EXHIBIT 10.25  
  
 AMENDED AND RESTATED DISTRIBUTION AGREEMENT  
  
 This Amended and Restated Distribution Agreement (the "Agreement") is  
entered into as of the 28th day of July, 1997 (the "Execution Date") by and  
among SANO Corporation, a Florida corporation ("SANO"), Pharmaceutical  
Resources, Inc., a New Jersey corporation ("PRI"), and Par Pharmaceutical, Inc.,  
a New Jersey corporation ("PPI").  
  
 WHEREAS, SANO, PRI and PPI have previously entered into that certain  
Distribution Agreement as of the 24th day of February, 1994 (the "Original  
Agreement"); and  
  
 WHEREAS, SANO, PRI and PPI wish to amend and restate their agreement  
with respect to the subject matter of the Original Agreement, and supersede the  
Original Agreement in its entirety;  
  
 NOW, therefore, for good and valuable consideration, the receipt and  
sufficiency of which is hereby acknowledged, the parties hereto agree as  
follows:  
  
  
  
 CONFIDENTIAL INFORMATION OMMITTED AND FILED SEPARATELY WITH THE  
 SECURITIES AND EXCHANGE COMMISSION  
 ASTERIKS DENOTE SUCH OMMISSION  
  
 ARTICLE I  
  
 TERMS AND CONDITIONS  
  
 1.1 DEFINITIONS. As used in this Agreement, the following terms  
shall have the meaning ascribed to them below:  
  
 (a) "AFFILIATE," as to any Person, shall have the meaning set  
forth in Rule 405 under the Securities Act of 1933.  
  
 (b) "COSTS" shall mean, with respect to production of a  
Licensed Product, the cost of goods incurred by SANO in the production thereof  
determined in accordance with generally accepted accounting principles applied  
on a consistent basis, as determined by SANO's independent certified public  
accountants; provided, however, that notwithstanding the foregoing, it being the  
intent of the parties that Costs make SANO whole with respect to all reasonable  
expenditures related to the Licensed Product, Costs shall include, without  
limitation, (i) the delivered cost of all ingredients and other raw materials  
used therein, (ii) a percentage of SANO's overall labor cost equal to the  
portion which labor hours devoted to the Licensed Product's production bears to  
total labor hours devoted to all SANO product production, (iii) packaging and  
other direct manufacturing and quality control costs and (iv) ratably allocated  
costs of marketing and promotion (if any), product liability insurance and  
general overhead; provided, further, that, notwithstanding the foregoing, Costs  
shall not include (i) any cost incurred by SANO in completing the Development  
Program, (ii) any royalties or similar payments paid or payable by SANO with  
respect to any Licensed Product, or (iii) any cost specifically related to the  
distribution of the Licensed Product outside the United States; additionally,  
(x) with respect to the transdermal nicotine Licensed Product (generic of  
Habitrol(R)) described herein as Product B, Costs shall be reduced on a one-time  
basis by [\*\*\*\*\*], (y) with respect to the transdermal  
  
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nitroglycerin Licensed Product (generic of Nitro Dur(R)) described herein as  
Product A, Costs shall be reduced on a one-time basis by the sum of the amount  
set forth in Section 7.1 hereof as the Licensed Product Fee for such Licensed  
Product and the amount set forth as an additional Licensed Product Fee for that  
Licensed Product pursuant to Section 7.4 hereof, and (z) with respect to the  
transdermal nitroglycerin Licensed Product (generic of Transderm Nitro(R))  
described herein as Product C, Costs shall be reduced on a one-time basis by the  
sum of the amount set forth in Section 7.1 hereof as the Licensed Product Fee  
for such Licensed Product and the amounts set forth as an Additional Licensed  
Product Fee for that Licensed Product pursuant to Section 7.4 hereof.  
  
 (c) "DEVELOPMENT PROGRAM" shall mean all actions, including,  
without limitation, research conducted as a part of SANO's pre-clinical and  
clinical activities, which is required or reasonably necessary to obtain all  
requisite governmental approvals for the testing, manufacture and sale of  
Licensed Products during the term of this Agreement.  
  
 (d) "EXCLUSIVE" shall mean, with respect to any right herein  
granted, that no other party shall have such right, directly or indirectly.  
  
 (e) "GENERIC" shall mean, with respect to any drug or  
product, that such drug or product does not comprise a substance or compound  
that is covered by a claim under any unexpired U.S. Patent and/or which is not  
entitled to any period of market exclusivity under the Orphan Drug Act or the  
Drug Price Competition and Patent Term Restoration Act of 1984 according to 21  
U.S.C.A. 355(j)(4)(D)(i)or (ii).  
  
 (f) "LICENSED PRODUCT" shall mean the Transdermal Generic  
Drug Delivery Systems listed on Exhibit A hereto.  
  
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 (g) "NET SALES" shall have the meaning set forth in Exhibit B  
hereto.  
  
 (h) "PERSON" shall include any individual, corporation,   
partnership, association, cooperative, joint venture, or any other form of  
business entity recognized under the law.  
  
 (i) "SALE" shall mean any action involving selling.  
  
 (j) "SANO'S TECHNOLOGY" shall mean any and all data,  
information, technology, know-how, process, technique, method, skill,  
proprietary information, trade secret, development, discovery, and inventions,  
owned or controlled by SANO and specifically related to a Transdermal Generic  
Drug Delivery System for the Licensed Products now existing or developed in the  
future under and during the course of the Development Program or otherwise, as  
well as information related to the manufacture of Licensed Product(s) and  
specifications and procedures related thereto.  
  
 (k) "SELL" shall mean to, directly or indirectly, sell,  
distribute, supply, solicit or accept orders for, negotiate for the sale or  
distribution of, or take any other action that is in furtherance of any of the  
foregoing.  
  
 (l) "SPECIFICATIONS" shall mean the terms and conditions  
applicable to the Licensed Product(s) as described in the abbreviated new drug  
application ("ANDA") approved by the United States Food and Drug Administration  
(the "FDA") covering the Licensed Product(s), as the same may be supplemented  
from time to time.  
  
 (m) "STANDARD PACKAGING" shall mean a Licensed Product  
packaged in individual pouches and in individual folding cartons consisting of  
pouch units per carton reasonably specified by PPI and containing any labels and  
labelling required therefor by the FDA and provided in packages that are  
appropriate for regulatory and marketing purposes, and  
  
  
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produced at a SANO facility in the United States, the grade and quality of the  
labels, labelling and packaging materials being as specified in the ANDA  
therefor.  
  
 (n) "TRANSDERMAL GENERIC DRUG DELIVERY SYSTEM" shall mean a  
generic version of a branded transdermal adhesive patch.  
  
 (o) "UNITED STATES" shall mean the 50 states of the United  
States of America, plus the District of Columbia, the Commonwealth of Puerto  
Rico, the U.S. Virgin Islands, Guam, Samoa and any other territory which, on the  
Execution Date, is a United States government protectorate wherein an ANDA  
approved by the FDA is required to sell the Licensed Products in such territory.  
  
 ARTICLE II  
  
 REPRESENTATIONS OF SANO  
  
 2.1 SANO represents and warrants as follows:  
  
 2.1.1 ORGANIZATION, ETC. It is duly organized and validly  
existing under the laws of the State of Florida, has all requisite power and  
authority to conduct its business as now, and as proposed to be, conducted and  
to execute, deliver and perform its obligations under this Agreement. This  
Agreement has been duly authorized, executed and delivered by SANO and  
represents a valid and binding obligation enforceable against SANO in accordance  
with its terms.  
  
 2.1.2 NO CONFLICTS; CONSENTS. Execution and delivery hereof,  
or performance by SANO hereunder, will not (a) violate or create a default under  
(i) SANO's Articles of Incorporation or by-laws (true and correct copies of  
which have been delivered to PPI), (ii) any mortgage, indenture, agreement, note  
or other instrument to which it is a party or to which its assets are subject or  
(iii) any court order or decree or other governmental directive or (b) result in  
  
  
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the action of any lien, charge or encumbrance on any material portion of SANO's  
assets, except as contemplated hereby.  
  
 2.1.3 SANO'S TECHNOLOGY. SANO's Technology is, to the best  
knowledge of SANO, sufficient to enable SANO to complete the Development Program  
as contemplated hereby. Except as set forth in Schedule 2.1.3, SANO has received  
no notice, and is not aware, that any portion of SANO's Technology infringes  
upon the rights of any other Person.  
  
 2.1.4 DEVELOPMENT PROGRAM. SANO has filed an ANDA with  
respect to each of the Licensed Products and has no knowledge of any fact or  
circumstance which is reasonably likely to prevent approval by the FDA, other  
than general conditions related to the approval process; SANO does not hereby  
represent or warrant that any Licensed Product will be approved for commercial  
sale, or will ultimately be marketed.  
  
 2.1.5 INFORMATION. All data and other information relating  
to SANO and/or the Licensed Products provided by SANO, or its agents, to PPI was  
derived from SANO's records (which have been diligently, and to the best of  
SANO's knowledge, accurately maintained in all material respects) and is an  
accurate copy or summary thereof in all material respects.  
  
 2.1.6 EMPLOYEES. All key employees of SANO have executed  
appropriate confidentiality agreements with SANO and assignments of intellectual  
property rights in favor of SANO. All key employees of SANO have executed  
appropriate non-compete agreements which, by their terms, extended at least  
until December 31, 1996.  
  
 2.1.7 STATUS. SANO represents and warrants to PPI that, to  
the best of its knowledge, information and belief, it is not prohibited by any  
federal, state or local law, rule or regulation or by any order, directive or  
policy of the United States government or any state or local government thereof  
or any federal, state or local regulatory agency or authority having  
  
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jurisdiction with respect to the distribution of pharmaceutical products within  
its territorial jurisdiction from selling the Licensed Products within the  
territorial jurisdiction of such government, regulatory agency or authority (on  
the assumption that it holds whatever licenses are required for a foreign  
corporation to carry on business generally within such jurisdiction) and that  
SANO is not an Ineligible Person or Person from whom any United States federal,  
state or local government, regulatory authority or agency which purchases  
pharmaceutical products (including, without limitation, the federal Defense  
Logistics Agency) will or may not purchase any products manufactured by it or  
with whom it will or may not otherwise conduct business as a result its being  
publicly listed or otherwise (except for the fact that it is a foreign  
corporation).  
  
 ARTICLE III  
  
 OBLIGATIONS OF SANO  
  
 3.1 LEVEL OF EFFORT. SANO shall use its reasonable efforts,  
including, without limitation, the employment of a sufficient number of  
technically qualified officers and employees, to attempt to complete the  
Development Program for each Licensed Product.  
  
 3.2 PROGRESS REPORTS. SANO shall, on a monthly basis, by the tenth  
day of each month, inform PPI in writing of the progress of the Development  
Program and the commencement of any project within the Development Program.  
  
 3.3 PROGRAM UPDATES. On a date which shall be approximately three (3)  
months after the date hereof, and at three-month intervals thereafter,  
representatives of SANO and of PPI shall meet to review the progress and status  
of the Development Program then underway. At such meetings, PPI shall have the  
right to request the allocation of priorities to the various projects comprising  
the Development Program and to suggest procedures for their implementation,  
which requests shall be reasonably considered by SANO.  
  
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 3.4 Intentionally omitted.  
  
 3.5 SUPPLY AND USE OF INFORMATION. The parties shall, as promptly as  
possible, provide to each other any information that comes to the knowledge of a  
responsible officer of any party relating to any adverse reaction or other  
adverse event occasioned during research on, development or use of a Licensed  
Product. Any provision of information to PPI shall be subject to the  
confidentiality obligations of Section 14.4.  
  
 3.6 CLINICAL TESTING. All pre-clinical, clinical and post-clinical  
testing and stability testing and other actions, including but not limited to  
completion of the Development Program, required to obtain all requisite  
government approvals in the United States for the manufacture and sale of each  
Licensed Product shall be conducted by SANO, at its expense unless otherwise set  
forth herein.  
  
 3.7 GOVERNMENTAL APPROVALS. SANO shall file all appropriate requests  
and other filings with the appropriate government agencies within the United  
States in order to seek to obtain all requisite approvals for the testing,  
manufacture, sale and use of the Licensed Product(s). The decision regarding the  
timing of said filings shall be in SANO's sole discretion. SANO shall have full  
and complete ownership of all governmental approvals relating to Licensed  
Products. SANO shall provide PPI with appropriate sections of and a right of  
reference to any application for registration in the United States except with  
respect to those aspects of any formulation or manufacturing process that is  
reasonably deemed proprietary by SANO.  
  
 3.8 OTHER PRODUCTS. SANO shall reasonably apportion or allocate its  
resources among its products to accommodate the Development Programs for  
Licensed Products.  
  
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 3.9 TITLE. SANO will protect and defend its rights to all Licensed  
Products and SANO's Technology, and will indemnify and hold PPI, PRI and their  
Affiliates, harmless, from and against any claims of infringement or other claim  
that SANO is not the owner thereof.  
  
 3.10 SUBSIDIARIES AND AFFILIATES. SANO will cause its subsidiaries  
and affiliates to comply with the restrictions and limitations imposed on SANO  
hereunder with respect to Licensed Products.  
  
 ARTICLE IV  
  
 EXCLUSIVE DISTRIBUTOR  
  
 4.1 Subject to the provisions of this Agreement, SANO hereby appoints  
PPI as the exclusive distributor of the Licensed Products for the United States  
and PPI hereby accepts such appointment and agrees to act as such exclusive  
distributor. The rights and licenses granted to PPI under this Agreement shall  
henceforth be referred to as "the Right." PPI acknowledges that it has no rights  
with respect to SANO's Technology or the Licensed Products, except for the  
distribution rights with respect to the Licensed Products as herein described.  
  
 4.2 SANO, or PPI, as applicable, covenants and agrees that, during  
the term of this Agreement or until the Right (or its exclusive nature) is  
terminated in accordance with the provisions hereof:  
  
 4.2.1 SANO will refer to PPI all inquiries concerning  
potential purchases of Licensed Products received by it from Persons located in  
the United States or from Persons outside the United States if SANO knows or  
reasonably suspects that such Person intends to resell or export the Licensed  
Product to the United States;  
  
 4.2.2 SANO will not, directly or indirectly, knowingly sell  
any Licensed Product in the United States nor to any Person outside of the  
United States if SANO reasonably  
  
  
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expects that such Person intends to resell or export the Licensed Product to the  
United States and, if notified by PPI that one of SANO's customers is selling  
the Licensed Product in the United States in any material respect, SANO shall  
either cease to supply such customer or obtain (and enforce, if necessary) an  
undertaking from such customer not to sell the Licensed Product in the United  
States (unless SANO is precluded from taking such action under applicable law).  
PPI acknowledges that SANO will use reasonable efforts to prevent the sale of  
Licensed Products in United States by Persons other than PPI, but shall not be  
held responsible if, despite such efforts, it is unsuccessful in so doing  
(subject to its obligations above to cease to supply or to obtain and enforce  
the undertaking as and to the extent contemplated above).  
  
 4.2.3 PPI shall not, and shall not authorize, permit or  
suffer any of its Affiliates to, purchase any Transdermal Generic Drug Delivery  
System which has the same strength, contains the same active ingredient and is  
for the same indication as, and is competitive with, any of the Licensed  
Products (a "Competitive Product") for distribution, sale or use in the United  
States from any Person other than SANO. PPI shall not, and shall not authorize,  
permit or suffer any of its Affiliates to, seek regulatory approval in the  
United States for any Competitive Product or to, directly or indirectly,  
manufacture, sell, handle, distribute or be financially interested (except as a  
stockholder with not greater than a 5% interest in a public company) in the  
sales of such products within the United States for its own account or for the  
account of any other Person as agent, distributor or otherwise.  
  
 Notwithstanding the foregoing, if PPI or PRI becomes an  
Affiliate of an entity (the "Merger Partner") as a result of a merger,  
acquisition, or other similar extraordinary corporate transaction, and such  
Merger Partner is engaged in the manufacture or distribution of a Competitive  
Product, PPI shall so notify SANO and shall offer (the "Offer") to sell, assign  
and  
  
  
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transfer to SANO the Right with respect to the Licensed Product with which  
such Competitive Product is competitive in exchange for an amount equal to the  
Licensed Product Fee (as hereinafter defined) for such Licensed Product. If,  
within thirty (30) days after its receipt of the Offer, SANO accepts the Offer,  
SANO shall, within fifteen (15) days of such acceptance, deliver to PPI, against  
delivery of appropriate instruments of release and transfer, its promissory note  
in form and substance reasonably acceptable to PPI, payable to the order of PPI,  
in the principal amount of the Licensed Product Fee, bearing interest at the  
prime rate of Citibank, N.A., as announced from time to time at its offices in  
New York City (the "Prime Rate"), with interest and principal payable on the  
first anniversary of the date of delivery of such note. From and after the date  
of delivery of such note, PPI shall have no rights with respect to the relevant  
Licensed Product and SANO shall be free to grant any rights related thereto to a  
third party or to retain such rights for itself. If SANO declines to accept the  
Offer or fails to accept the Offer within the aforesaid 30-day period, this  
Agreement shall remain in full force and effect, except that the provisions of  
this Section 4.2.3 shall not apply to that Competitive Product. PPI shall notify  
SANO promptly if any Merger Partner has a Competitive Product.  
  
 4.2.4 PPI shall not, and shall not authorize, permit or  
suffer any of its Affiliates to, directly or indirectly, sell any Licensed  
Product to any Person outside of the United States, nor to any Person in the  
United States if PPI or any of its Affiliates reasonably expects that such  
Person intends, directly or indirectly, to sell or export the Licensed Product  
outside of the United States. If PPI is notified by SANO that one of its  
customers or a customer of PPI or any of its Affiliates is exporting the  
Licensed Product from the United States in any material respect PPI shall (or  
shall cause its Affiliates to) either cease to supply such customer or obtain  
(and enforce, if necessary) an undertaking from such customer not to sell the  
Product outside of the United  
  
  
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States (unless PPI or any such Affiliate is precluded from taking such action  
under applicable law). SANO acknowledges that PPI will use (and will cause its  
Affiliates to use) reasonable efforts to prevent its customers from exporting  
any Licensed Product out of the United States but shall not be held responsible  
if, despite such efforts, it is unsuccessful in so doing (subject to its  
obligations above to cease to supply or to obtain and enforce the undertaking as  
and to the extent contemplated above).  
  
 4.2.5 PPI shall refer to SANO any inquiry or order for  
Licensed Products which PPI or any of its Affiliates may receive from any Person  
located outside of the United States and from any Person located in the United  
States where PPI or any of its Affiliates knows or has reason to suspect that  
such Person intends to export the Licensed Products outside of the United  
States.  
  
 4.2.6 The parties acknowledge, agree and declare that the  
relationship hereby established between PPI and SANO is solely that of buyer and  
seller, that each is an independent contractor engaged in the operation of its  
own respective business, that neither party shall be considered to be the agent  
of the other party for any purpose whatsoever, except as otherwise expressly  
indicated in this Agreement, and that, except as otherwise expressly indicated  
in this Agreement, neither party has any authority to enter into any contract,  
assume any obligations or make any warranties or representations on behalf of  
the other party. Nothing in this Agreement shall be construed to establish a  
partnership or joint venture relationship between or among the parties.  
  
 4.2.7 SANO shall not engage in marketing and promotion of the  
Licensed Products in the United States unless reasonably requested to do so by  
PPI.  
  
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 ARTICLE V  
  
 REPRESENTATIONS OF PPI AND PRI; OBLIGATIONS  
  
 5.1 PPI and PRI jointly and severally represent, warrant and covenant  
as follows:  
  
 5.1.1 ORGANIZATION, ETC. They are duly organized and validly  
existing under the laws of the State of New Jersey, have all requisite power and  
authority to conduct their business as now and as proposed to be conducted and  
to execute, deliver and perform their obligations under this Agreement. This  
Agreement has been duly authorized, executed and delivered by PPI and PRI and  
represents a valid and binding obligation enforceable against PPI and PRI in  
accordance with its terms.  
  
 5.1.2 NO CONFLICTS; CONSENTS. Execution and delivery hereof,  
or performance by either PPI or PRI hereunder, will not (a) violate or create a  
default under (i) PPI's and PRI's Certificates of Incorporation or by-laws (true  
and correct copies of which have been delivered to SANO), (ii) any mortgage,  
indenture, agreement, note or other instruments to which either is a party or by  
which either's assets are subject or (iii) any court order or decree or other  
governmental direction or (b) result in the action of any lien, charge or  
encumbrance on any material portion of PPI's and PRI's assets.  
  
 5.1.3 INFORMATION. All data and other information relating  
to PPI and PRI provided to SANO by PPI and PRI, or their agents, was derived  
from PPI's and PRI's records (which have been diligently maintained) and is an  
accurate copy or summary thereof in all material respects.  
  
 5.1.4 SUFFICIENCY. PPI maintains and agrees that it will  
continue to maintain those places of business and equipment to be used in  
storing and shipping the Licensed Products in accordance with Current Good  
Manufacturing Practices of the FDA and all other applicable  
  
  
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requirements of the FDA (as the same may be modified from time to time). PPI  
hereby further represents and warrants that it currently has and/or has  
available to it and maintains and agrees to continue to have and/or to have  
available to it and maintain an adequate marketing organization and qualified  
sales persons to promote the sale of the Licensed Products in the United States.  
  
 5.2 PPI shall purchase the Licensed Products from SANO as contemplated  
in Article VI hereof.  
  
 5.3 PPI will use its reasonable efforts (utilizing its marketing,  
distribution and management systems and those of its Affiliates) to develop a  
market for and sell the Licensed Products in the United States, such efforts to  
be not less rigorous than those efforts used by PPI in relation to its leading  
or principal products. PPI shall devote particular attention to the marketing  
and sale of the Licensed Products and shall use its resources in a way it deems  
most effective in promoting the Licensed Products given market conditions.  
  
 5.4 PPI shall have sole discretion in setting the sales price for the  
sale of the Licensed Products, provided that PPI shall not specifically discount  
the price of the Licensed Products for the benefit of PPI or any of its  
Affiliates' other products or to otherwise use the Licensed Products as a loss  
leader or incentive to procure the sale of PPI's or any of its Affiliates' other  
products. Rebate and other discount programs (excluding any program where the  
price of the Licensed Products are discounted primarily for the benefit of  
enhancing the sale of PPI's or any of its Affiliates' other products) generally  
available to PPI's customers on the purchase of pharmaceutical products shall  
not be prohibited by this Section 5.4, provided that such programs shall be in  
accordance with industry standards for comparable products and shall be designed  
to promote the sale of the Licensed Products and not other products.  
  
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 5.5 PPI shall comply with all applicable laws, rules and regulations  
relating to transporting, storing, advertising, promoting and selling of the  
Licensed Products within the United States and shall assume sole responsibility  
for all credit risks and collection of receivables with respect to Licensed  
Products sold by it and its Affiliates, and, except as expressly provided  
herein, in respect of all dealings between itself (and its Affiliates) and its  
(and their) customers.  
  
 5.6 PPI shall notify SANO promptly upon becoming aware of any adverse  
information relating to the safety or effectiveness of a Licensed Product and  
shall consult from time to time with regard to competition or potentially  
competitive products.  
  
 5.7 PPI hereby further represents and warrants to SANO that, to the  
best of its knowledge, information and belief, neither it nor any of its  
Affiliates is prohibited by any federal, state or local law, rule or regulation  
or by any order, directive or policy of the United States government or any  
state or local government thereof or any federal, state or local regulatory  
agency or authority having jurisdiction with respect to the distribution of  
pharmaceutical products within its territorial jurisdiction from selling the  
Licensed Products within the territorial jurisdiction of such government,  
regulatory agency or authority and that neither PPI nor any of its Affiliates is  
a Person who, by public notice, is listed by a United States federal agency as  
debarred, suspended, proposed for debarment or otherwise ineligible for federal  
programs in the United States (an "Ineligible Person") or Person from whom any  
United States federal, state or local government, regulatory authority or agency  
which purchases pharmaceutical products (including, without limitation, the  
federal Defense Logistics Agency) will or may not purchase any products or with  
whom it will or may not otherwise conduct business as a result of any of its  
Affiliates or PPI being publicly listed or otherwise.  
  
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 ARTICLE VI  
  
 DELIVERY  
  
 6.1 Licensed Products shall be made available to PRI for pickup ready  
for shipment in Standard Packaging, or as otherwise permitted by the FDA, at  
SANO's facilities located in Plantation, Florida, or such other facilities in  
the continental United States as SANO may utilize with the consent of PPI, which  
consent shall not be unreasonably withheld or delayed, and SANO shall use its  
reasonable efforts to make available to PPI sufficient quantities of the  
Licensed Products to satisfy orders for the Licensed Products. SANO shall be  
solely responsible for the contents of the labels and artwork on all finished  
labelled products sold by PRI and its Affiliates. SANO shall provide all  
Standard Packaging for the Licensed Products.  
  
 6.2 To assist SANO in scheduling production for the manufacture of  
the Licensed Products, PPI shall provide to SANO, quarterly, a nine month  
rolling forecast of its requirements for a Licensed Product. The first forecast  
shall be provided by PPI to SANO approximately six months prior to the  
anticipated market launch of a Licensed Product, as reasonably estimated by the  
parties, and thereafter shall be provided to SANO on or before the 20th day of  
the first month of each successive quarterly period (to forecast the  
requirements for the next nine succeeding calendar months). It is understood and  
agreed that all forecasts are estimates only and PPI shall only be bound to  
purchase the Licensed Products pursuant to purchase orders submitted by it to  
SANO. All purchase orders shall be for minimum batch size quantities reasonably  
agreed by the parties and shall anticipate an order/production/availability  
cycle of approximately twelve weeks during the first two contract years (as  
defined below) of this Agreement and an order/production/availability cycle of  
approximately sixteen weeks thereafter.  
  
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 6.3 PPI shall arrange for shipping and/or transportation of the  
Licensed Products from SANO's facility to PPI's Spring Valley, New York facility  
and pay all shipping and related costs. Risk of loss and title to the Licensed  
Product(s) shall pass to PPI upon pick-up of the Licensed Products by, on behalf  
of or for the account of PPI at SANO's facility.  
  
 6.3.1 SANO shall promptly notify PPI by both fax and  
telephone that any order (or part thereof acceptable to PPI) is available for  
pick-up at SANO (this notice shall hereafter be referred to as the "Availability  
Notice").  
  
 6.3.2 PPI shall use reasonable and good faith efforts to  
pick up the Licensed Products that are the subject of an Availability Notice  
within ten (10) business days of receipt of the Availability Notice; provided  
that, if such pickup has not occurred on or prior to the expiry of such ten day  
period, PPI shall, for purposes of its payment obligations to SANO pursuant to  
Section 7.2 below, be deemed to have picked up the Licensed Products which are  
the subject of the Availability Notice on the last business day of such ten-day  
period. If the Licensed Products in question have not been picked up by or on  
behalf of PPI within twenty (20) business days of an Availability Notice, SANO  
may, but shall not be obligated to, cause the Licensed Products to be delivered  
to PPI's Spring Valley, New York, facility by truck or other overland delivery  
at PPI's sole cost and expense and risk of loss and title to the Products shall  
pass to PPI upon pickup of the Products at SANO's facility in the same manner as  
if the pickup had been effected by PPI itself, provided that SANO shall provide  
for the Licensed Products to be insured during transit in a commercially  
reasonable manner at PPI's sole cost and expense.  
  
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 CONFIDENTIAL INFORMATION OMMITTED AND FILED SEPARATELY WITH THE  
 SECURITIES AND EXCHANGE COMMISSION  
 ASTERIKS DENOTE SUCH OMMISSION  
  
  
 ARTICLE VII  
  
 PAYMENTS AND PAYMENT TERMS  
  
 7.1 LICENSED PRODUCT FEE. As consideration for the rights herein  
granted, upon execution hereof, PRI shall pay to SANO a fee (each, a "Licensed  
Product Fee") as follows:  
  
 Product A (described in SANO's pending ANDA for transdermal  
 nitroglycerin--generic to Nitro Dur(R))---[\*\*\*\*\*]  
  
 Product B (described in SANO's pending ANDA for transdermal  
 nicotine--generic to Habitrol(R))---[\*\*\*\*\*]  
  
 Product C (described in SANO's pending ANDA for transdermal  
 nitroglycerin--generic to Transderm Nitro(R))---[\*\*\*\*\*]  
  
 7.2 PRICE. The price to PRI for each order, or part thereof reasonably  
acceptable to PRI as contemplated in Section 8.2(d), of Licensed Products made  
available to PRI hereunder shall be SANO's Costs related to such order or part  
thereof. PPI shall also pay to SANO any applicable federal or state sales or  
excise tax payable on the purchase of such Licensed Products, which payment  
shall be remitted with the payment of the price as contemplated in Section 7.3  
below and upon payment thereof by PPI to SANO, SANO shall be solely responsible  
for remitting the amount so paid on account of such taxes to the relevant  
governmental collecting authorities. Promptly upon PPI's request, SANO shall  
provide PPI with reasonable evidence of such direct costs and applicable taxes  
and payment of such taxes.  
  
 7.3 PAYMENT TERMS. Payment for each order of Licensed Products made  
available by SANO for pick-up by PPI shall be due within 35 days of pick-up  
(whether actual or deemed pursuant to Section 6.3.2) by PPI at SANO's facility.  
  
 18  
  
  
 CONFIDENTIAL INFORMATION OMMITTED AND FILED SEPARATELY WITH THE  
 SECURITIES AND EXCHANGE COMMISSION  
 ASTERIKS DENOTE SUCH OMMISSION  
  
  
 7.4 ADDITIONAL LICENSED PRODUCT FEE. Upon request by SANO, PPI will   
remit up to an aggregate of [\*\*\*\*\*] to fund skin irritation studies required by  
the FDA for any of the Licensed Products. Such request shall specify the amount  
to be paid for the specific Licensed Product which is the subject of such study  
or studies, and the amount so paid by PPI shall be deemed an addition to and  
part of the Licensed Product Fee for such Licensed Product.  
  
 7.5 ADDITIONAL CONSIDERATION. PPI shall pay to SANO the Additional  
Consideration described in Section 11.1 and Schedule B hereto, in accordance  
with the provisions of said Section 11.1.  
  
 7.6 PAYMENTS BY SANO. As consideration for prior payments by PPI and  
for PPI's and PRI's agreements set forth herein, upon execution hereof, SANO  
will (i) pay PPI [\*\*\*\*\*], and (ii) deliver its promissory note in the form  
attached hereto as Schedule C.  
  
 ARTICLE VIII  
  
 PRODUCT ACCEPTANCE  
  
 8.1 SANO shall manufacture the Licensed Products and make them  
available for pickup by PPI in accordance with all applicable laws, rules and  
regulations including, without limitation, the Specifications applicable to the  
Licensed Product in question, Current Good Manufacturing Practices of the FDA  
(as the same may change from time to time) and all other applicable requirements  
of the FDA and other governmental authorities having jurisdiction.  
  
 8.2 All Licensed Products made available for pick up by PPI shall be  
accompanied by quality control certificates of analysis signed by a duly  
authorized laboratory official of SANO confirming that each batch of Licensed  
Product covered by such certificate meets its release  
  
  
 19  
  
  
Specifications and shall be deemed accepted by it unless PPI, acting reasonably  
and in good faith, shall give written notice of rejection (hereafter referred to  
as a "Rejection Notice") to SANO within 35 days after pick up of the Licensed  
Products by, on behalf of or for the account of PPI at SANO's facility.  
  
 (a) The Rejection Notice shall state in reasonable detail  
(sufficient to enable SANO to identify the nature of the problem and the tests  
or studies to be conducted by or on its behalf to confirm or dispute same) the  
reason why the Licensed Products are not acceptable to PPI. If the Licensed  
Products meet the applicable provisions of Section 8.1 and are in quantities  
specified in a purchase order, PPI shall not be entitled to reject them. Any  
Rejection Notice shall be accompanied by copies of all written reports relating  
to tests, studies or investigations performed to that date by or for PPI on the  
Licensed Product batch rejected.  
  
 (b) Upon receipt of such Rejection Notice, SANO may require  
PPI to return the rejected Licensed Products or samples thereof to SANO for  
further testing, in which event such Licensed Products or samples thereof, as  
the case may be, shall be returned by PPI to SANO or, at SANO's direction, at  
SANO's expense. If it is later determined by the parties or by an independent  
laboratory or consultant that PPI was not justified in rejecting the Licensed  
Products or that PPI or its Affiliates were the cause of or were responsible for  
the problem, PPI shall reimburse SANO for the costs of the return, as well as  
any other costs or expenses incurred by SANO as a result of the rejection or  
return.  
  
 (c) PPI's test results or basis for rejection shall be  
conclusive unless SANO notifies PPI, within 30 days of receipt by SANO of the  
rejected Licensed Products or samples or such longer periods of time as may be  
reasonable in the circumstances to enable SANO to conduct (and receive the  
results of) the appropriate tests, studies or investigations which SANO  
  
  
 20  
  
  
should reasonably conduct to confirm the problem in question and to identify the  
source thereof, that it disagrees with such test results or its responsibility  
for the problem in question. In the event of such a notice by SANO,  
representative samples of the batch of the Licensed Product in question shall be  
submitted to a mutually acceptable independent laboratory or consultant (if not  
a laboratory analysis issue) for analysis or review, the costs of which shall be  
paid by the party that is determined by the independent laboratory or consultant  
to have been responsible for the rejection.  
  
 (d) If a Licensed Product is rejected by PPI, PPI's duty to  
pay the amount payable to SANO pursuant to Section 7.2 hereof in respect of the  
rejected Licensed Product shall be suspended until such time as it is determined  
(I) by an independent laboratory or consultant that the Licensed Product in  
question should not have been rejected by PPI or (II) by the parties or by any  
arbitration conducted pursuant hereto or by a final order of a court of  
competent jurisdiction (which is not subject to further appeal) that any act or  
omission of, on behalf of or for which PPI or its Affiliates is responsible was  
the cause of the problem that was the basis for the rejection. If only a portion  
of an order is rejected, only the duty to pay the amount allocable to such  
portion shall be suspended.  
  
 8.3 In the event any Licensed Products are appropriately rejected by  
PPI (being Licensed Products that do not meet the applicable provisions of  
Section 8.1 other than as a result of any act or omission by PPI or its  
Affiliates), SANO shall replace such Licensed Products with conforming goods or,  
if requested by PPI, shall provide a credit to PPI for the amount, if any,  
previously paid by PPI to SANO on account of the Licensed Products in question.  
The credit shall be provided by SANO to PPI immediately following the expiry of  
the period during which SANO may dispute a Rejection Notice as contemplated in  
Section 8.2(c) above (unless the  
  
  
 21  
  
  
Rejection Notice is disputed by SANO, in which event such credit shall be given  
only if the dispute is resolved in favor of PPI). Replacement Licensed Products,  
as aforesaid, shall be delivered to PPI at no cost to PPI if PPI has already  
paid for the rejected Licensed Products and not received a credit therefor, as  
aforesaid. All delivery costs, including insurance, incident to the return of  
Licensed Products to SANO and delivery of the replacement Licensed Products to  
PPI's Spring Valley facility shall be paid by SANO, unless the rejection is  
determined not to have been appropriately rejected, in which case the last  
sentence of Section 8.2(a) shall apply.  
  
 ARTICLE IX  
  
 RETURNS AND ALLOWANCES  
  
 9.1 RETURNS. If PPI, acting reasonably and in good faith, accepts  
from a customer a return of a Licensed Product and issues to such customer a  
credit for the invoice price thereof, PPI may debit against the amount of  
Additional Consideration, as hereinafter defined, due to SANO with respect to  
Net Sales, as hereinafter defined, in the month in which such return occurs, any  
Gross Profit, as hereinafter defined, previously paid, credited or due to SANO  
in respect of the sale of such returned Licensed Product.  
  
 9.2 HANDLING OF RETURNS.  
  
 (a) In the event any Licensed Product is returned to PPI by  
its customers because the Licensed Product is alleged to be defective and PPI  
reasonably believes that such defect is due to the fault of SANO, PPI shall  
notify SANO within ten (10) working days of any such return and provide or make  
available to SANO such samples (if available) and other information concerning  
the returned Licensed Product so as to allow SANO to test and evaluate the  
allegedly defective Licensed Product. PPI shall retain a sufficient number of  
samples of the allegedly defective Licensed Product so that additional samples  
are available at a later date  
  
  
 22  
  
  
should additional testing be required by an independent testing laboratory as  
described in Section 9.3(b) below, or by PPI or SANO for their own purposes. If  
not enough samples exist to be so divided, then the parties shall confer and  
reach agreement as to the handling of any available samples.  
  
 (b) SANO shall complete its review and evaluation of the  
returned Licensed Product within twenty (20) business days of receiving the  
returned Licensed Product from PPI or such longer period of time as may be  
reasonable in the circumstances to enable SANO to conduct or cause to be  
conducted such tests, studies or investigations (and to receive the results  
therefrom) as may be required to confirm or dispute the existence of the problem  
or to identify the cause or source thereof.  
  
 9.3 COSTS AND CREDITS.  
  
 (a) If SANO concludes or it is otherwise determined pursuant  
to Section 9.3(b) hereof that the returned Licensed Product is defective due to  
the fault of SANO:  
  
 (i) any replacement Licensed Product to be provided  
 by SANO in respect of the returned Licensed Product shall be made  
 available to PPI without charge or appropriate credit shall be given  
 therefor (giving account to any adjustment made pursuant to Section 9.1  
 hereof);  
  
 (ii) all delivery costs, including insurance,  
 incident to the delivery of the replacement Licensed Products to PPI's  
 Spring Valley facility shall be paid by SANO or appropriate credit  
 shall be given therefor; and  
  
 (iii) SANO shall provide a credit to PPI for the  
 reasonable costs incurred by PPI (or where the duty has been performed  
 by an Affiliate, pursuant to the  
  
  
 23  
  
  
 provisions of this Agreement, for the reasonable costs incurred by  
 such Affiliate) in respect of the defective Licensed Product.  
  
 (b) If SANO asserts that the returned Licensed Product is  
defective due primarily to any act or omission of PPI or its Affiliates or any  
agents or other persons acting on their behalf as aforesaid, then representative  
samples of the Licensed Products shall be submitted to a mutually acceptable  
independent laboratory or consultant (if not a laboratory analysis issue) for  
analysis or review, the costs of which shall be paid by the party determined by  
the independent laboratory or consultant to have been responsible.  
  
 (c) If it is determined in accordance with Section 9.3(b)  
above that any such defect is primarily due to any act or omission by PPI, then  
no credit or other payment of costs shall be due from SANO, and PPI shall  
reimburse SANO for all costs and expenses it incurred in connection with the  
return and investigation.  
  
 (d) If it is determined in accordance with Section 9.3(b)  
above that no such defect exists or, if existing, cannot be attributable  
primarily to an act or omission of either party, then any replacement Licensed  
Product in respect of the returned Licensed Product shall be made available to  
PPI without additional charge or appropriate credit, if any, shall be given  
therefor, but no other credits or payments of costs shall be due from SANO.  
  
 9.4 PPI acknowledges that the Licensed Products may be of a  
perishable nature and that the Licensed Product must be stored and shipped in  
accordance with the Specifications applicable thereto (to the extent disclosed  
in writing to PPI or its Affiliates) or the conditions, if any, set forth on its  
package label.  
  
 9.5 PPI agrees to notify SANO of any customer complaints with respect  
to the quality, nature or integrity of a Licensed Product or alleged  
adverse-drug experiences ("ADE")  
  
  
 24  
  
  
within five (5) working days of their receipt by PPI and of any PPI or FDA  
complaints within 24 hours, except on weekends and holidays. SANO shall have the  
sole and primary obligation to file any required adverse experience report with  
FDA. SANO shall also be responsible for maintaining complaint files as required  
by FDA regulations. SANO agrees to investigate and respond in writing to any  
complaint or ADE forwarded to it by PPI promptly and in no event later than 30  
days after receipt of the ADE or complaint from PPI (or such longer period as  
may be required in the circumstances to enable SANO to conduct such tests,  
studies or investigations as may be reasonably required [and to receive the  
results therefrom] to enable SANO to appropriately respond). SANO shall provide  
PPI with a copy of any correspondence, reports, or other documents relating to a  
complaint or ADE within a reasonable period following generation of such  
document by SANO.  
  
 9.6 The provisions of this Article 9 shall survive the termination or  
expiration of this Agreement.  
  
 ARTICLE X  
  
 DAMAGES, INDEMNIFICATION AND INSURANCE  
  
 10.1 Subject to the limitations set forth in this Article X and to  
the other provisions of this Agreement, SANO, on the one hand, and PPI, on the  
other hand, covenant and agree to indemnify and save harmless the other of them  
from and against any and all claims, demands, actions, causes of action, suits,  
proceedings, judgments, damages, expenses (including reasonable attorney fees  
and expenses), losses, fines, penalties and other similar assessments (the  
"Damages") relating to or arising out of a breach by any such party of any of  
its representations, warranties, covenants or agreements contained herein;  
provided that, except where the breach arises out of a representation or  
warranty made by a party in this Agreement being intentionally  
  
  
 25  
  
  
false or inaccurate, or constitutes a willful material breach by a party of any  
of its duties or obligations hereunder, the claim of an aggrieved party for  
Damages arising out of the breach shall be limited to claiming the amounts owing  
or payable to it in accordance with the provisions of this Agreement and any  
out-of-pocket costs and expenses (including amounts paid or payable by it to  
third parties, other than re-procurement costs [except to the extent  
contemplated in Section 14.3 hereof] which it has incurred and the aggrieved  
party shall not be entitled to recover from the defaulting or breaching party  
any lost profits or consequential or punitive damages, including loss or damage  
to its goodwill or reputation. For purposes of this Agreement where PPI is in  
breach of its duties or obligations hereunder and such duties or obligations, if  
delegated by PPI to any of its Affiliates, could reasonably be performed by such  
Affiliate and PPI has either not delegated such duty or obligation to such  
Affiliate or such Affiliate has either refused to perform or willfully breached  
such duty or obligation then PPI shall be deemed to have willfully breached such  
duty or obligation hereunder. Similarly, whenever in this Agreement PPI is  
required to cause any of its respective Affiliates to do or to refrain from  
doing any thing herein provided and such Affiliate refuses to do or refrain from  
doing such thing or otherwise willfully breaches the provision herein  
contemplated (on the assumption that such Affiliate were bound by the provision  
herein contemplated as if a signatory hereto) then PPI will be deemed to have  
willfully breached the provision of this Agreement in question.  
  
 10.2 In the event that the release of a Licensed Product by PPI or  
its Affiliates in the United States results in a third party claim:  
  
 (a) to the extent that the Damages awarded or incurred  
relate to or arise out of the safety or effectiveness of the Licensed Product or  
the manufacturing, packaging, labelling,  
  
  
 26  
  
  
storage or handling of the Product by SANO, SANO shall be responsible therefor  
and shall indemnify and hold PPI harmless from and against all such damages; and  
  
 (b) to the extent that the Damages awarded or incurred  
relate to or arise out of the transportation, storage, handling or selling of  
the Licensed Product by PPI or its Affiliates, then PPI shall be responsible  
therefor and shall indemnify and hold SANO harmless from and against all such  
damages.  
  
 Upon the assertion of any third party claim against a party hereto that  
may give rise to a right of indemnification under this Agreement, the party  
claiming a right to indemnification (the "Indemnified Party") shall give prompt  
notice to the party alleged to have the duty to indemnify (the "Indemnifying  
Party") of the existence of such claim and shall give the Indemnifying Party  
reasonable opportunity to control, defend and/or settle such claim at its own  
expense and with counsel of its own selection; provided, however, that the  
Indemnified Party shall, at all times, have the right fully to participate in  
such defense at its own expense and with separate counsel and, provided,  
further, that both parties, to the extent they are not contractually or legally  
excluded therefrom or otherwise prejudiced in their legal position by so doing,  
shall cooperate with each other and their respective insurers in relation to the  
defense of such third party claims. In the event the Indemnifying Party elects  
to defend such claim, the Indemnified Party may not settle the claim without the  
prior written consent of the Indemnifying Party. The Indemnifying Party may not  
settle the claim without the prior written consent of the Indemnified Party  
unless, as part of such settlement, the Indemnified Party shall be  
unconditionally released therefrom or the Indemnified Party otherwise consents  
thereto in writing. If the Indemnifying Party shall, within a reasonable time  
after such notice has been given, fail to defend, compromise or settle such  
claim, then the Indemnified Party shall have the right to defend, compromise or  
settle such  
  
  
 27  
  
  
claim without prejudice to its rights of indemnification hereunder.  
Notwithstanding the foregoing, in the event of any dispute with respect to  
indemnity hereunder, each party shall be entitled to participate in the defense  
of such claim and to join and implead the other in any such action.  
  
 In addition to the foregoing, SANO will defend, at its sole cost and  
expense, its rights with respect to the Licensed Products and PPI's rights to  
distribute the Licensed Products hereunder against any claim, action, suit or  
proceeding ("Action") by any third party asserting prior or superior rights with  
respect to the Licensed Product, product infringement or similar claims (other  
than as may be based on acts of PPI not contemplated herein or authorized  
hereby) and shall indemnify and hold PPI and its affiliates harmless from the  
cost of the defense thereof. PPI shall, at all times, have the right fully to  
participate in such defense at its own expense. SANO shall control such defense  
and shall, in its reasonable discretion, defend or settle such Action; provided  
that, notwithstanding the foregoing SANO shall not enter into any settlement or  
compromise of any such Action which requires PPI or any of its Affiliates to  
make payments of any kind without the prior written consent of PPI or an  
unconditional release of PPI and its Affiliates with respect to the subject  
matter of such Action. The provisions of this paragraph should not be construed  
as requiring SANO to bear any damages, judgments or other liabilities entered  
against PPI in any such Action, provided that the foregoing shall not be  
construed as or deemed a waiver of any rights PPI may have against SANO as a  
result of such Action hereunder, at law or otherwise, and all of such rights, if  
any, are expressly reserved.  
  
 10.3 INSURANCE. Each of SANO and PPI shall carry product liability  
insurance in an amount at least equal to Ten Million Dollars ($10,000,000) with  
an insurance carrier reasonably acceptable to the other party, such insurance to  
be in place at times reasonably acceptable to the  
  
  
 28  
  
  
parties, but not later than the date of the first commercial sale of a Licensed  
Product. Each party shall promptly furnish to the other evidence of the  
maintenance of the insurance required by this Section 10.3 and shall name the  
other as an "additional insured" under such insurance policy. Each party's  
coverage shall (i) include broad form vendor coverage and such other provisions  
as are typical in the industry and (ii) name the other party as an additional  
insured thereunder. SANO shall carry clinical testing insurance in an amount and  
at times reasonably acceptable to the parties.  
  
 10.4 SURVIVAL. The provisions of this Article X shall survive the  
termination or expiration of this Agreement, provided that the requirement to  
maintain the insurance contemplated in Section 10.3 above shall only survive for  
a period of 36 months from the effective date of termination or expiration of  
this Agreement.  
  
 ARTICLE XI  
  
 ADDITIONAL CONSIDERATION, REPORTING AND VERIFICATION  
  
 11.1 ADDITIONAL CONSIDERATION. As additional consideration for SANO  
entering into this Agreement and permitting PPI to sell the Licensed Products in  
the United States in accordance with the provisions hereof, PPI agrees to pay to  
SANO the additional amounts more particularly described in Exhibit B to this  
Agreement in respect of the aggregate Gross Profit (as that term is defined in  
Exhibit B) of the Licensed Products. The amount payable to SANO determined in  
accordance with Exhibit B is herein and in Exhibit B annexed hereto referred to  
as the "Additional Consideration." PPI shall pay to SANO, monthly, on the  
seventh day of each month, commencing on the seventh day of the third month  
after the month in which sales of the Licensed Products commence, the Additional  
Consideration payable to SANO in respect of the Net Sales of the Licensed  
Products made by PPI and its Affiliates during the third preceding  
  
  
 29  
  
  
month. For greater certainty, examples of what constitutes the "third preceding  
calendar month" are contained in Exhibit B annexed hereto. The consideration  
payable to SANO pursuant to this Article XI shall be paid to it as part of the  
sale price of the Licensed Product from SANO to PPI and shall not be treated as  
a royalty or similar payment.  
  
 11.2 REPORTING AND INFORMATION OBLIGATIONS OF PPI.  
  
 (a) APPROVED CONTRACTS. PPI shall provide to SANO, monthly,  
within seven days of the expiry of each calendar month during the term hereof, a  
copy of each Approved Contract (as hereinafter defined), entered into by PPI  
with its customers during the immediately preceding month irrespective of  
whether a copy of such contract had previously been forwarded to SANO. If the  
Approved Contract has a term of less than 18 months, PPI may delete (e.g., by  
blacking out) any information in the Approved Contract that tends to indicate  
the identity or location of the PPI customer; provided, however, that PPI marks  
each such Approved Contract with a unique customer code relative to the customer  
that is the party to that Approved Contract.  
  
 (b) NET SALES AND GROSS PROFITS. PPI shall report to SANO  
monthly, on the 7th day of each calendar month during the term hereof and for 12  
months after the termination hereof:  
  
 (i) a sales summary, in the form annexed hereto as  
Exhibit D, showing all sales of the Licensed Products made by PPI and its  
Affiliates during the immediately preceding calendar month;  
  
 (ii) a detailed statement showing all returns and  
 all credits, rebates, allowances and other debit and credits relevant  
 to the calculation of Net Sales and Gross Profits (as those terms are  
 defined in Exhibit B annexed hereto) for the immediately  
  
  
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 preceding calendar month together with copies of all documentation to  
 support allowable adjustments used in computing Net Sales during the  
 period in question;  
  
 (iii) a certificate signed by the Chief Financial  
 Officer of PPI certifying that, to the best of his knowledge,  
 information and belief, after reasonable investigation, the foregoing  
 statements contemplated in (i) and (ii) above are true and correct and  
 do not omit any material information required to be provided pursuant  
 to this Section 11.2(b) and  
  
 (iv) a summary of the calculation of the  
 Additional Consideration payable to SANO on such date.  
 For purposes of this Agreement a sale shall be considered to have been  
 made at the time the Product(s) are shipped to the customer.  
  
 11.3 PPI shall make available for inspection by SANO at PPI's  
facilities and shall cause its Affiliates to make available for inspection by  
SANO at their respective facilities, promptly following a reasonable request  
therefor, such additional information concerning any sales (including, without  
limitation, in respect of any sale, the date of the shipment, the code number of  
the customer [or the name of the customer in the case of a customer disclosed to  
SANO pursuant to Section 11.2(a) hereof and an Approved Contract], the number of  
units of each Licensed Product in each dosage involved (broken down by container  
size per Product [e.g., 18 boxes of 30 patches of Product A], and the invoice  
price charged by PPI or its Affiliates), credits, returns, allowances and other  
credits and debits previously reported to SANO pursuant to Section 11.2(b)(ii)  
hereof or with respect to Approved Contracts previously reported to SANO  
pursuant to Section 11.2(a) hereof as SANO may reasonably require from time to  
time (except information concerning the identity or location of a customer where  
PPI is not already required  
  
  
 31  
  
  
to disclose that information to SANO pursuant to Section 11.2(a) hereof) to  
enable SANO to confirm or reconcile the amounts which are or were to have been  
paid to it pursuant to this Agreement (without the need to audit the books and  
records of PPI or its Affiliates pursuant to Section 11.4 hereof).  
  
 11.4 PPI shall keep and shall cause its Affiliates to keep complete  
and accurate records and books of account containing all information required  
for the computation and verification of the amounts to be paid to SANO  
hereunder. PPI further agrees that at the request of SANO, it will permit and  
will cause its Affiliates to permit one or more accountants selected by SANO,  
except any to whom PPI or such Affiliate has some reasonable objection, at any  
time and from time to time, to have access during ordinary working hours to such  
records as may be necessary to audit, with respect to any payment report period  
ending prior to such request, the correctness of any report or payment made  
under this Agreement, or to obtain information as to the payments due for any  
such period in the case of failure of PPI to report or make payment pursuant to  
the terms of this Agreement. Such accountant shall not disclose to SANO any  
information relating to the business of PRI except that which is reasonably  
necessary to inform SANO of:  
  
 (i) the accuracy or inaccuracy of PPI's reports and  
 payments;  
  
 (ii) compliance or non-compliance by PPI with the  
 terms and conditions of this Agreement; and  
  
 (iii) the extent of any such inaccuracy or  
 non-compliance; provided, that if it is not reasonably possible to  
 separate information relating to the business of PPI from that which is  
 reasonably necessary to so inform SANO, the accountant may disclose any  
 information necessary to so inform SANO and SANO shall retain all other  
 information disclosed as confidential.  
  
 32  
  
  
  
 PPI shall provide and shall cause its Affiliates to provide full and  
complete access to the accountant to PPI's and such Affiliates' pertinent books  
and records and the accountant shall have the right to make and retain copies  
(including photocopies). Should any such accountant discover information  
indicating inaccuracy in any of PPI's payments or non-compliance by PPI or its  
Affiliates with any of such terms and conditions, and should PPI fail to  
acknowledge in writing to SANO the deficiency or non-compliance discovered by  
such accountant within ten (10) business days of being advised of same in  
writing by the accountant, the accountant shall have the right to deliver to  
SANO copies (including photocopies) of any pertinent portions of the records and  
books of account which relate to or disclose the deficiency or non-compliance  
(to the extent not acknowledged by PPI). In the event that the accountant shall  
have questions which are not in its judgment answered by the books and records  
provided to it, the accountant shall have the right to confer with officers of  
PPI or such Affiliate, including PPI's or such Affiliate's Chief Financial  
Officer. If any audit under this Section shall reveal an underpayment or  
understatement of the amount payable to SANO by more than $10,000.00 for any  
period in question, PPI shall reimburse SANO for all costs and expenses relating  
to such investigational audit. SANO shall only have the right to audit such  
books and records of PPI and its Affiliates pursuant to this Section 11.4 no  
more often than twice in any contract year unless earlier in such contract year  
or in any of the prior three contract years such investigation revealed a  
discrepancy of more than $10,000.00, as aforesaid, in which case SANO shall have  
the right to audit such books and records three times in such contract year. For  
purposes of this Agreement, a contract year shall be a period of twelve months  
commencing on either the date of this Agreement or on an anniversary thereof.  
Unless the disclosure of same is reasonably required by SANO in connection with  
any litigation or arbitration arising out of such audit, the accountant shall  
not  
  
 33  
  
  
reveal to SANO the name or address (or other information reasonably tending to  
identify the location of a customer) of any customer of PPI or its Affiliates  
[other than one whose name has been disclosed to SANO pursuant to Section 11.2  
hereof], but shall identify such customer to SANO, if necessary, by the customer  
code number used by PPI in its reporting obligations to SANO [and PPI and its  
Affiliates shall make such information known to the accountant]. PPI may, as a  
condition to providing any accountant access to its books and records (or those  
of its Affiliates), require SANO to execute a reasonable confidentiality  
agreement consistent with the terms of this Section 11.4.  
  
 11.5 Except as specifically set forth to the contrary, all payments  
to be made under this Agreement shall bear interest equal to two percent above  
the prime rate as quoted by Citibank N.A., New York, New York, calculated daily  
(as at the close of business on each such day) and compounded monthly, from the  
day following the day the payment is due until the date on which it is paid. Any  
adjustment to the prime rate as quoted by Citibank N.A. from time to time shall  
result in a corresponding adjustment to the rate of interest payable hereunder,  
the rate of interest quoted by Citibank N.A. at the close of business on each  
day to be the rate applicable for such day.  
  
 11.6 The obligation of PPI to make the payments contemplated in  
Section 11.1 and to provide the reports and information contemplated in Sections  
11.2 and 11.3 and the right of SANO to conduct its audits or investigations  
pursuant to Section 11.4 hereof shall survive the termination or expiration of  
this Agreement and shall apply to all Licensed Products made available to PPI by  
SANO prior to the effective date of the termination or expiration of this  
Agreement (or made available to PPI after such date pursuant to any provision of  
this Agreement) notwithstanding that such Licensed Products may have been resold  
by PPI or its  
  
  
 34  
  
  
Affiliates to its or their customers after the effective date of termination or  
expiration. For greater certainty, the parties acknowledge and agree that it is  
their intention that PPI pay to SANO the Additional Consideration applicable to  
Net Sales of all Licensed Products supplied by SANO to PPI pursuant to this  
Agreement (in respect of which the purchase price charged by SANO to PPI  
therefor [whether paid or owing] was determined in accordance with the  
provisions of Section 7.2 hereof or was provided to PPI free of such charge  
pursuant to any other provision of this Agreement) irrespective of whether such  
Licensed Product is resold by PPI or its Affiliates prior to or subsequent to  
the effective date of termination or expiration of this Agreement and that  
SANO's rights pursuant to Section 11.4 hereof shall continue for a period of  
twelve (12) months following the final sale of all such Licensed Products.  
  
 11.7 PPI shall have the right, upon reasonable advance written notice  
to SANO, to inspect SANO's facilities at which the Licensed Products are being  
manufactured to monitor compliance by SANO with FDA Good Manufacturing Practices  
and to otherwise confirm that the Licensed Products are being manufactured in  
accordance with their respective Specifications. Similarly, SANO shall have the  
right, upon reasonable advance written notice to PPI to inspect those facilities  
of PPI and any of its Affiliates which are used in the storage of any of the  
Licensed Products to ensure compliance by PPI or such Affiliate with FDA Good  
Manufacturing Practices and to otherwise ensure that the Licensed Products do  
not cease to meet their Specifications as a result of any storage or shipping  
conducted by PPI or its Affiliates. SANO shall cooperate with PPI in providing  
access to its facilities and PPI shall cooperate and shall cause its Affiliates  
to cooperate in providing access to SANO to its facilities and those of its  
Affiliates used as aforesaid.  
  
 35  
  
  
 11.8 SANO shall keep complete and accurate records and books of  
account containing all information required for the computation and verification  
of SANO's Costs as contemplated in Section 7.2 hereof with respect to the  
Licensed Product(s) made available to PPI by SANO pursuant hereto. SANO further  
agrees that at the request of PPI it will permit one or more accountants  
selected by PPI except any to whom SANO has some reasonable objection, to have  
access during ordinary working hours to such books and records as may be  
necessary to audit the amounts previously charged by SANO to PPI pursuant to  
Section 7.2 hereof. Such accountant shall not disclose to PPI any information  
relating to the business of SANO except the accuracy or inaccuracy of SANO's  
previously reported charges and the amount, if any, that PPI may have been  
overcharged or undercharged with respect to Licensed Products made available to  
it. Should any such accountant discover information indicating that PPI has been  
overcharged for Products made available to it, and should SANO fail to  
acknowledge in writing to PPI the inaccuracy discovered by such accountant  
within ten (10) business days of being advised of same in writing by the  
accountant, the accountant shall have the right to make and retain copies  
(including photocopies) of any pertinent portions of the records and books of  
account which relate to or disclose the inaccuracy (to the extent not  
acknowledged by SANO). SANO shall provide full and complete access to the  
accountant to SANO's pertinent books and records. In the event that the  
accountant shall have questions which are not in its judgment answered by such  
books and records, the accountant shall have the right to confer with officers  
of SANO, including SANO's Chief Financial Officer. If any audit under this  
Section shall reveal an overstatement of the amount payable to SANO by more than  
$10,000.00 for the Licensed Products in question, SANO shall reimburse PPI for  
all costs and expenses relating to such investigation/audit. It is understood  
and agreed that PPI shall only have the right to audit such books and records of  
  
  
 36  
  
  
SANO pursuant to this Section 11.8 no more often than twice in any contract year  
unless earlier in such contract year or in any of the prior three contract years  
such investigation revealed a discrepancy of more than $10,000.00, as aforesaid,  
in which case PPI shall have the right to audit such books and records three  
times in such contract year. Unless the disclosure of same is reasonably  
required by PPI in connection with any litigation or arbitration arising out of  
such audit, the accountant shall not reveal to PPI the name or address (or other  
information reasonably tending to identify the location of a supplier) of any  
supplier of materials to SANO in the manufacturing or packaging of the Licensed  
Products (but shall identify such supplier to PPI if necessary, by a code name  
or number supplied by such accountant) or the name of or financial information  
relating to any employee of SANO. SANO may, as a condition to providing any  
accountant access to its books-and records, require PPI to execute a reasonable  
confidentiality agreement consistent with the terms of this Section 11.8. The  
rights of PPI pursuant to this Section 11.8 shall survive the termination or  
expiration of this Agreement for a period of one year.  
  
 ARTICLE XII  
  
 RIGHT OF FIRST REFUSAL  
  
 12.1 RIGHT OF FIRST REFUSAL. During the term hereof, PPI shall have  
the right of first refusal to distribute the Licensed Products in the State of  
Israel, on a product by product basis, in accordance with the following  
procedures.  
  
 12.2 PROCEDURES. For each Licensed Product with respect to which SANO  
proposes to enter into a distribution agreement in Israel with a third party,  
SANO shall communicate to PPI in writing a reasonably detailed description of  
the provisions of such agreement (a "Proposed Israeli Distribution Agreement").  
Within 30 days of its receipt of a Proposed Israeli  
  
  
 37  
  
  
Distribution Agreement (the "Acceptance Period"), PPI shall notify SANO whether  
it wishes to enter into an agreement with SANO on such terms. If PPI notifies  
SANO within the Acceptance Period that it wishes to do so, PPI and SANO will  
enter into a distribution agreement on such terms. If PPI fails to notify SANO  
of its election to enter into such an agreement within the Acceptance Period,  
SANO may enter into a license or distribution agreement with respect to such  
Licensed Product with a third party on substantially the same terms as set forth  
in the Proposed Israeli Distribution Agreement and PPI's rights under this  
Article XII will terminate. SANO may not enter into such an agreement with a  
third party on terms substantially different from those set forth in the  
relevant Proposed Israeli Distribution Agreement without first offering such  
terms to PPI for a period of thirty days. If SANO shall not enter into the  
Proposed Israeli Distribution Agreement within 30 days following the expiration  
of the Acceptance Period or any extension thereof as set forth in the preceding  
sentence, SANO's execution of any such Agreement or any other Proposed Israeli  
Distribution Agreement shall again be subject to PPI's rights under this Article  
XII. Each Proposed Israeli Distribution Agreement for each Licensed Product  
shall be subject to PPI's rights of first refusal in accordance with the  
procedures set forth in this Section 12.2.  
  
 ARTICLE XIII  
  
 TERMS AND TERMINATION  
  
 13.1 This Agreement shall become effective on the date hereof and  
shall remain in effect for a period of ten years per Licensed Product starting  
on the date such Licensed Product becomes available for sale in commercial  
quantities, unless earlier terminated in accordance with the provisions of this  
Agreement. Thereafter, this Agreement shall automatically be renewed as to each  
Licensed Product from year to year unless either party gives notice of  
termination to the  
  
  
 38  
  
  
other party at least one hundred and twenty days prior to the expiry of the  
initial term or of any renewal term.  
  
 13.2 Either party may, by notice in writing to the other party,  
terminate this Agreement if such other party shall have breached any of its  
material duties or obligations under this Agreement (other than the obligations  
of PPI to pay to SANO any amount due to SANO hereunder [whether on account of  
Additional Consideration, the price for the Licensed Products or otherwise] or  
to provide SANO with the reports or information contemplated in Section 11.2 or  
11.3 hereof) and such breach shall remain uncured for at least sixty days after  
the aggrieved party shall have given notice of the breach to the other party.  
  
 13.3 SANO may, by notice in writing to PPI, terminate this Agreement  
if PPI fails to pay to SANO any amount payable by PPI to SANO hereunder, whether  
on account of the Additional Consideration, the purchase price for the Licensed  
Products, interest or otherwise, as and when the same shall have become due and  
payable or PPI shall have failed to deliver (or caused to be delivered, as the  
case may be), in timely fashion, the reports or information contemplated in  
Section 11.2 or 11.3 hereof, and in either case, such breach shall have  
continued unremedied for a period of twelve business days after written notice  
of such breach has been given by SANO to PPI; provided that PPI shall not have  
the right to such twelve-day grace period within which to cure such default and  
SANO shall have the immediate right to terminate the Agreement for such breach  
if PPI shall have previously breached Section 11.2 or 11.3, or failed to remit  
any sums of at least $10,000.00 to SANO, when due, in the aggregate, one time in  
the twelve month period immediately preceding the default in question.  
  
 13.4 Either party may terminate this Agreement on thirty days prior  
written notice to the other party if such party or the other party is legally  
prohibited from performing its  
  
  
 39  
  
  
obligations hereunder (other than by reason of a breach of its obligations  
hereunder) or becomes (or, in the case of PPI, its Affiliate becomes) an  
Ineligible Person (and, where the party purporting to terminate the Agreement is  
also the party prohibited from performing or it or its Affiliate is the  
Ineligible Person, it [or its Affiliate, as the case may be] has made diligent  
good faith best efforts to remove the prohibition or its status as an Ineligible  
Person) and such prohibition or status as an Ineligible Person shall have  
continued uninterrupted for a period of 120 days.  
  
 13.5 Either party may terminate this Agreement in respect of a  
particular Licensed Product (the "Specific Product"), but this Agreement shall  
continue in respect of any other Licensed Product, on thirty (30) days prior  
written notice to the other party (which notice must be delivered within 90 days  
of the expiration of the applicable contract year) if the aggregate Net Sales of  
the Specific Product made by PRI and its Affiliates for any complete contract  
year after the second anniversary of the date on which such Specified Product  
became available for sale shall be less than the amounts stated in or determined  
pursuant to Section 13.8; provided, however, SANO may not terminate with respect  
to any Specific Product pursuant to this Section 13.5 without the consent of PPI  
in the event that SANO shall have previously terminated the exclusive nature of  
the Right pursuant to Section 13.8 and shall be selling, directly or indirectly,  
such Licensed Product in the United States.  
  
 13.6 Either party may terminate this Agreement in accordance with the  
provisions of Section 15.1 hereof.  
  
 13.7 PPI or SANO shall have the right to terminate this Agreement  
upon written notice to the other in the event that any one or more of the  
following events shall become applicable to such other party (herein referred to  
as the "Party"):  
  
 40  
  
  
 (a) an order is made or a resolution or other action of such  
Party is taken for the dissolution, liquidation, winding up or other termination  
of its corporate existence;  
  
 (b) the Party commits a voluntary act of bankruptcy, becomes  
insolvent, makes an assignment for the benefit of its creditors or proposes to  
its creditors a reorganization, arrangement, composition or readjustment of its  
debts or obligations or otherwise proposes to take advantage of or shelter under  
any statute in force in the United States for the protection of debtors;  
  
 (c) if any proceeding is taken with respect to a compromise  
or arrangement, or to have such Party declared bankrupt or to have a receiver  
appointed in respect of such Party or a substantial portion of its property and  
such proceeding is instituted by such Party or is not opposed by such Party or  
if such proceeding is instituted by a Person other than such Party, such Party  
does not proceed diligently and in good faith to have such proceeding withdrawn  
forthwith;  
  
 (d) a receiver or a receiver and manager of any of the assets  
of such Party is appointed and such receiver or receiver and manager is not  
removed within ninety days of such appointment;  
  
 (e) such Party ceases or takes steps to cease to carry on its  
business.   
  
SANO shall similarly have the right to terminate this Agreement upon written  
notice to PRI if any of the foregoing events becomes applicable to any Affiliate  
of PRI that has been expressly assigned obligations under this Agreement.  
  
 13.8 (a) If  
  
 (i) in the twenty-four (24) month period (such  
 period being herein referred to as the "A Period") beginning on the  
 date (the "A Commencement Date") the first of any shipments of Licensed  
 Product "A" is made available to PPI hereunder, the  
  
  
 41  
  
  
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 ASTERIKS DENOTE SUCH OMMISSION  
  
  
 aggregate Net Sales of Licensed Product "A" for such A Period is less  
 than the Product Sales Threshold (as hereinafter defined);  
  
 (ii) in the twenty-four (24) month period (such  
 period being herein referred to as the "B Period") beginning on the  
 date (the "B Commencement Date") the first of any shipments of Licensed  
 Product "B" is made available to PPI hereunder, the aggregate Net Sales  
 of Licensed Product "B" for such B Period is less than the Product  
 Sales Threshold; or  
  
 (iii) in any twenty-four (24) month period (such  
 period being herein referred to as the "C Period") beginning on the  
 date (the "C Commencement Date") the first of any shipments of Licensed  
 Product "C" is made available to PPI hereunder, the aggregate Net Sales  
 of Licensed Product "C" for such Period is less than [\*\*\*\*\*];  
  
 (iv) in any twelve month period commencing on the  
 second and each subsequent anniversary of the A Commencement Date or  
 the B Commencement Date the Net Sales of the relevant Licensed Product  
 sold by PPI and its Affiliates in such period is less than the Product  
 Sales Threshold; or  
  
 (v) in any twelve month period commencing on the  
 second and each subsequent anniversary of the C Commencement Date, the  
 Net Sales of Licensed Product "C" sold by PPI and its Affiliates in  
 such period is less than [\*\*\*\*\*];  
  
and the shortfall in sales cannot be attributable primarily to the fault of  
SANO, SANO shall have the right to convert PPI's Right hereunder from an  
exclusive to a non-exclusive right to distribute such Licensed Product upon  
ninety days prior written notice to PPI. As used herein, as to any Licensed  
Product, the Product Sales Threshold shall mean an amount reasonably agreed upon  
by PPI and SANO after consideration of relevant market factors and conditions,  
provided that if PPI  
  
  
 42  
  
  
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 SECURITIES AND EXCHANGE COMMISSION  
 ASTERIKS DENOTE SUCH OMMISSION  
  
  
and SANO shall fail or be unable to agree as to any Licensed Product for any  
period in question, the Product Sales Threshold for such period and Licensed  
Product shall be [\*\*\*\*\*].  
  
 (b) Notwithstanding the exercise by SANO of its right  
pursuant to Section 13.8(a) hereof, and the resultant conversion of PPI to a  
non-exclusive distributor hereunder, PPI shall have the right to sell the  
Licensed Products on a non-exclusive basis on the terms and conditions as set  
forth herein, except as provided otherwise in this Paragraph 13.8, during the  
balance of the term of the Agreement (subject to earlier termination as herein  
provided) and SANO shall continue to supply the Licensed Products to PPI in  
accordance with the provisions hereof, provided that the obligation of SANO to  
use its reasonable best efforts to supply PPI with its requirements of the  
Licensed Products shall take into account PPI's requirements as well as the  
requirements of SANO and any other third party distributor or distributors  
appointed by SANO to sell the Licensed Products in the United States.  
  
 (c) In the event that SANO exercises its rights under  
Section 13.8(a) and contemporaneously therewith or subsequent thereto enters  
into an agreement with any Person (herein referred to as a "Third Party  
Licensee"), authorizing or licensing such Third Party Licensee to sell any of  
the Licensed Products in the United States on royalty, payment or other cash  
equivalent or otherwise readily economically measured terms more favorable to  
the Third Party Licensee (such more favorable terms being herein referred to as  
the "MFP") then:  
  
 (i) SANO shall promptly notify PPI of such agreement  
and shall describe in the notice both the MFP and any obligations, duties,  
undertakings or other consideration to be provided by the Third Party Licensee;  
and  
  
 43  
  
  
 (ii) PPI shall have thirty days from the date of  
 receipt of such notice to notify SANO whether PPI desires to have the  
 benefit of the MFP, which can be accepted only if PPI shall agree (to  
 the extent not already assumed in this Agreement) to any additional  
 obligations, duties, or undertakings, and to provide any consideration  
 to be provided by the Third Party Licensee.  
  
PPI's entitlement to seek the benefit of the MFP shall be conditioned upon and  
subject to PPI assuming and being capable of fully performing all the non-cash  
obligations assumed by the Third Party Licensee in a manner substantially as  
valuable to SANO. If PPI shall dispute such assessment, PPI shall so notify  
SANO, whereupon the issue shall be deemed to be a dispute between the parties  
and subject to resolution pursuant to Section 15.2 hereof.  
  
 13.9 Notwithstanding the termination or expiration of this Agreement  
pursuant to this Article XIII or any other provision of this Agreement, all  
rights and obligations which were incurred or which matured prior to the  
effective date of termination or expiration, including accrued Additional  
Consideration and any cause of action for breach of contract, shall survive  
termination and be subject to enforcement under the terms of this Agreement.  
Termination of this Agreement shall not affect any duty of PPI or SANO existing  
prior to the effective date of termination or expiration and which is, whether  
or not by expressed terms, intended to survive termination. Without limiting the  
generality of the foregoing, termination shall not affect any duty to keep  
confidential any Confidential Information (within the meaning of Section 14.4  
hereof) disclosed by one party to the other (or its Affiliate) as contemplated  
in Section 14.4 hereof, but rather such Confidential Information shall be held  
by the receiving party subject to such restrictions on use and disclosure as  
provided in the said Section.  
  
 44  
  
  
 13.10 Upon termination of this Agreement by PPI pursuant to Section  
13.2 or 13.7 or pursuant to Section 13.4 as a result of SANO's inability to  
perform its obligations hereunder or becoming an Ineligible Person or the  
termination of this Agreement by SANO pursuant to Section 13.5 hereof, SANO  
shall, at the request of PPI, repurchase all Licensed Products then in the  
possession, custody or control of PPI and available for sale (and which have not  
been adulterated since they were made available for pick up by PPI) and all  
packaging material in the possession, custody or control of PPI which were  
specifically acquired by PPI for these Licensed Products and which cannot be  
used by PPI or its Affiliates for any other products sold by any of them, at the  
price originally paid by PPI therefor plus all transportation costs previously  
incurred (even if not yet paid) by PPI payable in cash on delivery by PPI to  
SANO. SANO shall pay all transportation costs associated with shipping the  
repurchased Licensed Product to SANO or to such other places SANO may require.  
  
 13.11 In the event that this Agreement is terminated pursuant to the  
provisions of Section 13.4 hereof as a result of a party (herein referred to as  
the "Prohibited Party") being unable to perform its obligations hereunder as  
therein contemplated or having become (or its Affiliate having become) an  
Ineligible Person and within twelve (12) months of the effective date of  
termination of this Agreement the Prohibited Party is again able to perform its  
obligations hereunder or has ceased (or its Affiliate has ceased) to be an  
Ineligible Person, then the Prohibited Party shall, by notice in writing, advise  
the other party (herein referred to as the "Receiving Party") that it is no  
longer legally prohibited from performing its duties and obligations hereunder  
or that it has ceased (or that its Affiliate has ceased) to be an Ineligible  
Person and the Receiving Party shall have the right, to be exercised by notice  
in writing given to the Prohibited Party within thirty (30) days of receipt of  
the aforesaid notice from Prohibited  
  
  
 45  
  
  
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 SECURITIES AND EXCHANGE COMMISSION  
 ASTERIKS DENOTE SUCH OMMISSION  
  
Party, to reinstate this Agreement; provided, however, that if the Prohibited  
Party is PPI then SANO shall have the right to reinstate this Agreement as if a  
proper notice had been given pursuant to Section 13.8 of this Agreement and PPI  
shall be reinstated on a non-exclusive basis, but only to the extent that such  
reinstatement will not violate the provisions of any agreement SANO shall have  
entered into during the period PPI was a Prohibited Party.  
  
 13.12 If SANO terminates this Agreement pursuant to Section 13.2,  
13.3 and 13.7 hereof then PPI shall not and shall cause its Affiliates not to,  
for a period of twelve (12) months following the effective date of termination,  
sell in the United States any Competitive Product.  
  
 13.13 In the event that SANO terminates this Agreement in respect of  
a Specific Product pursuant to Section 13.5 hereof, SANO shall, at the request  
of PPI, make available to PPI within a reasonable period of time of such  
termination, such number of units of such Specific Product as shall be equal to  
the net number of units of such Specific Product sold by PPI during the entire  
contract year immediately preceding the year in which this Agreement is so  
terminated or such lesser number of units of each such Specific Product as PPI  
shall advise SANO in writing within ten business days of such termination. Such  
Specific Product shall be made available to PPI in accordance with the  
provisions of this Agreement and the provisions of this Agreement shall apply to  
all such Specific Product as if such Specific Product had been supplied by SANO  
during the term of this Agreement.  
  
 13.14 (a) If SANO has not received an approval of an ANDA  
for Licensed Product A prior to the later of [\*\*\*\*\*] PPI may terminate this  
Agreement with respect to Licensed Product A by providing SANO with written  
notice of such termination and neither party shall have any obligation hereunder  
with respect to Licensed Product A other than applicable  
  
  
 46  
  
  
 CONFIDENTIAL INFORMATION OMMITTED AND FILED SEPARATELY WITH THE  
 SECURITIES AND EXCHANGE COMMISSION  
 ASTERIKS DENOTE SUCH OMMISSION  
  
confidentiality provisions and the payment by SANO described in the following  
sentence. In the event of such termination, SANO shall pay PPI the sum of (i)  
[\*\*\*\*\*] and (ii) the amount paid by PPI in respect of Licensed Product A  
pursuant to Section 7.1 and Section 7.4 hereof, with half of such sum payable  
three (3) months after SANO's receipt of notice of such termination and half of  
such sum payable fifteen (15) months after SANO's receipt of notice of such  
termination.  
  
 (b) If SANO has not received an approval of an ANDA for  
Licensed Product B prior to the later of [\*\*\*\*\*] PPI may terminate this  
Agreement with respect to Licensed Product B by providing SANO with written  
notice of such termination and neither party shall have any obligation hereunder  
with respect to Licensed Product B other than applicable confidentiality  
provisions and the payment by SANO described in the following sentence. In the  
event of such termination, SANO shall pay PPI the sum of (i) [\*\*\*\*\*] and (ii)  
the amount paid by PPI in respect of Licensed Product B pursuant to Section 7.4  
hereof, with half of such sum payable three (3) months after SANO's receipt of  
notice of such termination and half of such sum payable fifteen (15) months  
after SANO's receipt of notice of such termination.  
  
 (c) If SANO has not received an approval of an ANDA for  
Licensed Product C prior to the later of [\*\*\*\*\*] PPI may terminate this  
Agreement with respect to Licensed Product C by providing SANO with written  
notice of such termination and neither party shall have any obligation hereunder  
with respect to Licensed Product C other than applicable confidentiality  
provisions and the payment by SANO described in the following sentence. In the  
event of such termination, SANO shall pay PPI the sum of (i) [\*\*\*\*\*] and (ii)  
the amount paid by PPI in respect of Licensed Product C pursuant to Section 7.1  
and Section 7.4 hereof, with half of such  
  
  
 47  
  
  
sum payable three (3) months after SANO's receipt of such termination and half  
of such sum payable fifteen (15) months after SANO's receipt of notice of such  
termination.  
  
 (d) For the purposes of this Section 13.14, the dates on which  
ANDAs were filed for the respective Licensed Products shall be as set forth on  
Exhibit E attached hereto.  
  
 ARTICLE XIV  
  
 RECALLS, ADMINISTRATIVE MATTERS AND CONFIDENTIALITY  
  
 14.1 RECALLS. In the event that it becomes necessary to conduct a  
recall, market withdrawal or field correction (hereafter collectively referred  
to as "recall") of any Licensed Product manufactured by SANO and sold by PPI or  
its Affiliates the following provisions shall govern such a recall:  
  
 (a) After consulting with SANO, and on terms and conditions  
reasonably satisfactory to SANO, PPI shall conduct (and shall cause its  
Affiliate to conduct) the recall and shall have primary responsibility therefore  
and SANO and PPI shall each cooperate with the other in recalling any affected  
Licensed Product(s). PPI covenants and agrees to maintain and to cause its  
Affiliates to maintain such records of all sales of the Licensed Products made  
by PPI or its Affiliates as are required by the FDA or as are reasonably  
appropriate for a distributor of pharmaceutical products to maintain so as to  
enable a recall to be properly completed.  
  
 (b) Irrespective of whether the recall is initiated by PPI or  
by SANO:  
  
 (i) If it is later demonstrated that the reason for  
 the recall was due primarily to acts or omissions of SANO (or the  
 safety or efficacy of the Licensed Product other than as a result of  
 acts or omissions of PPI or its Affiliates), then SANO shall pay or  
 reimburse, as the case may be, all reasonable direct out-of-pocket  
 expenses, including but not limited to reasonable attorney's fees and  
 expenses and credits and recall expenses  
  
  
 48  
  
  
 claimed by and paid to customers, incurred by PPI or SANO in connection  
 with performing any such recall, provided that expenses incurred by PPI  
 shall be in accordance with the terms and conditions of the recall  
 approved by SANO; or  
  
 (ii) If it is later determined that the reason for  
 the recall was due primarily to the acts or omissions of PPI or its  
 Affiliates, then PPI shall pay or reimburse, as the case may be, all  
 direct out-of-pocket expenses, including but not limited to reasonable  
 attorney's fees and expenses and credits and recall expenses claimed by  
 and paid to customers, incurred by PPI or SANO in connection with  
 performing any such recall; or  
  
 (iii) If the parties are unable to agree that the  
 cause of the recall was due primarily to the act or omission of one of  
 the parties (or its Affiliates, as the case may be) within sixty days  
 of the initiation of the recall and have not commenced arbitration  
 proceedings to resolve such dispute within such sixty day period then  
 all direct out-of-pocket costs incurred by PPI and SANO, including but  
 not limited to reasonable attorney's fees and expenses and credits and  
 recall expenses claimed by and paid to customers, shall be shared by  
 the parties in proportion to their sharing of Gross Profits in respect  
 of the Licensed Products recalled.  
  
Each of the parties shall use its reasonable best efforts to minimize the  
expenses of recall which it incurs. It is understood and agreed that the direct  
out-of-pocket costs and expenses of the recall contemplated in Paragraphs (i),  
(ii) and (iii) above shall not include the invoice price charged by PRI or its  
Affiliates to the customers for the Products recalled, which amount shall be  
dealt with in accordance with the provisions of Section 9 hereof and shall also  
not include any excess re-procurement costs (within the meaning of Paragraph  
14.3 hereof) and related penalties  
  
  
 49  
  
  
and assessments, which costs, penalties and assessments shall be an expense of  
PPI except to the extent that it is an expense of SANO pursuant to Section 14.3  
hereof (provided that where the provisions of Paragraph (iii) above apply, the  
excess reprocurement costs and related penalties and assessments incurred  
pursuant to Approved Contracts [as that term is defined in Section 14.3 hereof]  
shall be shared by the parties in the proportion in which Gross Profits are  
shared in respect of the recalled Products sold pursuant to such Approved  
Contracts).  
  
 (c) All Licensed Products recalled pursuant to this Section  
14.1 shall be treated as Licensed Products returned to PPI by its customers and  
the provisions of Section 9 shall apply thereto.  
  
 (d) The party initiating the recall shall inform FDA of the  
proposed recall; however, nothing contained herein shall preclude either party  
from informing FDA of any proposed or actual recall by either party should the  
recalling party fail to inform FDA of that recall within ten (10) days of a  
written request by the non-recalling party to so inform FDA.  
  
 (e) For greater certainty, in the event of a recall, neither  
party or its Affiliates shall profit from any out-of-pocket expenses incurred by  
it in connection with the recall and for which it is reimbursed by the other  
party and, except where the recall relates directly to an intentional breach of  
a representation or warranty contained in this Agreement or arises directly out  
of a willful material breach by a party of any of its duties or obligations  
hereunder (in each case, as contemplated in Section 10.1 hereof), neither party  
shall have a claim against the other party for any damages, losses or expenses  
which it suffers or incurs as a result thereof except to the extent permitted or  
contemplated in this Section 14.  
  
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 (f) Each party shall provide reasonable evidence to the  
other of the out-of-pocket expenses being claimed by it and the rights of SANO  
pursuant to Section 11.4 and the rights of PPI pursuant to Section 11.8 shall  
apply thereto.  
  
 14.2 ANDA-RELATED FDA CORRESPONDENCE. Each of the parties shall  
provide the other with a copy of any correspondence or notices received by such  
party from FDA relating or referring to the Licensed Product(s) within ten (10)  
days of receipt. Each party shall also provide the other with copies of any  
responses to any such correspondence or notices within ten (10) days of making  
the response.  
  
 14.3 EXCESS RE-PROCUREMENT COSTS.  
  
 (a) In the event that a recall occurs which recall was  
necessitated primarily by any act or omission of SANO and SANO does not supply  
PPI with replacement Licensed Product on a timely basis or if SANO, in breach of  
its obligations under this Agreement, fails to make Licensed Product(s)  
available to PPI, SANO shall, in addition to any reimbursement required under  
Section 14.1, pay any excess re-procurement costs and/or related penalties or  
assessments incurred by, or assessed on, PPI by a customer of PPI pursuant to an  
Approved Contract (as that term is defined below) due to PPI's inability to  
supply Licensed Product(s) to such customer due to the aforesaid acts, omissions  
or breaches of SANO.  
  
 (b) SANO shall cooperate with PPI with respect to any legal  
or administrative proceedings that arise pursuant to the Approved Contracts as a  
result of PPI's inability to supply Licensed Product(s) to such customer due to  
the aforesaid acts, omissions or breaches by SANO. The foregoing shall be  
without prejudice to any other damages, expense or costs that PPI may have  
suffered in connection with SANO's inability to supply the Licensed Product as  
aforesaid, subject to the limitations and other provisions set forth in this  
Agreement.  
  
 51  
  
  
 (c) For purposes hereof the term "Approved Contract" shall  
mean a contract entered into by PPI on or after the Execution Date with one of  
its customers:  
  
 (i) pursuant to which PPI agrees to supply such  
 customer with pharmaceutical products which include the Licensed  
 Products (or any of them), and which provides that if PPI fails to  
 supply such customer with the Licensed Product in accordance with  
 specified terms and conditions therein set forth then such customer  
 shall have the right to procure a comparable replacement product for  
 the Licensed Product in substitution for the Licensed Products that PPI  
 has failed to supply to such customer in accordance with the provisions  
 of its agreement and to charge back to PPI any costs and expenses  
 incurred by such customer to acquire such comparable replacement  
 product in excess of the price which was to have been charged by PPI to  
 the customer for the Licensed Products which it failed to provide (such  
 excess costs and expenses being the excess re-procurement costs  
 contemplated in Section 14.1 and in this Section 14.3);  
  
 (ii) which has a term of twelve (12) months or less;  
 and  
  
 (iii) which provides for the supply of the  
 relevant Licensed Product in an amount not greater than the amount  
 forecast by PPI pursuant to Section 6.2 hereof, taking into account all  
 other sales of the Licensed Product in the relevant period; or  
  
 (iv) where the contract has a term of more than 12  
 months, or provides for an amount greater than that contemplated by  
 Paragraph (iii) above, SANO has approved or has been deemed to have  
 approved such contract in accordance with the provisions of Section  
 14.3(v) hereof; or  
  
 (v) if the approval of SANO as contemplated in  
 Paragraph (iv) above is requested, PPI shall have provided to SANO, in  
 accordance with the provisions of this  
  
  
 52  
  
  
 paragraph, a complete copy of the proposed final agreement between PPI  
 and its customer prior to entering into such contract. A copy of any  
 contract to be provided to SANO as contemplated in this Paragraph (v)  
 shall be forwarded to SANO in the manner contemplated in Section 15.4  
 hereof. SANO shall have a period of ten business days from the date  
 upon which copies of such contract are actually received by it as  
 aforesaid to notify PPI in writing that it does not approve of the  
 contract and failing such notice from SANO within such ten business day  
 period SANO shall be deemed to have approved of such contract.  
  
 14.4 CONFIDENTIALITY.  
  
 (a) The parties agree that, without the prior written  
consent of the other party (such consent not to be unreasonably withheld) or  
except as may be required under law or court order, the provisions of the  
Agreement shall remain confidential and shall not be disclosed to any Person not  
affiliated with any of the parties.  
  
 (b) PPI and SANO hereby agree not to reveal or disclose any  
Confidential Information (as defined below) to any Person without first  
obtaining the written consent of the disclosing party, except as may be  
necessary in regulatory proceedings or litigation. For purposes hereof  
Confidential Information shall mean all information, in whatever form, which is  
or was disclosed by one party to another or to an Affiliate of the other prior  
to or during the term of this Agreement and which relates in any way to the  
Products or to the business of the disclosing party, including, without  
limitation information relating to customers and pricing. Confidential  
Information shall not include information that a party can demonstrate by  
written evidence:  
  
 53  
  
  
 (i) is in the public domain (provided that  
 information in the public domain has not and does not come into the  
 public domain as a result of the disclosure by the receiving party or  
 any of its Affiliates);  
  
 (ii) is known to the receiving party or any of its  
 Affiliates prior to the disclosure by the other party: or  
  
 (iii) becomes available to the party on a  
 non-confidential basis from a source other than an Affiliate of that  
 party or the disclosing party and PPI covenants and agrees to cause its  
 Affiliates to comply with the provisions of this Section 14.4.  
  
 ARTICLE XV  
  
 GENERAL TERMS AND CONDITIONS  
  
 15.1 FORCE MAJEURE CLAUSES. Neither party shall be considered to be  
in default in respect of any obligation hereunder, other than the obligation of  
a party to make payment of amounts due to the other party under or pursuant to  
this Agreement, if failure of performance shall be due to Force Majeure. If  
either party is affected by a Force Majeure event, such party shall, within 20  
days of its occurrence, give notice to the other party stating the nature of the  
event, its anticipated duration and any action being taken to avoid or minimize  
its effect. The suspension of performance shall be of no greater scope and not  
longer duration than is required and the non-performing party shall use its  
reasonable best efforts to remedy its inability to perform. The obligation to  
pay money in a timely manner is absolute and shall not be subject to the Force  
Majeure provisions, except to the extent prohibited by governmental rule or  
regulations other than rules or regulations incident to bankruptcy or insolvency  
proceedings of a party. Force Majeure shall mean an unforeseeable or unavoidable  
cause beyond the control and without  
  
  
 54  
  
  
the fault or negligence of a party (and, where the party is PPI, beyond the  
control and without the fault or negligence of any of its Affiliates) including,  
but not limited to, explosion, flood, war (whether declared or otherwise),  
accident, labor strike, or other labor disturbance, sabotage, acts of God, newly  
enacted legislation, newly issued orders or decrees of any Court or of any  
governmental agency. Notwithstanding anything in this Section to the contrary,  
the party to whom performance is owed but to whom it is not rendered because of  
any event of Force Majeure as contemplated in this Section 15.1 shall, after the  
passage of one hundred and twenty days, have the option to terminate this  
Agreement on thirty days prior written notice to the other party hereto. For  
greater certainty, the inability or failure of PPI to cause any of its  
respective Affiliates to comply with any of the provisions of this Agreement  
expressed to be applicable to its Affiliates or which require such party to  
cause the Affiliate to do or not to do something shall not be considered Force  
Majeure unless the Affiliate in question is unable to comply by reason of  
unforeseeable or unavoidable causes beyond the control and without the fault or  
negligence of such Affiliate.  
  
 15.2 ARBITRATION. All disputes arising out of, or in relation to,  
this Agreement (other than disputes arising out of any claim by a third party in  
an action commenced against a party), shall be referred for decision forthwith  
to a senior executive of each party not involved in the dispute. If no agreement  
can be reached through this process within thirty days of request by one party  
to the other to nominate a senior executive for dispute resolution, then either  
party hereto shall be entitled to refer such dispute to a single arbitrator for  
arbitration under Florida law, such arbitration to be held in Miami, Florida on  
an expedited basis in accordance with the rules and regulations of the American  
Arbitration Association. Any party demanding arbitration shall with service of  
its demand for arbitration propose a neutral arbitrator selected by it. In the  
event that  
  
  
 55  
  
  
the parties cannot agree upon a neutral arbitrator within thirty (30) days after  
the demand for arbitration, an arbitrator shall be appointed by the American  
Arbitration Association who shall be a partner in a Miami, Florida law firm  
having at least ten (10) partners.  
  
 15.3 ASSIGNMENT. This Agreement may not be assigned nor can the  
performance of any duties hereunder be delegated by PPI or by SANO without the  
prior written consent of the other parties, which consent shall not be  
unreasonably withheld; provided that any such assignment shall not relieve the  
assignor from any of its obligations hereunder or under any other document or  
agreement delivered by such party pursuant to, or delivered (or acknowledged to  
have been delivered) contemporaneously with or in connection with the execution  
of, this Agreement, which shall continue to be binding upon such party  
notwithstanding such assignment. Notwithstanding the foregoing, PPI may delegate  
from time to time some of its duties hereunder to any of its Affiliates provided  
that, prior to any such delegation, it gives written notice thereof to SANO  
(indicating the duties being so delegated and the duration of such delegation);  
provided that no such delegation shall relieve PPI from any of its obligations  
hereunder in respect of the duties being delegated or otherwise.  
  
 15.4 NOTICES. Any notice required or permitted to be given under this  
Agreement shall be sufficiently given if in writing and delivered by registered  
or certified mail (return receipt requested), facsimile (with confirmation of  
transmittal), overnight courier (with confirmation of delivery), or hand  
delivery to the appropriate party at the address set forth below, or to such  
other address as such party may from time to time specify for that purpose in a  
notice similarly given:  
  
 56  
  
  
 If to SANO:  
  
 SANO Corporation  
 0000 Xxxxxxxx Xxxxxxx  
 Xxxxxxx, Xxxxxxx 00000  
 Attn: President  
 Fax: (000) 000-0000  
  
 with a copy to (other than regularly prepared notices,  
 reports, etc. required to be delivered hereunder):  
  
 Greenberg, Traurig, Hoffman,  
 Lipoff, Xxxxx & Xxxxxxx, P.A.  
 0000 Xxxxxxxx Xxxxxx  
 Xxxxx, Xxxxxxx 00000  
 Attn: Xxxx Xxxxxxx, Esq.  
 Fax: 000-000-0000  
  
 If to PRI  
  
 c/o PRI Distributors, Ltd.  
 Xxx Xxx Xxxxx Xxxx  
 Xxxxxx Xxxxxx, XX 00000  
 Attn: President  
 Fax: 000-000-0000  
  
 with a copy to (other than regularly prepared notices,  
 reports, etc. required to be delivered hereunder):  
  
 Xxxxxxx, Calamari & Xxxxxxx  
 000 Xxxx Xxxxxx  
 Xxx Xxxx, Xxx Xxxx 00000  
 Attn: Xxxxxxx X. Xxxxxxxxxx, Esq.  
 Fax: (000) 000-0000  
  
Any such notice shall be effective (i) if sent by mail, as aforesaid, five  
business days after mailing, (ii) if sent by facsimile, as aforesaid, when sent,  
and (iii) if sent by courier or hand delivered, as aforesaid, when received.  
Provided that if any such notice shall have been sent by mail and if on the date  
of mailing thereof or during the period prior to the expiry of the third  
business day following the date of mailing there shall be a general postal  
disruption (whether as a  
  
  
 57  
  
  
result of rotating strikes or otherwise) in the United States then such notice  
shall not become effective until the fifth business day following the date of  
resumption of normal mail service.  
  
 15.5 GOVERNING LAW AND CONSENT TO JURISDICTION.  
  
 (a) Except as otherwise provided herein, this Agreement  
shall be deemed to have been made under, and shall be governed by, the laws of  
the State of Florida in all respects including matters of construction, validity  
and performance, but without giving effect to Florida's choice of law  
provisions.  
  
 (b) In connection with any action commenced hereunder, each  
of the undersigned consent to the exclusive jurisdiction of the state and  
federal courts located in Miami, Florida. Notwithstanding the foregoing, each  
party also agrees to the jurisdiction of any court which a third party claim has  
been brought.  
  
 15.6 BINDING AGREEMENT. This Agreement shall be binding upon the  
parties hereto, and their respective successors and permitted assigns.  
  
 15.7 ENTIRE AGREEMENT. This Agreement and all other documents and  
instruments delivered by any of the parties or their Affiliates pursuant hereto  
or in connection with the execution and delivery of this Agreement contain the  
entire agreement and understanding of the parties with respect to the subject  
matter hereof and thereof and supersedes all negotiations, prior discussions and  
agreements relating to the Licensed Products or the Right. This Agreement may  
not be amended or modified except by a written instrument signed by all of the  
parties hereto.  
  
 15.8 HEADINGS. The headings to the various articles and paragraphs of  
this Agreement have been inserted for convenience only and shall not affect the  
meaning of the language contained in this Agreement.  
  
 58  
  
  
 15.9 WAIVER. The waiver by any party of any breach by another party  
of any term or condition of this Agreement shall not constitute a waiver of any  
subsequent breach or nullify the effectiveness of that term or condition.  
  
 15.10 COUNTERPARTS. This Agreement may be executed in identical  
duplicate copies. The parties agree to execute at least two identical original  
copies of the Agreement. Each identical counterpart shall be deemed an original,  
but all of which together shall constitute one and the same instrument.  
  
 15.11 SEVERABILITY OF PROVISIONS. If, for any reason whatsoever, any  
term, covenant or condition of this Agreement or of any other document or  
instrument executed and delivered by either PPI or SANO pursuant hereto or in  
connection with the completion of the transaction contemplated herein, or the  
application thereof to any party or circumstance is to any extent held or  
rendered invalid, unenforceable or illegal, then such term, covenant or  
condition:  
  
 (i) is deemed to be independent of the remainder of  
 such document and to be severable and divisible therefrom and its  
 validity, unenforceability or illegality does not affect, impair or  
 invalidate the remainder of such document or any part thereof; and  
  
 (ii) continue to be applicable and enforceable to  
 the fullest extent permitted by law against any party and circumstances  
 other than those as to which it has been held or rendered invalid,  
 unenforceable or illegal.  
  
 15.12 PUBLICITY. Neither party shall issue any press release or other  
public statement regarding, or disclosing the existence of, this Agreement  
without the prior written consent of the other party; provided, however, that  
neither party shall be prevented from complying with any  
  
  
 59  
  
  
disclosure obligation it may have under applicable law. The parties shall use  
their best efforts to agree on the form and content of any such public  
statement.  
  
 ARTICLE XVI  
  
 GUARANTEE OF PRI  
  
 16.1 GUARANTEE. PRI does hereby unconditionally guarantee to SANO the  
full and prompt payment and performance by PPI of all of the obligations of  
every nature whatsoever to be performed by PPI under this Agreement (the  
"Guaranteed Obligations") as and when required to be paid or performed under  
this Agreement. The guarantee set forth in the preceding sentence (this  
"Guarantee") is an absolute, unconditional and continuing guarantee of the full  
and punctual payment and performance of the Guaranteed Obligations and is in no  
way conditioned upon any requirement that SANO first attempt to enforce any of  
the Guaranteed Obligations against PPI, any other guarantor of the Guaranteed  
Obligations or any other Person or resort to any other means of obtaining  
performance of any of the Guaranteed Obligations. This Guarantee shall continue  
in full force and effect until PPI shall have satisfactorily performed or fully  
discharged all of the Guaranteed Obligations. No performance or payment made by  
PPI, PRI, any other guarantor or any other Person, or received or collected by  
SANO from PPI, PRI, any other guarantor or any other Person in performance of or  
in payment of the Guaranteed Obligations shall be deemed to modify, reduce  
(except to the extent that any such performance or payment shall reduce the  
Guaranteed Obligations), release or otherwise affect the liability of PRI under  
this Guarantee which shall, notwithstanding any such payment or performance  
other than those made by PRI in respect of the Guaranteed Obligations or those  
received or collected from PRI in respect of the Guaranteed Obligations, remain  
liable for the amount of the Guaranteed Obligations, until the Guaranteed  
Obligations are paid and performed in full.  
  
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 16.2 NO SUBROGATION. Notwithstanding any payment or performance by  
PRI, PRI shall not be entitled to be subrogated to any of the rights of SANO or  
any other guarantor or any collateral security held by SANO against PPI or any  
other guarantor or any collateral security for the payment of the Guaranteed  
Obligations, nor shall PRI seek or be entitled to seek any contribution or  
reimbursement from PPI or any other guarantor in respect of payments made by PRI  
under this Guarantee. PRI HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY AND  
ALL RIGHTS AND CLAIMS WHICH PRI MAY NOW HAVE OR HEREAFTER ACQUIRE TO BE  
SUBROGATED TO ANY SUCH RIGHTS OF SANO AND TO SEEK OR BE ENTITLED TO SEEK ANY  
SUCH CONTRIBUTION OR REIMBURSEMENT FROM PPI OR ANY OTHER GUARANTOR. THE  
OBLIGATIONS OF AND WAIVERS BY PRI SET FORTH IN THIS SECTION 16.2 SHALL SURVIVE  
THE TERMINATION OF THIS GUARANTEE AND THE PAYMENT, PERFORMANCE AND SATISFACTION  
IN FULL OF ALL OF THE GUARANTEED OBLIGATIONS.  
  
 16.3 AMENDMENTS, ETC. WITH RESPECT TO GUARANTEED OBLIGATIONS; WAIVER  
OF RIGHTS. PRI shall remain obligated under this Guarantee notwithstanding that,  
without any reservation of rights against PRI and without notice to or further  
assent by PRI, any demand for payment or performance of any of the Guaranteed  
Obligations made by SANO may be rescinded by SANO and any of the Guaranteed  
Obligations continued, and the Guaranteed Obligations, or the liability of any  
other Person upon or for any part thereof, or any collateral security (or  
guarantee therefor may, from time to time, in whole or in part, be renewed,  
extended, amended, modified, accelerated, compromised, waived, surrendered or  
released by SANO and this Agreement, any collateral security document or other  
guarantee or document in connection herewith may be amended, modified,  
supplemented or terminated, in whole or in part, as SANO may deem  
  
  
 61  
  
  
advisable from time to time, and any collateral security or guarantee at any  
time held by SANO for the payment or performance of the Guaranteed Obligations  
may be sold, exchanged, waived, surrendered or released. SANO shall not have any  
obligation to protect, secure, perfect or insure any lien at any time held by it  
as security for the Guaranteed Obligations or for this Guarantee or any property  
subject thereto. When making any demand hereunder against PRI, SANO may, but  
shall be under no obligation to, make a similar demand on PPI or any other  
guarantor, and any failure by SANO to make any such demand or to collect any  
payments from PPI or any such other guarantor or any release of PPI or such  
other guarantor shall not relieve PRI of its obligations or liabilities under  
this Guarantee, and shall not impair or affect the rights and remedies, express  
or implied, or as a matter of law, of SANO against PRI.  
  
 16.4 EXTENT OF LIABILITY AND WAIVERS. PRI understands and agrees that  
the obligation of guarantee of PRI pursuant to Section 16.1 are intended to  
render PRI liable hereunder in each instance where PPI would be liable under  
this Agreement, and no more, and except that the obligations of PRI hereunder  
shall not be discharged by any bankruptcy or similar proceeding which may  
discharge PPI herefrom. Accordingly, PRI acknowledges that it will not assert,  
and hereby waives to the fullest extent permitted by law, any rights to avoid  
performance hereunder available to it as guarantor which are not also available  
to PPI. PRI waives any and all notice of the creation, renewal, extension or  
accrual of any of the Guaranteed Obligations and notice of or proof of reliance  
by SANO upon this Guarantee or acceptance of this Guarantee; the Guaranteed  
Obligations, and any of them, shall conclusively be deemed to have been created,  
contracted or incurred, or renewed, extended, amended or waived, in reliance  
upon this Guarantee; and all dealings between PPI or PRI, on the one hand, and  
SANO on the other, pursuant to this Agreement shall likewise be conclusively  
presumed to have been had or consummated in  
  
  
 62  
  
  
reliance upon this Guarantee. PRI waives diligence, presentment, protest, demand  
for payment and notice of default or nonpayment or nonperformance to or upon PPI  
or any other guarantors with respect to the Guaranteed Obligations. When  
pursuing its rights and remedies hereunder against PRI, SANO may, but shall be  
under no obligation to, pursue such rights and remedies as it may have against  
PPI or any other Person or against any collateral security or guarantee for the  
Guaranteed Obligations, and any failure by PRI to pursue such other rights or  
remedies or to collect any payments from PPI or any such other Person or to  
realize upon any such collateral security or guarantee, or any release of PPI or  
any such other Person or any such collateral security or guarantee, shall not  
relieve PRI of any liability hereunder and shall not impair or affect the rights  
and remedies, whether express, implied or available as a matter of law, of SANO  
against PRI. This Guarantee shall remain in full force and effect and be binding  
upon PRI and its successors and assigns and shall inure to the benefit of SANO  
and its successors and assigns, until all the Guaranteed Obligations shall have  
been satisfied by payment and performance in full.  
  
 16.5 REINSTATEMENT. This Guarantee shall continue to be effective, or  
be reinstated, as the case may be, if at any time payment or performance, or any  
part thereof, of any of the Guaranteed Obligations is rescinded or must  
otherwise be restored or returned by SANO upon the insolvency, bankruptcy,  
dissolution, liquidation or reorganization of PPI or PRI, or upon or as a result  
of the appointment of a receiver, intervenor or conservator of, or trustee or  
similar officer for, PPI or PRI, or any substantial part of its or their  
property, or otherwise, all as though such payments had not been made.  
  
 16.6 NO WAIVER; CUMULATIVE REMEDIES. SANO shall not by any act  
(except by a written instrument pursuant to Section 15.7), delay, indulgence,  
omission or otherwise be  
  
  
 63  
  
  
deemed to have waived any right or remedy hereunder or to have acquiesced in any  
breach of any of the terms and conditions of this Agreement. No failure to  
exercise, nor any delay in exercising, on the part of SANO, any right, power or  
privilege hereunder shall operate as a waiver thereof. No single or partial  
exercise of any right, power or privilege hereunder shall preclude any other or  
further exercise thereof or the exercise of any other right, power or privilege.  
A waiver by SANO of any right or remedy hereunder on any one occasion shall not  
be construed as a bar to any right or remedy which the SANO would otherwise have  
on any future occasion. The rights and remedies herein provided are cumulative,  
may be exercised singly or concurrently and are not exclusive of any rights or  
remedies provided by law.  
  
 16.7 AFFILIATES. To the extent that PPI or PRI is obligated hereunder  
to cause its Affiliates to do or refrain from doing anything, PRI will do all  
things that it may lawfully and reasonably do to cause such Affiliate to comply.  
  
 IN WITNESS WHEREOF, the parties have duly executed this Agreement as of  
the Execution Date.  
  
 SANO CORPORATION  
  
 By: /s/ XXXXXXXX XXXXX  
 ------------------------------------  
 (Signature)  
  
 Name: Xxxxxxxx Xxxxx  
  
 Title: President  
  
 PHARMACEUTICAL RESOURCES, INC.  
 By: /s/ XXXXXXX X. XXXXXX  
 ------------------------------------  
 (Signature)  
  
 Name: Xxxxxxx X. Xxxxxx  
  
 64  
  
  
 Title: President & Chief Executive Officer  
  
 PAR PHARMACEUTICAL, INC.  
  
 By: /s/ XXXXXXX X. XXXXXX  
 -------------------------------------  
 (Signature)  
  
 Name: Xxxxxxx X. Xxxxxx  
  
 Title: President & Chief Executive Officer  
  
 65  
  
 CONFIDENTIAL INFORMATION OMMITTED AND FILED SEPARATELY WITH THE  
 SECURITIES AND EXCHANGE COMMISSION  
 ASTERIKS DENOTE SUCH OMMISSION  
  
 EXHIBIT A  
  
 LICENSED PRODUCTS  
  
 PRODUCT "A"  
  
 DRUG NAME ANDA# SANO FILING FDA ACCEPTED  
 DATE DATE  
--------------------------------------------------------------------------------  
Nitroglycerin Transdermal  
System [\*\*\*\*\*]\* [ \*\*\*\*\* ]  
--------------------------------------------------------------------------------  
Nitroglycerin Transdermal  
System [\*\*\*\*\*]\* [ \*\*\*\*\* ]  
--------------------------------------------------------------------------------  
Nitroglycerin Transdermal  
System [\*\*\*\*\*]\* [ \*\*\*\*\* ]  
--------------------------------------------------------------------------------  
Nitroglycerin Transdermal  
System [\*\*\*\*\*]\* [ \*\*\*\*\* ]  
--------------------------------------------------------------------------------  
Nitroglycerin Transdermal  
System [\*\*\*\*\*]\* [ \*\*\*\*\* ]  
--------------------------------------------------------------------------------  
Nitroglycerin Transdermal  
System [\*\*\*\*\*]\* [ \*\*\*\*\* ]  
--------------------------------------------------------------------------------  
\*Generically equivalent to such strengths in Nitro Dur/registered/.  
  
  
 PRODUCT "B"  
  
 DRUG NAME ANDA# SANO FILING FDA ACCEPTED  
 DATE DATE  
--------------------------------------------------------------------------------  
Nicotine Transdermal System  
[\*\*\*\*\*]\* [ \*\*\*\*\* ]  
--------------------------------------------------------------------------------  
Nicotine Transdermal System  
[\*\*\*\*\*]\* [ \*\*\*\*\* ]  
--------------------------------------------------------------------------------  
Nicotine Transdermal System  
[\*\*\*\*\*]\* [ \*\*\*\*\* ]  
--------------------------------------------------------------------------------  
\*Generically equivalent to such strengths in Habitrol/registered/.  
  
  
 PRODUCT "C"  
  
 DRUG NAME ANDA# SANO FILING FDA ACCEPTED  
 DATE DATE  
--------------------------------------------------------------------------------  
Nitroglycerin Transdermal  
System [\*\*\*\*\*]\* [ \*\*\*\*\* ]  
--------------------------------------------------------------------------------  
Nitroglycerin Transdermal  
System [\*\*\*\*\*]\* [ \*\*\*\*\* ]  
--------------------------------------------------------------------------------  
Nitroglycerin Transdermal  
System [\*\*\*\*\*]\* [ \*\*\*\*\* ]  
--------------------------------------------------------------------------------  
Nitroglycerin Transdermal  
System [\*\*\*\*\*]\* [ \*\*\*\*\* ]  
--------------------------------------------------------------------------------  
\*Generically equivalent to such strengths in Transderm-Nitro/registered/.  
  
  
 CONFIDENTIAL INFORMATION OMMITTED AND FILED SEPARATELY WITH THE  
 SECURITIES AND EXCHANGE COMMISSION  
 ASTERIKS DENOTE SUCH OMMISSION  
  
 EXHIBIT B  
  
 As used herein, the term "Net Sales" shall mean the gross amount  
invoiced for sales of Licensed Product(s) made by PRI or its Affiliates to  
independent third parties, reduced by the following to the extent that they are  
properly allocable to the quantity of Licensed Product(s) so sold: all trade,  
quantity and cash discounts allowed; credits or allowances actually granted on  
account of rejections; returns, billing errors and retroactive price reductions  
(including, without limitation, shelf stock adjustments); credits, rebates,  
chargeback rebates, fees, reimbursements or similar payments granted or given to  
wholesalers and other distributors, buying groups, health care insurance  
carriers, governmental agencies and other institutions in respect of the  
purchase price; freight, transportation, insurance or other delivery charges;  
and all taxes (except income taxes), tariffs, duties and other similar  
governmental charges paid by the seller on sales of the Licensed Product(s) and  
not reimbursed by the purchaser. "Gross Profit" shall mean the difference  
between Net Sales for any amount of Licensed Product(s) and the price paid to  
SANO pursuant to Section 7.2 hereof in respect of such Licensed Product(s).  
  
 Product A. During the term of the Agreement, the Additional   
Consideration payable to SANO with respect to Product A shall be [\*\*\*\*\*} of  
Gross Profit, until aggregate Gross Profit with respect to that Licensed Product  
shall have reached [\*\*\*\*\*], and [\*\*\*\*\*] of all Gross Profit thereafter. Payment  
of Additional Consideration is to be made in respect of the third preceding  
month, as set forth in Section 11.1.  
  
 The following illustrates payments to SANO under the foregoing formula,  
assuming that sales of Product A commenced in January 1998:  
  
  
  
 JAN. FEB., MARCH APRIL MAY JUNE JULY AUGUST SEPT. OCT. NOV. DEC.  
 1998 1998 1998 1998 1998 1998 1998 1998 1998 1998 1998 1998  
 -----------------------------------------------------------------------------------------------------------------  
   
NET SALES [\*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\*]  
  
PRICE TO [\*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\*]  
PRI -----------------------------------------------------------------------------------------------------------------  
  
GROSS [\*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\*]  
PROFIT -----------------------------------------------------------------------------------------------------------------  
  
PAYMENT [\*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\*]  
TO SANO  
  
RETAINED [\*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\*]  
BY PPI  
  
15% [\*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\*]  
INCREMENT  
  
----------------------------  
\* [\*\*\*\*\*]% of [\*\*\*\*\*]; [\*\*\*\*\*]% of [\*\*\*\*\*]. (total increment--[\*\*\*\*\*])  
  
  
  
 CONFIDENTIAL INFORMATION OMMITTED AND FILED SEPARATELY WITH THE  
 SECURITIES AND EXCHANGE COMMISSION  
 ASTERIKS DENOTE SUCH OMMISSION  
  
 Product B. During the term of the Agreement, the Additional  
Consideration payable to SANO with respect to Product B shall be [\*\*\*\*\*]% of all  
Gross Profit. Payment of Additional Consideration is to be made in respect of  
the third preceding month, as set forth in Section 11.1. The following  
illustrates payments to SANO under the foregoing formula, assuming that sales of  
Product B commenced in January 1998:  
  
  
  
 JAN. FEB., MARCH APRIL MAY JUNE JULY AUGUST SEPT. OCT. NOV.  
 1998 1998 1998 1998 1998 1998 1998 1998 1998 1998 1998   
 -------------------------------------------------------------------------------------------------------  
   
  
NET SALES [\*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\*]  
PRICE TO PRI [\*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\*]  
 -----------------------------------------------------------------------------------------------------------------  
GROSS PROFIT [\*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\*]  
 -----------------------------------------------------------------------------------------------------------------  
PAYMENT TO SANO [\*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\*]  
RETAINED BY PPI [\*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\*]  
15% INCREMENT [\*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\*]  
  
  
  
  
 Product C. During the term of the Agreement, the Additional  
Consideration payable to SANO with respect to Product C shall be [\*\*\*\*\*] of  
Gross Profit, until aggregate Gross Profit with respect to that Licensed Product  
shall have reached [\*\*\*\*\*], and [\*\*\*\*\*] of all Gross Profit thereafter. Payment  
of Additional Consideration is to be made in respect of the third preceding  
month, as set forth in Section 11.1.  
  
 The following illustrates payments to SANO under the foregoing formula,  
assuming that sales of Product C commenced in January 1998:  
  
  
  
 JAN. FEB., MARCH APRIL MAY JUNE JULY AUGUST SEPT. OCT. NOV. DEC.  
 1998 1998 1998 1998 1998 1998 1998 1998 1998 1998 1998 1998  
 ------------------------------------------------------------------------------------------------------------------  
   
NET SALES [\*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\*]  
PRICE TO PRI [\*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\*]  
 ------------------------------------------------------------------------------------------------------------------  
GROSS PROFIT [\*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\*]  
 ------------------------------------------------------------------------------------------------------------------  
PAYMENT TO [\*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\*]  
SANO  
  
RETAINED BY [\*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\*]  
PPI  
  
15% INCREMENT [\*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\* \*\*\*\*\*]  
  
----------------------------  
\* [\*\*\*\*\*]% of [\*\*\*\*\*]; [\*\*\*\*\*]% of [\*\*\*\*\*]. (total increment--[\*\*\*\*\*])  
  
  
  
 CONFIDENTIAL INFORMATION OMMITTED AND FILED SEPARATELY WITH THE  
 SECURITIES AND EXCHANGE COMMISSION  
 ASTERIKS DENOTE SUCH OMMISSION  
  
 EXHIBIT C  
  
 PROMISSORY NOTE  
  
$ [\*\*\*\*\*] July 28, 1997  
  
 FOR VALUE RECEIVED, SANO CORPORATION, a Florida corporation (the  
"Maker"), hereby unconditionally promises to pay to Par Pharmaceutical, Inc., a  
New Jersey corporation (the "Payee"), at its offices located at One Xxx Xxxxx  
Xxxx, Xxxxxx Xxxxxx, Xxx Xxxx 00000 or at such other address as the Payee may  
from time to time designate in writing to the Maker, the principal amount of  
[\*\*\*\*\*], together with interest on the principal amount outstanding from time to  
time at the rate per annum announced from time to time by Citibank N.A. as its  
"Prime Rate." The principal amount of this Note, together with interest accrued  
thereon, shall be due and payable on September 30, 1998.  
  
 This Promissory Note is delivered pursuant to that certain Amended and  
Restated Distribution Agreement dated the 28th day of July, 1997 by and  
among Maker, Payee and Pharmaceutical Resources, Inc., (the "Agreement").  
  
 This Promissory Note may be prepaid in whole or in part at any time and  
from time to time prior to maturity without premium or penalty and shall be  
prepaid as and to the extent set forth in the Agreement.  
  
 If any of the following events of default shall occur, the outstanding  
principal amount of this Note, together with interest accrued and unpaid  
thereon, shall become immediately due and payable:  
  
 (1) Maker shall default in the payment of principal of or interest on  
this Note when and as due and payable; and  
  
  
  
 (2) Maker (a) generally shall not pay its debts as they become due,  
shall become insolvent, shall suspend its usual business or shall cease to  
exist; (b) shall enter into an agreement with its creditors to reduce its  
obligations to them or to defer their fulfillment, make a general assignment for  
the benefit of its creditors, commence any proceeding relating to it under any  
Chapter of Title 11 of the United States Code or seek discharge or reduction of  
its debts, an arrangement, composition, reorganization or any other form of  
relief from its creditors or from a court or governmental agency pursuant to any  
bankruptcy, reorganization, arrangement, readjustment of debt, receivership,  
dissolution, or liquidation law, statute or procedure of any jurisdiction  
(federal, state or foreign) for the relief of financially distressed debtors  
(each of the foregoing a "Debtor Relief Procedure"): (c) shall have instituted,  
initiated or commenced against it a Debtor Relief Procedure and, if under Title  
11 of the United States Code, an order for relief is entered or the petition is  
controverted but is not dismissed within 30 days after the commencement of the  
case or, if under another Debtor Relief Procedure, the substantial equivalent  
occurs or the Debtor Relief Procedure is not dismissed or otherwise terminated  
within 30 days of its commencement; or (d) shall take any action to effect any  
event described in clauses (a), (b) or (c) above.  
  
 In the event that the Maker shall default in payment of this Promissory  
Note when due, simple interest shall accrue on the then unpaid principal amount  
hereof, from the date of any such default until the date the unpaid principal  
amount hereof is paid in full, at the rate of ten percent (10%) per annum and  
the Maker shall pay all reasonable costs of collection, paid or incurred by the  
Payee, whether paid or incurred in connection with collection by suit or  
otherwise.  
  
  
  
 The Maker of this Promissory Note hereby waives demand, protest, notice  
of dishonor and notice of maturity, non-payment or protest and any and all  
requirements necessary to hold it liable as a maker of this Promissory Note.  
  
 All payments of principal, interest and any other amounts due hereunder  
shall be made in the amounts required hereby without any reduction or set off of  
any kind whatsoever, including, without limitation, any reduction or set off  
with respect to any claim, counterclaim, defense or other right which Maker may  
have against the Payee.  
  
 The waiver by the Payee of the Maker's prompt and complete performance  
of, or default under, any provision of this Promissory Note shall not operate  
nor be construed as a waiver of any subsequent breach or default, and the  
failure by the Payee to exercise any right or remedy which it may possess  
hereunder shall not operate nor be construed as a bar to the exercise of any  
such right or remedy upon the occurrence of any subsequent breach or default.  
  
 This Promissory Note shall be governed by and construed in accordance  
with the laws of the State of Florida.  
  
 This Promissory Note may not be modified, amended or terminated, except  
in a writing executed by the Maker and the Payee.  
  
 IN WITNESS WHEREOF, the Maker, by and through its undersigned office  
thereunto duly authorized, has executed and delivered this Promissory Note the  
28th day of July, 1997.  
  
Attested By: Sano Corporation  
  
/s/ [illegible] By: /s/ XXXXXXXX X. XXXXX  
-------------------------- -----------------------------  
Asst. Secretary Xxxxxxxx X. Xxxxx, President  
  
  
  
  
 EXHIBIT D  
  
 [SALES SUMMARY FORM]