are adequate for the uses to which they are being put, and none of such buildings, plants, structures, furniture, fixtures, machinery, equipment, vehicles and other items of tangible personal property is in need of maintenance or repairs except for ordinary, routine maintenance and repairs that are not material in nature or cost. The buildings, plants, structures, furniture, fixtures, machinery, equipment, vehicles and other items of tangible personal property currently owned or leased by the Company, together with all other properties and assets of the Company, are sufficient for the continued conduct of the Company's business after the Closing in substantially the same manner as conducted prior to the Closing and constitute all of the rights, property and assets necessary to conduct the business of the Company as currently conducted.

Section 3.12 Intellectual Property.

(a) "**Intellectual Property**" means all of the following and similar intangible property and related proprietary rights, interests and protections, however arising, pursuant to the Laws of any jurisdiction throughout the world, including such property that is owned by the Company and excluding the NDS Intellectual Property (as that term is defined below) ("**Company Intellectual Property**") and that in which the Company holds exclusive or non-exclusive rights or interests granted by license from other Persons, including the Sellers and NDS ("**Licensed Intellectual Property**");

(i) trademarks, service marks, trade names, brand names, logos, trade dress and other proprietary indicia of goods and services, whether registered or unregistered, and all registrations and applications for registration of such trademarks, including intent-to-use applications, all issuances, extensions and renewals of such registrations and applications and the goodwill connected with the use of and symbolized by any of the foregoing;

(ii) Internet domain names, whether or not trademarks, registered in any top-level domain by any authorized private registrar or Governmental Authority;

(iii) original works of authorship in any medium of expression, whether or not published, all copyrights (whether registered or unregistered), all registrations and applications for registration of such copyrights, and all issuances, extensions and renewals of such registrations and applications;

(iv) confidential information, formulas, designs, devices, technology, know-how, research and development, inventions, methods, processes, compositions and other trade secrets, whether or not patentable; and

(v) patented and patentable designs and inventions, all design, plant and utility patents, letters patent, utility models, pending patent applications and provisional applications and all issuances, divisions, continuations, continuations-in-part, reissues, extensions, reexaminations and renewals of such patents and applications.

(b) **Section 3.12(b)** of the Disclosure Schedules lists all Company Intellectual Property that is either (i) subject to any issuance, registration, application or other filing by, to or with any Governmental Authority or authorized private registrar in any jurisdiction (collectively, “**Intellectual Property Registrations**”), including registered trademarks, domain names and copyrights, issued and reissued patents and pending applications for any of the foregoing; or (ii) used in or necessary for the Company’s current or planned business or operations. All required filings and fees related to the Intellectual Property Registrations have been timely filed with and paid to the relevant Governmental Authorities and authorized registrars, and all Intellectual Property Registrations are otherwise in good standing. Sellers have provided Buyer with true and complete copies of file histories, documents, certificates, office actions, correspondence and other materials related to all Intellectual Property Registrations.

(c) **Section 3.12(c)** of the Disclosure Schedules sets forth all of the intangible property and related proprietary rights, interests and protections in and to which NDS owns the right, title and interest (“**NDS Intellectual Property**”). The Company owns, exclusively or jointly with other Persons, all right, title and interest in and to the Company Intellectual Property, free and clear of Encumbrances. Without limiting the generality of the foregoing, at or prior to the Closing, Sellers shall have entered into binding, written agreements with every current employee of the Company, and with every current independent contractor, whereby such employees and independent contractors (i) assign to the Company any ownership interest and right they may have in the Company Intellectual Property; and (ii) acknowledge the Company’s exclusive ownership of all Company Intellectual Property. At or prior to the Closing, Sellers shall have provided Buyer with true and complete copies of all such agreements. The Company is in full compliance with all legal requirements applicable to the Company Intellectual Property and the Company’s ownership and use thereof.

(d) **Section 3.12(d)** of the Disclosure Schedules lists all licenses, sublicenses and other agreements whereby the Company is granted rights, interests and authority, whether on an exclusive or non-exclusive basis, with respect to any Licensed Intellectual Property that is used in or necessary for the Company's current or planned business or operations. Sellers have provided Buyer with true and complete copies of all such agreements. All such agreements are valid, binding and enforceable between the Company and the other parties thereto, and the Company and such other parties are in full compliance with the terms and conditions of such agreements.

(e) The Company Intellectual Property and Licensed Intellectual Property as currently or formerly owned, licensed or used by the Company or proposed to be used, and the Company's conduct of its business as currently and formerly conducted and proposed to be conducted have not, do not and will not infringe, violate or misappropriate the Intellectual Property of any Person. Neither Sellers nor the Company has received any communication, and no Action has been instituted, settled or, to Sellers' Knowledge, threatened that alleges any such infringement, violation or misappropriation, and none of the Company Intellectual Property are subject to any outstanding Governmental Order. NDS has granted to the Company a royalty-free license under the NDS Intellectual Property to engage on its own behalf in pharmaceutical compounding of any product using the NDS Intellectual Property (the "**NDS Licensed Products**"), including the right to make, offer for sale and sell the NDS Licensed Products.

(f) **Section 3.12(f)** of the Disclosure Schedules lists all licenses, sublicenses and other agreements pursuant to which the Company grants rights or authority to any Person with respect to any Company Intellectual Property or Licensed Intellectual Property. Sellers have provided Buyer with true and complete copies of all such agreements. All such agreements are valid, binding and enforceable between the Company and the other parties thereto, and the Company and such other parties are in full compliance with the terms and conditions of such agreements. No Person has infringed, violated or misappropriated, or is infringing, violating or misappropriating, any Company Intellectual Property.

Section 3.13 Inventory. All inventory of the Company, whether or not reflected in the Balance Sheet, consists of a quality and quantity usable and salable in the ordinary course of business consistent with past practice, except for obsolete, damaged, defective or slow-moving items that have been written off or written down to fair market value or for which adequate reserves have been established. All such inventory is owned by the Company free and clear of all Encumbrances, and no inventory is held on a consignment basis. The quantities of each item of inventory (whether raw materials, work-in-process or finished goods) are not excessive, but are reasonable in the present circumstances of the Company.

Section 3.14 Accounts Receivable. The accounts receivable reflected on the Balance Sheet and the accounts receivable arising after the date thereof (a) have arisen from bona fide transactions entered into by the Company involving the sale of goods or the rendering of services in the ordinary course of business consistent with past practice; (b) constitute only valid, undisputed claims of the Company not subject to claims of set-off or other defenses or counterclaims other than normal cash discounts accrued in the ordinary course of business consistent with past practice; and (c) subject to a reserve for bad debts shown on the Interim Balance Sheet or, with respect to accounts receivable arising after the Balance Sheet Date, on the accounting records of the Company, are collectible in full within 90 days after billing.

Section 3.15 Customers and Suppliers.

(a) **Section 3.15(a)** of the Disclosure Schedules sets forth (i) each customer who has paid aggregate consideration to the Company for goods or services rendered in an amount greater than or equal to \$20,000 for each of the two most recent fiscal years (collectively, the “**Material Customers**”); and (ii) the amount of consideration paid by each Material Customer during such periods. The Company has not received any notice, and has no reason to believe, that any of its Material Customers has ceased, or intends to cease after the Closing, to use its goods or services or to otherwise terminate or materially reduce its relationship with the Company.

(b) **Section 3.15(b)** of the Disclosure Schedules sets forth (i) each supplier to whom the Company has paid consideration for goods or services rendered in an amount greater than or equal to \$20,000 for each of the two most recent fiscal years (collectively, the “**Material Suppliers**”); and (ii) the amount of purchases from each Material Supplier during such periods. The Company has not received any notice, and has no reason to believe, that any of its Material Suppliers has ceased, or intends to cease, to supply goods or services to the Company or to otherwise terminate or materially reduce its relationship with the Company.

Section 3.16 Insurance. **Section 3.16** of the Disclosure Schedules sets forth a true and complete list of all current policies or binders of fire, liability, product liability, umbrella liability, real and personal property, workers’ compensation, vehicular, directors’ and officers’ liability, fiduciary liability and other malpractice, casualty and property insurance maintained by Sellers or their Affiliates (including the Company) and relating to the assets, business, operations, employees, officers and managers of the Company (collectively, the “**Insurance Policies**”) and true and complete copies of such Insurance Policies have been made available to Buyer. Such Insurance Policies are in full force and effect and shall remain in full force and effect following the consummation of the transactions contemplated by this Agreement. Neither the Sellers nor any of their Affiliates (including the Company) has received any written notice of cancellation of, premium increase with respect to, or alteration of coverage under, any of such Insurance Policies. All premiums due on such Insurance Policies have either been paid or, if due and payable prior to Closing, will be paid prior to Closing in accordance with the payment terms of each Insurance Policy. The Insurance Policies do not provide for any retrospective premium adjustment or other experience-based liability on the part of the Company. All such Insurance Policies (a) are valid and binding in accordance with their terms; (b) are provided by carriers who are financially solvent; and (c) have not been subject to any lapse in coverage. There are no claims related to the business of the Company pending under any such Insurance Policies as to which coverage has been questioned, denied or disputed or in respect of which there is an outstanding reservation of rights. None of Sellers or any of their Affiliates (including the Company) is in default under, or has otherwise failed to comply with, in any material respect, any provision contained in any such Insurance Policy. The Insurance Policies are of the type and in the amounts customarily carried by Persons conducting a business similar to the Company and are sufficient for compliance with all applicable Laws and Contracts to which the Company is a party or by which it is bound.

Section 3.17 Legal Proceedings; Governmental Orders.

(a) There are no Actions pending or, to Sellers' Knowledge, threatened (a) against or by the Company affecting any of its properties or assets (or by or against any of the Sellers or any Affiliate thereof and relating to the Company); or (b) against or by the Company, any of the Sellers or any Affiliate of Sellers that challenges or seeks to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise to, or serve as a basis for, any such Action.

(b) There are no outstanding Governmental Orders and no unsatisfied judgments, penalties or awards against or affecting the Company or any of its properties or assets.

Section 3.18 Compliance with Laws; Permits.

(a) The Company has complied, and is now complying, with all Laws and Governmental Orders applicable to it or its business, properties or assets including, without limitation, (i) rules and regulations of Medicare and Medicaid programs and any other federal healthcare program; (ii) federal and state Laws relating to healthcare fraud and abuse; (iii) state Laws relating to Medicaid or any other state healthcare or health insurance programs; (iv) federal or state laws relating to billing or claims for reimbursement submitted to any third-party payor; (v) any other federal or state Laws relating to fraudulent, abusive or unlawful practices connected in any way with the provision of healthcare items or services, with the billing for or claims for reimbursement for such items or services provided to a beneficiary of any state, federal or other governmental healthcare or health insurance program or any private payor; (vi) state Laws relating to insurance and risk sharing products, services and arrangements; and (vii) Laws with respect to matters relating to patient or individual healthcare information, including, without limitation, the Health Insurance Portability and Accountability Act of 1996, as amended, and any rules or regulations promulgated thereunder.

(b) All Permits required for the Company to conduct its business have been obtained by it and are valid and in full force and effect. All fees and charges with respect to such Permits as of the date hereof have been paid in full. **Section 3.18(b)** of the Disclosure Schedules lists all current Permits issued to the Company, including the names of the Permits, the name of the Governmental Authority issuing the Permit, and their respective dates of issuance and expiration. No event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any Permit set forth in **Section 3.18(b)** of the Disclosure Schedules. Except as set forth on **Section 3.18(b)** of the Disclosure Schedules, each Permit held by the Company will continue in full force and effect with the Company following the Closing in accordance with the terms, conditions and limitations thereof without requiring the consent or approval of any Person.

(c) Each practicing pharmacist, pharmacy technician, nurse and other clinician employed by or an independent contractor to the Company has all Permits necessary to perform the duties of a pharmacist, pharmacy technician, nurse or other clinician. The Company and the practicing pharmacists, pharmacy technicians, nurses and other clinicians that are employed by or independent contractors to the Company are in compliance in all material respects with their respective Permits, all of which are in full force and effect, and neither the Company nor any of the practicing pharmacists, pharmacy technicians, nurses or other clinicians that are employed by or independent contractors to the Company has received any written notice that they are in material breach or violation of, or material default under, or that any of their respective properties, facilities, equipment, operations or business procedures or practices fail to comply in any material respect with, any Permit.

Section 3.19 Environmental Matters.

(a) The Company is currently and has been in compliance with all Environmental Laws and has not, and the Sellers have not, received from any Person any: (i) Environmental Notice or Environmental Claim; or (ii) written request for information pursuant to Environmental Law, which, in each case, either remains pending or unresolved, or is the source of ongoing obligations or requirements as of the Closing Date.

(b) The Company has obtained and is in material compliance with all Environmental Permits necessary for the ownership, lease, operation or use of the business or assets of the Company and all such Environmental Permits are in full force and effect and shall be maintained in full force and effect by Sellers through the Closing Date in accordance with Environmental Law, and neither Sellers nor the Company is aware of any condition, event or circumstance that might prevent or impede, after the Closing Date, the ownership, lease, operation or use of the business or assets of the Company as currently carried out.

(c) No real property currently or formerly owned, operated or leased by the Company is listed on, or has been proposed for listing on, the National Priorities List (or CERCLIS) under CERCLA, or any similar state list.

(d) No underground or above-ground storage tanks are located at, on or under any currently or formerly owned, operated or leased by the Company. There has been no Release of Hazardous Materials in contravention of Environmental Law with respect to the business or assets of the Company or any real property currently or formerly owned, operated or leased by the Company, and neither the Company nor Sellers have received an Environmental Notice that any real property currently or formerly owned, operated or leased in connection with the business of the Company (including soils, groundwater, surface water, buildings and other structure located on any such real property) has been contaminated with any Hazardous Material which could reasonably be expected to result in an Environmental Claim against, or a violation of Environmental Law or term of any Environmental Permit by, Sellers or the Company.

(e) Neither Sellers nor the Company has retained or assumed, by contract or operation of Law, any liabilities or obligations of third parties under Environmental Law.

Section 3.20 Employee Benefit Matters.

(a) **Section 3.20(a)** of the Disclosure Schedules contains a true and complete list of each pension, benefit, retirement, compensation, profit-sharing, deferred compensation, incentive, performance award, phantom equity or other equity, change in control, retention, severance, vacation, paid time off, fringe-benefit and other similar agreement, plan, policy, program or arrangement (and any amendments thereto), in each case whether or not reduced to writing and whether funded or unfunded, including each “employee benefit plan” within the meaning of Section 3(3) of ERISA, whether or not tax-qualified and whether or not subject to ERISA, which is or has been maintained, sponsored, contributed to, or required to be contributed to by the Company for the benefit of any current or former employee, officer, manager, retiree, independent contractor or consultant of the Company or any spouse or dependent of such individual, or under which the Company has or may have any Liability, or with respect to which Buyer or any of its Affiliates would reasonably be expected to have any Liability, contingent or otherwise (as listed on **Section 3.20(a)** of the Disclosure Schedules, each, a “**Benefit Plan**”).

(b) With respect to each Benefit Plan, Sellers have made available to Buyer accurate, current and complete copies of each of the following: (i) where the Benefit Plan has been reduced to writing, the plan document together with all amendments; (ii) where the Benefit Plan has not been reduced to writing, a written summary of all material plan terms; (iii) where applicable, copies of any trust agreements or other funding arrangements, custodial agreements, insurance policies and contracts, administration agreements and similar agreements, and investment management or investment advisory agreements, now in effect or required in the future as a result of the transactions contemplated by this Agreement or otherwise; (iv) copies of any summary plan descriptions, summaries of material modifications, employee handbooks and any other written communications (or a description of any oral communications) relating to any Benefit Plan; (v) in the case of any Benefit Plan for which a Form 5500 is required to be filed, a copy of the most recently filed Form 5500, with schedules attached; and (vi) copies of material notices, letters or other correspondence from the Internal Revenue Service, Department of Labor or Pension Benefit Guaranty Corporation relating to any Benefit Plan.

(c) The Company has no ERISA Affiliates. The Company does not maintain or contribute to, and has not maintained or contributed to (or been obligated to contribute to) (i) any multiemployer plan within the meaning of Section 3(37) of ERISA (each a “**Multiemployer Plan**”) or (ii) any Benefit Plan that is intended to be qualified under Section 401(a) of the Code (a “**Qualified Benefit Plan**”). Each Benefit Plan has been established, administered and maintained in accordance with its terms and in compliance with all applicable Laws (including ERISA and the Code).

(d) Other than as required under Section 601 et. seq. of ERISA or other applicable Law, no Benefit Plan provides post-termination or retiree welfare benefits to any individual for any reason, and the Company does not have any Liability to provide post-termination or retiree welfare benefits to any individual or ever represented, promised or contracted to any individual that such individual would be provided with post-termination or retiree welfare benefits.

(e) There is no pending or, to Sellers' Knowledge, threatened Action relating to a Benefit Plan (other than routine claims for benefits), and no Benefit Plan has within the three years prior to the date hereof been the subject of an examination or audit by a Governmental Authority or the subject of an application or filing under or is a participant in, an amnesty, voluntary compliance, self-correction or similar program sponsored by any Governmental Authority. Nothing has occurred with respect to any Benefit Plan that has subjected or could reasonably be expected to subject the Company or, with respect to any period on or after the Closing Date, Buyer or any of its Affiliates, to a penalty under Section 502 of ERISA or to tax or penalty under Section 4975 of the Code. All benefits, contributions and premiums relating to each Benefit Plan have been timely paid in accordance with the terms of such Benefit Plan and all applicable Laws and accounting principles.

(f) There has been no amendment to, announcement by Sellers, the Company or any of their Affiliates relating to, or change in employee participation or coverage under, any Benefit Plan that would increase the annual expense of maintaining such plan above the level of the expense incurred for the most recently completed fiscal year with respect to any manager, officer, employee, independent contractor or consultant, as applicable. None of Sellers, the Company, nor any of their Affiliates has any commitment or obligation or has made any representations to any manager, officer, employee, independent contractor or consultant, whether or not legally binding, to adopt, amend or modify any Benefit Plan.

(g) Each Benefit Plan that is subject to Section 409A of the Code has been operated in compliance with such section and all applicable regulatory guidance (including notices, rulings and proposed and final regulations).

(h) Neither the execution of this Agreement nor any of the transactions contemplated by this Agreement will (either alone or upon the occurrence of any additional or subsequent events): (i) entitle any current or former manager, officer, employee, independent contractor or consultant of the Company to severance pay or any other payment; (ii) accelerate the time of payment, funding or vesting, or increase the amount of compensation due to any such individual; (iii) limit or restrict the right of the Company to merge, amend or terminate any Benefit Plan; (iv) increase the amount payable under or result in any other material obligation pursuant to any Benefit Plan; or (v) result in "excess parachute payments" within the meaning of Section 280G(b) of the Code.

Section 3.21 Employment Matters.

(a) **Section 3.21(a)** of the Disclosure Schedules contains a list of all persons who are employees, independent contractors or consultants of the Company as of the date hereof, and sets forth for each such individual the following: (i) name; (ii) title or position (including whether full or part time); (iii) hire date; (iv) current annual base compensation rate; (v) commission, bonus or other incentive-based compensation; and (vi) a description of the fringe benefits provided to each such individual as of the date hereof. As of the date hereof, all compensation, including wages, commissions and bonuses, payable to employees, independent contractors or consultants of the Company for services performed on or prior to the date hereof have been paid in full and there are no outstanding agreements, understandings or commitments of the Company with respect to any compensation, commissions or bonuses.

(b) The Company is and has been in compliance with all applicable Laws pertaining to employment and employment practices, including all Laws relating to labor relations, equal employment opportunities, fair employment practices, employment discrimination, harassment, retaliation, reasonable accommodation, disability rights or benefits, immigration, wages, hours, overtime compensation, child labor, hiring, promotion and termination of employees, working conditions, meal and break periods, privacy, health and safety, workers' compensation, leaves of absence and unemployment insurance. All individuals characterized and treated by the Company as independent contractors or consultants are properly treated as independent contractors under all applicable Laws. All employees classified as exempt under the Fair Labor Standards Act and state and local wage and hour laws are properly classified in all material respects. There are no Actions against the Company pending, or to the Sellers' Knowledge, threatened to be brought or filed, by or with any Governmental Authority or arbitrator in connection with the employment of any current or former applicant, employee, consultant, volunteer, intern or independent contractor of the Company, including, without limitation, any claim relating to unfair labor practices, employment discrimination, harassment, retaliation, equal pay, wage and hours or any other employment related matter arising under applicable Laws. No employee is covered by any union, collective bargaining agreements or other similar labor agreements, and the Company has not entered into any collective bargaining agreement at any time in the prior six (6) years.

Section 3.22 Reimbursement and Billing. Except as set forth in **Section 3.22** of the Disclosure Schedules, the Company has not received any notice of denial of payment or overpayment of a material nature from a federal healthcare program or other third-party payor (inclusive of managed care organizations) with respect to items or services provided by the Company other than those which have been finally resolved in any settlement for an amount less than \$10,000, and the Company has not received written notice from a federal healthcare program or any other third-party payor (inclusive of managed care organizations) of any pending or threatened claims, proceedings, investigations, audits or surveys specifically with respect to, or arising directly out of, items or services provided by the Company and no such investigation, audit or survey is pending, or to the Knowledge of the Sellers, threatened. Except as set forth in **Section 3.22** of the Disclosure Schedules, all billing by, or on behalf of, the Company to third-party payors, including, but not limited to, federal healthcare programs and insurance companies, has been true and correct in all material respects

Section 3.23 Taxes.

(a) All material Tax Returns required to be filed by the Company have been timely filed (within any applicable extension periods); such Tax Returns are true, complete and accurate in all material respects; all Taxes shown on such Tax Returns have been timely paid (within any applicable extension periods); all Taxes required to have been withheld or collected by the Company have been duly withheld and collected, and (to the extent required) each such Tax has been paid to the appropriate Governmental Authority; no written claim has ever been made by a Governmental Authority in a jurisdiction in which the Company does not file Tax Returns that it is or may be subject to taxation by that jurisdiction; no material Tax Encumbrances, other than Permitted Encumbrances, have been filed with respect to any assets of the Company; and no Governmental Authority is now asserting or, to the Knowledge of Sellers, threatening to assert against the Company any material deficiency or claim for additional Taxes.

(b) Since the date of its formation, the Company has been treated as a partnership and not as an association taxable as a corporation for federal income tax purposes.

(c) The Company is not a party to or bound by any tax sharing agreement

Section 3.24 Books and Records. The minute books of the Company have been made available to Buyer, are complete and correct and have been maintained in accordance with sound business practices. The minute books of the Company contain accurate and complete records of all meetings, and actions taken by written consent of, the members and the managers, and no meeting, or action taken by written consent, of any such members or managers has been held for which minutes have not been prepared and are not contained in such minute books. At the Closing, all of those books and records will be in the possession of the Company.

Section 3.25 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 Sellers.

Section 3.26 Full Disclosure. No representation or warranty by Sellers in this Agreement and no statement contained in the Disclosure Schedules to this Agreement or any certificate or other document furnished or to be furnished to Buyer pursuant to this Agreement contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements contained therein, in light of the circumstances in which they are made, not misleading.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Sellers that the statements contained in this **Article IV** are true and correct as of the date hereof.

Section 4.01 Organization and Authority of Buyer. Buyer is a corporation duly organized, validly existing and in good standing under the Laws of the state of Delaware. Buyer has full corporate power and authority to enter into this Agreement and the other Transaction Documents to which Buyer is a party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Buyer of this Agreement and any other Transaction Document to which Buyer is a party, the performance by Buyer of its obligations hereunder and thereunder and the consummation by Buyer of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of Buyer. This Agreement has been duly executed and delivered by Buyer, and (assuming due authorization, execution and delivery by Sellers) this Agreement constitutes a legal, valid and binding obligation of Buyer enforceable against Buyer in accordance with its terms.

Section 4.02 No Conflicts; Consents. The execution, delivery and performance by Buyer of this Agreement and the other Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the Organizational Documents of Buyer; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to Buyer; or (c) require the consent, notice or other action by any Person under any Contract to which Buyer is a party. No consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to Buyer in connection with the execution and delivery of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby, except for such consents, approvals, Permits, Governmental Orders, declarations, filings or notices which, in the aggregate, would not have a Material Adverse Effect.

Section 4.03 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 or any other Transaction Document based upon arrangements made by or on behalf of Buyer.

Section 4.04 Sufficiency of Funds. Buyer has sufficient cash on hand or other sources of immediately available funds to enable it to make payment of the Purchase Price and consummate the transactions contemplated by this Agreement.

Section 4.05 Legal Proceedings. There are no Actions pending or, to Buyer's knowledge, threatened against or by Buyer or any Affiliate of Buyer that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise or serve as a basis for any such Action.

Section 4.06 Independent Investigation. Buyer has conducted its own independent investigation, review and analysis of the Company, and acknowledges that it has been provided adequate access to the personnel, properties, assets, premises, books and records, and other documents and data of the Company for such purpose.

ARTICLE V COVENANTS

Section 5.01 Conduct of Business Prior to the Closing. From the date hereof until the Closing, except as otherwise provided in this Agreement or consented to in writing by Buyer (which consent shall not be unreasonably withheld or delayed), Sellers shall, and shall cause the Company to, (x) conduct the business of the Company in the ordinary course of business consistent with past practice; and (y) use reasonable best efforts to maintain and preserve intact the current organization, business and franchise of the Company and to preserve the rights, franchises, goodwill and relationships of its employees, customers, lenders, suppliers, regulators and others having business relationships with the Company. Without limiting the foregoing, from the date hereof until the Closing Date, Sellers shall:

(a) cause the Company to preserve and maintain all of its Permits;

(b) cause the Company to pay its debts, Taxes and other obligations when due;

(c) cause the Company to maintain the properties and assets owned, operated or used by the Company in the same condition as they were on the date of this Agreement, subject to reasonable wear and tear;

(d) cause the Company to continue in full force and effect without modification all Insurance Policies, except as required by applicable Law;

(e) cause the Company to defend and protect its properties and assets from infringement or usurpation;

(f) cause the Company to perform all of its obligations under all Contracts relating to or affecting its properties, assets or business;

(g) cause the Company to maintain its books and records in accordance with past practice;

(h) cause the Company to comply in all material respects with all applicable Laws; and

(i) cause the Company not to take or permit any action that would cause any of the changes, events or conditions described in **Section 3.08** to occur.

Section 5.02 Access to Information. From the date hereof until the Closing, Sellers shall, and shall cause the Company to, (a) afford Buyer and its Representatives full and free access to and the right to inspect all of the Real Property, properties, assets, premises, books and records, Contracts and other documents and data related to the Company; (b) furnish Buyer and its Representatives with such financial, operating and other data and information related to the Company as Buyer or any of its Representatives may reasonably request; and (c) instruct the Representatives of Sellers and the Company to cooperate with Buyer in its investigation of the Company. Any investigation pursuant to this **Section 5.02** shall be conducted in such manner as not to interfere unreasonably with the conduct of the business of Sellers or the Company. No investigation by Buyer or other information received by Buyer shall operate as a waiver or otherwise affect any representation, warranty or agreement given or made by Sellers in this Agreement.

Section 5.03 Notice of Certain Events.

(a) From the date hereof until the Closing, Sellers shall promptly notify Buyer in writing of:

(i) any fact, circumstance, event or action the existence, occurrence or taking of which (A) has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (B) has resulted in, or could reasonably be expected to result in, any representation or warranty made by Sellers hereunder not being true and correct or (C) has resulted in, or could reasonably be expected to result in, the failure of any of the conditions set forth in **Section 7.01** to be satisfied;

(ii) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement;

(iii) any notice or other communication from any Governmental Authority in connection with the transactions contemplated by this Agreement; and

(iv) any Actions commenced or, to Sellers' Knowledge, threatened against, relating to or involving or otherwise affecting Sellers or the Company that, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to **Section 3.17** or that relates to the consummation of the transactions contemplated by this Agreement.

(b) Buyer's receipt of information pursuant to this **Section 5.03** shall not operate as a waiver or otherwise affect any representation, warranty or agreement given or made by Sellers in this Agreement (including **Section 8.02** and **Error! Reference source not found.**) and shall not be deemed to amend or supplement the Disclosure Schedules.

Section 5.04 Confidentiality. From and after the Closing, each of the Sellers shall, and shall cause their respective Affiliates to, and shall each use its reasonable best efforts to cause its or their respective Representatives to, hold in confidence any and all information, whether written or oral, concerning the Company, except to the extent that Sellers can show that such information (a) is generally available to and known by the public through no fault of Sellers, any of their Affiliates or their respective Representatives; or (b) is lawfully acquired by Sellers, any of their Affiliates or their respective Representatives from and after the Closing from sources which are not prohibited from disclosing such information by a legal, contractual or fiduciary obligation. If any of the Sellers or their Affiliates or their respective Representatives are compelled to disclose any information by judicial or administrative process or by other requirements of Law, such Seller shall promptly notify Buyer in writing and shall disclose only that portion of such information which Seller is advised by its counsel in writing is legally required to be disclosed, *provided* that Seller shall use reasonable best efforts to obtain an appropriate protective order or other reasonable assurance that confidential treatment will be accorded such information.

Section 5.05 Non-Competition; Non-Solicitation.

(a) For a period of four (4) years commencing on the Closing Date (the “**Restricted Period**”), Sellers shall not, and shall not permit any of its Affiliates to, directly or indirectly, (i) engage in or assist others in engaging in the Restricted Business in the Territory (other than the Company or Buyer); (ii) have an interest in any Person that engages directly or indirectly in the Restricted Business in the Territory in any capacity, including as a partner, shareholder, member, employee, principal, agent, trustee or consultant (other than Buyer); or (iii) intentionally interfere in any material respect with the business relationships (whether formed prior to or after the date of this Agreement) between the Company and customers or suppliers of the Company; *provided, however*, that following the second anniversary of the Closing Date, Sellers may engage in the practice of pharmacy compounding for humans under Section 503A and Section 503B of the Federal Food, Drug and Cosmetic Act solely with respect to sales into one or more of the States of New York and New Jersey and the Commonwealth of Pennsylvania. The Parties acknowledge and agree that (A) NDS’ ownership of the NDS Intellectual Property and (B) the terms of the NDS APA and NDS/ECN APA do not in and of themselves result in a violation of the terms of this **Section 5.05**.

(b) Notwithstanding the foregoing, Sellers may own, directly or indirectly, solely as an investment, securities of any Person traded on any national securities exchange if Sellers is not a controlling Person of, or a member of a group which controls, such Person and does not, directly or indirectly, own 5% or more of any class of securities of such Person.

(c) During the Restricted Period, Sellers shall not, and shall not permit any of their Affiliates to, directly or indirectly, hire or solicit any employee of the Company or encourage any such employee to leave such employment or hire any such employee who has left such employment, except pursuant to a general solicitation which is not directed specifically to any such employees; *provided*, that nothing in this **Section 5.05(c)** shall prevent Sellers or any of its Affiliates from hiring (i) any employee whose employment has been terminated by the Company or Buyer or (ii) after 180 days from the date of termination of employment, any employee whose employment has been terminated by the employee.

(d) Sellers acknowledge that a breach or threatened breach of this **Section 5.05** would give rise to irreparable harm to Buyer, for which monetary damages would not be an adequate remedy, and hereby agree that in the event of a breach or a threatened breach by Sellers of any such obligations, Buyer shall, in addition to any and all other rights and remedies that may be available to it in respect of such breach, be entitled to equitable relief, including a temporary restraining order, an injunction, specific performance and any other relief that may be available from a court of competent jurisdiction (without any requirement to post bond).

(e) Sellers acknowledge that the restrictions contained in this **Section 5.05** are reasonable and necessary to protect the legitimate interests of Buyer and constitute a material inducement to Buyer to enter into this Agreement and consummate the transactions contemplated by this Agreement. In the event that any covenant contained in this **Section 5.05** should ever be adjudicated to exceed the time, geographic, product or service, or other limitations permitted by applicable Law in any jurisdiction, then any court is expressly empowered to reform such covenant, and such covenant shall be deemed reformed, in such jurisdiction to the maximum time, geographic, product or service, or other limitations permitted by applicable Law. The covenants contained in this **Section 5.05** and each provision hereof are severable and distinct covenants and provisions. The invalidity or unenforceability of any such covenant or provision as written shall not invalidate or render unenforceable the remaining covenants or provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such covenant or provision in any other jurisdiction.

Section 5.06 Governmental Approvals and Consents.

(a) Each party hereto shall, as promptly as possible, (i) make, or cause or be made, all filings and submissions required under any Law applicable to such party or any of its Affiliates; and (ii) use reasonable best efforts to obtain, or cause to be obtained, all consents, authorizations, orders and approvals from all Governmental Authorities that may be or become necessary for its execution and delivery of this Agreement and the performance of its obligations pursuant to this Agreement and the other Transaction Documents. Each party shall cooperate fully with the other party and its Affiliates in promptly seeking to obtain all such consents, authorizations, orders and approvals. The parties hereto shall not willfully take any action that will have the effect of delaying, impairing or impeding the receipt of any required consents, authorizations, orders and approvals.

(b) Sellers and Buyer shall use reasonable best efforts to give all notices to, and obtain all consents from, all third parties that are described in **Section 3.05** of the Disclosure Schedules.

(c) If any consent, approval or authorization necessary to preserve any right or benefit under any Contract to which the Company is a party is not obtained prior to the Closing, Sellers shall, subsequent to the Closing, cooperate with Buyer and the Company in attempting to obtain such consent, approval or authorization as promptly thereafter as practicable. If such consent, approval or authorization cannot be obtained, Sellers shall use reasonable best efforts to provide the Company with the rights and benefits of the affected Contract for the term thereof, and, if Sellers provide such rights and benefits, the Company shall assume all obligations and burdens thereunder.

Section 5.07 Books and Records.

(a) In order to facilitate the resolution of any claims made by or against or incurred by Buyer or the Company after the Closing, or for any other reasonable purpose, for a period of three (3) years following the Closing, Sellers shall:

(i) retain the books and records (including personnel files) of Sellers which relate to the Company and its operations for periods prior to the Closing; and

(ii) upon reasonable notice, afford the Representatives of Buyer or the Company reasonable access (including the right to make, at Buyer's expense, photocopies), during normal business hours, to such books and records;

provided, however, that any books and records related to Tax matters shall be retained pursuant to the periods set forth in **Article VI**.

(b) Neither Buyer nor Sellers shall be obligated to provide the other party with access to any books or records (including personnel files) pursuant to this **Section 5.07** where such access would violate any Law.

Section 5.08 Closing Conditions. From the date hereof until the Closing, each party hereto shall, and Sellers shall cause the Company to, use reasonable best efforts to take such actions as are necessary to expeditiously satisfy the closing conditions set forth in **Article VII** hereof.

Section 5.09 Public Announcements. Unless otherwise required by applicable Law, Sellers and the Company shall not make any public announcements in respect of this Agreement or the transactions contemplated hereby or otherwise communicate with any news media without the prior written consent of Buyer, and the parties shall cooperate as to the timing and contents of any such announcement.

Section 5.10 Further Assurances. Following the Closing, each of the parties hereto shall, and shall cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement.

Section 5.11 Employees.

(a) Buyer shall cause the Company to provide those employees of the Company immediately prior to the Closing who remain employed by the Company immediately following the Closing (the "**Continuing Employees**") with base salary and employee benefits that are, in the aggregate, no less favorable than the base salary and employee benefits provided by the Company on the date of this Agreement for so long as they are employed by the Company during the one-year period following the Closing (the "**Benefit Continuation Period**"); *provided, however*, that the employment terms of the Sellers shall be governed by each Seller's respective employment agreement with Buyer and not by this **Section 5.11**. Sellers shall use their reasonable best efforts to encourage the employees of the Company on the Effective Date to maintain their employment with the Company following the Closing.

(b) This **Section 5.11** shall be binding upon and inure solely to the benefit of each of the parties to this Agreement, and nothing in this **Section 5.11**, express or implied, shall confer upon any other Person any rights or remedies of any nature whatsoever under or by reason of this **Section 5.11**. Nothing contained herein, express or implied, shall be construed to establish, amend or modify any benefit plan, program, agreement or arrangement. Neither this **Section 5.11** nor any provision of the Agreement shall require the Company to continue the employment of any employee following the Closing and each employee shall remain an “at will employee” of the Company, subject to termination at any time for any reason or no reason.

Section 5.12 Supplement to Disclosure Schedules. From time to time prior to the Closing, Sellers shall have the right (but not the obligation) to supplement or amend the Disclosure Schedules hereto with respect to any matter hereafter arising or of which it becomes aware after the date hereof, which, if existing, occurring or known at the date of this Agreement, would have been required to be set forth or described in the Disclosure Schedules (each a “**Schedule Supplement**”), and each such Schedule Supplement shall be deemed to be incorporated into and to supplement and amend the Disclosure Schedules as of the Closing Date; *provided, however*, that in the event such event, development or occurrence which is the subject of the Schedule Supplement constitutes or relates to something that has had a Material Adverse Effect, then Buyer shall have the right to terminate this Agreement for failure to satisfy the closing condition set forth in **Section 7.01**; *provided, further*, that Sellers shall not have the right to update or modify **Section 3.12(c)** of the Disclosure Schedules without the prior written consent of Buyer.

ARTICLE VI TAX MATTERS

Section 6.01 Allocation of Purchase Price. Within seventy-five (75) days of the Closing, Buyer shall prepare and deliver to Sellers an allocation schedule setting forth how the Purchase Price and the liabilities of the Company will be allocated to the assets of the Company for all purposes (including for purposes of Section 1060 of the Code and financial accounting purposes). Sellers shall have the right to review and comment on such allocation schedule, which comments Buyer shall consider in good faith. Sellers and Buyer will file all Tax Returns consistent with such allocation and will not take any Tax position inconsistent with such allocation except as otherwise required by law.

Section 6.02 Tax Returns.

(a) Except as otherwise provided herein, Buyer shall file and control any Tax Returns required to be filed by the Company after the Closing Date. Notwithstanding the foregoing, (i) Sellers shall file and control any income, franchise or other Tax Returns (the “**Final Returns**”) required to be filed by the Company on or after the Closing Date for any period ending on or before the Closing Date (“**Pre-Closing Period**”); and (ii) Sellers may cause the Company to file any amended return for a Pre-Closing Period.

(b) Buyer on the one hand, and Sellers, on the other hand, shall cooperate with each other with respect to all Company Tax Returns, and, as necessary, promptly and duly execute any Company Tax Returns to be filed and under the control of the other party. Without limiting the foregoing, Buyer on the one hand, and Sellers, on the other hand, shall cooperate and provide, and shall cause their accountants and other representatives to provide, to the other party on a timely basis the information, including but not limited to all work papers and records relating to the Company, that they or their accountants or other representatives have within their control and that may be reasonably necessary or related to: (i) the preparation of any and all Company Tax Returns required to be filed by the other party, the Company with Governmental Authority and (ii) audits or other Tax determinations or proceedings by or before such Governmental Authorities, such information to be provided in the form in which it has in the past been maintained, by their accountants or other representatives.

ARTICLE VII CONDITIONS TO CLOSING

Section 7.01 Conditions to Obligations of Buyer. The obligations of Buyer to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or Buyer’s waiver, at or prior to the Closing, of each of the following conditions:

(a) The representations and warranties of Sellers contained in this Agreement, the other Transaction Documents and any certificate or other writing delivered pursuant hereto shall be true and correct in all respects (in the case of any representation or warranty qualified by materiality or Material Adverse Effect) or in all material respects (in the case of any representation or warranty not qualified by materiality or Material Adverse Effect) on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects).

(b) Each of the Sellers shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and the other Transaction Documents to be performed or complied with by it prior to or on the Closing Date.

(c) No Action shall have been commenced against Buyer, Sellers or the Company, which would prevent the Closing. No injunction or restraining order shall have been issued by any Governmental Authority, and be in effect, which restrains or prohibits any transaction contemplated hereby.

(d) All approvals, consents and waivers that are listed on **Section 3.05** of the Disclosure Schedules shall have been received, and executed counterparts thereof shall have been delivered to Buyer at or prior to the Closing. Sellers shall have complied with or waived all requirements under the Company's Organizational Documents related to the sale of the Membership Units to Buyer pursuant to this Agreement.

(e) From the date of this Agreement, there shall not have occurred any Material Adverse Effect, nor shall any event or events have occurred that, individually or in the aggregate, with or without the lapse of time, could reasonably be expected to result in a Material Adverse Effect.

(f) Buyer shall have completed, and shall be satisfied in all respects with, the results of its ongoing due diligence investigation of the business, assets, operations, properties, financial condition, contingent liabilities, prospects and material agreements of the Company.

(g) Each current employee of the Company shall have entered into a Proprietary Information and Invention Agreement with the Company in substantially the form attached hereto as **Exhibit B**.

(h) The Transaction Documents shall have been executed and delivered by the parties thereto and true and complete copies thereof shall have been delivered to Buyer.

(i) Sellers shall have delivered to Buyer such other documents or instruments as Buyer reasonably requests and are reasonably necessary to consummate the transactions contemplated by this Agreement.

Section 7.02 Conditions to Obligations of Sellers. The obligations of Sellers to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or Sellers' waiver, at or prior to the Closing, of each of the following conditions:

(a) The representations and warranties of Buyer contained in this Agreement, the other Transaction Documents and any certificate or other writing delivered pursuant hereto shall be true and correct in all respects (in the case of any representation or warranty qualified by materiality or Material Adverse Effect) or in all material respects (in the case of any representation or warranty not qualified by materiality or Material Adverse Effect) on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects).

(b) Buyer shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and each of the other Transaction Documents to be performed or complied with by it prior to or on the Closing Date.

(c) No injunction or restraining order shall have been issued by any Governmental Authority, and be in effect, which restrains or prohibits any material transaction contemplated hereby.

(d) The other Transaction Documents shall have been executed and delivered by Buyer and true and complete copies thereof shall have been delivered to Sellers.

(e) Buyer shall have delivered to Sellers cash in an amount equal to the Cash Consideration by wire transfer in immediately available funds, to an account or accounts designated at least two Business Days prior to the Closing Date by Sellers in a written notice to Buyer.

(f) Buyer shall have delivered to Sellers such other documents or instruments as Sellers reasonably requests and are reasonably necessary to consummate the transactions contemplated by this Agreement.

ARTICLE VIII INDEMNIFICATION

Section 8.01 Survival. Subject to the limitations and other provisions of this Agreement, the representations and warranties contained herein (other than any representations or warranties contained in **Section 3.23** which are subject to **Article VI**) shall survive the Closing and shall remain in full force and effect until the date that is two years from the Closing Date; *provided*, that the representations and warranties in **Section 3.01, Section 3.03, Section 3.19, Section 3.25, Section 4.01** and **Section 4.03** shall survive indefinitely and the representations and warranties in **Section 3.20** shall survive for the full period of all applicable statutes of limitations (giving effect to any waiver, mitigation or extension thereof) plus 60 days. All covenants and agreements of the parties contained herein (other than any covenants or agreements contained in **Article VI** which are subject to **Article VI**) shall survive the Closing indefinitely or for the period explicitly specified therein. Notwithstanding the foregoing, any claims asserted in good faith with reasonable specificity (to the extent known at such time) and in writing by notice from the non-breaching party to the breaching party prior to the expiration date of the applicable survival period shall not thereafter be barred by the expiration of the relevant representation or warranty and such claims shall survive until finally resolved.

Section 8.02 Indemnification by Sellers. Subject to the other terms and conditions of this **Article VIII**, Sellers shall indemnify and defend each of Buyer and its Affiliates (including the Company) and their respective Representatives (collectively, the “**Buyer Indemnitees**”) against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, the Buyer Indemnitees based upon, arising out of, with respect to or by reason of:

(a) any inaccuracy in or breach of any of the representations or warranties of Sellers contained in this Agreement or in any certificate or instrument delivered by or on behalf of Sellers pursuant to this Agreement (other than in respect of **Section 3.22**, it being understood that the sole remedy for any such inaccuracy in or breach thereof shall be pursuant to **Article VI**), as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date (except for representations and warranties that expressly relate to a specified date, the inaccuracy in or breach of which will be determined with reference to such specified date); or

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Sellers pursuant to this Agreement (other than any breach or violation of, or failure to fully perform, any covenant, agreement, undertaking or obligation in **Article VI**, it being understood that the sole remedy for any such breach, violation or failure shall be pursuant to **Article VI**).

Section 8.03 Indemnification by Buyer. Subject to the other terms and conditions of this **Article VIII**, Buyer shall indemnify and defend each of Sellers and its Affiliates and their respective Representatives (collectively, the “**Sellers Indemnitees**”) against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, the Sellers Indemnitees based upon, arising out of, with respect to or by reason of:

(a) any inaccuracy in or breach of any of the representations or warranties of Buyer contained in this Agreement or in any certificate or instrument delivered by or on behalf of Buyer pursuant to this Agreement, as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date (except for representations and warranties that expressly relate to a specified date, the inaccuracy in or breach of which will be determined with reference to such specified date); or

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Buyer pursuant to this Agreement (other than **Article VI**, it being understood that the sole remedy for any such breach thereof shall be pursuant to **Article VI**).

Section 8.04 Certain Limitations. The indemnification provided for in **Section 8.02** and **Section 8.03** shall be subject to the following limitations:

(a) Sellers shall not be liable to the Buyer Indemnitees for indemnification under **Section 8.02(a)** until the aggregate amount of all Losses in respect of indemnification under **Section 8.02(a)** exceeds \$10,000 (the “**Basket**”), in which event Sellers shall be required to pay or be liable for all such Losses from the first dollar. The aggregate amount of all Losses for which Sellers shall be liable pursuant to **Section 8.02(a)** shall not exceed \$250,000 (the “**Cap**”).

(b) Buyer shall not be liable to the Sellers Indemnitees for indemnification under **Section 8.03(a)** until the aggregate amount of all Losses in respect of indemnification under **Section 8.03(a)** exceeds the Basket, in which event Buyer shall be required to pay or be liable for all such Losses from the first dollar. The aggregate amount of all Losses for which Buyer shall be liable pursuant to **Section 8.03(a)** shall not exceed the Cap.

(c) Notwithstanding the foregoing, the limitations set forth in **Section 8.04(a)** and **Section 8.04(b)** shall not apply to Losses based upon, arising out of, with respect to or by reason of (i) any inaccuracy in or breach of any representation or warranty in **Section 3.01**, **Section 3.03**, **Section 3.19**, **Section 3.20**, **Section 3.25**, **Section 4.01** and **Section 4.03** or (ii) claims based upon fraud or willful misconduct.

(d) For purposes of this **Article VIII**, any inaccuracy in or breach of any representation or warranty shall be determined without regard to any materiality, Material Adverse Effect or other similar qualification contained in or otherwise applicable to such representation or warranty.

(e) All obligations of the Sellers hereunder are several and not joint, and in no event shall a party have any liability or obligation with respect to the acts or omissions of any other party to this Agreement.

Section 8.05 Indemnification Procedures. The party making a claim under this **Article VIII** is referred to as the “**Indemnified Party**”, and the party against whom such claims are asserted under this **Article VIII** is referred to as the “**Indemnifying Party**”.

(a) **Third Party Claims.** If any Indemnified Party receives notice of the assertion or commencement of any Action made or brought by any Person who is not a party to this Agreement or an Affiliate of a party to this Agreement or a Representative of the foregoing (a “**Third Party Claim**”) against such Indemnified Party with respect to which the Indemnifying Party is obligated to provide indemnification under this Agreement, the Indemnified Party shall give the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than thirty (30) calendar days after receipt of such notice of such Third Party Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Third Party Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have the right to participate in, or by giving written notice to the Indemnified Party, to assume the defense of any Third Party Claim at the Indemnifying Party’s expense and by the Indemnifying Party’s own counsel, and the Indemnified Party shall cooperate in good faith in such defense; *provided*, that if the Indemnifying Party is Sellers, such Indemnifying Party shall not have the right to defend or direct the defense of any such Third Party Claim that (x) is asserted directly by or on behalf of a Person that is a supplier or customer of the Company, or (y) seeks an injunction or other equitable relief against the Indemnified Party. In the event that the Indemnifying Party assumes the defense of any Third Party Claim, subject to **Section 8.05(b)**, it shall have the right to take such action as it deems necessary to avoid, dispute, defend, appeal or make counterclaims pertaining to any such Third Party Claim in the name and on behalf of the Indemnified Party. The Indemnified Party shall have the right to participate in the defense of any Third Party Claim with counsel selected by it subject to the Indemnifying Party’s right to control the defense thereof. The fees and disbursements of such counsel shall be at the expense of the Indemnified Party, *provided*, that if in the reasonable opinion of counsel to the Indemnified Party, (A) there are legal defenses available to an Indemnified Party that are different from or additional to those available to the Indemnifying Party; or (B) there exists a conflict of interest between the Indemnifying Party and the Indemnified Party that cannot be waived, the Indemnifying Party shall be liable for the reasonable fees and expenses of counsel to the Indemnified Party in each jurisdiction for which the Indemnified Party determines counsel is required. If the Indemnifying Party elects not to compromise or defend such Third Party Claim, fails to promptly notify the Indemnified Party in writing of its election to defend as provided in this Agreement, or fails to diligently prosecute the defense of such Third Party Claim, the Indemnified Party may, subject to **Section 8.05(b)**, pay, compromise, defend such Third Party Claim and seek indemnification for any and all Losses based upon, arising from or relating to such Third Party Claim. Sellers and Buyer shall cooperate with each other in all reasonable respects in connection with the defense of any Third Party Claim, including making available (subject to the provisions of **Section 5.04**) records relating to such Third Party Claim and furnishing, without expense (other than reimbursement of actual out-of-pocket expenses) to the defending party, management employees of the non-defending party as may be reasonably necessary for the preparation of the defense of such Third Party Claim.

(b) **Settlement of Third Party Claims.** Notwithstanding any other provision of this Agreement, the Indemnifying Party shall not enter into settlement of any Third Party Claim without the prior written consent of the Indemnified Party, except as provided in this **Section 8.05(b)**. If a firm offer is made to settle a Third Party Claim without leading to liability or the creation of a financial or other obligation on the part of the Indemnified Party and provides, in customary form, for the unconditional release of each Indemnified Party from all liabilities and obligations in connection with such Third Party Claim and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party shall give written notice to that effect to the Indemnified Party. If the Indemnified Party fails to consent to such firm offer within ten (10) days after its receipt of such notice, the Indemnified Party may continue to contest or defend such Third Party Claim and in such event, the maximum liability of the Indemnifying Party as to such Third Party Claim shall not exceed the amount of such settlement offer. If the Indemnified Party fails to consent to such firm offer and also fails to assume defense of such Third Party Claim, the Indemnifying Party may settle the Third Party Claim upon the terms set forth in such firm offer to settle such Third Party Claim. If the Indemnified Party has assumed the defense pursuant to **Section 8.05(a)**, it shall not agree to any settlement without the written consent of the Indemnifying Party (which consent shall not be unreasonably withheld or delayed).

(c) **Direct Claims.** Any Action by an Indemnified Party on account of a Loss which does not result from a Third Party Claim (a “**Direct Claim**”) shall be asserted by the Indemnified Party giving the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than sixty (60) days after the Indemnified Party becomes aware of such Direct Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Direct Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have thirty (30) days after its receipt of such notice to respond in writing to such Direct Claim. The Indemnified Party shall allow the Indemnifying Party and its professional advisors to investigate the matter or circumstance alleged to give rise to the Direct Claim, and whether and to what extent any amount is payable in respect of the Direct Claim and the Indemnified Party shall assist the Indemnifying Party’s investigation by giving such information and assistance (including access to the Company’s premises and personnel and the right to examine and copy any accounts, documents or records) as the Indemnifying Party or any of its professional advisors may reasonably request. If the Indemnifying Party does not so respond within such thirty (30) day period, the Indemnifying Party shall be deemed to have rejected such claim, in which case the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Agreement.

(d) **Tax Claims.** Notwithstanding any other provision of this Agreement, the control of any claim, assertion, event or proceeding in respect of Taxes of the Company (including, but not limited to, any such claim in respect of a breach of the representations and warranties in **Section 3.22** hereof or any breach or violation of or failure to fully perform any covenant, agreement, undertaking or obligation in **Article VI**) shall be governed exclusively by **Article VI** hereof.

Section 8.06 Right of Set-Off. Sellers acknowledge that, in the event of any Losses arising out of or resulting from a breach of contract, tort or any other action, claim or pleading by Buyer or any other Buyer Indemnified Party arising out of or relating to this Agreement or the transactions contemplated by this Agreement, including, without limitation, any negative Post-Closing Adjustment pursuant to **Section 2.04**, Buyer shall have the right to set-off any money damages suffered by Buyer from any amounts otherwise payable by Buyer to such Seller pursuant to this Agreement, including any Earn-Out Payments.

Section 8.07 Tax Treatment of Indemnification Payments. All indemnification payments made under this Agreement shall be treated by the parties as an adjustment to the Purchase Price for Tax purposes, unless otherwise required by Law.

Section 8.08 Effect of Investigation. The representations, warranties and covenants of the Indemnifying Party, and the Indemnified Party's right to indemnification with respect thereto, shall not be affected or deemed waived by reason of any investigation made by or on behalf of the Indemnified Party (including by any of its Representatives) or by reason of the fact that the Indemnified Party or any of its Representatives knew or should have known that any such representation or warranty is, was or might be inaccurate or by reason of the Indemnified Party's waiver of any condition set forth in **Section 7.01** or **Section 7.02**, as the case may be.

Section 8.09 Exclusive Remedies. Subject to **Section 5.05** and **Section 10.11**, the parties acknowledge and agree that their sole and exclusive remedy with respect to any and all claims (other than claims arising from fraud, criminal activity or willful misconduct on the part of a party hereto in connection with the transactions contemplated by this Agreement) for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement, shall be pursuant to the indemnification provisions set forth in **Article VI** and this **Article VIII**. In furtherance of the foregoing, each party hereby waives, to the fullest extent permitted under Law, any and all rights, claims and causes of action for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement it may have against the other parties hereto and their Affiliates and each of their respective Representatives arising under or based upon any Law, except pursuant to the indemnification provisions set forth in **Article VI** and this **Article VIII**. Nothing in this **Section 8.09** shall limit any Person's right to seek and obtain any equitable relief to which any Person shall be entitled or to seek any remedy on account of any party's fraudulent, criminal or intentional misconduct.

**ARTICLE IX
TERMINATION**

Section 9.01 Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by the mutual written consent of Sellers and Buyer; or

(b) by Buyer by written notice to Sellers if Buyer is not then in material breach of any provision of this Agreement and there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Sellers pursuant to this Agreement that would give rise to the failure of any of the conditions specified in **Article VII** and such breach, inaccuracy or failure has not been cured by Sellers within ten days of Sellers' receipt of written notice of such breach from Buyer; or

(c) by Sellers by written notice to Buyer if Sellers are not then in material breach of any provision of this Agreement and there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Buyer pursuant to this Agreement that would give rise to the failure of any of the conditions specified in **Article VII** and such breach, inaccuracy or failure has not been cured by Buyer within ten days of Buyer's receipt of written notice of such breach from Sellers; or

(d) by Buyer or Sellers in the event that (i) there shall be any Law that makes consummation of the transactions contemplated by this Agreement illegal or otherwise prohibited, (ii) any Governmental Authority shall have issued a Governmental Order restraining or enjoining the transactions contemplated by this Agreement, and such Governmental Order shall have become final and non-appealable or (iii) the Closing shall not have taken place by March 31, 2014, *provided, however*, that the right to terminate this Agreement pursuant to this **Section 9.01(d)(iii)** shall not be available to any Party whose breach of any representation, warranty, covenant or agreement set forth in this Agreement has been the cause of, or resulted in, the failure of the Closing to take place prior to March 31, 2014.

Section 9.02 Effect of Termination. In the event of the termination of this Agreement in accordance with this Article, this Agreement shall forthwith become void and there shall be no liability on the part of any party hereto except:

(a) as set forth in this **Article IX** and **Section 5.04** and **Article X** hereof; and

(b) that nothing herein shall relieve any party hereto from liability for any willful breach of any provision hereof.

**ARTICLE X
MISCELLANEOUS**

Section 10.01 Expenses. Except as otherwise expressly provided herein, all costs and expenses, including, without limitation, fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses, whether or not the Closing shall have occurred.

Section 10.02 Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this **Section 10.02**):

If to Sellers: At the addresses and e-mail addresses set forth on the signature pages hereto

If to Buyer: Imprimis Pharmaceuticals, Inc.
12626 High Bluff Drive, Suite 150
San Diego, CA 92130
E-mail: mark@imprimispharma.com
Facsimile: (858) 345-1745
Attn: Chief Executive Officer
With a copy to: jfilippone@imprimispharma.com

Section 10.03 Interpretation. For purposes of this Agreement, (a) the words “include,” “includes” and “including” shall be deemed to be followed by the words “without limitation”; (b) the word “or” is not exclusive; and (c) the words “herein,” “hereof,” “hereby,” “hereto” and “hereunder” refer to this Agreement as a whole. Unless the context otherwise requires, references herein: (x) to Articles, Sections, Disclosure Schedules and Exhibits mean the Articles and Sections of, and Disclosure Schedules and Exhibits attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Disclosure Schedules and Exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

Section 10.04 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

Section 10.05 Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Except as provided in **Section 5.05(e)**, upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

Section 10.06 Entire Agreement. This Agreement and the other Transaction Documents constitute the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and therein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements in the body of this Agreement and those in the other Transaction Documents, the Exhibits and Disclosure Schedules (other than an exception expressly set forth as such in the Disclosure Schedules), the statements in the body of this Agreement will control.

Section 10.07 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither party may assign its rights or obligations hereunder without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed; *provided, however*, that prior to the Closing Date, Buyer may, without the prior written consent of Sellers, assign all or any portion of its rights under this Agreement to one or more of its direct or indirect wholly-owned subsidiaries. No assignment shall relieve the assigning party of any of its obligations hereunder.

Section 10.08 No Third-party Beneficiaries. Except as expressly provided in **Article VIII**, this Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 10.09 Amendment and Modification; Waiver. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 10.10 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.

(a) This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction).

(b) Any legal suit, action or proceeding arising out of or based upon this agreement, the other transaction documents or the transactions contemplated hereby or thereby may be instituted in the federal courts of the United States of America or the courts of the State of Delaware, in each case located in the State of Delaware, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding. Service of process, summons, notice or other document by mail to such party's address set forth herein shall be effective service of process for any suit, action or other proceeding brought in any such court. The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action or any proceeding in such courts and irrevocably waive and agree not to plead or claim in any such court that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

Section 10.11 Specific Performance. The parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled at law or in equity.

Section 10.12 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[SIGNATURE PAGE FOLLOWS]

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

SELLERS:

JOHN SCOTT KAROLCHYK

By: /s/ John Scott Karolchyk

Address: _____

E-mail:

Facsimile:

BERNARD COVALESKY

By: /s/ Bernard Covalesky

Address: _____

E-mail:

Facsimile: _____

BUYER:

IMPRIMIS PHARMACEUTICALS, INC.

By: /s/ Mark L. Baum

Name: Mark L. Baum

Title: Chief Executive Officer

EXHIBIT A

Form of Employment Agreement

EXHIBIT B

Form of Proprietary Information and Inventions Agreement

MEDIA CONTACT: Jen Carroll
jcarroll@imprimispharma.com
858.704.4587



**Imprimis Pharmaceuticals Announces Acquisition of Pharmacy Creations,
Empowering Company to Make and Distribute its Patent-Pending Proprietary Formulations**

*—Transaction marks important milestone as company approaches
commercial launch targeting ophthalmologists—*

SAN DIEGO, February 11, 2014/PRNewswire/ -- Imprimis Pharmaceuticals, Inc. (Nasdaq: IMMY), a specialty pharmaceutical company focused on the development and commercialization of proprietary and novel sterile and topical drug formulations, today announced that it has come to an agreement to acquire Pharmacy Creations LLC (www.pharmacycreations.com), a premier, state-of-the-art compounding pharmacy located in Randolph, New Jersey. This acquisition would permit the Company to make and distribute its patent-pending proprietary drug formulations and other novel pharmaceutical solutions.

Imprimis Pharmaceuticals and the team at Pharmacy Creations have been working together since last summer when the Company became aware of and subsequently acquired the intellectual property for its suite of ophthalmic formulations from Pharmacy Creations' co-founders, Scott Karolchyk, MS, RPh, DNM, FIACP and Bernard Covallesky, MS, RPh.

"We believe this acquisition represents a critical stepping stone toward achieving our vision of building a national footprint able to deliver our proprietary and other novel formulations to Americans. Even more than the physical Pharmacy Creations facility, we are ecstatic to have their incredibly skilled and knowledgeable employees join the Imprimis Team," said Imprimis CEO Mark L. Baum. "After extensive diligence, we believe the acquisition of Pharmacy Creations will support our mission to solve unmet patient needs through the development and commercialization of proprietary and novel sterile drug formulations. Importantly, this transaction will also bring new and exciting intellectual property assets to Imprimis that we expect to add value to our business, particularly in ophthalmology."

"Our team is thrilled to join Imprimis and collectively build on our shared values of integrity, innovation, safety, quality and evidence-based development. Together, we believe that Imprimis and Pharmacy Creations are going to raise the bar and set a higher standard in quality and innovation," stated Bernard Covallesky, Pharmacy Creations co-founder.

"I've been in the healthcare field for nearly 30 years and strongly believe that Imprimis Pharmaceuticals and its innovative approach and unique business model have the potential to revolutionize the way the market approaches personalized medicine. Collaboration with physicians and pharmacists can produce incredible innovation. The ability to take that innovation, validate it and make it available to the market quickly - for the benefit of patients and physicians - is powerful," added Scott Karolchyk, Pharmacy Creations co-founder.



MEDIA CONTACT: Jen Carroll
jcarroll@imprimispharma.com
858.704.4587

Pharmacy Creations was established nearly 15 years ago and has created a deep formulation portfolio, well-established relationships and a dedicated and tenured staff. Through an unrelenting focus on meeting physician and patient needs, Pharmacy Creations now achieves multi-million dollar annual revenues.

This transaction is expected to close on or before March 31, 2014, subject to the satisfaction of certain customary closing conditions. Additional details can be found in the Company's 8-K filing (www.sec.gov).

ABOUT IMPRIMIS PHARMACEUTICALS

San Diego-based Imprimis Pharmaceuticals, Inc. (Nasdaq: IMMY) is a specialty pharmaceutical company focused on the development and commercialization of proprietary and novel sterile and topical drug formulations. Imprimis' patent-pending drug formulations are available today and are being prescribed by physicians. For more information, please visit www.imprimispharma.com or www.GoDropless.com.

ABOUT PHARMACY CREATIONS

Pharmacy Creations is a leading provider of customized medication solutions in the United States. All compounds are prepared on order or prescription from a physician. Pharmacists Scott Karolchyk and Bernard Covalesky along with the staff of professionals at Pharmacy Creations are committed to compassionate, professional patient care. For more information, please visit: www.pharmacycreations.com.

SAFE HARBOR

This press release contains forward looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Any statements in this release that are not historical facts may be considered such "forward looking statements." Forward looking statements are based on management's current expectations and are subject to risks and uncertainties which may cause results to differ materially and adversely from the statements contained herein. Some of the potential risks and uncertainties that could cause actual results to differ from those predicted include risks and uncertainties arising from the possibility that the closing of the transaction may be delayed or may not occur, difficulties with the integration process or the realization of the expected benefits of the transaction, Imprimis' ability to acquire, develop, commercialize and market new formulations and technologies, enter into strategic alliances and transactions, including arrangements with pharmacies, physicians and healthcare organizations for the development and distribution of its formulations, commercialize its formulations and technologies, obtain intellectual property protection for its assets, accurately estimate its expenses and cash burn, and raise additional funds, as well as risks related to additional research and development activities related to its formulations and technologies, the projected size of the potential market for its technologies and formulations, unexpected new data, safety and technical issues, regulatory and market developments impacting compounding pharmacies, outsourcing facilities and the pharmaceutical industry, competition and market conditions. These and additional risks and uncertainties are more fully described in Imprimis' filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K and its Quarterly Reports on Form 10-Q. Such documents may be read free of charge on the SEC's web site at www.sec.gov. Undue reliance should not be placed on forward looking statements, which speak only as of the date they are made. Except as required by law, Imprimis undertakes no obligation to update any forward looking statements to reflect new information, events or circumstances after the date they are made, or to reflect the occurrence of unanticipated events.

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