

PAYMENT AGREEMENT

This payment agreement (the "Agreement") is made as of the 24th day of March, 2016 (the "Effective Date") by and between Amphastar Pharmaceuticals, Inc., a Delaware Corporation, with its principal office and place of business at 11570 6th Street, Rancho Cucamonga, California 91730, U.S.A. ("Amphastar") on the one hand, and the Office of the Connecticut Attorney General, with its principal office at 55 Elm Street, Hartford, Connecticut 06141 (the "the Attorney General"), on the other hand, each of Amphastar and the Attorney General a "Party," and together, the "Parties."

RECITALS

WHEREAS, Connecticut is confronting a public health challenge, as the number of heroin and opioid-related deaths continues to increase;

WHEREAS, with proper, timely administration, the drug naloxone can reverse the effects of an overdose of heroin or another opioid, acting as an antidote and saving lives;

WHEREAS, the the Attorney General transmitted a letter to Amphastar expressing concern that an increase in the pricing of Amphastar's currently marketed naloxone drug product ("Naloxone") could adversely affect access to the drug;

WHEREAS, Amphastar maintains that its pricing of Naloxone is based upon legitimate and lawful business factors;

WHEREAS, in a mutual good faith effort to amicably resolve the Attorney General's noted pricing concerns, the Parties have engaged in discussions regarding Amphastar's Naloxone pricing; and

WHEREAS, Amphastar and the Attorney General each believe that the obligations imposed by this Agreement are beneficial to the public and will improve access to Naloxone, and will potentially save lives.

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

AGREEMENT

1. Payment Amount. Amphastar shall make a payment ("Payment") in the amount of \$6.00 (the "Payment Amount") for each Amphastar Naloxone Syringe (a "Syringe") where either (a) the purchase price of the Syringe was reimbursed by a government or public agency in Connecticut ("State Agency")¹; or (b) a State Agency purchased the Syringe and where that State Agency will receive no reimbursement for the costs of that Syringe from any other State Agency. Amphastar shall pay the Payment Amount associated with a given Syringe regardless of whether the Syringe was purchased directly from Amphastar or from a third party.

2. Payment Increase. Notwithstanding paragraph 1, in the event Amphastar increases its wholesale acquisition cost ("WAC") of a Naloxone Syringe ("WAC Increase"), Amphastar shall

¹ For purposes of this agreement, "State agency" shall be defined consistently with "public agency" or "agency" as those terms are defined in Conn. Gen. Stat. § 1-200(1).

increase the Payment Amount by the actual dollar amount of the WAC Increase to offset any increase in the Syringe price. However, in no event shall the Payment Amount be reduced.

3. Payment Procedures. A State Agency seeking Payments under this Agreement shall submit to Amphastar a written accounting certifying the number of Naloxone Syringes purchased or reimbursed by the State Agency during a given quarter, i.e., a three (3) month time period (a "Certified Request"), within sixty (60) days of the conclusion of the quarter. This Certified Request shall include paid invoices or other reasonably adequate documentation of the number of Syringes purchased. Amphastar shall pay the total accrued Payment Amounts to the submitting State Agency within ninety (90) business days of receipt of a Certified Request. Amphastar shall mail a report to the Attorney General each quarter listing each State Agency that submitted a Certified Request to Amphastar and the total Payment Amounts disbursed to each such State Agency (the "Report").²

4. Special Payment Procedures. Notwithstanding paragraph 3, in the event more than ten (10) separate State Agencies plan to submit Certified Requests to Amphastar in a given quarter, the Attorney General or the Designated State Agency shall consolidate all of the qualifying Certified Requests into a single Certified Request ("Consolidated Request") and submit this Consolidated Request to Amphastar on behalf of all State Agencies seeking Payments that quarter. Within sixty (60) business days of receipt of the Consolidated Request, Amphastar shall pay the total accrued Payment Amounts reflected in the Consolidated Request to the Attorney General or the Designated State Agency. The Attorney General or the Designated State Agency shall thereafter disburse Payments to State Agencies as required.

5. Term and Termination. This Agreement shall apply to Syringes purchased within one (1) year following the Effective Date of this Agreement (the "Term"). Following the payment of all Payment Amounts accrued during the Term and submitted for reimbursement pursuant to paragraph 3 or paragraph 4 above, this Agreement shall terminate ("Termination"), except for paragraphs 6 through 14, which shall survive Termination.

6. Liability Exclusion. Except as otherwise may be stated herein, Amphastar's liability under this Agreement is limited to payment of the Payment Amount for Syringes purchased during the Term, and Amphastar otherwise shall assume no further liability pursuant to this Agreement, including liability for damages of any type (including direct, indirect, and consequential damages). Except as provided in paragraph 7 below, however, nothing in this Agreement shall be construed to alter or limit any of Amphastar's existing legal obligations relating to product liability, including but not limited to such liability arising from the manufacture or marketing of Naloxone.

7. Assurance of Discontinuance. The Attorney General finds the financial relief and other obligations set forth in this agreement to be in the public interest, accepts the terms of this Agreement in lieu of commencing any legal proceeding, and hereby agrees not to take legal action against Amphastar or any of its affiliates, predecessors, successors, parents, subsidiaries, assigns, agents, administrators, attorneys, directors, shareholders, officers, employees, or representatives in connection with Naloxone, including with respect to Amphastar's pricing, sales, manufacture, and marketing thereof. For the avoidance of doubt, nothing in this Agreement shall be construed as an admission or concession by Amphastar of any liability in connection with Naloxone, including with respect to Amphastar's pricing, sales, manufacture, and marketing thereof.

² The Attorney General may designate another State Agency to receive the Report. The Attorney General will notify Amphastar of any designated State Agency (hereinafter "Designated State Agency").

8. Disclaimer. Amphastar expressly disclaims any endorsement or promotion of off-label use by the Attorney General and/or any State Agency of any of Amphastar's products, including Amphastar's Naloxone.

9. Amendment. Unless otherwise provided herein, this Agreement may not be changed, waived, discharged, or terminated orally, but instead only by a written document that is signed by the duly authorized officers of both Parties.

10. Severability. Whenever possible, each provision of the Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any term or provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of the Agreement and this Agreement shall be interpreted and construed as if such provision had never been contained herein.

11. Governing Law. This Agreement shall be governed by and interpreted under the laws the State of California without regard to its conflict or choice of law provisions. Amphastar agrees not to raise or interpose in any way their state of incorporation as a defense on grounds of personal jurisdiction as to any cause of action, claim, or argument arising from the enforcement of this Agreement by the Attorney General or any State Agency.

12. Third Party Beneficiaries. The Parties agree that any State Agency purchasing Naloxone during the Term constitutes an intended third-party beneficiary of this Agreement.

13. Entire Agreement. This Agreement includes all exhibits attached hereto and constitutes the entire agreement by and between the Parties as to the subject matter hereof. This Agreement supersedes and replaces in its entirety all prior agreements, understandings, letters of intent, and memoranda of understanding by and between the Parties hereto, in either written or oral form.

14. Counterparts; Electronic or Facsimile Signatures. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument. This Agreement may be executed and delivered electronically or by facsimile and upon such delivery such electronic or facsimile signature will be deemed to have the same effect as if the original signature had been delivered to the other Party.

Amphastar Pharmaceuticals, Inc.

By: _____

Name: Jasen Shandell

Title: President

Office of the Connecticut Attorney General

By: _____

Name: Michael E. Cole

Title: Assistant Attorney General
Chief, Antitrust & Government Program
Fraud Department
Connecticut Office of the Attorney
General