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

Form 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended **September 30, 2015**

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

Commission file number: 001-34263

Impax Laboratories, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**65-0403311**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
30831 Huntwood Avenue, Hayward, CA	**94544**
(Address of principal executive offices)	*(Zip Code)*

(510) 240-6000
(*Registrant's telephone number, including area code*)

Not Applicable
(*Former name, former address and former fiscal year, if changed since last report*)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

As of November 2, 2015, there were 70,513,639 shares of the registrant's common stock outstanding.

Impax Laboratories, Inc.

INDEX

PART I: FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

Impax Laboratories, Inc.
CONSOLIDATED BALANCE SHEETS
(amounts in thousands, except share and per share data)
(unaudited)

	September 30, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 318,402	$ 214,873
Short-term investments	---	199,983
Accounts receivable, net	228,502	146,490
Inventory, net	130,272	80,570
Deferred income taxes	83,503	54,825
Prepaid expenses and other current assets	37,120	33,710
Total current assets	797,799	730,451
Property, plant and equipment, net	206,127	188,169
Derivative asset	87,000	---
Other assets	66,299	64,455
Deferred income taxes	131	41,837
Intangible assets, net	628,354	26,711
Goodwill	210,166	27,574
Total assets	$ 1,995,876	$ 1,079,197
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 37,271	$ 31,976
Accrued expenses	159,891	110,470
Accrued profit sharing and royalty expenses	37,423	15,346
Current portion of deferred revenue	907	907
Total current liabilities	235,492	158,699
Long-term debt	419,413	---
Derivative liability	111,000	---
Deferred revenue	2,722	3,403
Deferred income taxes	163,560	---
Other liabilities	35,024	29,218
Total liabilities	967,211	191,320
Commitments and contingencies (Notes 12 and 20)		
Stockholders' equity:		
Preferred stock, $0.01 par value, 2,000,000 shares authorized, no shares outstanding at September 30, 2015 and December 31, 2014	---	---
Common stock, $0.01 par value, 90,000,000 shares authorized and 73,151,559 and 71,470,802 shares issued at September 30, 2015 and December 31, 2014, respectively	731	714
Additional paid-in capital	482,427	364,103
Treasury stock at cost - 243,729 shares	(2,157)	(2,157)
Accumulated other comprehensive loss	(11,132)	(6,009)
Retained earnings	558,796	531,226
Total stockholders' equity	1,028,665	887,877
Total liabilities and stockholders' equity	$ 1,995,876	$ 1,079,197

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Impax Laboratories, Inc.
CONSOLIDATED STATEMENTS OF INCOME
(amounts in thousands, except share and per share data)
(unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Revenues:				
Impax Generics Division revenues, net	$ 180,666	$ 145,633	$ 484,086	$ 431,167
Impax Specialty Pharma Division revenues, net	40,433	12,366	94,291	33,671
Total revenues	221,099	157,999	578,377	464,838
Cost of revenues	127,550	73,561	340,743	213,006
Gross profit	93,549	84,438	237,634	251,832
Operating expenses:				
Research and development	18,631	18,756	50,588	61,749
Patent litigation expense	1,052	1,293	3,506	5,233
Selling, general and administrative	46,307	38,888	144,776	97,182
Total operating expenses	65,990	58,937	198,870	164,164
Income from operations	27,559	25,501	38,764	87,668
Other income, net	134	8	929	115
Loss on debt extinguishment	---	---	(16,903)	---
Gain on sale of asset	45,574	---	45,574	---
Net change in fair value of derivatives	(4,000)	---	(4,000)	---
Interest income	247	370	825	1,123
Interest expense	(8,182)	(25)	(19,110)	3
Income before income taxes	61,332	25,854	46,079	88,909
Provision for income taxes	25,577	10,117	18,509	31,676
Net income	$ 35,755	$ 15,737	$ 27,570	$ 57,233
Net income per share:				
Basic	$ 0.51	$ 0.23	$ 0.40	$ 0.84
Diluted	$ 0.49	$ 0.22	$ 0.38	$ 0.81
Weighted-average common shares outstanding:				
Basic	69,820,348	68,254,327	69,378,792	68,019,336
Diluted	72,777,746	70,715,226	72,548,557	70,304,933

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Impax Laboratories, Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(amounts in thousands)
(unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Net income	$ 35,755	$ 15,737	$ 27,570	$ 57,233
Currency translation adjustments	(8,707)	(2,798)	(5,123)	(2,813)
Comprehensive income	$ 27,048	$ 12,939	$ 22,447	$ 54,420

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

I mpax Laboratories, Inc.
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(amounts in thousands)
(unaudited)

	Common Stock		Additional Paid-In	Treasury	Accumulated Other Comprehensive	Retained	
Stockholders' Equity	Shares	Par Value	Capital	Stock	Loss	Earnings	Total
Balance at December 31, 2014	71,228	$ 714	$ 364,103	$ (2,157)	$ (6,009)	$ 531,226	$ 887,877
Sale of warrants	---	---	88,320	---	---	---	88,320
Exercise of stock options, issuance of restricted stock and sale of common stock under ESPP	1,680	17	2,940	---	---	---	2,957
Share-based compensation expense	---	---	21,851	---	---	---	21,851
Tax benefit related to exercise of stock options and restricted stock	---	---	5,213	---	---	---	5,213
Currency translation adjustments	---	---	---	---	(5,123)	---	(5,123)
Net income	---	---	---	---	---	27,570	27,570
Balance at September 30, 2015	72,908	$ 731	$ 482,427	$ (2,157)	$ (11,132)	$ 558,796	$ 1,028,665

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Impax Laboratories, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(amounts in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2015	**2014**
Cash flows from operating activities:		
Net income	$ 27,570	$ 57,233
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	48,664	24,551
Loss on debt extinguishment	16,903	---
Gain on sale of asset	(45,574)	---
Net change in fair value of derivatives	4,000	---
Charge for licensing agreement	---	2,000
Intangible asset impairment charge	---	2,876
Provision for inventory reserves	(10,204)	5,833
Accretion of interest income on short-term investments	(81)	(603)
Non-cash interest expense	6,026	---
Deferred income taxes – net and uncertain tax positions	(8,833)	(8,741)
Tax impact related to the exercise of employee stock options and restricted stock	(5,213)	(1,736)
Deferred revenue	(681)	(3,150)
Accrued profit sharing and royalty expense	95,334	37,065
Payments of profit sharing and royalty expense	(79,330)	(35,014)
Share-based compensation expense	21,851	15,309
Changes in certain assets and liabilities:		
Accounts receivable	(25,180)	(39,294)
Inventory	(8,818)	(19,315)
Prepaid expenses and other assets	7,025	1,771
Accounts payable and accrued expenses	(5,505)	13,555
Other liabilities	(2,878)	1,599
Net cash provided by operating activities	35,076	53,939
Cash flows from investing activities:		
Payment for acquisition, net of cash acquired	(691,348)	---
Purchase of short-term investments	---	(314,306)
Maturities of short-term investments	200,064	301,385
Purchases of property, plant and equipment	(14,709)	(23,968)
Proceeds from sale of assets	59,546	---
Payments for licensing agreements and acquisitions	(5,550)	(11,000)
Net cash used in investing activities	(451,997)	(47,889)
Cash flows from financing activities:		
Proceeds from issuance of term loan	435,000	---
Repayment of term loan	(435,000)	---
Payment of deferred financing fees	(36,941)	---
Proceeds from sale of convertible notes	600,000	---
Purchase of bond hedge derivative asset	(147,000)	---
Proceeds from sale of warrants	88,320	---
Tax impact related to the exercise of employee stock options and restricted stock	5,213	1,736
Proceeds from exercise of stock options and ESPP	10,928	8,961
Net cash provided by financing activities	520,520	10,697
Effect of exchange rate changes on cash and cash equivalents	(70)	(889)
Net increase in cash and cash equivalents	103,529	15,858
Cash and cash equivalents, beginning of period	214,873	184,612
Cash and cash equivalents, end of period	$ 318,402	$ 200,470

Supplemental disclosure of non-cash investing and financing activities:

(in $000's)	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Cash paid for interest	$ 9,843	$ 16
Cash paid for income taxes	$ 24,599	$ 48,047

Accrued vendor invoices of approximately $992,000 and $911,000 at September 30, 2015 and 2014, respectively, are excluded from the purchase of property, plant, and equipment and the change in accounts payable and accrued expenses and prepaid and other assets. Depreciation expense was $7,695,000 and $5,117,000 for the three months ended September 30, 2015 and 2014, respectively, and was $19,242,000 and $15,144,000 for the nine months ended September 30, 2015 and 2014, respectively.

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

1. THE COMPANY & BASIS OF PRESENTATION

Impax Laboratories, Inc. ("Impax" or the "Company") is a specialty pharmaceutical company that focuses on developing, manufacturing, marketing and distributing generic and branded pharmaceutical products. The Company has two reportable segments, referred to as "Impax Generics" and "Impax Specialty Pharma ." The Impax Generics division focuses on a broad range of therapeutic areas, including products having technically challenging drug-delivery mechanisms or unique product formulations. In addition to developing solid oral dosage products, the Impax Generic division's portfolio includes alternative dosage form products, primarily through alliance and collaboration agreements with third parties. The Company's Impax Specialty Pharma division is focused on the development and promotion, through the Company's specialty sales force, of proprietary branded pharmaceutical products for the treatment of central nervous system ("CNS") disorders and other select specialty segments. As described in detail below, in March 2015, the Company renamed its operating and reporting structure into its current structure; prior to such time, the Impax Generics division was referred to as "Global Pharmaceuticals" and the Impax Specialty Pharma division was referred to as "Impax Pharmaceuticals ."

Acquisition of Tower Holdings, Inc. ("Tower") and Lineage Therapeutics Inc. ("Lineage")

On March 9, 2015, Impax completed its acquisition of Tower, including its operating subsidiaries CorePharma LLC ("CorePharma") and Amedra Pharmaceuticals LLC ("Amedra Pharmaceuticals"), and Lineage for a purchase price of approximately $691.3 million, net of approximately $41.5 million of cash acquired and including the repayment of indebtedness of Tower and Lineage (the "Transaction"). The privately-held companies specialized in the development, manufacture and commercialization of complex generic and branded pharmaceutical products. For additional information on the acquisition and the related financing of the acquisition, refer to "Note 10 – Business Acquisitions" and "Note 14 – Debt ."

In connection with the Transaction, the Company recorded an accrual for severance and related termination costs of $2.4 million in the nine month period ended September 30, 2015 related to the elimination of approximately 10 positions at the acquired companies. As of September 30, 2015, $1.0 million has been paid and the Company currently expects the remainder of this balance to be paid by the first half of 2016 .

Revised Operating and Reporting Structure

In connection with the closing of the Transaction, Impax renamed the operating and reporting structure of its two divisions into Impax Generics and Impax Specialty Pharma. Impax Generics includes the Company's legacy Global Pharmaceuticals business as well as the acquired CorePharma and Lineage businesses. Impax Specialty Pharma includes the legacy Impax Pharmaceuticals business as well as the acquired Amedra Pharmaceuticals business.

Impax Generics develops, manufactures, sells, and distributes generic pharmaceutical products primarily through the following four sales channels: the "Impax Generics" sales channel, for generic pharmaceutical prescription products the Company sells directly to wholesalers, large retail drug chains, and others; the "Private Label" sales channel, for generic pharmaceutical over-the-counter ("OTC") and prescription products the Company sells to unrelated third-party customers who, in turn, sell the product to third parties under their own label; the "Rx Partner" sales channel, for generic prescription products sold through unrelated third-party pharmaceutical entities under their own label pursuant to alliance agreements; and the "OTC Partner" sales channel, for generic pharmaceutical OTC products sold through unrelated third-party pharmaceutical entities under their own labels pursuant to alliance and supply agreements. Revenues from the "Impax Generics" sales channel and the "Private Label" sales channel are reported under the caption "Impax Generics sales, net" in "Note 21 – Supplementary Financial Information." The Company also generates revenue in Impax Generics from research and development services provided under a joint development agreement with another unrelated third-party pharmaceutical company, and reports such revenue under the caption "Other Revenues" in "Note 21 – Supplementary Financial Information." The Company provides these services through the research and development group in Impax Generics. Revenues from the "OTC Partner" sales channel are also reported under the caption "Other Revenues" in "Note 21 – Supplementary Financial Information."

Impax Specialty Pharma is engaged in the development of proprietary brand pharmaceutical products that the Company believes represent improvements to already-approved pharmaceutical products addressing CNS disorders and other select specialty segments. Impax Specialty Pharma currently has one internally developed branded pharmaceutical product, RYTARY® (IPX066), an extended release oral capsule formulation of carbidopa-levodopa for the treatment of Parkinson's disease, post-encephalitic parkinsonism, and parkinsonism that may follow carbon monoxide intoxication and/or manganese intoxication, which was approved by the FDA on January 7, 2015 and which the Company began marketing in the United States ("U.S.") in April 2015. The Company has also filed the required documents for a Market Authorization Application to the European Medicines Agency (EMA) for IPX066 (brand name NUMIENT™ outside of the United States) and on September 24, 2015 the Committee for Medicinal Products for Human Use (CHMP) of the EMA adopted a positive opinion recommending that NUMIENT™ be granted approval for the symptomatic treatment of adult patients with Parkinson's disease. Impax Specialty Pharma is also engaged in the sale and distribution of four other branded products; the more significant include Zomig® (zolmitriptan) products, indicated for the treatment of migraine headaches, under the terms of a Distribution, License, Development and Supply Agreement ("AZ Agreement") with AstraZeneca UK Limited ("AstraZeneca") in the United States and in certain U.S. territories, and Albenza®, indicated for the treatment of tapeworm infections. Revenues from Impax-labeled branded products are reported under the caption "Impax Specialty Pharma sales, net" in "Note 21 – Supplementary Financial Information." Finally, the Company generates revenue in Impax Specialty Pharma from research and development services provided under a development and license agreement with another unrelated third-party pharmaceutical company, and reports such revenue under the caption "Other Revenues" in "Note 21 – Supplementary Financial Information." Impax Specialty Pharma also has a number of product candidates that are in varying stages of development.

In California, the Company utilizes a combination of owned and leased facilities mainly located in Hayward. The Company's primary properties in California consist of a leased office building used as the Company's corporate headquarters, in addition to five properties it owns, including a research and development center facility and a manufacturing facility. Additionally, the Company leases three facilities in Hayward, utilized for additional research and development, administrative services, equipment storage and quality assurance support. In Pennsylvania, the Company owns a packaging, warehousing, and distribution center located in Philadelphia and leases a facility in New Britain used for sales and marketing, finance, and administrative personnel, as well as providing additional warehouse space. In connection with the closing of the Transaction, the Company acquired leased manufacturing and warehousing facilities in Middlesex, New Jersey and leased office space utilized for administrative services in Horsham, Pennsylvania. The Company also leases office space in Bridgewater, New Jersey. Outside the United States, in Taiwan, Republic of China ("R.O.C."), the Company owns a manufacturing facility.

The accompanying unaudited interim consolidated financial statements of the Company, have been prepared based upon United States Securities and Exchange Commission ("SEC") rules permitting reduced disclosure for interim periods, and include all adjustments necessary for a fair presentation of statements of income, statements of comprehensive income, statements of cash flows, statement of changes in stockholders' equity and financial condition for the interim periods shown, including normal recurring accruals and other items, noted below. While certain information and disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been condensed or omitted pursuant to SEC rules and regulations, the Company believes the disclosures are adequate to make the information presented not misleading. The unaudited interim consolidated financial statements of the Company include the accounts of the operating parent company, Impax Laboratories, Inc., its wholly owned subsidiaries, including Impax Laboratories (Taiwan) , Inc., Impax Laboratories USA, LLC, ThoRx Laboratories, Inc., Impax International Holding, Inc., Impax Holdings, LLC, Impax Laboratories (Netherlands) BV and Impax Laboratories (Netherlands) CV, Lineage Therapeutics Inc. and Tower, including operating subsidiaries CorePharma , Amedra Pharmaceuticals, Mountain, LLC and Trail Services, Inc., in addition to an equity investment in Prohealth Biotech, Inc. ("Prohealth"), in which the Company held a 57.54% majority ownership interest at September 30, 2015. All significant intercompany accounts and transactions have been eliminated.

The unaudited results of operations and cash flows for the interim period are not necessarily indicative of the expected results of the Company's operations for any other interim period or for the full year ending December 31, 2015. The unaudited interim consolidated financial statements and footnotes should be read in conjunction with the consolidated financial statements and footnotes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014 as filed with the SEC, wherein a more complete discussion of significant accounting policies and certain other information can be found.

The preparation of financial statements in conformity with GAAP and the rules and regulations of the SEC requires the use of estimates and assumptions, based on complex judgments considered reasonable, which affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant judgments are employed in estimates used in determining values of tangible and intangible assets, legal contingencies, tax assets and tax liabilities, fair value of share-based compensation related to equity incentive awards issued to employees and directors, fair value of derivative assets and liabilities and estimates used in applying the Company's revenue recognition policy including those related to accrued chargebacks, rebates, product returns, Medicare, Medicaid, and other government rebate programs, shelf-stock adjustments, and the timing and amount of deferred and recognized revenue and deferred and amortized product manufacturing costs related to alliance and collaboration agreements. Actual results may differ from estimated results. Certain prior year amounts have been reclassified to conform to the current year presentation.

In the normal course of business, the Company is subject to loss contingencies, such as legal proceedings and claims arising out of its business, covering a wide range of matters, including, among others, patent litigation, and product and clinical trial liability. In accordance with Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") Topic 450, "Contingencies," the Company records accrued loss contingencies when it is probable a liability has been incurred and the amount of loss can be reasonably estimated. The Company, in accordance with FASB ASC Topic 450, does not recognize gain contingencies until realized.

Re structuring of Packaging and Distribution Operations

On June 30, 2015, the Company committed to a restructuring of its packaging and distribution operations. As a result of this restructuring, the Company will be closing its Philadelphia packaging site and all Company-wide distribution operations will be outsourced to United Parcel Services (UPS). In conjunction with the restructuring, approximately 93 positions have been eliminated. The Company recorded an accrual for severance and related termination costs of $2.6 million in the three month period ended June 30, 2015. As of September 30, 2015, $0.4 million has been paid and the Company currently expects the remainder of this balance to be paid by December 31, 2015.

Update to Significant Accounting Policies

Derivatives

The Company generally does not use derivative instruments or engage in hedging activities in its ordinary course of business. Prior to June 30, 2015, the Company had no derivative assets or liabilities and did not engage in any hedging activities. As a result of the Company's June 30, 2015 issuance of the convertible senior notes described in "Note 14 – Debt", the conversion option of the notes met the criteria for an embedded derivative liability which required bifurcation and separate accounting. Contemporaneously with the issuance of the notes, the Company entered into a series of convertible note hedge and warrant transactions which in combination are designed to reduce the potential dilution to the Company's stockholders and/or offset the cash payments the Company is required to make in excess of the principal amount upon conversion of the notes. See "Note 5 – Derivatives" and "Note 17 – Stockholders' Equity" for additional information regarding the note hedge transactions and warrant transactions. While the warrants sold were classified as equity and recorded in additional paid-in capital, the call options purchased were classified as a bond hedge derivative asset on the Company's consolidated balance sheet. The Company engages a third-party valuation firm with expertise in valuing financial instruments to determine the fair value of the bond hedge derivative asset and conversion option derivative liability at each reporting period. The Company's consolidated balance sheet reflects the fair value of the derivative asset and liability as of the reporting date, and changes in the fair value are reflected in current period earnings, as appropriate.

2. REVENUE RECOGNITION

The Company recognizes revenue when the earnings process is complete, which under SEC Staff Accounting Bulletin No. 104, Topic No. 13, "Revenue Recognition" ("SAB 104"), is when revenue is realized or realizable and earned, there is persuasive evidence a revenue arrangement exists, delivery of goods or services has occurred, the sales price is fixed or determinable, and collectability is reasonably assured.

The Company accounts for revenue arrangements with multiple deliverables in accordance with FASB ASC Topic 605-25, revenue recognition for arrangements with multiple elements, which addresses the determination of whether an arrangement involving multiple deliverables contains more than one unit of accounting. A delivered item within an arrangement is considered a separate unit of accounting only if both of the following criteria are met:

- the delivered item has value to the customer on a stand-alone basis; and
- if the arrangement includes a general right of return relative to the delivered item, delivery or performance of the undelivered item is considered probable and substantially in the control of the vendor.

Under FASB ASC Topic 605-25, if both of the criteria above are not met, then separate accounting for the individual deliverables is not appropriate. Revenue recognition for arrangements with multiple deliverables constituting a single unit of accounting is recognized generally over the greater of the term of the arrangement or the expected period of performance, either on a straight-line basis or on a modified proportional performance basis.

The Company accounts for milestones related to research and development activities in accordance with FASB ASC Topic 605-28, milestone method of revenue recognition. FASB ASC Topic 605-28 allows for the recognition of consideration, which is contingent on the achievement of a substantive milestone, in its entirety in the period the milestone is achieved. A milestone is considered to be substantive if all of the following criteria are met: the milestone is commensurate with either: (1) the performance required to achieve the milestone, or (2) the enhancement of the value of the delivered items resulting from the performance required to achieve the milestone; the milestone relates solely to past performance; and, the milestone is reasonable relative to all of the deliverables and payment terms within the agreement.

Impax Generics sales, net, and Impax Specialty Pharma sales, net

Impax Generics sales, net and Impax Specialty Pharma sales, net include revenue recognized related to shipments of generic and branded pharmaceutical products to the Company's customers, primarily drug wholesalers and retail chains. Gross sales revenue is recognized at the time title and risk of loss passes to the customer, which is generally when product is received by the customer. Impax Generics and Impax Specialty Pharma revenue, net may include deductions from the gross sales price related to estimates for chargebacks, rebates, distribution service fees, returns, shelf-stock, and other pricing adjustments. The Company records an estimate for these deductions in the same period when the revenue is recognized. A summary of each of these deductions is as follows:

Chargebacks

The Company has agreements establishing contract prices for certain products with certain indirect customers, such as managed care organizations, hospitals and government agencies who purchase products from drug wholesalers. The contract prices are lower than the prices the customer would otherwise pay to the wholesaler, and the price difference is referred to as a chargeback, which generally takes the form of a credit memo issued by the Company to reduce the invoiced gross selling price charged to the wholesaler. An estimated accrued provision for chargeback deductions is recognized at the time of product shipment. The primary factors considered when estimating the provision for chargebacks are the average historical chargeback credits given, the mix of products shipped, and the amount of inventory on hand at the major drug wholesalers with whom the Company does business. The Company also monitors actual chargebacks granted and compares them to the estimated provision for chargebacks to assess the reasonableness of the chargeback reserve at each quarterly balance sheet date.

2. REVENUE RECOGNITION (continued)

Rebates

The Company maintains various rebate programs with its customers in an effort to maintain a competitive position in the marketplace and to promote sales and customer loyalty. The rebates generally take the form of a credit memo to reduce the invoiced gross selling price charged to a customer for products shipped. An estimated accrued provision for rebate deductions is recognized at the time of product shipment. The primary factors the Company considers when estimating the provision for rebates are the average historical experience of aggregate credits issued, the mix of products shipped and the historical relationship of rebates as a percentage of total gross product sales, the contract terms and conditions of the various rebate programs in effect at the time of shipment, and the amount of inventory on hand at the major drug wholesalers with whom the Company does business. The Company also monitors actual rebates granted and compares them to the estimated provision for rebates to assess the reasonableness of the rebate reserve at each quarterly balance sheet date.

Distribution Service Fees

The Company pays distribution service fees to several of its wholesaler customers related to sales of its Impax products. The wholesalers are generally obligated to provide the Company with periodic outbound sales information as well as inventory levels of the Company's products held in their warehouses. Additionally, the wholesalers have agreed to manage the variability of their purchases and inventory levels within specified days on hand limits. An accrued provision for distribution service fees is recognized at the time products are shipped to wholesalers.

Returns

The Company allows its customers to return product if approved by authorized personnel in writing or by telephone with the lot number and expiration date accompanying any request and if such products are returned within six months prior to or until twelve months following the products' expiration date. The Company estimates and recognizes an accrued provision for product returns as a percentage of gross sales based upon historical experience. The product return reserve is estimated using a historical lag period, which is the time between when the product is sold and when it is ultimately returned and estimated return rates which may be adjusted based on various assumptions including changes to internal policies and procedures, changes in business practices, and commercial terms with customers, competitive position of each product, amount of inventory in the wholesaler supply chain, the introduction of new products, and changes in market sales information. The Company also considers other factors, including significant market changes which may impact future expected returns, and actual product returns. The Company monitors actual returns on a quarterly basis and may record specific provisions for returns it believes are not covered by historical percentages.

Shelf-Stock Adjustments

Based upon competitive market conditions, the Company may reduce the selling price of certain Impax Generics products. The Company may issue a credit against the sales amount to a customer based upon their remaining inventory of the product in question, provided the customer agrees to continue to make future purchases of product from the Company. This type of customer credit is referred to as a shelf-stock adjustment, which is the difference between the original selling price and the revised lower sales price, multiplied by an estimate of the number of product units on hand at a given date. Decreases in selling prices are discretionary decisions made by the Company in response to market conditions, including estimated launch dates of competing products and declines in market price. The Company records an estimate for shelf-stock adjustments in the period it agrees to grant such a credit memo to a customer.

Medicaid and Other Government Pricing Programs

As required by law, the Company provides a rebate on drugs dispensed under the Medicaid program, Medicare Part D, TRICARE, and other United States government pricing programs. The Company determines its estimated government rebate accrual primarily based on historical experience of claims submitted by the various states and other jurisdictions and any new information regarding changes in the various programs which may impact the Company's estimate of government rebates. In determining the appropriate accrual amount, the Company considers historical payment rates and processing lag for outstanding claims and payments. The Company records estimates for government rebates as a deduction from gross sales, with corresponding adjustment to accrued liabilities.

2. REVENUE RECOGNITION (continued)

Cash Discounts

The Company offers cash discounts to its customers, generally 2% of the gross selling price, as an incentive for paying within invoice terms, which generally range from 30 to 90 days. An estimate of cash discounts is recorded in the same period when revenue is recognized.

Rx Partner and OTC Partner

The Rx Partner and OTC Partner contracts include revenue recognized under alliance and collaboration agreements between the Company and unrelated third-party pharmaceutical companies. The Company has entered into these alliance agreements to develop marketing and/or distribution relationships with its partners to fully leverage its technology platform.

The Rx Partners and OTC Partners alliance agreements obligate the Company to deliver multiple goods and/or services over extended periods. Such deliverables include manufactured pharmaceutical products, exclusive and semi-exclusive marketing rights, distribution licenses, and research and development services. In exchange for these deliverables, the Company receives payments from its agreement partners for product shipments and research and development services, and may also receive other payments including royalty, profit sharing, upfront, and periodic milestone payments. Revenue received from the alliance agreement partners for product shipments under these agreements is not subject to deductions for chargebacks, rebates, product returns, and other pricing adjustments. Royalty and profit sharing amounts the Company receives under these agreements are calculated by the respective agreement partner, with such royalty and profit share amounts generally based upon estimates of net product sales or gross profit which include estimates of deductions for chargebacks, rebates, product returns, and other adjustments the alliance agreement partners may negotiate with their respective customers. The Company records the alliance agreement partner's adjustments to such estimated amounts in the period the agreement partner reports the amounts to the Company.

The Company applies the updated guidance of ASC 605-25 “Multiple Element Arrangements” to the Strategic Alliance Agreement with Teva Pharmaceuticals Curacao N.V., a subsidiary of Teva Pharmaceutical Industries Limited (“Teva Agreement”). The Company looks to the underlying delivery of goods and/or services which give rise to the payment of consideration under the Teva Agreement to determine the appropriate revenue recognition. The Company initially defers consideration received as a result of research and development-related activities performed under the Teva Agreement. The Company recognizes deferred revenue on a straight-line basis over the Company’s expected period of performance of such services. The Company recognizes revenue received as a result of the manufacture and delivery of products under the Teva Agreement at the time title and risk of loss passes to the customer which is generally when product is received by Teva. The Company recognizes profit share revenue in the period earned.

OTC Partner revenue is related to agreements with Pfizer Inc. (formerly Wyeth) and L. Perrigo Company with respect to the supply of over-the-counter pharmaceutical products. The OTC Partner sales channel is no longer a core area of the business, and the over-the-counter pharmaceutical products the Company sells through this sales channel are older products which are only sold to Pfizer and Perrigo, and which are currently sold at a loss, on a fully absorbed basis. The Company is currently only required to manufacture the over-the-counter pharmaceutical products under its agreements with Pfizer and Perrigo. The Company recognizes profit share revenue in the period earned.

2. REVENUE RECOGNITION (continued)

Research Partner

The Research Partner contracts include revenue recognized under development agreements with unrelated third-party pharmaceutical companies. The development agreements generally obligate the Company to provide research and development services over multiple periods. In exchange for this service, the Company received upfront payments upon signing of each development agreement and is eligible to receive contingent milestone payments, based upon the achievement of contractually specified events. Additionally, the Company may also receive royalty payments from the sale, if any, of a successfully developed and commercialized product under one of these development agreements. The Company recognizes revenue received from the provision of research and development services, including the upfront payment and the milestone payments received before January 1, 2011 on a straight-line basis over the expected period of performance of the research and development services. The Company recognizes revenue received from the achievement of contingent research and development milestones after January 1, 2011 in the period such payment is earned. Royalty fee income, if any, will be recognized by the Company in the period when the revenue is earned.

Shipping and Handling Fees and Costs

Shipping and handling fees related to sales transactions are recorded as selling expense.

3. RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued updated guidance regarding the accounting for and disclosures of revenue recognition, with an effective date for annual and interim periods beginning after December 15, 2016. The update provides a single comprehensive model for accounting for revenue from contracts with customers. The model requires that revenue recognized reflect the actual consideration to which the entity expects to be entitled in exchange for the goods or services defined in the contract, including in situations with multiple performance obligations. This guidance will be the same for both U.S. GAAP and International Financial Reporting Standards (IFRS). In July 2015, the FASB deferred the effective date by one year. The guidance will be effective for annual and interim periods beginning after December 15, 2017. The Company is currently evaluating the effect that this guidance may have on its consolidated financial statements.

In April 2015, the FASB issued updated guidance on the presentation requirements for debt issuance costs and debt discount and premium. The update requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the updated guidance. The updated guidance is effective for annual and interim periods beginning after December 15, 2015 and early adoption is permitted for financial statements that have not been previously issued. The Company adopted this guidance in the three month period ended March 31, 2015, and it had no effect on the Company's results of operations . In August 2015, the FASB issued updated guidance on the presentation and measurement of debt issuance costs associated with line-of -credit arrangements. The guidance previously issued in April 2015 did not address presentation or subsequent measurement of debt issuance costs related to line-of-credit arrangements. The August update states that the debt issuance costs shall be presented as an asset and deferred debt issuance costs shall be amortized over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. The Company adopted this guidance in the three month period ended September 30, 2015, and it had no effect on the Company's results of operations .

In July 2015, the FASB issued updated guidance regarding the accounting for and measurement of inventory. The update requires that inventory measured using first-in, first-out (FIFO) shall be measured at the lower of cost and net realizable value. When there is evidence that the net realizable value of inventory is lower than its cost, the difference shall be recognized as a loss in earnings in the period in which it occurs. The guidance will be effective for annual and interim periods beginning after December 15, 2016. The Company is currently evaluating the effect that this guidance may have on its consolidated financial statements.

In September 2015, the FASB issued updated guidance regarding the accounting for and disclosure of measurement-period adjustments that occur in periods after a business combination is consummated. This update requires that the acquirer recognize measurement-period adjustments in the reporting period in which they are determined. Prior period information should not be revised. This update also requires an entity to present separately on the face of the income statement or disclose in the notes the amount recorded in the current-period income statement that would have been recorded in previous reporting periods if the adjustments had been recognized as of the acquisition date. The effective date for annual and interim periods begins after December 15, 2016. The Company is currently evaluating the effect that this guidance may have on its consolidated financial statements.

4. INVESTMENTS

Investments consist of commercial paper and corporate bonds. The Company's policy is to invest in only high quality "AAA-rated" or investment-grade securities. Investments in debt securities are accounted for as "held-to-maturity" and are recorded at amortized cost, which approximates fair value, generally based upon observable market values of similar securities. The Company has historically held all investments in debt securities until maturity, and has the ability and intent to continue to do so. All of the Company's investments have remaining contractual maturities of less than 12 months and are classified as short-term. Upon maturity, the Company uses a specific identification method.

There were no short-term investments outstanding as of September 30, 2015. A summary of short-term investments as of December 31, 2014 is as follows:

(in $000's) **December 31, 2014**	**Amortized Cost**	**Gross Unrecognized Gains**	**Gross Unrecognized Losses**	**Fair Value**
Commercial paper	$ 68,972	$ 17	$ --	$ 68,989
Corporate bonds	131,011	--	(101)	130,910
Total short-term investments	$ 199,983	$ 17	$ (101)	$ 199,899

During the three month period ended March 31, 2015, the Company liquidated its entire portfolio of short-term investments to fund the purchase price of its March 9, 2015 acquisition of Tower and Lineage.

5. DERIVATIVES

As discussed in "Note 14 – Debt", on June 30, 2015, the Company issued an aggregate principal amount of $600.0 million of 2.00% Convertible Senior Notes due June 2022 in a private placement offering (the "Notes"). The net proceeds from the offering, after deducting transaction costs, were approximately $581.4 million.

The conversion rate for the Notes is initially set at 15.7858 shares per $1,000 of principal amount, which is equivalent to an initial conversion price of $63.35 per share of the Company's common stock. The Notes will mature on June 15, 2022, unless earlier redeemed, repurchased or converted and will bear interest at a rate of 2.00% per year payable semiannually in arrears on June 15 and December 15 of each year, beginning December 15, 2015.

Concurrently with the issuance of the Notes, the Company entered into convertible note hedge transactions with a financial institution (the "Note Hedge Transactions"), which are generally expected to reduce the potential dilution to the Company's stockholders and/or offset the cash payments the Company is required to make in excess of the principal amount upon conversion of the Notes. T he Company also entered into separate warrant transactions with such financial institution in which it sold net-share-settled (or, at the Company's election subject to certain conditions, cash-settled) warrants to the financial institution initially relating to the same number of shares of the Company's common stock initially underlying the Notes, subject to customary anti-dilution adjustments (together, the "Warrant Transactions"). The strike price of the warrants will initially be $81.2770 per share (subject to adjustment). The Warrant Transactions could have a dilutive effect to the Company's stockholders to the extent that the market price per share of the Company's common stock, as measured under the terms of the Warrant Transactions, exceeds the applicable strike price of the warrants.

Derivative Asset

Pursuant to the Note Hedge Transactions, the Company purchased from the financial institution approximately 0.6 million call options on the Company's common stock (the "Bond Hedge Derivative Asset"), for which it paid consideration of $147.0 million. Each call option entitles the Company to purchase 15.7858 shares of the Company's common stock at an exercise price of $63.35 per share, is immediately exercisable, and has an expiration date of June 15, 2022, subject to earlier exercise. Taken together, the Note Hedge Transaction and the Warrant Transactions are intended to offset any actual dilution from the conversion of the Notes and to effectively increase the overall conversion price from $63.35 per share (the conversion price of the Notes and the exercise price of the call options) to $81.277 (the exercise price of the warrants). The Company received proceeds of approximately $88.3 million from the sale of the warrants.

The fair value of the Bond Hedge Derivative Asset at September 30, 2015 was $87.0 million, which is shown as a long-term asset on the Company's consolidated balance sheet. The fair value was determined by a model-derived valuation utilizing Level 2 inputs which are observable or whose significant value drivers are observable. The following table summarizes the inputs and assumptions used in the Black-Scholes model to calculate the fair value of Bond Hedge Derivative Asset as of September 30, 2015:

Common stock price	$	35.21
Exercise price	$	63.35
Risk-free interest rate		1.69%
Volatility		40%
Dividend yield		0%
Remaining contractual term (in years)		6.7

Derivative Liability

As of the June 30, 2015 issuance date of the Notes, the Company did not have the necessary number of authorized but unissued shares of its common stock available to share-settle the conversion option of the Notes. Until the Company's stockholders approve a sufficient increase in the authorized number of shares of the Company's common stock, the Company is required to settle the principal amount and conversion spread of the Notes in cash. Therefore, in accordance with guidance found in ASC 470-20 and ASC 815-15, the conversion option of the Notes was deemed an embedded derivative that must be bifurcated from the Notes (host contract) and accounted for separately as a derivative liability. This derivative liability will be remeasured at fair value at each reporting period, and changes in fair value will be reflected in current period earnings, as appropriate.

The fair value of the conversion option derivative liability at September 30, 2015 was $111.0 million, which is shown as a long-term liability on the Company's consolidated balance sheet. The fair value was determined by a model-derived valuation utilizing Level 2 inputs which are observable or whose significant value drivers are observable. The following table summarizes the inputs and assumptions used in the binomial lattice model to calculate the fair value as of September 30, 2015:

Common stock price	$	35.21
Exercise price	$	63.35
Risk-free interest rate		1.69%
Volatility		40%
Annual coupon rate		2%
Remaining contractual term (in years)		6.7

During the three month period ended September 30, 2015, the Company recognized in its consolidated statement of income $4.0 million of net expense related to the change in the fair value of the derivative instruments.

6. FAIR VALUE MEASUREMENT AND FINANCIAL INSTRUMENTS

The carrying values of cash and cash equivalents, accounts receivable, prepaid expenses and other current assets, and accounts payable in the Company's consolidated balance sheets approximated their fair values as of September 30, 2015 and December 31, 2014 due to their short-term nature.

Certain of the Company's financial instruments are measured at fair value using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 - Inputs are quoted prices for identical instruments in active markets.
- Level 2 - Inputs are quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; or model-derived valuations whose inputs are observable or whose significant value drivers are observable.
- Level 3 - Inputs are unobservable and reflect the Company's own assumptions, based on the best information available, including the Company's own data.

The carrying amounts and fair values of the Company's financial instruments at September 30, 2015 and December 31, 2014 are indicated below:

	As of September 30, 2015 (in thousands)				
			Fair Value Measurement Based on		
	Carrying Amount	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets					
Bond hedge derivative asset	$ 87,000	$ 87,000	$ -	$ 87,000	$ -
Deferred compensation plan (1)	$ 25,249	$ 25,249	$ -	$ 25,249	$ -
Liabilities					
2% convertible senior notes due June 2022	$ 419,413	$ 541,500	$ 541,500	$ -	$ -
Conversion option derivative liability	$ 111,000	$ 111,000	$ -	$ 111,000	$ -
Deferred compensation plan (1)	$ 24,762	$ 24,762	$ -	$ 24,762	$ -

	As of December 31, 2014 (in thousands)				
			Fair Value Measurement Based on		
	Carrying Amount	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets					
Short-term investments	$ 199,983	$ 199,899	$ 199,899	$ -	$ -
Deferred compensation plan (1)	$ 29,241	$ 29,241	$ -	$ 29,241	$ -
Liabilities					
Deferred compensation plan (1)	$ 25,837	$ 25,837	$ -	$ 25,837	$ -

(1) The deferred compensation liability is a non-current liability recorded at the value of the amount owed to the plan participants, with changes in value recognized as a compensation expense in the Company's consolidated statements of income. The calculation of the deferred compensation obligation is derived from observable market data by reference to hypothetical investments selected by the participants and is included in the line items captioned "Other liabilities" on the Company's consolidated balance sheets. The Company invests in corporate-owned life insurance ("COLI") policies, of which the cash surrender value is included in the line item captioned "Other assets" on the Company's consolidated balance sheets.

7. ACCOUNTS RECEIVABLE

The composition of accounts receivable, net is as follows:

(in $000's)	September 30, 2015	December 31, 2014
Gross accounts receivable	$ 575,750	$ 287,362
Less: Rebate reserve	(238,893)	(88,812)
Less: Chargeback reserve	(83,890)	(43,125)
Less: Other deductions	(24,465)	(8,935)
Accounts receivable, net	$ 228,502	$ 146,490

A roll-forward of the rebate and chargeback reserves activity for the nine months ended September 30, 2015 and the year ended December 31, 2014 is as follows:

(in $000's) **Rebate reserve**	September 30 , 2015	December 31, 2014
Beginning balance	$ 88,812	$ 88,449
Acquired balances	75,448	--
Provision recorded during the period	368,929	260,747
Credits issued during the period	(294,296)	(260,384)
Ending balance	$ 238,893	$ 88,812

(in $000's) **Chargeback reserve**	September 30 , 2015	December 31, 2014
Beginning balance	$ 43,125	$ 37,066
Acquired balances	24,532	--
Provision recorded during the period	584,078	487,377
Credits issued during the period	(567,845)	(481,318)
Ending balance	$ 83,890	$ 43,125

Other deductions include allowance for uncollectible amounts and cash discounts. The Company maintains an allowance for doubtful accounts for estimated losses resulting from amounts deemed to be uncollectible from its customers, with such allowances for specific amounts on certain accounts. The Company had an allowance for uncollectible amounts of $3,259,000 and $515,000 at September 30, 2015 and December 31, 2014, respectively.

8. INVENTORY

Inventory is stated at the lower of cost or market. Cost is determined using a standard cost method, and the cost flow assumption is first in, first out ("FIFO") flow of goods. Standard costs are revised annually, and significant variances between actual costs and standard costs are apportioned to inventory and cost of goods sold based upon inventory turnover. Costs include materials, labor, quality control, and production overhead. Inventory is adjusted for short-dated, unmarketable inventory equal to the difference between the cost of inventory and the estimated value based upon assumptions about future demand and market conditions. If actual market conditions are less favorable than those projected by the Company, additional inventory write-downs may be required. Consistent with industry practice, the Company may build pre-launch inventories of certain products which are pending required approval from the FDA and/or resolution of patent infringement litigation, when, in the Company's assessment, such action is appropriate to increase the commercial opportunity and FDA approval is expected in the near term and/or the litigation will be resolved in the Company's favor. The Company accounts for all costs of idle facilities, excess freight and handling costs, and wasted materials (spoilage) as a current period charge in accordance with GAAP.

Inventory, net of carrying value reserves at September 30, 2015 and December 31, 2014 consisted of the following:

(in $000's)	September 30, 2015	December 31, 2014
Raw materials	$ 58,292	$ 34,681
Work in process	7,112	2,447
Finished goods	78,363	55,102
Total inventory	143,767	92,230
Less: Non-current inventory	13,495	11,660
Total inventory-current	$ 130,272	$ 80,570

In connection with the Transaction, the Company acquired $34.0 million in inventory, including approximately $3.0 million of non-current inventory included in "Other Non-current Assets" on the Company's consolidated balance sheets.

Inventory carrying value reserves were $22,107,000 and $25,639,000 at September 30, 2015 and December 31, 2014, respectively. The carrying value of unapproved inventory less reserves was $9,713,300 and $7,312,000 at September 30, 2015 and December 31, 2014, respectively.

The Company recognizes pre-launch inventories at the lower of its cost or the expected net selling price. Cost is determined using a standard cost method, which approximates actual cost, and assumes a FIFO flow of goods. Costs of unapproved products are the same as approved products and include materials, labor, quality control, and production overhead. When the Company concludes that FDA approval is expected within approximately six months for a drug product candidate, the Company may begin to schedule manufacturing process validation studies as required by the FDA to demonstrate the production process can be scaled up to manufacture commercial batches. Consistent with industry practice, the Company may build quantities of unapproved product inventory pending final FDA approval and/or resolution of patent infringement litigation, when, in the Company's assessment, such action is appropriate to increase its commercial product opportunity, and FDA approval is expected in the near term, and/or the litigation will be resolved in the Company's favor. The capitalization of unapproved pre-launch inventory involves risks, including, among other items, FDA approval may not occur; approvals may require additional or different testing and/or specifications than used for unapproved inventory, and in cases where the unapproved inventory is for a product subject to litigation, the litigation may not be resolved or settled in the Company's favor. If any of these risks materialize and the launch of the unapproved product inventory is delayed or prevented, then the net carrying value of unapproved inventory may be partially or fully reserved. Generally, the selling price of a generic pharmaceutical product is at a discount from the corresponding brand product selling price. Typically, a generic drug is easily substituted for the corresponding brand product, and once a generic product is approved, the pre-launch inventory is typically sold within the next three months. If the market prices become lower than the product inventory carrying costs, then the pre-launch inventory value is reduced to such lower market value. If the inventory produced exceeds the estimated market acceptance of the generic product and becomes short-dated, a carrying value reserve will be recorded. In all cases, the carrying value of the Company's pre-launch product inventory is lower than the respective estimated net selling prices.

To the extent inventory is not scheduled to be utilized in the manufacturing process and/or sold within 12 months of the balance sheet date, it is included as a component of other non-current assets. Amounts classified as non-current inventory consist of raw materials, net of valuation reserves. Raw materials generally have a shelf life of approximately three to five years, while finished goods generally have a shelf life of approximately two years.

9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, net consisted of the following:

(in $000's)	September 30, 2015	December 31, 2014
Land	$ 5,773	$ 5,773
Buildings and improvements	167,172	154,374
Equipment	135,698	122,184
Office furniture and equipment	14,917	12,623
Construction-in-progress	16,200	9,404
Property, plant and equipment, gross	339,760	304,358
Less: Accumulated depreciation	(133,633)	(116,189)
Property, plant and equipment, net	$ 206,127	$ 188,169

In connection with the Transaction, the Company acquired $27.5 million in property, plant and equipment.

In connection with the Company's restructuring of its packaging and distribution operations discussed in "Note 1 – The Company & Basis of Presentation", the Company recorded $2.4 million of accelerated depreciation on certain buildings, leasehold improvements and machinery and equipment, in addition to $0.4 million of accelerated lease expense during the third quarter of 2015.

10. BUSINESS ACQUISITIONS

On March 9, 2015, the Company completed its previously announced acquisition of all of the outstanding shares of common stock of Tower and Lineage, pursuant to the Stock Purchase Agreement dated as of October 8, 2014, by and among the Company, Tower, Lineage, Roundtable Healthcare Partners II, L.P., Roundtable Healthcare Investors II, L.P., and the other parties thereto, including holders of certain options and warrants to acquire the common stock of Tower or Lineage. In connection with the Transaction, options and warrants of Tower and Lineage were cancelled. The total consideration paid for Tower and Lineage was approximately $691.3 million, net of approximately $41.5 million of cash acquired and including the repayment of indebtedness of Tower and Lineage . The Company incurred acquisition-related costs related to the Transaction of approximately $11 million, of which approximately $7 million are included in selling, general and administrative expenses in the Company's consolidated statement of income for the nine months ended September 30, 2015.

The Transaction allows the Company to expand its commercialized generic and branded product portfolios; the Company also uses its sales and marketing organization to promote the marketed products acquired in the Transaction.

Consideration

The Company has accounted for the Transaction as a business combination under the acquisition method of accounting. The Company has preliminarily allocated the purchase price for the Transaction based upon the estimated fair value of net assets acquired and liabilities assumed at the date of acquisition. Accordingly, the preliminary purchase price allocation described below is subject to change. The Company expects to finalize the allocation of the purchase price upon receipt of final valuations for the intangible assets, final resolution of post-closing working capital adjustments and certain tax accounts that are based on the best estimates of management. The completion and filing of federal and state tax returns for the various purchased entities of the Transaction may result in adjustments to the carrying value of assets and liabilities. Any adjustments to the preliminary fair values will be made as soon as practicable but no later than one year from the March 9, 2015 acquisition date.

Recognition and Measurement of Assets Acquired and Liabilities Assumed at Fair Value

The following tables summarize the preliminary fair values of the tangible and identifiable intangible assets acquired and liabilities assumed in the Transaction at the acquisition date, net of cash acquired of approximately $41.5 million:

(in $000's)		
Accounts receivable [1]	$	56,851
Inventory		31,259
Income tax receivable and other prepaid expenses		11,690
Deferred income taxes		24,508
Property, plant and equipment		27,540
Intangible assets		632,600
Assets held for sale		4,000
Goodwill		182,592
Other non-current assets		3,844
Total assets assumed		974,884
Current liabilities		64,938
Other non-current liabilities		7,799
Deferred tax liability		210,799
Total liabilities assumed		283,536
Cash paid, net of cash acquired	$	691,348

(1) The accounts receivable acquired in the Transaction had a fair value of approximately $57 million, including an allowance for doubtful accounts of approximately $9 million, which represents the Company's best estimate on March 9, 2015 (the closing date of the Transaction) of the contractual cash flows not expected to be collected by the acquired companies in the Transaction.

Intangible Assets

The following table identifies the Company's preliminary allocations of purchase price to intangible assets including the weighted -average amortization period in total and by major intangible asset class:

(in $000's)	Estimated Fair Value	Weighted - Average Estimated Useful Life (years)
Currently marketed products	$ 381,100	13
Royalties and contract manufacturing relationships	80,800	12
In-process research and development	170,700	n/a
Total intangible assets	$ 632,600	12

The estimated fair value of the in-process research and development and identifiable intangible assets was determined using the "income approach," which is a valuation technique that provides an estimate of the fair value of an asset based on market participant expectations of the cash flows an asset would generate over its remaining useful life. Some of the more significant assumptions inherent in the development of those asset valuations include the estimated net cash flows for each year for each asset or product (including net revenues, cost of sales, research and development costs, selling and marketing costs and working capital/asset contributory asset charges), the appropriate discount rate to select in order to measure the risk inherent in each future cash flow stream, the assessment of each asset's life cycle, the potential regulatory and commercial success risks, competitive trends impacting the asset and each cash flow stream as well as other factors. The discount rates used to arrive at the present value at the acquisition date of currently marketed products was 15% and for in-process research and development was 16% to reflect the internal rate of return and incremental commercial uncertainty in the cash flow projections. No assurances can be given that the underlying assumptions used to prepare the discounted cash flow analysis will not change. For these and other reasons, actual results may vary significantly from estimated results.

Goodwill

The Company recorded approximately $182.6 million of goodwill in connection with the Transaction, some of which will not be tax-deductible. Approximately $60.2 million of this goodwill was assigned to the Impax Specialty Pharma segment and approximately $122.4 million was assigned to the Impax Generics segment. Factors that contributed to the Company's preliminary recognition of goodwill include the Company's intent to expand its generic and branded pharmaceutical product portfolios and to acquire certain benefits from the Tower and Lineage product pipelines in addition to the anticipated synergies that the Company expects to generate from the acquisition.

Revenues and Earnings from Tower and Lineage for the Three and Nine Months Ended September 30, 2015

Included in the Company's consolidated statements of income for the three and nine months ended September 30, 2015 were revenues of approximately $47.9 million and $120.0 million, respectively, and loss before income taxes of approximately $0.3 million and $1.3 million, respectively, representing the results of operations of Tower and Lineage and their subsidiaries.

Unaudited Pro Forma Results of Operations

The unaudited pro forma combined results of operations for the three and nine months ended September 30, 2015 and 2014 (assuming the closing of the acquisition of Tower and Lineage occurred on January 1, 2014) are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
(in $000's)				
Total revenues	$ 221,099	$ 222,817	$ 610,814	$ 640,788
Net income	$ 39,097	$ 19,614	$ 40,007	$ 43,835

The pro forma results have been prepared for comparative purposes only and are not necessarily indicative of the actual results of operations had the closing of the Transaction taken place on January 1, 2014. Furthermore, the pro forma results do not purport to project the future results of operations of the Company.

The unaudited pro forma information reflects primarily the following adjustments:

- Adjustments to amortization expense related to identifiable intangible assets acquired. Net income for the three and nine month periods ending September 30, 2015 reflects the lack of amortization expense for an acquired intangible asset with a short remaining estimated useful life, which causes the asset to be fully amortized by the end of 2014 under the pro forma assumption that the acquisition took place January 1, 2014;

- Adjustments to depreciation expense related to property, plant and equipment acquired;

- Adjustments to interest expense to reflect the long-term debt held by Tower and Lineage paid out and eliminated at the closing and the Barclays Senior Secured Credit Facilities (described in detail in "Note 14. – Debt" below);

- Adjustments to cost of revenues related to the fair value adjustments in inventory sold including elimination of approximately $1 million and $6 million for the three and nine months ended September 30, 2015, respectively, and additional costs of approximately $6 million for the nine months ended September 30, 2014, respectively;

- Adjustments to selling, general and administrative expense related to severance and retention costs of approximately $3 million incurred as part of the Transaction. These costs were eliminated in the pro forma results for the nine months ended September 30, 2015 and included in the corresponding comparative period;

- Adjustments to selling, general and administrative expense related to transaction costs directly attributable to the Transaction include the elimination of $12 million of charges in the nine month period ended September 30, 2015 which have been included in the nine month period ended September 30, 2014 and $4 million of charges incurred in the second half of fiscal year 2014 which have been included in the nine month period ended September 30, 2015; and

- Adjustments to reflect the elimination of approximately $2.3 million in commitment fees related to its $435 million term loan with Barclays that were incurred during the nine months ended September 30, 2015 and inclusion in the corresponding comparative period.

All of the above adjustments were adjusted for the applicable tax impact.

11. GOODWILL AND INTANGIBLE ASSETS

Goodwill (including goodwill in connection with the Transaction) was $210,166,000 at September 30, 2015 and $27,574,000 at December 31, 2014. In connection with the Transaction, the Company recorded approximately $183 million of goodwill. As of September 30, 2015, the Company attributes $15 0 million of goodwill to Impax Generics and $60 million to Impax Specialty Pharma. Goodwill is tested at least annually for impairment or whenever events or changes in circumstances have occurred which could have a material adverse effect on the estimated fair value of the reporting unit, and thus indicate a potential impairment of the goodwill carrying value. The Company concluded the carrying value of goodwill was not impaired as of December 31, 2014.

Intangible assets consisted of the following:

(in $000's)	Initial Cost	Accumulated Amortization	Impairment	Products Sold	Carrying Value
September 30, 2015					
Amortized intangible assets:					
Tower currently marketed products	$ 381,100	$ (18,808)	$ ---	$ (9,291)	$ 353,001
Tower in-process research and development	170,700	---	---	---	170,700
Tower royalties and contract manufacturing relationships	80,800	(105)	---	---	80,695
Zomig® product rights	41,783	(33,752)	---	---	8,031
Tolmar product rights	38,450	(16,077)	(16,032)	---	6,341
Perrigo product rights	1,500	(344)	---	---	1,156
Acquired generics product rights	8,000	(1,120)	---	---	6,880
Other product rights	1,550	---	---	---	1,550
Total intangible assets	$ 723,883	$ (70,206)	$ (16,032)	$ (9,291)	$ 628,354

(in $000's) **December 31, 2014**	Initial Cost	Accumulated Amortization	Impairment	Carrying Value
Amortized intangible assets:				
Zomig ® product rights	$ 41,783	$ (31,561)	$ ---	$ 10,222
Tolmar product rights	33,450	(10,801)	(16,032)	6,617
Perrigo product rights	1,000	(297)	---	703
Ursodiol product rights	3,000	(331)	---	2,669
Other product rights	7,250	---	(750)	6,500
Total intangible assets	$ 86,483	$ (42,990)	$ (16,782)	$ 26,711

In connection with the Transaction, the Company acquired approximately $633 million of intangible assets ("Tower products"). In July 2015, the Company received an unsolicited offer from Turing Pharmaceuticals AG to purchase the U.S. rights to Daraprim®, one of the intangible assets acquired from the Tower acquisition, as well as the active pharmaceutical ingredient for the product and the finished goods inventory on hand. The sale closed in August 2015, and the Company received proceeds of approximately $55.5 million at the closing. The carrying value of the Daraprim® rights at the time of the sale was approximately $9.3 million, net of $0.2 million of accumulated amortization. The Company recognized a gain on the sale of the intangible asset of approximately $45.6 million, net of expenses.

The Zomig ® product rights under the Distribution, License, Development and Supply Agreement ("AZ Agreement") with AstraZeneca UK Limited ("AstraZeneca") were amortized on a straight-line basis over a period of 14 months starting in April 2012 and ending upon the expiration of the underlying patent for the tablet and over a period of 11 months starting in July 2012 and ending upon the expiration of the underlying patent for the orally disintegrating tablet. The Zomig ® product rights under the AZ Agreement are also being amortized over a period of 72 months starting in July 2012 for the nasal spray.

In June 2012, the Company entered into a Development, Supply and Distribution Agreement (the "Tolmar Agreement") with TOLMAR, Inc. ("Tolmar"). Under the terms of the Tolmar Agreement, Tolmar granted to the Company an exclusive license to commercialize up to 11 generic topical prescription drug products, including ten currently approved products and one product pending approval at the FDA, in the United States and its territories. Under the terms of the Tolmar Agreement, Tolmar is responsible for developing and manufacturing the products, and the Company is responsible for the marketing and sale of the products. During the three month period ended September 30, 2013, as a result of the most recent market share data obtained by the Company and the Company's revised five year projections for the Tolmar product lines, the Company performed an intangible asset impairment test on the Tolmar products. Based on the results of the impairment analysis, the Company recorded a $13.2 million impairment charge to cost of revenues for Impax Generics in the three month period ended September 30, 2013. During the three month period ended March 31, 2014, as a result of a further decline in pricing, the Company revised its projections and performed an intangible asset impairment analysis. Based on the results of this analysis, the Company recorded a $2.9 million charge to cost of revenues for Impax Generics, which was 100% of the remaining net book value of this asset. The remaining carrying value of the Tolmar product rights are being amortized over the remaining estimated useful lives of the underlying products over a period ranging from five to 12 years, starting upon commencement of commercialization activities by the Company during the year ended December 31, 2012. During the quarter ended June 30, 2015, the Company paid a $5.0 million milestone related to certain topical products pursuant to the Tolmar Agreement.

Information concerning the AZ Agreement and the Tolmar Agreement can be found in "Note 15 - Alliance and Collaboration Agreements."

During the three month period ended June 30, 2014, the Company paid a $1.0 million milestone payment to Perrigo Company, plc ("Perrigo") in conjunction with its launch of a generic version of Astepro ® nasal spray pursuant to a development agreement between the Company and an affiliate of Perrigo. The milestone was capitalized as an intangible asset acquisition and will be amortized over the expected cash flows of the product. During the three month period ended September 30, 2014, the Company acquired from Actavis two generic products including one product marketed under an existing Abbreviated New Drug Application ("ANDA"), the Ursodiol tablet, and one approved product that was not yet then marketed, the Lamotrigine orally disintegrating tablet. The entire purchase price was allocated to identifiable intangible assets and the Ursodiol intangible will be amortized over an eight year period. The Lamotrigine product was considered in-process research and development. The Company received FDA approval of the Lamotrigine tablet in blister packaging in January 2015 and launched the product in early April 2015. The Company began amortizing the Lamotrigine intangible asset during the three month period ended June 30, 2015.

Other product rights consist of ANDAs which have been filed with the FDA. For the remaining ANDAs, the Company will either commence amortization upon FDA approval and commercialization over the estimated useful life of the product rights, or will expense the related costs immediately upon failure to obtain FDA approval. Amortization expense is included as a component of cost of revenues on the consolidated statements of income and was $10,307,000 and $2,463,000 for the three month periods ended September 30, 2015 and 2014, respectively, and $27,216,000 and $7,487,000 for the nine month periods ended September 30, 2015 and 2014, respectively.

The following schedule shows the expected amortization of product rights as of September 30, 2015 for the next five years and thereafter:

(in $000s)	Amortization Expense
Remainder of 2015	$ 10,447
2016	22,046
2017	22,977
2018	33,059
2019	37,667
Thereafter	329,908
Totals	$ 456,104

12. ACCRUED EXPENSES, COMMITMENTS AND CONTINGENCIES

The following table sets forth the Company's accrued expenses:

(in $000's)	September 30, 2015	December 31, 2014
Payroll-related expenses	$ 31,146	$ 33,812
Product returns	52,862	27,174
Government rebates	49,325	18,272
Legal and professional fees	7,453	9,497
Income taxes payable	494	40
Physician detailing sales force fees	1,319	2,336
Litigation accrual	4,750	12,750
Interest payable	3,000	---
Other	9,542	6,589
Total accrued expenses	$ 159,891	$ 110,470

Product Returns

The Company maintains a return policy to allow customers to return product within specified guidelines. At the time of sale, the Company estimates a provision for product returns based upon historical experience for sales made through Impax Generics and Impax Specialty Pharma sales channels. Sales of product under the Private Label, Rx Partner and OTC Partner alliance and collaboration agreements are generally not subject to returns. A roll forward of the product returns reserve for the nine month period ended September 30, 2015 and for the year ended December 31, 2014 is as follows:

(in $000's) **Returns Reserve**	September 30, 2015	December 31, 2014
Beginning balance	$ 27,174	$ 28,089
Acquired balances	18,949	--
Provision related to sales recorded in the period	34,427	12,016
Credits issued during the period	(27,688)	(12,931)
Ending balance	$ 52,862	$ 27,174

Taiwan Facility Construction

The Company has entered into several contracts relating to ongoing construction at its manufacturing facility located in Jhunan, Taiwan, R.O.C. As of September 30, 2015, the Company had remaining obligations under these contracts of approximately $837,000.

Purchase Order Commitments

As of September 30, 2015, and excluding the Taiwan Facility Construction, the Company had $48,131,000 of open purchase order commitments, primarily for raw materials. The terms of these purchase order commitments are generally less than one year in duration.

13. INCOME TAXES

The Company calculates its interim income tax provision in accordance with FASB ASC Topics 270 and 740. At the end of each interim period, the Company makes an estimate of the annual U . S . domestic and foreign jurisdictions' expected effective tax rates and applies these rates to its respective year-to-date taxable income or loss. The computation of the annual estimated effective tax rates at each interim period requires certain estimates and assumptions including, but not limited to, the expected operating income for the year, projections of the proportion of income (or loss) earned and taxed in the United States, and the various state and local tax jurisdictions, as well as tax jurisdictions outside the United States, along with permanent differences, and the likelihood of deferred tax asset utilization. The accounting estimates used to compute the provision for income taxes may change as new events occur, more experience is acquired or additional information is obtained. The computation of the annual estimated effective tax rate includes modifications, which were projected for the year, for share-based compensation and state research and development credits, among others. In addition, the effect of changes in enacted tax laws, rates, or tax status is recognized in the interim period in which the respective change occurs.

During the nine month period ended September 30, 2015, the Company recognized an aggregate consolidated tax provision of $18,509,000 for U.S. domestic and foreign income taxes. In the nine month period ended September 30, 2014, the Company recognized an aggregate consolidated tax provision of $31,676,000 for U.S. domestic and foreign income taxes. The decrease in the tax provision during the current period resulted from lower consolidated income before taxes in the nine month period ended September 30, 2015, as compared to the same period in the prior year. The effective tax rate of 40% for the nine month period ended September 30, 2015 was higher than the effective tax rate of 36% for the prior year period as a result of a change in the timing and mix of U.S. and foreign income. Other contributing factors to the rate fluctuation included a higher add back for non-deductible executive compensation limited by section 162(m) of the Internal Revenue Code, which prohibits publicly held corporations from deducting more than $1 million per year in compensation paid to each of certain covered employees, and non-deductible acquisition-related transaction costs. The Company is closely monitoring the events and circumstances that determine the need for a valuation allowance related to state research and development tax credit carryforwards and have determined that it would be premature to set up the valuation allowance at this time.

14. DEBT

2% Convertible Senior Notes due June 2022

On June 30, 2015, the Company issued an aggregate principal amount of $600.0 million of 2.00% Convertible Senior Notes due June 2022 (the "Notes") in a private placement offering, which are the Company's senior unsecured obligations. The Notes were issued pursuant to an Indenture dated June 30, 2015 (the "Indenture") between the Company and Wilmington Trust, N.A. as trustee. The Indenture includes customary covenants and sets forth certain events of default after which the Notes may be due and payable immediately. The Notes will mature on June 15, 2022, unless earlier redeemed, repurchased or converted. The Notes bear interest at a rate of 2.00% per year, and interest is payable semiannually in arrears on June 15 and December 15 of each year, beginning on December 15, 2015.

The conversion rate for the Notes is initially set at 15.7858 shares per $1,000 of principal amount, which is equivalent to an initial conversion price of $63.35 per share of the Company's common stock. If a Make-Whole Fundamental Change (as defined in the Indenture) occurs or becomes effective prior to the maturity date and a holder elects to convert its Notes in connection with the Make-Whole Fundamental Change, the Company is obligated to increase the conversion rate for the Notes so surrendered by a number of additional shares of the Company's common stock as prescribed in the Indenture. Additionally, the conversion rate is subject to adjustment in the event of an equity restructuring transaction such as a stock dividend, stock split, spinoff, rights offering, or recapitalization through a large, nonrecurring cash dividend ("standard antidilution provisions," per ASC 815-40 – Contracts in Entity's Own Equity).

The Notes are convertible at the option of the holders at any time prior to the close of business on the business day immediately preceding December 15, 2021 only under the following circumstances:

(i) If during any calendar quarter commencing after the quarter ending September 30, 2015 (and only during such calendar quarter) the last reported sale price of the Company's common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than 130% of the conversion price on each applicable trading day; or

(ii) If during the five business day period after any 10 consecutive trading day period (the "measurement period") in which the trading price per $1,000 of principal amount of Notes for each trading day of the measurement period was less than 98% of the product of the last report sale price of the Company's common stock and the conversion rate on each such trading day; or

(iii) Upon the occurrence of corporate events specified in the Indenture.

On or after December 15, 2021 until the close of business on the second scheduled trading day immediately preceding the maturity date, the holders may convert their Notes at any time, regardless of the foregoing circumstances. The Company may satisfy its conversion obligation by paying or delivering, as the case may be, cash, shares of the Company's common stock, or a combination of cash and shares of the Company's common stock, at the Company's election and in the manner and subject to the terms and conditions provided in the Indenture.

Concurrently with the offering of the Notes and using a portion of the proceeds from the sale of the Notes, the Company entered into a series of convertible note hedge and warrant transactions (the "Note Hedge Transactions" and "Warrant Transactions") which are designed to reduce the potential dilution to the Company's stockholders and/or offset the cash payments the Company is required to make in excess of the principal amount upon conversion of the Notes. The Note Hedge Transactions and Warrant Transactions are separate transactions, in each case, entered into by the Company with a financial institution and are not part of the terms of the Notes. These transactions will not affect any holder's rights under the Notes, and the holders of the Notes have no rights with respect to the Note Hedge Transactions and Warrant Transactions. See "Note 5 – Derivatives" and "Note 17 – Stockholders' Equity" for additional information.

As of the June 30, 2015 issuance date of the Notes, the Company did not have the necessary number of authorized but unissued shares of its common available to settle the conversion option of the Notes in shares of the Company's common stock. Unless and until the Company's stockholders approve a sufficient increase in the authorized share count, the Company is required to settle the principal amount and conversion spread of the Notes in cash. Therefore, in accordance with guidance found in ASC 470-20 – Debt with Conversion and Other Options ("ASC 470-20") and ASC 815-15 – Embedded Derivatives ("ASC 815-15"), the conversion option of the Notes was deemed an embedded derivative which must be bifurcated from the Notes (host contract) and accounted for separately as a derivative liability. The fair value of the conversion option derivative liability at September 30, 2015 was $111.0 million, which was recorded with an offsetting debit to the book value of the debt. This debt discount will be amortized to interest expense over the term of the debt using the effective interest method.

In connection with the issuance of the Notes, the Company incurred approximately $18.7 million of debt issuance costs for banking, legal and accounting fees and other expenses. This was also recorded on the Company's balance sheet as a debt discount, in accordance with the Company's early adoption of Accounting Standards Update ("ASU") No. 2015-03 – Simplifying the Presentation of Debt Issuance Costs ("ASU 2015-03"), and will be amortized to interest expense over the term of the debt using the effective interest method.

As the private offering closed on the last day of the quarter ended June 30, 2015, there was no related interest expense recorded for the second quarter, and there was no accrued interest payable balance on the Notes as of June 30, 2015. For the quarter ended September 30, 2015, the Company recognized $8.1 million of interest expense related to the convertible notes, of which $3 million was cash and $5.1 million was non-cash accretion of the debt discount recorded. As the Notes mature in 2022, they have been classified as long-term debt on the Company's balance sheet, with a book balance of approximately $419.4 million as of September 30, 2015.

Royal Bank of Canada $100.0 Million Revolver

On August 4, 2015, the Company entered into a senior secured revolving credit facility (the "Revolving Credit Facility") of up to $100 million, pursuant to a credit agreement, by and among the Company, the lenders party thereto from time to time and Royal Bank of Canada, as administrative agent and collateral agent (the "Revolving Credit Facility Agreement"). The Revolving Credit Facility is available for working capital and other general corporate purposes. Borrowings under the Revolving Credit Facility will accrue interest at a rate equal to LIBOR or the base rate, plus an applicable margin. The applicable margin may be increased or reduced by 0.75% based on the Company's total net leverage ratio. The Revolving Credit Facility will mature on August 4, 2020. No borrowings have been drawn from the Revolving Credit Facility to date.

Loss on Early Extinguishment of Debt – Barclays $435.0 Million Term Loan

In connection with the acquisition of Tower during the first quarter of 2015, the Company entered into a $435.0 million senior secured term loan facility (the "Term Loan") and a $50.0 million senior secured revolving credit facility (the "Barclays Revolver" and collectively with the Term Loan, the "Barclays Senior Secured Credit Facilities"), pursuant to a credit agreement, dated as of March 9, 2015, by and among the Company, the lenders party thereto from time to time and Barclays Bank PLC, as administrative and collateral agent (the "Barclays Credit Agreement"). In connection with the Barclays Senior Secured Credit Facilities, the Company incurred debt issuance costs for banking, legal and accounting fees and other expenses of approximately $17.8 million, which were previously reflected as a debt discount on the Company's balance sheet in accordance with ASU 2015-03. Prior to repayment of the Term Loan on June 30, 2015, these debt issuance costs were to be amortized to interest expense over the term of the loan using the effective interest rate method.

On June 30, 2015, the Company used approximately $436.4 million of the proceeds from the sale of the Notes to repay the $435.0 million of principal and approximately $1.4 million of accrued interest due on its Term Loan under the Barclays Credit Agreement. In connection with this repayment of the loan, the Company recorded a loss on early extinguishment of debt of approximately $16.9 million related to the unamortized portion of the deferred debt issuance costs during the quarter ended June 30, 2015.

For the six months ended June 30, 2015, the Company incurred total interest expense on the Term Loan of approximately $10.7 million, of which $9.8 million was cash and $0.9 million was non-cash amortization of the deferred debt issuance costs. Included in the year-to-date cash interest expense of $12.8 million is approximately $2.3 million related to a ticking fee paid to Barclays during the first quarter of 2015, prior to the funding of the Senior Secured Credit Facilities on March 9, 2015, to lock in the financing terms from the lenders' commitment of the Term Loan until the actual allocation of the loan occurred.

15. ALLIANCE AND COLLABORATION AGREEMENTS

The Company has entered into several alliance, collaboration, license and distribution agreements, and similar agreements with respect to certain of its products and services, with unrelated third-party pharmaceutical companies. The consolidated statements of income include revenue recognized under agreements the Company has entered into to develop marketing and/or distribution relationships with its partners to fully leverage its technology platform and revenue recognized under development agreements which generally obligate the Company to provide research and development services over multiple periods.

The Company's alliance and collaboration agreements often include milestones and provide for milestone payments upon achievement of these milestones. Generally, the milestone events contained in the Company's alliance and collaboration agreements coincide with the progression of the Company's products and technologies from pre-commercialization to commercialization.

The Company groups pre-commercialization milestones in its alliance and collaboration agreements into clinical and regulatory categories, each of which may include the following types of events:

Clinical Milestone Events:

- *Designation of a development candidate* . Following the designation of a development candidate, generally, IND-enabling animal studies for a new development candidate take 12 to 18 months to complete.

- *Initiation of a Phase I clinical trial* . Generally, Phase I clinical trials take one to two years to complete.

- *Initiation or completion of a Phase II clinical trial* . Generally, Phase II clinical trials take one to three years to complete.

- *Initiation or completion of a Phase III clinical trial* . Generally, Phase III clinical trials take two to four years to complete.

- *Completion of a bioequivalence study* . Generally, bioequivalence studies take three months to one year to complete.

Regulatory Milestone Events:

- *Filing or acceptance of regulatory applications for marketing approval such as a New Drug Application in the United States or Marketing Authorization Application in Europe* . Generally, it takes six to 12 months to prepare and submit regulatory filings and approximately two months for a regulatory filing to be accepted for substantive review.

- *Marketing approval in a major market, such as the United States or Europe* . Generally it takes one to three years after an application is submitted to obtain approval from the applicable regulatory agency.

- *Marketing approval in a major market, such as the United States or Europe for a new indication of an already-approved product* . Generally it takes one to three years after an application for a new indication is submitted to obtain approval from the applicable regulatory agency.

Commercialization milestones in the Company's alliance and collaboration agreements may include the following types of events:

- *First commercial sale in a particular market , such as in the United States or Europe* .

- *Product sales in excess of a pre-specified threshold, such as annual sales exceeding $100 million.* The amount of time to achieve this type of milestone depends on several factors including but not limited to the dollar amount of the threshold, the pricing of the product and the pace at which customers begin using the product.

15. ALLIANCE AND COLLABORATION AGREEMENTS (continued)

License and Distribution Agreement with Shire

In January 2006, the Company entered into a License and Distribution Agreement with an affiliate of Shire Laboratories, Inc., which was subsequently amended ("Prior Shire Agreement"), under which the Company received a non-exclusive license to market and sell an authorized generic of Shire's Adderall XR ® product ("AG Product") subject to certain conditions, but in any event by no later than January 1, 2010. The Company commenced sales of the AG Product in October 2009. On February 7, 2013, the Company entered into an Amended and Restated License and Distribution Agreement with Shire (the "Amended and Restated Shire Agreement"), which amended and restated the Prior Shire Agreement. The Amended and Restated Shire Agreement was entered into by the parties in connection with the settlement of the Company's litigation with Shire relating to Shire's supply of the AG Product to the Company under the Prior Shire Agreement. Under the Amended and Restated Shire Agreement Shire was required to supply the AG Product and the Company was responsible for marketing and selling the AG Product subject to the terms and conditions thereof until the earlier of (i) the first commercial sale of the Company's generic equivalent product to Adderall XR® and (ii) September 30, 2014 (the "Supply Term"), subject to certain continuing obligations of the parties upon expiration or early termination of the Supply Term, including Shire's obligation to deliver AG Products still owed to the Company as of the end of the Supply Term. The Company is required to pay a profit share to Shire on sales of the AG Product of which the company owed a profit share payable to Shire of $15,375,000 and $15,567,000 on sales of the AG Product during the nine month periods ended September 30, 2015 and 2014, respectively, with a corresponding charge included in the cost of revenues line on the consolidated statements of income. Although the Supply Term expired on September 30, 2014, the Company is permitted to sell any AG Products in its inventory or owed to the Company by Shire under the Amended and Restated Shire Agreement until all such products are sold; the Company will pay a profit share to Shire on sales of such products.

Development, Supply and Distribution Agreement with TOLMAR, Inc.

In June 2012, the Company entered into the Tolmar Agreement with Tolmar. Under the terms of the Tolmar Agreement, Tolmar granted to the Company an exclusive license to commercialize up to 11 generic topical prescription drug products, including ten currently approved products and one product pending approval at the FDA, in the United States and its territories. Under the terms of the Tolmar Agreement, Tolmar is responsible for developing and manufacturing the products, and the Company is responsible for marketing and sale of the products. The Company is required to pay a profit share to Tolmar on sales of each product commercialized pursuant to the terms of the Tolmar Agreement. The Company paid Tolmar a $21,000,000 upfront payment upon signing of the agreement and a $1,000,000 milestone payment in the year ended December 31, 2012. During the fourth quarter of 2013, the Company made a $12 ,000,000 payment to Tolmar upon Tolmar's achievement of a regulatory milestone event in accordance with the terms of the agreement. The upfront payment for the Tolmar product rights has been allocated to the underlying topical products based upon the relative fair value of each product and is being amortized over the remaining estimated useful life of each underlying product, ranging from five to 12 years, starting upon commencement of commercialization activities by the Company during the second half of 2012. The amortization of the Tolmar product rights has been included as a component of cost of revenues on the consolidated statements of income. The Company initially allocated $1,550,000 of the upfront payment to two products which are still in development and recorded such amount as in-process research and development expense in its results of operations for the year ended December 31, 2012. The Company similarly recorded the $1,000,000 milestone paid in the year ended December 31, 2012 as a research and development expense. The Company is required to pay a profit share to Tolmar on sales of the products, of which the Company owed a profit share payable to Tolmar of $35,369,000 and $10,493,000 on sales of the products during the nine month periods ended September 30, 2015 and 2014, respectively, with a corresponding charge included in the cost of revenues line on the consolidated statements of income . Under the Tolmar Agreement, the Company has the potential to pay up to an aggregate of $5,000,000 in additional contingent milestone payments if certain commercialization events occur.

Contingent milestone payments will be initially recognized in the period the triggering event occurs. Milestone payments which are contingent upon commercialization events will be accounted for as an additional cost of acquiring the product license rights. Milestone payments that are contingent upon regulatory approval events will be capitalized and amortized over the remaining estimated useful life of the approved product. During the fourth quarter of 2014, the Company paid a $2.0 million milestone related to the Diclofenac Sodium Gel 3% or generic Solaraze® product to Tolmar pursuant to the Tolmar Agreement. During the quarter ended June 30, 2015, the Company paid a $5.0 million milestone related to certain topical products pursuant to the Tolmar Agreement.

The Company entered into a Loan and Security Agreement with Tolmar in March 2012 (the "Tolmar Loan Agreement"), under which the Company has agreed to lend to Tolmar one or more loans through December 31, 2014, in an aggregate amount not to exceed $15,000,000. As of September 30, 2015, Tolmar has borrowed the full amount of $15,000,000 under the Tolmar Loan Agreement. The outstanding principal amount of, including any accrued and unpaid interest on, the loans under the Tolmar Loan Agreement are payable by Tolmar beginning from March 31, 2017 through March 31, 2020 or the maturity date, in accordance with the terms therein. Tolmar may prepay all or any portion of the outstanding balance of the loans prior to the maturity date without penalty or premium.

Strategic Alliance Agreement with Teva

The Company entered into a Strategic Alliance Agreement with Teva Pharmaceuticals Curacao N.V., a subsidiary of Teva Pharmaceuticals Industries Limited, in June 2001 ("Teva Agreement"). The Teva Agreement commits the Company to develop and manufacture, and Teva to distribute, a specified number of controlled release generic pharmaceutical products ("generic products"), each for a 10-year period.

The Company identified the following deliverables under the Teva Agreement: (i) the manufacture and delivery of generic products; (ii) the provision of research and development activities (including regulatory services) related to each product; and (iii) market exclusivity associated with the products.

As of September 30, 2015, the Company was supplying Teva with oxybutynin extended release tablets (Ditropan XL® 5, 10 and 15 mg extended release tablets) and has agreed to supply another product (currently under development) to Teva; the other products under the Teva Agreement have either been returned to the Company, are being manufactured by Teva at its election, were voluntarily withdrawn from the market or the Company's obligations to supply such product had expired or were terminated in accordance with the agreement.

OTC Partners Alliance Agreement

In June 2002, the Company entered into a Development, License and Supply Agreement with Pfizer, Inc., formerly Wyeth LLC ("Pfizer"), for a term of approximately 15 years, relating to the Company's Loratadine and Pseudoephedrine Sulfate 5 mg/120 mg 12-hour Extended Release Tablets and Loratadine and Pseudoephedrine Sulfate 10 mg/240 mg 24-hour Extended Release Tablets for the OTC market. The Company previously developed the products, and is currently only responsible for manufacturing the products, and Pfizer is responsible for marketing and sale. The agreement included payments to the Company upon achievement of development milestones, as well as royalties paid to the Company by Pfizer on its sales of the product. Pfizer launched this product in May 2003 as Alavert® D-12 Hour. In February 2005, the agreement was partially cancelled with respect to the 24-hour Extended Release Product due to lower than planned sales volume. In December 2011, Pfizer and the Company entered into an agreement with L. Perrigo Company ("Perrigo"), which was subsequently amended whereby the parties agreed that the Company would supply the Company's Loratadine and Pseudoephedrine Sulfate 5 mg/120 mg 12-hour Extended Release Tablets to Perrigo in the United States and its territories. The agreements with Pfizer and Perrigo are no longer a core area of the Company's business, and the over-the-counter pharmaceutical products the Company sells to Pfizer and Perrigo under the agreements are older products which are only sold to Pfizer and to Perrigo. As noted above, the Company is currently only required to manufacture the products under its agreements with Pfizer and Perrigo. The Company recognizes profit share revenue in the period earned .

Joint Development Agreement with Valeant Pharmaceuticals International, Inc.

In November 2008, the Company and Valeant Pharmaceuticals International, Inc., formerly Medicis Pharmaceutical Corporation ("Valeant"), entered into a Joint Development Agreement and a License and Settlement Agreement ("Joint Development Agreement").The Joint Development Agreement provides for the Company and Valeant to collaborate in the development of a total of five dermatology products, including four of the Company's generic products and one branded advanced form of Valeant's SOLODYN ® product. Under the provisions of the Joint Development Agreement the Company received a $40,000,000 upfront payment, paid by Valeant in December 2008. The Company has also received an aggregate of $15,000,000 in milestone payments composed of two $5,000,000 milestone payments, paid by Valeant in March 2009 and September 2009, a $2,000,000 milestone payment paid by Valeant in December 2009, and a $3,000,000 milestone payment paid by Valeant in March 2011. The Company has the potential to receive up to an additional $8,000,000 of contingent regulatory milestone payments each of which the Company believes to be substantive, as well as the potential to receive royalty payments from sales, if any, by Valeant of its advanced form SOLODYN ® brand product. Finally, to the extent the Company commercializes any of its four generic dermatology products covered by the Joint Development Agreement, the Company will pay to Valeant a gross profit share on sales of such products. The Company began selling one of the four dermatology products during the year ended December 31, 2011. As of December 31, 2014, the full amount of deferred revenue under the Joint Development Agreement was recognized.

Distribution, License, Development and Supply Agreement with AstraZeneca UK Limited

In January 2012, the Company entered into the AZ Agreement with AstraZeneca. Under the terms of the AZ Agreement, AstraZeneca granted to the Company an exclusive license to commercialize the tablet, orally disintegrating tablet and nasal spray formulations of Zomig® (zolmitriptan) products for the treatment of migraine headaches in the United States and in certain United States territories, except during an initial transition period when AstraZeneca fulfilled all orders of Zomig® products on the Company's behalf and AstraZeneca paid to the Company the gross profit on such Zomig® products. The Company is obligated to fulfill certain minimum requirements with respect to the promotion of currently approved Zomig® products as well as other dosage strengths of such products approved by the FDA in the future. The Company may, but has no obligation to, develop and commercialize additional products containing zolmitriptan and additional indications for Zomig®, subject to certain restrictions as set forth in the AZ Agreement. The Company will be responsible for conducting clinical studies and preparing regulatory filings related to the development of any such additional products and would bear all related costs. During the term of the AZ Agreement, AstraZeneca will continue to be the holder of the NDA for existing Zomig® products, as well as any future dosage strengths thereof approved by the FDA, and will be responsible for certain regulatory and quality-related activities for such Zomig® products. AstraZeneca will manufacture and supply Zomig® products to the Company and the Company will purchase its requirements of Zomig® products from AstraZeneca until a date determined in the AZ Agreement. Thereafter, AstraZeneca may terminate its supply obligations upon certain advance notice to the Company, in which case the Company would have the right to manufacture or have manufactured its own requirements for the applicable Zomig® product.

Under the terms of the AZ Agreement, AstraZeneca was required to make payments to the Company representing 100% of the gross profit on sales of AstraZeneca-labeled Zomig® products during the specified transition period. The Company received transition payments from AstraZeneca aggregating $43,564,000 during 2012. The Company accounted for these payments as a reduction of the related receivable that was recorded in the initial purchase price allocation. The Company allocated $45,096,000 to an intangible asset, and the remaining $41,340,000 to prepaid royalty expense related to sales of Impax-labeled Zomig® products during 2012, with such royalty expense included in cost of revenues on the consolidated statements of income. Beginning in January 2013, the Company was obligated to pay AstraZeneca tiered royalties on net sales of branded Zomig® products, depending on brand exclusivity and subject to customary reductions and other terms and conditions set forth in the AZ Agreement. The Company is also obligated to pay AstraZeneca royalties after a certain specified date based on gross profit from sales of authorized generic versions of the Zomig® products subject to certain terms and conditions set forth in the AZ Agreement. In May 2013, the Company's exclusivity period for branded Zomig® tablets and orally disintegrating tablets expired and the Company launched authorized generic versions of those products in the United States. The Company owed a royalty payable to AstraZeneca of $11,474,000 and $9,374,000 during the nine month periods ended September 30, 2015 and 2014, respectively, with a corresponding charge included in the cost of revenues line on the consolidated statements of income .

15. ALLIANCE AND COLLABORATION AGREEMENTS (continued)

Development and Co-Promotion Agreement with Endo Pharmaceuticals, Inc.

In June 2010, the Company and Endo Pharmaceuticals, Inc. ("Endo") entered into a Development and Co-Promotion Agreement ("Endo Agreement") under which the Company and Endo have agreed to collaborate in the development and commercialization of a next-generation advanced form of the Company's lead brand product candidate ("Endo Agreement Product"). Under the provisions of the Endo Agreement, in June 2010, Endo paid to the Company a $10,000,000 upfront payment. The Company has the potential to receive up to an additional $30,000,000 of contingent milestone payments, which includes $15,000,000 contingent upon the achievement of clinical events, $5,000,000 contingent upon the achievement of regulatory events, and $10,000,000 contingent upon the achievement of commercialization events. The Company believes all milestones under the Endo Agreement are substantive. Upon commercialization of the Endo Agreement Product in the United States, Endo will have the right to co-promote such product to non-neurologists, which will require the Company to pay Endo a co-promotion service fee of up to 100% of the gross profits attributable to prescriptions for the Endo Agreement Product which are written by the non-neurologists.

The Company is recognizing the $10,000,000 upfront payment as revenue on a straight-line basis over a period of 112 months, which is the estimated expected period of performance of research and development activities under the Endo Agreement, commencing with the June 2010 effective date of the Endo Agreement and ending in September 2019, the estimated date of FDA approval of the Company's NDA. The FDA approval of the Endo Agreement Product NDA represents the end of the Company's expected period of performance, as the Company will have no further contractual obligation to perform research and development activities under the Endo Agreement, and therefore the earnings process will be completed. Deferred revenue is recorded as a liability captioned "Deferred revenue" on the consolidated balance sheet and deferred revenue under the Endo Agreement was $3,630,000 as of September 30, 2015. Revenue recognized under the Endo Agreement is reported in the line item "Other Revenues" in "Note 21 - Supplementary Financial Information." The Company determined the straight-line method aligns revenue recognition with performance as the level of research and development activities performed under the Endo Agreement are expected to be performed on a ratable basis over the Company's estimated expected period of performance. Upon FDA approval of the Company's Endo Agreement Product NDA, the Company will have the right (but not the obligation) to begin manufacture and sale of such product. The Company will sell its manufactured branded product to customers in the ordinary course of business through Impax Specialty Pharma. The Company will account for any sale of the product covered by the Endo Agreement as current period revenue. The co-promotion service fee paid to Endo, as described above, if any, will be accounted for as a current period selling expense as incurred.

The Company and Endo also entered into a Settlement and License Agreement in June 2010 (the "Endo Settlement Agreement") pursuant to which Endo agreed to make a payment to the Company should prescription sales of Opana ® ER (as defined in the Endo Settlement Agreement) fall below a predetermined contractual threshold in the quarter immediately prior to the Company launching a generic version of Opana ® ER.

Agreement with DURECT Corporation

During the three month period ended March 31, 2014, the Company entered into an agreement with DURECT Corporation ("Durect") granting the Company the exclusive worldwide rights to develop and commercialize DURECT's investigational transdermal bupivacaine patch for the treatment of pain associated with post-herpetic neuralgia (PHN), referred to by the Company as IPX239. The Company paid Durect a $2,000,000 up-front payment upon signing of the agreement which was recognized immediately as research and development expense. The Company has the potential to pay up to $61,000,000 in additional contingent milestone payments upon the achievement of predefined development and commercialization milestones. If IPX239 is commercialized, Durect would also receive a tiered royalty on product sales.

Product Acquisition Agreement with Teva Pharmaceuticals USA, Inc.

In August 2013, the Company, through its Amedra Pharmaceuticals subsidiary, entered into a product acquisition agreement (the "Teva Product Acquisition Agreement") with Teva Pharmaceuticals USA, Inc. ("Teva") pursuant to which the Company acquired the assets (including the ANDA and other regulatory materials) and related liabilities related to Teva's mebendazole tablet product in all dosage forms (the "Mebendazole Tablet"). The Company has the potential to pay up to $3,500,000 in additional contingent milestone payments upon the achievement of predefined regulatory and commercialization milestones. The Company is also obligated to pay Teva a royalty payment based on net sales of the Mebendazole Tablet, including a specified annual minimum royalty payment, subject to customary reductions and the other terms and conditions set forth in the Teva Product Acquisition Agreement.

Master Development Agreement with RiconPharma LLC

In June 2013, the Company, through its Amedra Pharmaceuticals subsidiary, entered into a development agreement (the "Albendazole Agreement") with RiconPharma LLC ("RiconPharma"). Under the terms of the Albendazole Agreement, RiconPharma is responsible for the development of Albendazole tablets (the "Albendazole Tablet") and the Company is responsible for the marketing and sale of the Albendazole Tablets. The Company made an incentive cash payment of $225,000 to RiconPharma during the fourth quarter of 2014 upon the achievement of a specified development milestone. The Company is also obligated to pay RiconPharma tiered royalty payments based on net sales of the Albendazole Tablet, subject to customary reductions and the other terms and conditions set forth in the agreement.

Master Development Agreement with RiconPharma LLC

In May 2011, the Company, through its CorePharma subsidiary, entered into an amended and restated master development Agreement with RiconPharma LLC (the "Amended and Restated Development Agreement") which amended and restated the development agreement between the parties dated September 21, 2009, as amended. Under the Amended and Restated Development Agreement, RiconPharma is responsible for exclusively developing and manufacturing, on a non-exclusive basis, for the Company and the Company is responsible for commercializing Griseofulvin Ultra-microcrystalline 125 mg and 250 mg tablets. The Company has the potential to pay up to $500,000 in contingent milestone payments upon the achievement of certain specified commercialization milestones for each product, as specified in the agreement. The Company is also obligated to pay RiconPharma tiered profit share payments based on net sales of the products, subject to customary reductions and the other terms and conditions set forth in the agreement.

Product Agreement with Pfizer Inc.

In January 2008, the Company, through its CorePharma subsidiary, entered into a Product Agreement (the "Pfizer Product Agreement") with Pfizer, formerly King Pharmaceuticals, Inc. ("Pfizer"), under which the Company received the non-exclusive right to manufacture, market and sell an authorized generic of Pfizer's Skelaxin® 800 mg product (the "Pfizer AG Product"). The Company is obligated to pay Pfizer a distribution fee based on net sales of the Pfizer AG Product, subject to terms and conditions set forth in the Pfizer Product Agreement. Pursuant to a Manufacturing and Supply Agreement dated as of August 29, 2013 with Pfizer, the Company is also obligated to manufacture and supply the branded Skelaxin® 800 mg product to Pfizer in accordance with the terms of such agreement.

License, Supply and Distribution Agreement with Micro Labs Limited

In June 2012, the Company, through its CorePharma subsidiary, entered into a License, Supply and Distribution Agreement ("Micro Labs Agreement") with Micro Labs Limited ("Micro Labs"), under which the Company received an exclusive license to commercialize and distribute a generic equivalent of Arthrotec® tablets (the "Diclofenac Sodium and Misoprostol Product") in the U.S. and its possessions and territories, and Micro Labs agreed to exclusively supply such the Diclofenac Sodium and Misoprostol Product to the Company for the U.S. and its possessions and territories, in each case subject to the terms and conditions in the agreement. The Company has the potential to pay up to $750,000 in contingent milestone payments upon the achievement of predefined development milestones. The Company is also obligated to pay Micro Labs a profit share based on net sales of the Diclofenac Sodium and Misoprostol Product, subject to the terms and conditions set forth in the agreement.

1 6 . SHARE-BASED COMPENSATION

The Company recognizes the grant date fair value of each stock option and restricted stock award over its vesting period. Stock options and restricted stock awards are granted under the Company's Second Amended and Restated 2002 Equity Incentive Plan ("2002 Plan") and generally vest over a three or four year period and have a term of ten years. Total share-based compensation expense recognized in the consolidated statements of income during the three and nine month periods ended September 30, 2015 and 2014 was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in $000's)	2015	2014	2015	2014
Manufacturing expenses	$ 1,436	$ 771	$ 3,674	$ 2,263
Research and development	1,755	1,363	4,486	4,144
Selling, general and administrative	5,101	3,655	13,691	8,902
Total	$ 8,292	$ 5,789	$ 21,851	$ 15,309

The following table summarizes stock option activity during the nine month period ended September 30, 2015:

	Number of Shares Under Option	Weighted-Average Exercise Price per Share
Outstanding at December 31, 2014	3,042,180	$ 14.78
Options granted	398,850	$ 41.32
Options exercised	(1,019,328)	$ 9.84
Options forfeited	(1,200)	$ 18.94
Outstanding at September 30, 2015	2,420,502	$ 21.24
Options exercisable at September 30, 2015	1,668,799	$ 16.03

The Company estimated the fair value of each stock option award on the grant date using the Black-Scholes option pricing model. Expected volatility is based solely on historical volatility of the Company's common stock. The expected term calculation is based on the "simplified" method described in SAB No. 107, Share-Based Payment and SAB No. 110, Share-Based Payment, as the result of the simplified method provides a reasonable estimate in comparison to the Company's actual experience. The risk-free interest rate is based on the U.S. Treasury yield at the date of grant for an instrument with a maturity that is commensurate with the expected term of the stock options. The dividend yield of zero is based on the fact that the Company has never paid cash dividends on its common stock, and has no present intention to pay cash dividends.

A summary of the Company's non-vested restricted stock awards activity during the nine month period ended September 30, 2015 is presented below:

Restricted Stock Awards	Number of Restricted Stock Awards	Weighted-Average Grant Date Fair Value
Non-vested at December 31, 2014	2,327,176	$ 23.61
Granted	946,705	$ 45.64
Vested	(411,686)	$ 21.95
Forfeited	(135,035)	$ 27.60
Non-vested at September 30, 2015	2,727,160	$ 31.30

The Company grants restricted stock awards to certain eligible employees and directors as a component of its long-term incentive compensation program. The restricted stock award grants are made in accordance with the Company's 2002 Plan, and typically specify that the shares of common stock underlying the restricted stock awards are issued at the time of grant, but are not outstanding until they vest. The restricted stock awards generally vest ratably over a three or four year period from the date of grant.

As of September 30, 2015, the Company had total unrecognized share-based compensation expense, net of estimated forfeitures, of $71,530,000 related to all of its share-based awards, which will be recognized over a weighted-average period of 2.21 years. As of September 30, 2015, the Company estimated 2,142,854 stock options and 2,414,336 shares underlying restricted stock awards granted to employees which were vested or expected to vest. The intrinsic value of stock options exercised during the nine month periods ended September 30, 2015 and 2014 was $33,043,000 and $5,178,000, respectively. The total fair value of restricted stock awards which vested during the nine month periods ended September 30, 2015 and 2014 was $9,037,000 and $4,830,000, respectively. As of September 30, 2015, the Company had 1,652,820 shares of common stock available for issuance pursuant to stock options, restricted stock awards, and/or stock appreciation rights.

17. STOCKHOLDERS' EQUITY

Preferred Stock

Pursuant to its Restated Certificate of Incorporation (the "Certificate of Incorporation"), the Company is authorized to issue 2,00 0,000 shares of "blank check" preferred stock, $0.01 par value per share, which enables the Board of Directors, from time to time, to create one or more new series of preferred stock. Each series of preferred stock issued can have the rights, preferences, privileges and restrictions designated by the Board of Directors. The issuance of any new series of preferred stock could affect, among other things, the dividend, voting, and liquidation rights of the Company's common stock. The Company had no preferred stock issued or outstanding as of September 30, 2015.

Common Stock

Pursuant to its Certificate of Incorporation, the Company is authorized to issue 90,000,000 shares of common stock, $0.01 par value per share, of which 73,151,559 shares have been issued and 70,162,673 are outstanding as of September 30, 2015. In addition, the Company has reserved for issuance the following amounts of shares of its common stock for the purposes described below as of September 30, 2015:

(amount in millions)	
Shares issued(1)	73.15
Stock options outstanding(1)	2.42
Warrants outstanding (see below)	9.47
Total common stock shares issued and reserved for issuance	85.04

(1) See "Note 16 – Share-based Compensation."

As of the June 30, 2015 issuance date of the Notes described in "Note 14 – Debt", the Company did not have the necessary number of authorized but unissued shares of its common stock required to settle the conversion option of the Notes in shares of the Company's common stock. Until the Company's stockholders approve a sufficient increase in the authorized share count, the Company is required to settle the principal amount and conversion spread of the Notes in cash. The Notes are initially convertible into 9,471,480 shares of the Company's common stock, based on an initial conversion price of $63.35 per share.

Warrants

As discussed in "Note 14 – Debt", on June 30, 2015, the Company entered into a series of Note Hedge Transactions and Warrant Transactions with a financial institution which are designed to reduce the potential dilution to the Company's stockholders and/or offset the cash payments the Company is required to make in excess of the principal amount upon conversion of the Notes. Pursuant to the Warrant Transactions, the Company sold to a financial institution approximately 9.47 million warrants to purchase the Company's common stock, for which it received proceeds of approximately $88.3 million. The warrants have an exercise price of $81.277 per share (subject to adjustment), are immediately exercisable, and have an expiration date of September 15, 2022.

18. EARNINGS PER SHARE

The Company's basic earnings per common share (EPS) is computed by dividing net income available to the Company's common stockholders (as presented on the consolidated statements of income), by the weighted -average number of shares of the Company's common stock outstanding during the period. The Company's restricted stock awards (non-vested shares) are issued at the time of grant but are not considered outstanding shares until the vesting criteria (service and/or performance) have been satisfied.

For purposes of calculating diluted EPS, the denominator includes both the weighted-average number of shares of common stock outstanding and the number of common stock equivalents if the inclusion of such common stock equivalents would be dilutive. Dilutive common stock equivalents potentially include warrants, stock options and non-vested shares using the treasury stock method and the number of shares of common stock issuable upon conversion of the Company's outstanding convertible senior notes payable. In the case of the Company's outstanding convertible senior notes payable, the diluted EPS calculation is further affected by an add-back of interest expense, net of tax, to the numerator under the assumption that the interest would not have been incurred if the convertible notes had been converted into common stock.

Quarterly computations of EPS amounts are made independently for each quarterly reporting period, and the sum of the per share amounts for the quarterly reporting periods may not equal the per share amounts for the year-to-date reporting period.

A reconciliation of basic and diluted net income per share of common stock for the three and nine month periods ended September 30, 2015 and 2014 was as follows:

(in $000's except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Earnings Per Common Share - Basic:				
Net income	$ 35,755	$ 15,737	$ 27,570	$ 57,233
Weighted -average common shares outstanding	69,820	68,254	69,379	68,019
Basic earnings per share	$ 0.51	$ 0.23	$ 0.40	$ 0.84
Earnings Per Common Share - Diluted:				
Net income	$ 35,755	$ 15,737	$ 27,570	$ 57,233
Add-back interest expense on outstanding convertible notes payable, net of tax	--(1)	-- (2)	-- (1)	-- (2)
Adjusted net income	$ 35,755	$ 15,737	$ 27,570	$ 57,233
Weighted -average common shares outstanding	69,820	68,254	69,379	68,019
Weighted -average incremental shares related to assumed exercise of warrants and stock options, vesting of non-vested shares	2,958(3)	2,461	3,170 (3)	2,286
Weighted -average incremental shares assuming conversion of outstanding notes payable	-- (1)	-- (2)	-- (1)	-- (2)
Diluted weighted -average common shares outstanding	72,778 (4)	70,715(5)	72,549 (4)	70,305 (5)
Diluted net income per share	$ 0.49	$ 0.22	$ 0.38	$ 0.81

(1) The add-back of interest expense incurred on the Company's outstanding convertible senior notes payable, net of tax, to the numerator and the weighted-average incremental shares assuming conversion of the outstanding convertible notes payable to the denominator were excluded from the calculation of diluted EPS because the Company is currently required to settle the conversion of the notes in cash. See "Note 14 – Debt" and "Note 17 – Stockholders' Equity" for additional information.

(2) Not applicable to the prior year period presented.

(3) The approximately 9.47 million warrants outstanding have been excluded from the denominator of the diluted EPS calculation under the treasury stock method because the weighted-average exercise price of the warrants exceeds the average market price of the Company's common stock for the periods presented and to do so would be anti-dilutive .

(4) As of September 30, 2015, shares issuable but not included in the Company's calculation of diluted EPS, which could potentially dilute future earnings, include 9.47 million for warrants to purchase the Company's common stock and 9.47 million shares for conversion of outstanding convertible senior notes payable. In addition, for the three and nine month periods ended September 30, 2015, the Company excluded 376,400 and 333,000, respectively, of shares issuable upon the exercise of stock options and non-vested restricted stock awards from the computation of diluted net income per common share as the effect of these options and non-vested restricted stock awards would have been anti-dilutive.

(5) For the three and nine month periods ended September 30, 2014, the Company excluded 581,600 and 923,850, respectively, of shares issuable upon the exercise of stock options and non-vested restricted stock awards from the computation of diluted net income per common share as the effect of these options and non-vested restricted stock awards would have been anti-dilutive.

19. SEGMENT INFORMATION

The Company has two reportable segments, Impax Generics and Impax Specialty Pharma. Impax Generics develops, manufactures, sells, and distributes generic pharmaceutical products, primarily through the following sales channels: the Impax Generics sales channel for sales of generic prescription products directly to wholesalers, large retail drug chains, and others; the Private Label Product sales channel for generic over-the-counter and prescription products sold to unrelated third-party customers who, in turn, sell the products under their own label; the Rx Partner sales channel for generic prescription products sold through unrelated third-party pharmaceutical entities under their own label pursuant to alliance agreements; and the OTC Partner sales channel for over-the-counter products sold through unrelated third-party pharmaceutical entities under their own labels pursuant to alliance and supply agreements. Revenues from the "Impax Generics" sales channel and the "Private Label" sales channel are reported under the caption "Impax Generics sales, net" in "Note 21 – Supplementary Financial Information." The Company also generates revenue in Impax Generics from research and development services provided under a joint development agreement with another unrelated third-party pharmaceutical company, and reports such revenue under the caption "Other Revenues" revenue in "Note 21 – Supplementary Financial Information." Revenues from the "OTC Partner" sales channel are also reported under the caption "Other Revenues" in "Note 21 – Supplementary Financial Information."

Impax Specialty Pharma is engaged in the development of proprietary brand pharmaceutical products that the Company believes represent improvements to already-approved pharmaceutical products addressing central nervous system ("CNS") disorders and other select specialty segments. Impax Specialty Pharma currently has one internally developed branded pharmaceutical product, RYTARY® (IPX066), an extended release oral capsule formulation of carbidopa-levodopa for the treatment of Parkinson's disease, post-encephalitic parkinsonism, and parkinsonism that may follow carbon monoxide intoxication and/or manganese intoxication, which was approved by the FDA on January 7, 2015. The Company has also filed the required documents for a Market Authorization Application to the European Medicines Agency (EMA) for IPX066 (brand name NUMIENT™ outside of the United States) on November 5, 2014 and on September 24, 2015 the Committee for Medicinal Products for Human Use (CHMP) of the EMA adopted a positive opinion recommending that NUMIENT™ be granted approval for the symptomatic treatment of adult patients with Parkinson's disease. Impax Specialty Pharma is also engaged in the sale and distribution of four other branded products including Zomig® (zolmitriptan) products, indicated for the treatment of migraine headaches, under the terms of a Distribution, License, Development and Supply Agreement ("AZ Agreement") with AstraZeneca UK Limited ("AstraZeneca") in the United States and in certain U.S. territories, and Albenza®, indicated for the treatment of tapeworm infections. Revenues from Impax-labeled branded products are reported under the caption "Impax Specialty Pharma sales, net" in "Note 21 – Supplementary Financial Information." Finally, the Company generates revenue in Impax Specialty Pharma from research and development services provided under a development and license agreement with another unrelated third-party pharmaceutical company, and reports such revenue under the caption "Other Revenues" in "Note 21 – Supplementary Financial Information." Impax Specialty Pharma also has a number of product candidates that are in varying stages of development. Revenues from Impax-labeled branded products are reported under the caption "Impax Specialty Pharma sales, net" in "Note 21 – Supplementary Financial Information." Finally, the Company generates revenue in Impax Specialty Pharma from research and development services provided under a development and license agreement with another unrelated third-party pharmaceutical company, and reports such revenue under the caption "Other Revenues" in "Note 21 – Supplementary Financial Information." Impax Specialty Pharma also has a number of product candidates that are in varying stages of development.

The Company's chief operating decision maker evaluates the financial performance of the Company's segments based upon segment income (loss) before income taxes. Items below income (loss) from operations are not reported by segment, since they are excluded from the measure of segment profitability reviewed by the Company's chief operating decision maker. Additionally, general and administrative expenses, certain selling expenses, certain litigation settlements, and non-operating income and expenses are included in "Corporate and Other." The Company does not report balance sheet information by segment since it is not reviewed by the Company's chief operating decision maker. The accounting policies for the Company's segments are the same as those described above in the discussion of "Revenue Recognition" and in the "Summary of Significant Accounting Policies" in the Company's Form 10-K for the year ended December 31, 2014. The Company has no inter-segment revenue.

19. SEGMENT INFORMATION (continued)

The tables below present segment information reconciled to total Company consolidated financial results, with segment operating income or loss including gross profit less direct research and development expenses and direct selling expenses as well as any litigation settlements, to the extent specifically identified by segment:

(in $000's) **Three Months Ended September 30, 2015**	Impax Generics	Impax Specialty Pharma	Corporate and Other	Total Company
Revenues, net	$ 180,666	$ 40,433	---	$ 221,099
Cost of revenues	112,716	14,834	---	127,550
Research and development	14,346	4,285	---	18,631
Patent litigation expense	397	655	---	1,052
Selling, general and administrative	5,103	11,418	29,786	46,307
Income before provision for income taxes	$ 48,104	$ 9,241	$ 3,987	$ 61,332

(in $000's) **Three Months Ended September 30, 2014**	Impax Generics	Impax Specialty Pharma	Corporate and Other	Total Company
Revenues, net	$ 145,633	$ 12,366	---	$ 157,999
Cost of revenues	68,488	5,073	---	73,561
Research and development	10,213	8,543	---	18,756
Patent litigation expense	1,066	227	---	1,293
Selling, general and administrative	4,867	10,794	23,227	38,888
Income (loss) before provision for income taxes	$ 60,999	$ (12,271)	$ (22,874)	$ 25,854

(in $000's) **Nine Months Ended September 30, 2015**	Impax Generics	Impax Specialty Pharma	Corporate and Other	Total Company
Revenues, net	$ 484,086	$ 94,291	---	$ 578,377
Cost of revenues	299,596	41,147	---	340,743
Research and development	38,100	12,488	---	50,588
Patent litigation expense	2,507	999	---	3,506
Selling, general and administrative	16,673	39,186	88,917	144,776
Income (loss) before provision for income taxes	$ 127,210	$ 471	$ (81,602)	$ 46,079

(in $000's) **Nine Months Ended September 30, 2014**	Impax Generics	Impax Specialty Pharma	Corporate and Other	Total Company
Revenues, net	$ 431,167	$ 33,671	$ ---	$ 464,838
Cost of revenues	195,382	17,624	---	213,006
Research and development	32,175	29,574	---	61,749
Patent litigation expense	5,006	227	---	5,233
Selling, general and administrative	11,822	31,749	53,611	97,182
Income (loss) before provision for income taxes	$ 186,782	$ (45,503)	$ (52,370)	$ 88,909

Foreign Operations

The Company's wholly owned subsidiary, Impax Laboratories (Taiwan) Inc., constructed a manufacturing facility in Jhunan, Taiwan R.O.C. which is utilized for manufacturing, research and development, warehouse, and administrative functions, with approximately $132,651,000 of net carrying value of assets, composed principally of a building and equipment, included in the Company's consolidated balance sheet at September 30, 2015.

20. LEGAL AND REGULATORY MATTERS

Patent Litigation

There is substantial litigation in the pharmaceutical, biological, and biotechnology industries with respect to the manufacture, use, and sale of new products which are the subject of conflicting patent and intellectual property claims. One or more patents typically cover most of the brand name controlled release products for which the Company is developing generic versions.

Under federal law, when a drug developer files an ANDA for a generic drug seeking approval before expiration of a patent, which has been listed with the FDA as covering the brand name product, the developer must certify its product will not infringe the listed patent(s) and/or the listed patent is invalid or unenforceable (commonly referred to as a "Paragraph IV" certification). Notices of such certification must be provided to the patent holder, who may file a suit for patent infringement within 45 days of the patent holder's receipt of such notice. If the patent holder files suit within the 45 day period, the FDA can review and approve the ANDA, but is prevented from granting final marketing approval of the product until a final judgment in the action has been rendered in favor of the generic drug developer, or 30 months from the date the notice was received, whichever is sooner. Lawsuits have been filed against the Company in connection with the Company's Paragraph IV certifications seeking an order delaying the approval of the Company's ANDA until expiration of the patent(s) at issue in the litigation.

Should a patent holder commence a lawsuit with respect to an alleged patent infringement by the Company, the uncertainties inherent in patent litigation make the outcome of such litigation difficult to predict. The delay in obtaining FDA approval to market the Company's product candidates as a result of litigation, as well as the expense of such litigation, whether or not the Company is ultimately successful, could have a material adverse effect on the Company's results of operations and financial position. In addition, there can be no assurance that any patent litigation will be resolved prior to the end of the 30-month period. As a result, even if the FDA were to approve a product upon expiration of the 30-month period, the Company may elect to not commence marketing the product if patent litigation is still pending.

The Company is generally responsible for all of the patent litigation fees and costs associated with current and future products not covered by its alliance and collaboration agreements. The Company has agreed to share legal expenses with respect to third-party and Company products under the terms of certain of the alliance and collaboration agreements. The Company records the costs of patent litigation as expense in the period when incurred for products it has developed, as well as for products which are the subject of an alliance or collaboration agreement with a third-party.

Although the outcome and costs of the asserted and unasserted claims is difficult to predict, the Company does not expect the ultimate liability, if any, for such matters to have a material adverse effect on its financial condition, results of operations, or cash flows.

20. LEGAL AND REGULATORY MATTERS (continued)

Patent Infringement Litigation

Endo Pharmaceuticals Inc. and Grunenthal GmbH v. Impax Laboratories, Inc. and ThoRx Laboratories, Inc. (Oxymorphone hydrochloride); Endo Pharmaceuticals Inc. and Grunenthal GmbH v. Impax Laboratories, Inc. (Oxymorphone hydrochloride)

In November 2012, Endo Pharmaceuticals, Inc. and Grunenthal GmbH (collectively, "Endo") filed suit against ThoRx Laboratories, Inc., a wholly owned subsidiary of the Company ("ThoRx"), and the Company in the U.S. District Court for the Southern District of New York alleging patent infringement based on the filing of ThoRx's ANDA relating to Oxymorphone hydrochloride, Extended Release tablets, 5, 7.5, 10, 15, 20, 30 and 40 mg, generic to Opana ER®. In January 2013, Endo filed a separate suit against the Company in the U.S. District Court for the Southern District of New York alleging patent infringement based on the filing of the Company's ANDA relating to the same products. ThoRx and the Company filed an answer and counterclaims to the November 2012 suit and the Company filed an answer and counterclaims with respect to the January 2013 suit. A bench trial was completed in April 2015. In August 2015, the Court entered judgment that the products described in the Company's and ThoRx's ANDAs would, if marketed, infringe certain claims of the patents asserted by Endo and Grunenthal. The court also found that the asserted claims of patents owned by Endo were not invalid, but that the asserted claims of patents owned by Grunenthal were invalid. As a result, the court enjoined the Company and ThoRx from marketing their products until expiration of the Endo patents in 2023. All parties have filed notices of appeal with respect to the Court's judgment, and the appeal is pending.

In November 2014, Endo Pharmaceuticals Inc. and Mallinckrodt LLC filed suit against the Company in the U.S. District Court for the District of Delaware making additional allegations of patent infringement based on the filing of the Company's Oxymorphone hydrochloride ANDA described above. Also in November 2014, Endo and Mallinckrodt filed a separate suit in the U.S. District Court for the District of Delaware making additional allegations of patent infringement based on the filing of the ThoRx Oxymorphone hydrochloride ANDA described above. ThoRx and the Company filed an answer and counterclaim to those suits in which they are named as a defendant. The cases are currently pending.

UCB Inc., et al. v. CorePharma LLC (Methylphenidate)

In March 2014, UCB Inc. and UCB Manufacturing (collectively, "UCB") filed suit against CorePharma LLC, a wholly-owned subsidiary of the Company, in the United States District Court for the District of New Jersey alleging patent infringement based on the filing of CorePharma's ANDA relating to methylphenidate hydrochloride extended-release capsules, 10 mg, 20 mg, 30 mg, 40 mg, 50 mg and 60 mg, generic to Metadate CD®. On May 27, 2014, CorePharma filed an answer and counterclaims. The parties have settled and the case was dismissed on September 2, 2015.

Impax Laboratories Inc. , et al. v. Lannett Holdings, Inc. and Lannett Company (Zomig®)

In July 2014, the Company filed suit against Lannett Holdings, Inc. and Lannett Company (collectively, "Lannett") in the United States District Court for the District of Delaware, alleging patent infringement based on the filing of the Lannett ANDA relating to Zolmitriptan Nasal Spray, 5mg, generic to Zomig® Nasal Spray. Lannett filed an answer and counterclaims alleging non-infringement and invalidity in September 2014, and the Company filed an answer to the counterclaims in October 2014. Discovery is proceeding, and trial is set for September 6, 2016. On July 28, 2015, Lannett filed petitions for *Inter Partes Review* of U.S. Patent Nos. 6,750,237 and 7,220,767 related to the product in the U.S. Patent and Trademark Office before the Patent Trial and Appeal Board ("PTAB"). Patent owner preliminary responses are due in these PTAB proceedings by November 4, 2015.

Impax Laboratories Inc., et al. v. Actavis Laboratories, Inc. and Actavis Pharma Inc. (RYTARY ®)

In September 2015, the Company filed suit against Actavis Laboratories, Inc. and Actavis Pharma Inc. (collectively, "Actavis") in the United States District Court for the District of New Jersey, alleging patent infringement based on the filing of the Actavis ANDA relating to carbidopa and levodopa extended release capsules, generic to RYTARY ® .

Shire LLC v. CorePharma LLC (Mixed Amphetamines)

In September 2014, Shire LLC ("Shire") filed suit against CorePharma LLC, a wholly-owned subsidiary of the Company, in the United States District Court for the District of New Jersey alleging patent infringement based on the filing of CorePharma's ANDA relating to dextroamphetamine sulfate, dextroamphetamine saccharate, amphetamine aspartate monohydrate, amphetamine sulfate extended-release capsules, 5 mg, 10 mg, 15 mg, 20 mg, 25 mg and 30 mg, generic to Adderall XR®. On November 14, 2014, CorePharma filed an answer and counterclaims. Discovery is proceeding. A trial date has not been set.

Other Litigation Related to the Company's Business

Civil Investigative Demand from the FTC (Minocycline Hydrochloride)

On May 2, 2012, the Company received a Civil Investigative Demand ("CID") from the United States Federal Trade Commission ("FTC") concerning its investigation into the drug SOLODYN® and its generic equivalents. According to the FTC, the investigation relates to whether Medicis Pharmaceutical Corporation, now a wholly owned subsidiary of Valeant Pharmaceuticals International, Inc. ("Medicis"), the Company, and six other companies have engaged or are engaged in unfair methods of competition in or affecting commerce by (i) entering into agreements regarding SOLODYN® or its generic equivalents and/or (ii) engaging in other conduct regarding the sale or marketing of SOLODYN® or its generic equivalents. The Company is cooperating with the FTC in producing documents, information and witnesses in response to the investigation. To the knowledge of the Company, no FTC proceedings have been initiated against the Company to date, however no assurance can be given as to the timing or outcome of this investigation.

Solodyn ® Antitrust Class Actions

From July 2013 to April 2015, 15 class action complaints were filed against manufacturers of the brand drug Solodyn® and its generic equivalents, including the Company.

On July 22, 2013, Plaintiff United Food and Commercial Workers Local 1776 & Participating Employers Health and Welfare Fund, an indirect purchaser, filed a class action complaint in the United States District Court for the Eastern District of Pennsylvania on behalf of itself and others similarly situated.

On July 23, 2013, Plaintiff Rochester Drug Co-Operative, Inc., a direct purchaser, filed a class action complaint in the United States District Court for the Eastern District of Pennsylvania on behalf of itself and others similarly situated.

On August 1, 2013, Plaintiff International Union of Operating Engineers Local 132 Health and Welfare Fund, an indirect purchaser, filed a class action complaint in the United States District Court for the Northern District of California on behalf of itself and others similarly situated. On August 29, 2013, this Plaintiff withdrew its complaint from the United States District Court for the Northern District of California, and on August 30, 2013, re-filed the same complaint in the United States Court for the Eastern District of Pennsylvania, on behalf of itself and others similarly situated.

On August 9, 2013, Plaintiff Local 274 Health & Welfare Fund, an indirect purchaser, filed a class action complaint in the United States District Court for the Eastern District of Pennsylvania on behalf of itself and others similarly situated.

On August 12, 2013, Plaintiff Sheet Metal Workers Local No. 25 Health & Welfare Fund, an indirect purchaser, filed a class action complaint in the United States District Court for the Eastern District of Pennsylvania on behalf of itself and others similarly situated.

On August 27, 2013, Plaintiff Fraternal Order of Police, Fort Lauderdale Lodge 31, Insurance Trust Fund, an indirect purchaser, filed a class action complaint in the United States District Court for the Eastern District of Pennsylvania on behalf of itself and others similarly situated.

On August 29, 2013, Plaintiff Heather Morgan, an indirect purchaser, filed a class action complaint in the United States District Court for the Eastern District of Pennsylvania on behalf of itself and others similarly situated.

20. LEGAL AND REGULATORY MATTERS (continued)

On August 30, 2013, Plaintiff Plumbers & Pipefitters Local 178 Health & Welfare Fund, an indirect purchaser, filed a class action complaint in the United States District Court for the Eastern District of Pennsylvania on behalf of itself and others similarly situated.

On September 9, 2013, Plaintiff Ahold USA, Inc., a direct purchaser, filed a class action complaint in the United States District Court for the District of Massachusetts on behalf of itself and others similarly situated.

On September 24, 2013, Plaintiff City of Providence, Rhode Island, an indirect purchaser, filed a class action complaint in the United States District Court for the District of Arizona on behalf of itself and others similarly situated.

On October 2, 2013, Plaintiff International Union of Operating Engineers Stationary Engineers Local 39 Health & Welfare Trust Fund, an indirect purchaser, filed a class action complaint in the United States District Court for the District of Massachusetts on behalf of itself and others similarly situated.

On October 7, 2013, Painters District Council No. 30 Health and Welfare Fund, an indirect purchaser, filed a class action complaint in the United States District Court for the District of Massachusetts on behalf of itself and others similarly situated.

On October 25, 2013, Plaintiff Man-U Service Contract Trust Fund, an indirect purchaser, filed a class action complaint in the United States District Court for the Eastern District of Pennsylvania on behalf of itself and others similarly situated.

On March 13, 2014, Plaintiff Allied Services Division Welfare Fund, an indirect purchaser, filed a class action complaint in the United States District Court for the District of Massachusetts on behalf of itself and others similarly situated.

On March 19, 2014, Plaintiff NECA-IBEW Welfare Trust Fund, an indirect purchaser, filed a class action complaint in the United States District Court for the District of Massachusetts on behalf of itself and others similarly situated .

On February 25, 2014, the United States Judicial Panel on Multidistrict Litigation ordered the pending actions transferred to the District of Massachusetts for coordinated pretrial proceedings, as In Re Solodyn (Minocycline Hydrochloride) Antitrust Litigation.

On March 26, 2015, Walgreen Co., The Kruger Co., Safeway Inc., HEB Grocery Company L.P., Albertson's LLC, direct purchasers, filed a separate complaint in the United States District Court for the Middle District of Pennsylvania. On April 8, 2015, the Judicial Panel on Multi-District Litigation ordered the action be transferred to the District of Massachusetts, to be coordinated or consolidated with the coordinated proceedings. The original complaint filed by the plaintiffs asserted claims only against defendant Medicis. On October 5, 2015, the plaintiffs filed an amended complaint asserting claims against the Company and the other generic defendants.

On April 16, 2015, Rite Aid Corporation and Rite Aid Hdqtrs. Corp, direct purchasers, filed a separate complaint in the United States District Court for the Middle District of Pennsylvania. On May 1, 2015, the Judicial Panel on Multi-District Litigation ordered the action be transferred to the District of Massachusetts, to be coordinated or consolidated with the coordinated proceedings. The original complaint filed by the plaintiffs asserted claims only against defendant Medicis. On October 5, 2015, the plaintiffs filed an amended complaint asserting claims against the Company and the other generic defendants.

The consolidated amended complaints allege that Medicis engaged in anticompetitive schemes by, among other things, filing frivolous patent litigation lawsuits, submitting frivolous Citizen Petitions, and entering into anticompetitive settlement agreements with several generic manufacturers, including the Company, to delay generic competition of Solodyn® and in violation of state and federal antitrust laws. Plaintiffs seek, among other things, unspecified monetary damages and equitable relief, including disgorgement and restitution. On August 14, 2015, the Court granted in part and denied in part defendants' motion to dismiss the consolidated amended complaints. Discovery is ongoing. No trial date has been scheduled.

Civil Investigative Demand from the FTC (Oxymorphone Hydrochloride)

On February 25, 2014, the Company received a CID from the FTC concerning its investigation into the drug Opana® ER and its generic equivalents. According to the FTC, the investigation relates to whether Endo Pharmaceuticals, Inc. ("Endo"), the Company have engaged or are engaged in unfair methods of competition in or affecting commerce by (i) entering into agreements regarding Opana® ER or its generic equivalents and/or (ii) engaging in other conduct regarding the regulatory filings, sale or marketing of Opana® ER or its generic equivalents. The Company is cooperating with the FTC in producing documents, information and witnesses in response to the CID. To the knowledge of the Company, no proceedings by the FTC have been initiated against the Company at this time, however no assurance can be given as to the timing or outcome of this investigation.

Opana ER® Antitrust Class Actions

From June 2014 to April 2015, 14 class action complaints were filed against the manufacturer of the brand drug Opana ER® and the Company.

On June 4, 2014, Plaintiff Fraternal Order of Police, Miami Lodge 20, Insurance Trust Fund, an indirect purchaser, filed a class action complaint in the United States District Court for the Eastern District of Pennsylvania on behalf of itself and others similarly situated.

On June 4, 2014, Plaintiff Rochester Drug Co-Operative, Inc., a direct purchaser, filed a class action complaint in the United States District Court for the Eastern District of Pennsylvania on behalf of itself and others similarly situated.

On June 6, 2014, Plaintiff Value Drug Company, a direct purchaser, filed a class action complaint in the United States District Court for the Northern District of California on behalf of itself and others similarly situated. On June 26, 2014, this Plaintiff withdrew its complaint from the United States District Court for the Northern District of California, and on July 16, 2014, re-filed the same complaint in the United States District Court for the Northern District of Illinois, on behalf of itself and others similarly situated.

On June 19, 2014, Plaintiff Wisconsin Masons' Health Care Fund, an indirect purchaser, filed a class action complaint in the United States District Court for the Northern District of Illinois on behalf of itself and others similarly situated.

On July 17, 2014, Plaintiff Massachusetts Bricklayers, an indirect purchaser, filed a class action complaint in the United States District Court for the Eastern District of Pennsylvania on behalf of itself and others similarly situated.

On August 11, 2014, Plaintiff Pennsylvania Employees Benefit Trust Fund, an indirect purchaser, filed a class action complaint in the United States District Court for the Northern District of Illinois on behalf of itself and others similarly situated.

On September 19, 2014, Plaintiff Meijer Inc., a direct purchaser, filed a class action complaint in the United States District Court for the Northern District of Illinois on behalf of itself and others similarly situated.

On October 3, 2014, Plaintiff International Union of Operating Engineers, Local 138 Welfare Fund, an indirect purchaser, filed a class action complaint in the United States District Court for the Northern District of Illinois on behalf of itself and others similarly situated.

On November 17, 2014, Louisiana Health Service & Indemnity Company d/b/a Blue Cross and Blue Shield of Louisiana, an indirect purchaser, filed a class action complaint in the United Stated District Court for the Middle District of Louisiana on behalf of itself and others similarly situated.

On December 19, 2014, Plaintiff Kim Mahaffay, an indirect purchaser, filed a class action complaint in the Superior Court of the State of California, Alameda County, on behalf of herself and others similarly situated. On January 27, 2015, the Defendants removed the action to the United States District Court for the Northern District of California.

On January 12, 2015, Plaintiff Plumbers & Pipefitters Local 178 Health & Welfare Trust Fund, an indirect purchaser, filed a class action complaint in the United States District Court for the Northern District of Illinois on behalf of itself and others similarly situated.

On December 12, 2014, the United States Judicial Panel on Multidistrict Litigation ordered the pending actions transferred to the Northern District of Illinois for coordinated pretrial proceedings, as In Re Opana ER Antitrust Litigation.

On March 26, 2015 Walgreen Co., The Kruger Co., Safeway Inc., HEB Grocery Company L.P., Albertson's LLC, direct purchasers, filed a separate complaint in the United States District Court for the Northern District of Illinois.

On April 23, 2015, Rite Aid Corporation and Rite Aid Hdqtrs. Corp, direct purchasers, filed a separate complaint in the United States District Court for the Northern District of Illinois.

In each case, the complaints allege that Endo engaged in an anticompetitive scheme by, among other things, entering into an anticompetitive settlement agreement with the Company to delay generic competition of Opana ER® and in violation of state and federal antitrust laws. Plaintiffs seek, among other things, unspecified monetary damages and equitable relief, including disgorgement and restitution. Consolidated amended complaints were filed on May 4, 2015. Defendants filed motions to dismiss the complaints on July 3, 2015. Those motions have been briefed and are under submission.

Civil Investigation Demand from the Attorney General of the State of Alaska

On February 10, 2015, the Company received three CIDs from the Office of the Attorney General of the State of Alaska ("Alaska AG") concerning its investigations into the drugs Adderall XR ®, Effexor XR ® and Opana ® ER (each a "Product" and collectively, the "Products") and their generic equivalents. According to the Alaska AG, the investigation is to determine whether the Company may have violated Alaskan state law by entering into settlement agreements with the respective brand name manufacturer for each of the foregoing Products that delayed generic entry of such Product into the marketplace. The Company intends to cooperate with the Alaska AG in producing documents and information in response to the CIDs. To the knowledge of the Company, no proceedings have been initiated against the Company at this time, however no assurance can be given as to the timing or outcome of this investigation.

United States Department of Justice Investigations

Previously on November 6, 2014, the Company disclosed that one of its sales representatives received a grand jury subpoena from the Antitrust Division of the United States Justice Department (the "Justice Department"). In connection with this same investigation, on March 13, 2015, the Company received a grand jury subpoena from the Justice Department requesting the production of information and documents regarding the sales, marketing, and pricing of certain generic prescription medications. In particular, the Justice Department's investigation currently focuses on four generic medications: digoxin tablets, terbutaline sulfate tablets, prilocaine/lidocaine cream, and calcipotriene topical solution. The Company has been cooperating and intends to continue cooperating with the investigation. However, no assurance can be given as to the timing or outcome of the investigation.

Securities and Derivative Class Actions

On March 7, 2013 and April 8, 2013, two class action complaints were filed against the Company and certain current and former officers and directors of the Company in the United States District Court for the Northern District of California by Denis Mulligan, individually and on behalf of others similarly situated, and Haverhill Retirement System, individually and on behalf of others similarly situated, respectively ("Securities Class Actions"), alleging that the Company and those named officers and directors violated the federal securities law by making materially false and misleading statements and/or failed to disclose material adverse facts to the public in connection with manufacturing deficiencies at the Hayward, California manufacturing facility, including but not limited to the impact the deficiencies would have on the Company's ability to gain approval from the FDA for the Company's branded product candidate, RYTARY® and its generic version of Concerta ® . These two Securities Class Actions were subsequently consolidated, assigned to the same judge, and lead plaintiff has been chosen. The plaintiff's consolidated amended complaint was filed on September 13, 2013. The Company filed a motion to dismiss the consolidated amended complaint on November 14, 2013. On April 18, 2014, the Court denied the Company's motion to dismiss. On September 22, 2014, the Company, together with certain current and former officers and directors of the Company, agreed to settle this consolidated securities class action, without any admission or concession of wrongdoing or liability by the Company or the other defendants. Pursuant to the settlement, the Company will pay $8.0 million for a full and complete release of all claims that were or could have been asserted against the Company or other defendants in this action. On January 16, 2015, the Court granted preliminary approval of the settlement and on July 23, 2015, the Court granted final approval of the settlement. The Company did not take any charges for the settlement as the settlement amount was paid for and covered by the Company's insurance policies. The settlement does not resolve the related shareholder derivative litigations discussed below.

On March 19, 2013, Virender Singh, derivatively on behalf of the Company, filed a state court action against certain current and former officers and directors for breach of fiduciary duty and unjust enrichment in the Superior Court of the State of California County of Santa Clara, asserting similar allegations as those in the Securities Class Actions. On November 6, 2014, plaintiff Singh filed a First Amended Complaint, adding allegations similar to those in the Aruliah Class Action (as described below). The parties have agreed to a settlement in this matter and the court granted final approval of the settlement on October 13, 2015.

On September 24, 2014, Nicholas Karant, derivatively on behalf of the Company, filed an action against certain current and former officers and directors in the United States District Court for the Northern District of California, asserting similar allegations as those by Virender Singh. On June 25, 2015, the court dismissed Mr. Karant's complaint without prejudice.

On August 13, 2014, a class action complaint was filed against the Company and certain current and former officers and directors of the Company in the United States District Court for the Northern District of California by Linus Aruliah, individually and on behalf of all others similarly situated ("Aruliah Class Action"). The complaint alleged that the Company and those named officers and directors violated the federal securities laws by making materially false and misleading statements and/or failed to disclose material adverse facts to the public in connection with manufacturing deficiencies at the Company's Taiwan manufacturing facility, including but not limited to the impact the deficiencies would have on the Company's ability to gain approval from the FDA for the Company's then branded product candidate, RYTARY® (which was subsequently approved by the FDA on January 7, 2015). On January 13, 2015, the Company, together with certain current and former officers and directors of the Company, agreed to settle this securities class action, without any admission or concession of wrongdoing or liability by the Company or the other defendants. Pursuant to the settlement, the Company will pay $4.75 million for a full and complete release of all claims that were or could have been asserted against the Company or other defendants in this action. On June 22, 2015, the Court granted preliminary approval of the settlement. The Company will not be taking any charges for the settlement as the settlement amount will be paid for and covered by the Company's insurance policies. The settlement remains subject to final court approval and certain other conditions and does not resolve the related shareholder derivative litigations.

On September 22, 2014, Randall Wickey, derivatively on behalf of the Company, filed an action against certain current and former officers and directors of the Company in the United States District Court for the Northern District of California, alleging breaches of fiduciary duty in connection with the Company's response to various FDA notices and warnings regarding problems in the manufacturing and quality control processes at the Company's Hayward, California and Taiwan manufacturing facilities. On November 10, 2014, International Union of Operating Engineers Local 478, derivatively on behalf of the Company, filed an action against certain current and former officers and directors of the Company in the United States District Court for the Northern District of California, asserting similar allegations as those by Randall Wickey. These two derivative actions were consolidated on February 5, 2015 and a consolidated complaint was filed on February 20, 2015. On October 6, 2015, the court dismissed the consolidated complaint with prejudice.

Attorney General of the State of Connecticut Interrogatories and Subpoena Duces Tecum

On July 14, 2014, the Company received a subpoena and interrogatories (the "Subpoena") from the State of Connecticut Attorney General ("Connecticut AG") concerning its investigation into sales of the Company's generic product, digoxin. According to the Connecticut AG, the investigation is to determine whether anyone engaged in a contract, combination or conspiracy in restraint of trade or commerce which has the effect of (i) fixing, controlling or maintaining prices or (ii) allocating or dividing customers or territories relating to the sale of digoxin in violation of Connecticut state antitrust law. The Company intends to cooperate with the Connecticut AG in producing documents and information in response to the Subpoena. To the knowledge of the Company, no proceedings by the Connecticut AG have been initiated against the Company at this time, however no assurance can be given as to the timing or outcome of this investigation.

21 . SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

Selected financial information for the quarterly periods noted is as follows:

(in $000's except shares and per share amounts)	2015 Quarters Ended: March 31	June 30	September 30
Revenue:			
Impax Generic Product sales, gross	$ 355,321	$ 572,079	$ 565,261
Less:			
Chargebacks	126,607	228,977	212,588
Rebates	83,130	139,477	140,142
Product Returns	6,427	7,528	6,690
Other credits	13,198	24,824	27,385
Impax Generic Product sales, net	125,959	171,273	178,456
Rx Partner	2,239	2,579	1,957
Other Revenues	543	827	253
Impax Generic Division revenues, net	128,741	174,679	180,666
Impax Specialty Pharma sales, gross	29,219	65,269	69,286
Less:			
Chargebacks	5,561	4,452	5,893
Rebates	2,132	2,970	1,078
Product Returns	2,620	6,763	4,399
Other credits	4,778	11,809	17,710
Impax Specialty Pharma sales, net	14,128	39,275	40,206
Other Revenues	227	228	227
Impax Specialty Pharma revenues, net	14,355	39,503	40,433
Total revenues	143,096	214,182	221,099
Gross profit	59,234	84,851	93,549
Net income	$ (6,333)	$ (1,852)	$ 35,755
Net income (loss) per share (basic)	$ (0.09)	$ (0.03)	$ 0.51
Net income (loss) per share (diluted)	$ (0.09)	$ (0.03)	$ 0.49
Weighted-average common shares outstanding:			
Basic	68,967,875	69,338,789	69,820,348
Diluted	68,967,875	69,338,789	72,777,746

Quarterly computations of net income per share amounts are made independently for each quarterly reporting period, and the sum of the per share amounts for the quarterly reporting periods may not equal the per share amounts for the year-to-date reporting period.

21 . SUPPLEMENTARY FINANCIAL INFORMATION (unaudited) (continued)

Selected financial information for the quarterly periods noted is as follows:

(in $000's except shares and per share amounts)	2014 Quarters Ended: March 31	June 30	September 30
Revenue:			
Impax Generic Product sales, gross	$ 265,850	$ 375,269	$ 340,379
Less:			
Chargebacks	95,714	110,518	115,419
Rebates	52,054	74,079	64,442
Product Returns	1,294	5,140	3,494
Other credits	10,671	21,571	13,449
Impax Generic Product sales, net	106,117	163,961	143,575
Rx Partner	2,435	9,204	1,447
Other Revenues	589	3,229	611
Impax Generic Division revenues, net	109,141	176,394	145,633
Impax Specialty Pharma sales, gross	20,643	24,375	23,840
Less:			
Chargebacks	8,230	10,107	8,787
Rebates	1,070	938	469
Product Returns	181	216	223
Other credits	1,853	1,654	2,261
Impax Specialty Pharma sales, net	9,309	11,460	12,100
Other Revenues	268	267	266
Impax Specialty Pharma revenues, net	9,577	11,727	12,366
Total revenues	118,718	188,121	157,999
Gross profit	57,622	109,772	84,438
Net income	$ 6,425	$ 35,071	$ 15,737
Net income per share (basic)	$ 0.09	$ 0.52	$ 0.23
Net income per share (diluted)	$ 0.09	$ 0.50	$ 0.22
Weighted-average common shares outstanding:			
Basic	67,702,296	68,095,159	68,254,327
Diluted	69,938,872	70,313,491	70,715,226

Quarterly computations of net income per share amounts are made independently for each quarterly reporting period, and the sum of the per share amounts for the quarterly reporting periods may not equal the per share amounts for the year-to-date reporting period.

22. SUBSEQUENT EVENTS

Special Meeting of the Stockholders

On November 9, 2015, the Company filed a definitive proxy statement with the SEC related to the Company's Special Meeting of the Stockholders to be held on December 8, 2015 for the Company's stockholders to approve the proposal to amend the Company's Restated Certificate of Incorporation to increase the number of authorized shares of the Company's common stock from 90 million shares to 150 million shares.

ITEM 2. Management's Discussion and Analysis of Results of Operations and Financial Condition

The following discussion and analysis, as well as other sections in this Quarterly Report on Form 10-Q, should be read in conjunction with the unaudited interim consolidated financial statements and related notes to the unaudited interim consolidated financial statements included elsewhere herein.

Statements included in this Quarterly Report on Form 10-Q that do not relate to present or historical conditions are "forward-looking statements." Such forward-looking statements involve risks and uncertainties that could cause results or outcomes to differ materially from those expressed in the forward-looking statements. Forward-looking statements may include statements relating to our plans, strategies, objectives, expectations and intentions. Words such as "believes," "forecasts," "intends," "possible," "estimates," "anticipates," and "plans" and similar expressions are intended to identify forward-looking statements. Our ability to predict results or the effect of events on our operating results is inherently uncertain. Forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those discussed in this Quarterly Report on Form 10-Q. Such risks and uncertainties include fluctuations in our revenues and operating income, our ability to successfully develop and commercialize pharmaceutical products in a timely manner, reductions or loss of business with any significant customer, the substantial portion of our total revenues derived from sales of a limited number of products, the impact of consolidation of our customer base, the impact of competition, our ability to sustain profitability and positive cash flows, any delays or unanticipated expenses in connection with the operation of our manufacturing facilities, the effect of foreign economic, political, legal and other risks on our operations abroad, the uncertainty of patent litigation and other legal proceedings, the increased government scrutiny on our agreements with brand pharmaceutical companies, product development risks and the difficulty of predicting FDA filings and approvals, consumer acceptance and demand for new pharmaceutical products, the impact of market perceptions of us and the safety and quality of our products, our determinations to discontinue the manufacture and distribution of certain products, our ability to achieve returns on our investments in research and development activities, our ability to receive a return on our capital on our development of generic drugs, our ability to achieve expected results in our research and development efforts in our branded pharmaceutical products, changes to FDA approval requirements, our ability to successfully conduct clinical trials, our reliance on third parties to conduct clinical trials and testing, our lack of a license partner for commercialization of IPX066 outside of the United States, impact of illegal distribution and sale by third parties of counterfeits or stolen products, the availability of raw materials and impact of interruptions in our supply chain, our policies regarding returns, rebates, allowances and chargebacks, the use of controlled substances in our products, the effect of current economic conditions on our industry, business, results of operations and financial condition, disruptions or failures in our information technology systems and network infrastructure caused by third party breaches or other events, our reliance on alliance and collaboration agreements, our reliance on licenses to proprietary technologies, our dependence on certain employees, our ability to comply with legal and regulatory requirements governing the healthcare industry, the regulatory environment, the effect of certain provisions in our government contracts, our ability to protect our intellectual property, exposure to product liability claims, risks relating to goodwill and intangibles, changes in tax regulations, our ability to manage our growth, including through potential acquisitions and investments, the integration of the acquired businesses of Tower Holdings Inc. and Lineage Therapeutics being more difficult, time-consuming or costly than expected, operating costs, customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, customers, clients or suppliers) being greater than expected following the Tower and Lineage acquisition, the retention of certain key employees of the acquired business being difficult, the acquired business's expected or targeted future financial and operating performance and results, the combined company's capacity to bring new products to market, and the possibility that we may be unable to achieve expected synergies and operating efficiencies in connection with the Tower and Lineage acquisition within the expected time-frames or at all , the restrictions imposed by our credit facility and indenture, our level of indebtedness and liabilities and the potential impact on cash flow available for our operations; uncertainties involved in the preparation of our financial statements, our ability to maintain an effective system of internal control over financial reporting, the effect of terrorist attacks on our business, the location of our manufacturing and research and development facilities near earthquake fault lines, expansion of social media platforms and other risks described herein and in our Annual Report on Form 10-K for the year ended December 31, 2014. You should not place undue reliance on forward-looking statements. Such statements speak only as to the date on which they are made, and we undertake no obligation to update or revise any forward-looking statement, regardless of future developments or availability of new information.

RYTARY® is a registered trademark of Impax Laboratories, Inc. Other names are for informational purposes only and are used to identify companies and products and may be trademarks of their respective owners.

Overview

We are a specialty pharmaceutical company that focuses on developing, manufacturing, marketing and distributing generic and branded products. We operate in two segments, referred to as "Impax Generics" and "Impax Specialty Pharma". Impax Generics concentrates its efforts on generic products, which are the pharmaceutical and therapeutic equivalents of brand-name drug products and are usually marketed under their established nonproprietary drug names rather than by a brand name. Impax Specialty Pharma utilizes its specialty sales force to market proprietary branded pharmaceutical products for the treatment of central nervous system ("CNS") disorders and other select specialty segments. Both Impax Generics and Impax Specialty Pharma generate revenue from research and development services provided to unrelated third-party pharmaceutical entities.

We plan to continue to expand Impax Generics through targeted Abbreviated New Drug Applications ("ANDAs") and a first-to-file and first-to-market strategy and to continue to evaluate and pursue external growth initiatives, including acquisitions and partnerships. We focus our efforts on a broad range of therapeutic areas including products that have technically challenging drug-delivery mechanisms or unique product formulations. We employ our technologies and formulation expertise to develop generic products that reproduce brand-name products' physiological characteristics but do not infringe any valid patents relating to such brand-name products. Generic products contain the same active ingredient and are of the same route of administration, dosage form, strength and indication(s) as brand-name products already approved for use in the United States by the FDA. We generally focus our generic product development on brand-name products as to which the patents covering the active pharmaceutical ingredient have expired or are near expiration, and we employ our proprietary formulation expertise to develop controlled-release technologies that do not infringe patents covering the brand-name products' controlled-release technologies. We also develop, manufacture, sell and distribute specialty generic pharmaceuticals that we believe present one or more competitive advantages, such as difficulty in raw materials sourcing, complex formulation or development characteristics or special handling requirements. Impax Generics also generates revenues from research and development services provided under a joint development agreement with an unrelated third-party pharmaceutical entity. In addition to our focus on solid oral dosage products, we have expanded our generic pharmaceutical products portfolio to include alternative dosage form products, primarily through alliance and collaboration agreements with third parties.

We sell and distribute generic pharmaceutical products primarily through four sales channels:

- the *"Impax Generics" sales channel* : generic pharmaceutical prescription products we sell directly to wholesalers, large retail drug chains and others;

- the *"Private Label" sales channel* : generic pharmaceutical over-the-counter ("OTC") and prescription products we sell to unrelated third parties who in turn sell the product under their own label;

- the *"Rx Partner" sales channel* : generic prescription products sold through unrelated third-party pharmaceutical entities pursuant to alliance and collaboration agreements; and

- the *"OTC Partner" sales channel* : sales of generic pharmaceutical OTC products sold through unrelated third-party pharmaceutical entities pursuant to alliance, collaboration and supply agreements.

As of November 2, 2015, we marketed 140 generic pharmaceutical products representing dosage variations of 46 different pharmaceutical compounds through Impax Generics, and five other generic pharmaceutical products, representing dosage variations of two different pharmaceutical compounds, through our alliance and collaboration agreement partners. As of November 2, 2015, our marketed generic products include, but are not limited to, authorized generic Adderall XR®, fenofibrate (generic to Lofibra®), diclofenac sodium gel 3% (generic to Solaraze®), oxymorphone hydrochloride extended release tablets (AB rated to original OPANA® ER) and the authorized generic epinephrine auto-injector product Adrenaclick®.

Impax Specialty Pharma is focused on developing proprietary branded pharmaceuticals products for the treatment of CNS disorders, which include migraine, multiple sclerosis, Parkinson's disease and post herpetic neuralgia, as well as developing other select specialty products. Impax Specialty Pharma in involved in the promotion and sale of branded pharmaceutical products through our specialty sales force. We believe that we have the research, development and formulation expertise to develop branded products that will deliver significant improvements over existing therapies.

Our branded pharmaceutical product portfolio consists of commercial CNS and other select specialty products, as well as development stage projects. In February 2012, we licensed from AstraZeneca the exclusive U.S. commercial rights to Zomig® (zolmitriptan) tablet, orally disintegrating tablet and nasal spray formulations pursuant to the terms of the AZ Agreement and began sales of the Zomig® products under our label during the year ended December 31, 2012 through our specialty sales force. In May 2013, our exclusivity period for branded Zomig® tablets and orally disintegrating tablets expired and we launched authorized generic versions of those products in the United States. In June 2015, the FDA approved the Zomig® nasal spray for use in pediatric patients 12 years of age or older for the acute treatment of migraine with or without aura.

Our branded products portfolio also includes Albenza® for invasive tapeworm infections, and two additional marketed products, all acquired in our acquisition of Tower and Lineage.

We currently market one internally developed branded pharmaceutical product, RYTARY® (IPX066) for the treatment of Parkinson's disease, post-encephalitic parkinsonism, and parkinsonism that may follow carbon monoxide intoxication and/or manganese intoxication, which was approved by the FDA on January 7, 2015. We launched our sales and marketing efforts for the product in the United States in April 2015. As a result, we increased our Neurology sales team to 77 representatives. We filed the required documents for a Market Authorization Application to the European Medicines Agency (EMA) for IPX066 (brand name NUMIENT™ outside of the United States) on November 5, 2014 and on September 24, 2015, the Committee for Medicinal Products for Human Use (CHMP) of the EMA adopted a positive opinion recommending that NUMIENT™ be granted approval for the symptomatic treatment of adult patients with Parkinson's disease.

We have a number of product candidates that are in varying stages of development and currently intend to expand our portfolio of branded pharmaceutical products through internal development and through licensing and acquisition.

We have entered into several alliance and collaboration agreements with respect to certain of our products and services and may enter into similar agreements in the future. These agreements typically obligate us to deliver multiple goods and/or services over extended periods. Such deliverables include manufactured pharmaceutical products, exclusive and semi-exclusive marketing rights, distribution licenses, and research and development services. Our alliance and collaboration agreements often include milestones and provide for milestone payments upon achievement of these milestones. For more information about the types of milestone events in our agreements and how we categorize them, see "Item 1. Financial Statements — Note 15. Alliance and Collaboration Agreements."

We are dependent on third-party pharmaceutical companies to supply us with some of our products and have experienced some disruptions in supply of certain of such products. If we suffer supply disruptions related to our products, our revenues and relationships with our customers may be materially adversely affected.

Quality Control

In late May 2011, we received a warning letter from the FDA related to an on-site FDA inspection of our Hayward, California manufacturing facility citing deviations from current Good Manufacturing Practices (cGMP), which are extensive regulations governing manufacturing practices for finished pharmaceutical products and which establish requirements for manufacturing processes, stability testing, record keeping and quality standards and controls. The FDA observations set forth in the warning letter related to sampling and testing of in-process materials and drug products, production record review, and our process for investigating the failure of certain manufacturing batches (or portions of batches) to meet specifications.

During the quarters ended March 31, 2012, March 31, 2013, September 30, 2014 and June 30, 2015, the FDA conducted cGMP inspections of our Hayward manufacturing facility and at the conclusion of each inspection, we received a Form 483. The 2012 Form 483 contained five observations, the 2013 Form 483 contained 12 observations, three of which were designated by the FDA as repeat observations from inspections that occurred prior to the warning letter, the 2014 Form 483 contained seven observations, two of which were designated by the FDA as repeat observations from the inspection that occurred in 2013 and the 2015 Form 483 contained three observations. The 2015 inspection included a general cGMP inspection as well as pre -approval inspections (PAI) for multiple pending products at the FDA. On September 8, 2015, we announced that we had received written notice from the FDA verifying that we had successfully addressed all the violations contained in the May 2011 warning letter. We have also received the Establishment Inspection Reports (EIR) for each of the FDA inspections referenced above indicating acceptance of our corrective actions and closure by the FDA of each inspection that resulted in the issuance of the above-mentioned Form 483s. Since our receipt of the September 2015 notification from the FDA regarding the warning letter, the FDA has approved for sale a number of products that are manufactured at our Hayward facility.

In July 2014, the FDA conducted a cGMP and PAI inspection of our Taiwan manufacturing facility and at the conclusion of the inspection, we received a Form 483 with ten observations. We received and responded to a request for additional information from the FDA regarding our Taiwan facility in December 2014 and in March 2015, we received an EIR and notification from the FDA classifying our Taiwan manufacturing facility as acceptable.

In March 2015, the FDA conducted a Pharmacovigilance Inspection of our Horsham, Pennsylvania operation (one of the sites acquired in the Tower acquisition) and at the conclusion of the inspection, we received a Form 483 with two observations. In August 2015, we received an EIR and notification from the FDA that the inspection was considered closed.

We remain committed to continuing to improve our quality control and manufacturing practices. We cannot be assured, however, that the FDA will continue to be satisfied with our corrective actions and with our quality control and manufacturing systems and standards. If we receive any future FDA observations, we may be subject to regulatory action including, among others, monetary sanctions or penalties, product recalls or seizure, injunctions, total or partial suspension of production and/or distribution, and suspension or withdrawal of regulatory approvals. Further, other federal agencies, our customers and partners in our alliance, development, collaboration and other partnership agreements with respect to our products and services may take any such Form 483 observations into account when considering the award of contracts or the continuation or extension of such partnership agreements. If we receive any future Form 483 observations or warning letters from the FDA, our business, consolidated results of operations and consolidated financial condition could be materially and adversely affected.

Critical Accounting Estimates

The preparation of our consolidated financial statements in accordance with accounting principles generally accepted in the United States ("GAAP") and the rules and regulations of the U.S. Securities & Exchange Commission ("SEC") require the use of estimates and assumptions, based on complex judgments considered reasonable, and affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant judgments are employed in estimates used in determining values of tangible and intangible assets, legal contingencies, tax assets and tax liabilities, fair value of share-based compensation related to equity incentive awards issued to employees and directors, and estimates used in applying the Company's revenue recognition policy including those related to accrued chargebacks, rebates, distribution service fees, product returns, Medicare, Medicaid, and other government rebate programs, shelf-stock adjustments, and the timing and amount of deferred and recognized revenue under the Company's several alliance and collaboration agreements. Actual results may differ from estimated results. Certain prior year amounts have been reclassified to conform to the current year presentation.

Although we believe our estimates and assumptions are reasonable when made, they are based upon information available to us at the time they are made. We periodically review the factors having an influence on our estimates and, if necessary, adjust such estimates. Although historically our estimates have generally been reasonably accurate, due to the risks and uncertainties involved in our business and evolving market conditions, and given the subjective element of the estimates made, actual results may differ from estimated results. This possibility may be greater than normal during times of pronounced economic volatility.

Impax Generics sales, net, and Impax Specialty Pharma sales, net. Revenue from the sale of products is recognized when title and risk of loss of the product is transferred to the customer and the sales price is fixed and determinable. We provide for provisions for discounts, early payments, rebates, sales returns and distributor chargebacks under terms customary in the industry in the same period the related sales are recorded. We record estimated reductions to revenue at the time of the initial sale and base and these estimates on the sales terms, historical experience and trend analysis.

Gross to Net Sales Accruals. We base our sales returns allowance on estimated on-hand inventories at our customers, measured end-customer demand as reported by third-party sources, actual returns history and other factors, such as the trend experience for lots where product is still being returned or inventory centralization and rationalization initiatives conducted by major pharmacy chains, as applicable. If the historical data we use to calculate these estimates do not properly reflect future returns, then a change in the allowance would be made in the period in which such a determination is made and revenues in that period could be materially affected. Under this methodology, we track actual returns by individual production lots. Returns on closed lots, that is, lots no longer eligible for return credits, are analyzed to determine historical returns experience. Returns on open lots, that is, lots still eligible for return credits, are monitored and compared with historical return trend rates. We consider any changes from the historical trend rates in determining the current sales return allowance.

We base sales discount accruals on payment terms extended to customers.

We base government rebate accruals on estimated payments due to governmental agencies for purchases made by third parties under various governmental programs. We generally base U.S. Medicaid rebate accruals on historical payment data and estimates of future Medicaid beneficiary utilization applied to the Medicaid unit rebate formula established by the Center for Medicaid and Medicare Services. The Medicaid rebate percentage was increased and extended to Medicaid Managed Care Organizations in March 2010. We calculate the accrual of the rebates associated with Medicaid Managed Care Organizations based on actual billings received from the states. We adjust the rebate accruals as more information becomes available and to reflect actual claims experience. Effective January 1, 2011, manufacturers of pharmaceutical products are responsible for 50% of the patient's cost of branded prescription drugs related to the Medicare Part D Coverage Gap. In order to estimate the cost to us of this coverage gap responsibility, we analyze the historical invoices. We recognize this expense throughout the year as costs are incurred.

We offer rebates or administrative fees to certain customers, group purchasing organizations and pharmacy benefit managers, consistent with pharmaceutical industry practices. Settlement of rebates and fees may generally occur from one to 15 months from the date of sale. We provide a provision for rebates at the time of sale based on contracted rates and historical redemption rates. Assumptions used to establish the provision include level of customer inventories, contract sales mix and average contract pricing. We regularly review the information related to these estimates and adjust the provision accordingly.

We base chargeback accruals on the differentials between product acquisition prices paid by wholesalers and lower contract pricing paid by eligible customers.

We base distributor service fee accruals on contractual fees to be paid to the wholesale distributor for services provided. TRICARE is a health care program of the U.S. Department of Defense Military Health System that provides civilian health benefits for military personnel, military retirees and their dependents. TRICARE rebate accruals are included in chargeback accruals and are based on estimated Department of Defense eligible sales multiplied by the TRICARE rebate formula.

A significant majority of our gross to net accruals are the result of chargebacks and rebates, with the majority of those programs having an accrual to payment cycle of approximately three months. In addition to this relatively short accrual to payment cycle, we receive monthly information from the wholesalers regarding their sales of our products and actual on hand inventory levels of our products. The three large wholesalers account for approximately 97% of our chargebacks and approximately 80% of our indirect sales rebates. This enables us to execute accurate provisioning procedures. Consistent with the pharmaceutical industry, the accrual to payment cycle for returns is longer and can take several years depending on the expiration of the related products. However, returns represent the smallest gross to net adjustment. We have not experienced any significant changes in our estimates as it relates to our chargebacks, rebates or returns in each of the years in the three year period ended December 31, 2014.

The following tables are roll-forwards of the activity in the reserves for the nine months ended September 30, 2015 and the year ended December 31, 2014 with an explanation for any significant changes in the accrual percentages:

	September 30, 2015	December 31, 2014
	($ in 000's)	
Chargeback reserve		
Beginning balance	$ 43,125	$ 37,066
Acquired balances	24,532	--
Provision recorded during the period	584,078	487,377
Credits issued during the period	(567,845)	(481,318)
Ending balance	$ 83,890	$ 43,125
Provision as a percent of gross product sales	35%	35%

As noted in the table above, the provision for chargebacks, as a percent of gross product sales, remained at 35% during the year ended December 31, 2014 and the nine months ended September 30, 2015.

	September 30, 2015	December 31, 2014
	($ in 000's)	
Rebate reserve		
Beginning balance	$ 88,812	$ 88,449
Acquired balances	75,448	--
Provision recorded during the period	368,929	260,747
Credits issued during the period	(294,296)	(260,384)
Ending balance	$ 238,893	$ 88,812
Provision as a percent of gross product sales	22%	19%

As noted in the table above, the provision for rebates, as a percent of gross product sales, increased from 19% during the year ended December 31, 2014 to 22% during the nine months ended September 30, 2015 as a result of product sales mix, the formation of alliances between major wholesalers and major retailers and the inclusion of product sales from the Tower acquisition which carried a higher rebate rate.

	September 30, 2015	December 31, 2014
	($ in 000's)	
Returns reserve		
Beginning balance	$ 27,174	$ 28,089
Acquired balances	18,949	--
Provision related to sales recorded in the period	34,427	12,016
Credits issued during the period	(27,688)	(12,931)
Ending balance	$ 52,862	$ 27,174
Provision as a percent of gross product sales	2.1%	1.0%

As noted in the table above, the provision for returns as a percent of gross product sales increased from 1.0% during the year ended December 31, 2014 to 2.1% during the nine months ended September 30, 2015 as a result of the Tower acquisition whose products carry a higher historical returns experience, higher than anticipated returns volume resulting from the loss of exclusivity on certain Zomig® products and higher returns accruals due to price increases on certain generic products.

Medicaid and Other Government Pricing Programs. As required by law, we provide a rebate payment on drugs dispensed under the Medicaid, Medicare Part D, TRICARE, and other U.S. government pricing programs. We determine our estimate of the accrued rebate reserve for government programs primarily based on historical experience of claims submitted by the various states, and other jurisdictions, as well as any new information regarding changes in the pricing programs that may impact our estimate of rebates. In determining the appropriate accrual amount, we consider historical payment rates and processing lag for outstanding claims and payments. We record estimates for government rebate payments as a deduction from gross sales, with corresponding adjustments to accrued liabilities. The accrual for payments under government pricing programs totaled $49,325,000 (which includes $28,126,000 of acquired balances) and $18,272,000 as of September 30, 2015 and December 31, 2014, respectively.

Shelf-Stock Adjustments. Based upon competitive market conditions, we may reduce the selling price of some of our products to customers for certain future product shipments. We may issue a credit against the sales amount to a customer based upon its remaining inventory of the product in question, provided the customer agrees to continue to make future purchases of product from us. This type of customer credit is referred to as a shelf-stock adjustment, which is the difference between the sales price and the revised lower sales price, multiplied by an estimate of the number of product units on hand at a given date. Decreases in selling prices are discretionary decisions made by us in response to market conditions, including estimated launch dates of competing products and estimated declines in market price. The accrued reserve for shelf-stock adjustments totaled $1,447,000 and $1,852,000 as of September 30, 2015 and December 31, 2014, respectively.

Estimated Lives of Alliance and Collaboration Agreements. The revenues we receive under our alliance and collaboration agreements are not subject to adjustment for estimated chargebacks, rebates, product returns and other pricing adjustments as such adjustments are included in the amounts we receive from our alliance partners. However, because we may defer revenue we receive under our alliance agreements, and recognize it over the estimated life of the related agreement, or our expected period of performance, we are required to estimate the recognition period under each such agreement in order to determine the amount of revenue to be recognized in each period. Sometimes this estimate is based on the fixed term of the particular alliance agreement. In other cases, the estimate may be based on more subjective factors as noted in the following paragraph . While changes to the estimated recognition periods have been infrequent, such changes, should they occur, may have a significant impact on our consolidated financial statements.

As an illustration, the consideration received from the provision of research and development services under the Joint Development Agreement with Valeant Pharmaceuticals International, Inc., formerly Medicis Pharmaceutical Corporation ("Valeant Agreement"), including the upfront fee and milestone payments received before January 1, 2011, has been initially deferred and is being recognized as revenue on a straight-line basis over our expected period of performance to provide research and development services under the Valeant Agreement. The completion of the final deliverable under the Valeant Agreement represents the end of our estimated expected period of performance, as we will have no further contractual obligation to perform research and development services under the Valeant Agreement, and therefore the earnings process will be complete. The expected period of performance was initially estimated to be a 48 month period, starting in December 2008, upon receipt of the $40.0 million upfront payment, and ending in November 2012. During the year ended December 31, 2012, we extended the end of the revenue recognition period for the Valeant Agreement from November 2012 to November 2013 and during the three month period ended March 31, 2013, we further extended the end of the revenue recognition period for the agreement from November 2013 to December 2014 due to changes in the estimated timing of completion of certain research and development activities under the agreement.

Share-Based Compensation. We recognize the grant date fair value of each option and restricted share over its vesting period. Options and restricted shares granted under the 2002 Plan generally vest over a three or four year period and have a term of ten years. We estimate the fair value of each stock option award on the grant date using the Black-Scholes-Merton option-pricing model. We determine expected volatility based on historical volatility of our common stock. We base the expected term calculation on the "simplified" method described in SAB No. 107, Share-Based Payment, and SAB No. 110, Share-Based Payment, because it provides a reasonable estimate in comparison to our actual experience. We base the risk-free interest rate on the U.S. Treasury yield in effect at the time of grant for an instrument with a maturity that is commensurate with the expected term of the stock options. The dividend yield is zero as we have never paid cash dividends on our common stock and have no present intention to pay cash dividends.

Income Taxes. We are subject to United States federal, state and local income taxes and Taiwan R.O.C. income taxes. We create a deferred tax asset, or a deferred tax liability, when we have temporary differences between the financial statement carrying values (GAAP) and the tax bases of our assets and liabilities.

We calculate our interim income tax provision in accordance with FASB ASC Topics 270 and 740. At the end of each interim period, we make an estimate of the annual U.S. domestic and foreign jurisdictions' expected effective tax rates and apply these rates to their respective year-to-date taxable income or loss. The computation of the annual estimated effective tax rates at each interim period requires certain estimates and assumptions including, but not limited to, the expected operating income for the year, projections of the proportion of income (or loss) earned and taxed in the United States, and the various state and local tax jurisdictions, as well as tax jurisdictions outside the United States, along with permanent differences, and the likelihood of deferred tax asset utilization. The accounting estimates used to compute the provision for income taxes may change as new events occur, more experience is acquired, or additional information is obtained. The computation of the annual estimated effective tax rate includes modifications, which were projected for the year, for share-based compensation charges and state research and development credits, among others. In addition, we recognize the effect of changes in enacted tax laws, rates, or tax status in the interim period in which the respective change occurs.

Contingencies. In the normal course of business, we are subject to loss contingencies, such as legal proceedings and claims arising out of our business, covering a wide range of matters, including, among others, patent litigation, shareholder lawsuits, and product and clinical trial liability. In accordance with FASB ASC Topic 450 - Contingencies, we record accrued loss contingencies when it is probable a liability will be incurred and the amount of loss can be reasonably estimated and we do not recognize gain contingencies until realized.

Goodwill. In accordance with FASB ASC Topic 350, "Goodwill and Other Intangibles," rather than recording periodic amortization of goodwill, goodwill is subject to an annual assessment for impairment by applying a fair-value-based test. Under FASB ASC Topic 350, if the fair value of the reporting unit exceeds the reporting unit's carrying value, including goodwill, then goodwill is considered not impaired, making further analysis not required. We consider each of our Impax Generics and Impax Specialty Pharma operating segments to be a reporting unit, as this is the lowest level for each of which discrete financial information is available. We attribute the entire carrying amount of goodwill to Impax Generics. We concluded the carrying value of goodwill was not impaired as of December 31, 2014, as the fair value of Impax Generics exceeded its carrying value. We perform our annual goodwill impairment test in the fourth quarter of each year. We estimate the fair value of Impax Generics using a discounted cash flow model for both the reporting unit and the enterprise, as well as earnings and revenue multiples per common share outstanding for enterprise fair value. In addition, on a quarterly basis, we perform a review of our business operations to determine whether events or changes in circumstances have occurred that could have a material adverse effect on the estimated fair value of the reporting unit, and thus indicate a potential impairment of the goodwill carrying value. If such events or changes in circumstances were deemed to have occurred, we would perform an interim impairment analysis, which may include the preparation of a discounted cash flow model, or consultation with one or more valuation specialists, to analyze the impact, if any, on our assessment of the reporting unit's fair value. To date, we have not deemed there to be any significant adverse changes in the legal, regulatory or business environment in which we conduct our operations.

Derivatives. We generally do not use derivative instruments or engage in hedging activities in our ordinary course of business. Prior to June 30, 2015, we had no derivative assets or liabilities and did not engage in any hedging activities. As a result of our June 30, 2015 issuance of the convertible senior notes described in "Item 1. Financial Statements - Note 14 – Debt", the conversion option of the notes met the criteria for an embedded derivative liability which required bifurcation and separate accounting. Contemporaneously with the issuance of the notes, we entered into a series of convertible note hedge and warrant transactions which in combination are designed to reduce the potential dilution to our stockholders and/or offset the cash payments we are required to make in excess of the principal amount upon conversion of the notes. See "Item 1. Financial Statements - Note 5 – Derivatives" and "Note 17 – Stockholders' Equity" for additional information regarding the note hedge transactions and warrant transactions . While the warrants sold were classified as equity and recorded in additional paid-in capital, the call options purchased were classified as a bond hedge derivative asset on our consolidated balance sheet. We engage a third-party valuation firm with expertise in valuing financial instruments to determine the fair value of the bond hedge derivative asset and conversion option derivative liability at each reporting period. Our consolidated balance sheet reflects the fair value of the derivative asset and liability as of the reporting date, and changes in the fair value are reflected in current period earnings in other income or expense, as appropriate.

Results of Operations
Three Months Ended September 30, 2015 Compared to the Three Months Ended September 30, 2014

Overview:

The following table sets forth our summarized, consolidated results of operations for the three month periods ended September 30, 2015 and 2014:

(in $000's)	Three Months Ended September 30 , 2015	Three Months Ended September 30 , 201 4	Increase/ (Decrease) $	Increase/ (Decrease) %
	(unaudited)			
Total revenues	$ 221,099	$ 157,999	$ 63,100	40%
Gross profit	93,549	84,438	9,111	11%
Income from operations	27,559	25,501	2,058	8%
Income before income taxes	61,332	25,854	35,478	*
Provision for income taxes	25,577	10,117	15,460	*
Net income	$ 35,755	$ 15,737	$ 20,018	*

** Percentage exceeds 100%*

Consolidated total revenues for the three month period ended September 30, 2015 increased by 40% or $63.1 million to $221.1 million, compared to $158.0 million in the prior year period. The increase was primarily due to the addition of product revenues from the Tower acquisition, increased sales of diclofenac sodium gel, a product licensed under the Company's agreement with Tolmar, and the addition of sales from RYTARY® and seven generic products launched in the second and third quarters of 2015. The increase in third quarter 2015 revenues was partially offset by the absence of authorized generic RENVELA® sales during the current period. Product volumes (including acquisitions) increased revenues by approximately 31.5%, while product selling price decreased revenues by approximately 1.6%, in each case compared to the prior year period. New product launches increased revenues by approximately 10% compared to the prior year period .

Revenues from our Impax Generics division increased by $35.0 million during the three month period ended September 30, 2015, as compared to the prior year period, driven primarily by revenues from the Tower acquisition and increased sales volume from diclofenac sodium gel 3%, partially offset by reduced sales from our other existing products, and by the loss of authorized generic Renvela® during the current year period. Revenues from Impax Specialty Pharma division increased $28.1 million during the three month period ended September 30, 2015 as compared to the prior year period, as a result of the launch of RYTARY® as well as the addition of sales volumes from the Tower acquired companies.

Net income for the three month period ended September 30, 2015 was $35.8 million, an increase of $20.0 million as compared to net income of $15.7 million for the three month period ended September 30, 2014. The increase in net income was primarily attributable to the gain of $45.6 million from the sale of our rights to Daraprim® during the third quarter of 2015, partially offset by interest expense on the convertible notes outstanding as well as expense related to the change in fair value of our derivatives on our convertible notes, each in the current year period. There was no comparable convertible note and related derivative activity in the prior year period .

Impax Generics

The following table sets forth results of operations for Impax Generics for the three month periods ended September 30, 2015 and 2014:

(in $000's)	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Increase/ (Decrease) $	Increase/ (Decrease) %
	(unaudited)			
Revenues:				
Impax Generics sales, net	$ 178,456	$ 143,575	$ 34,881	24%
Rx Partner	1,957	1,447	510	35%
Other Revenues	253	611	(358)	(59) %
Total revenues	180,666	145,633	35,033	24%
Cost of revenues	112,716	68,488	44,228	65%
Gross profit	67,950	77,145	(9,195)	(12) %
Operating expenses:				
Research and development	14,346	10,213	4,133	40%
Patent litigation expense	397	1,066	(669)	(63) %
Selling, general and administrative	5,103	4,867	236	5%
Total operating expenses	19,846	16,146	3,700	23%
Income from operations	$ 48,104	$ 60,999	$ (12,895)	(21) %

Revenues

Total revenues for Impax Generics for the three month period ended September 30, 2015, were $180.7 million, an increase of 24% over the same period in 2014, principally resulting from the addition of revenue from the Tower acquisition as well as increased sales volumes from diclofenac sodium gel partially offset by the loss of sales of authorized generic Renvela® during the current period.

Cost of Revenues

Cost of revenues was $112.7 million for the three month period ended September 30, 2015, an increase of $44.2 million compared to the prior year period. Other than increased costs related to higher product sales, cost of revenues in the current period increased due to higher product amortization and costs related to the step-up to fair value of inventory in connection with the Tower acquisition, as well as accelerated depreciation related to the reorganization of our packaging and distribution operations which we announced on June 30, 2015. This increase in cost of revenues was partially offset by lower remediation costs, as compared to the prior year period.

Gross Profit

Gross profit for the three month period ended September 30, 2015 was $67.9 million, or approximately 38% of total revenues, as compared to $77.1 million, or approximately 53% of total revenues, in the prior year period. The decline in gross profit and gross margin was primarily driven by product mix. The loss of sales during the current year period of authorized generic Renvela®, a high margin product, was replaced by lower margin products from the Tower acquisition and sales of diclofenac sodium gel .

Research and Development Expenses

Total research and development expenses for the three month period ended September 30, 2015 were $14.3 million, an increase of 40%, as compared to $10.2 million in the prior year period , primarily due to the addition of research and development projects from the Tower acquisition.

Patent Litigation Expenses

Patent litigation expenses for the three month period ended September 30, 2015 were $0.4 million, as compared to $1.1 million for the three month period ended September 30, 2014. The decrease in patent litigation expenses of $0.7 million compared to the prior year period was the result of legal activity related to several cases in the prior year period for which there was no corresponding activity in the current year period.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the three month period ended September 30, 2015 were $5.1 million, as compared to $4.9 million for the three month period ended September 30, 2014. The increase of $0.2 million compared to the prior year period was primarily the result of the addition of the selling, general and administrative expenses from the Tower acquisition, partially offset by lower expenses due to a reduction in personnel.

Impax Specialty Pharma

The following table sets forth results of operations for Impax Specialty Pharma for the three month periods ended September 30, 2015 and 2014:

(in $000's)	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Increase/ (Decrease) $	Increase/ (Decrease) %
	(unaudited)			
Revenues:				
Impax Specialty Pharma sales, net	$ 40,206	$ 12,100	$ 28,106	*
Other Revenues	227	266	(39)	(15) %
Total revenues	40,433	12,366	28,067	*
Cost of revenues	14,834	5,073	9,761	*
Gross profit	25,599	7,293	18,306	*
Operating expenses:				
Research and development	4,285	8,543	(4,258)	(50) %
Patent litigation expense	655	227	428	*
Selling, general and administrative	11,418	10,794	624	6%
Total operating expenses	16,358	19,564	(3,206)	(16) %
Income (loss) from operations	$ 9,241	$ (12,271)	$ 21,512	*

** Percentage exceeds 100%*

Revenues

Total revenues for Impax Specialty Pharma were $40.4 million for the three month period ended September 30, 2015, an increase of $28.1 million over the same period in the prior year, primarily due to sales from the launch of RYTARY® and revenues from the Tower acquisition.

Cost of Revenues

Cost of revenues was $14.8 million for the three month period ended September 30, 2015, an increase of $9.8 million over the prior year period. In addition to increased costs related to increased product sales, cost of revenues increased during the current year period due to higher amortization costs and costs related to the step-up to fair value of inventory, each in connection with the Tower acquisition.

Gross Profit

Gross profit for the three month period ended September 30, 2015 was $25.6 million, or approximately 63% of total revenues, as compared to $7.3 million, or approximately 59% of total revenues, in the prior year period . The revenue from RYTARY® and revenue from the Tower acquisition were the primary drivers for the increase in gross profit compared to the prior year period.

Research and Development Expenses

Total research and development expenses for the three month period ended September 30, 2015 were $4.3 million, a decrease of $4.2 million as compared to $8.5 million in the prior year period. The decrease was primarily driven by a reduction in research and development expenses related to our branded initiatives and decreased costs related to reduced personnel compared to the prior year period due to the restructuring and related reduction in workforce primarily in our research and development organization during the fourth quarter ended December 31, 2014.

Patent Litigation Expenses

Patent litigation expenses for the three month period ended September 30, 2015 were $0.7 million, as compared to $0.2 million for the three month period ended September 30, 2014. The increase in patent litigation expense was the result of legal activity related to a patent matter in the current period for which there was no corresponding activity in the prior year period .

Selling, General and Administrative Expenses

Selling, general and administrative expenses were $11.4 million for the three month period ended September 30, 2015, an increase of $0.6 million as compared to $10.8 million in the prior year period. The increase in expense during the current period was primarily driven by an increase in advertising and promotion expenses to support the launch of RYTARY® and related salesforce expansion.

Corporate and Other

The following table sets forth corporate general and administrative expenses, as well as other items of income and expense presented below income or loss from operations for the three month periods ended September 30, 2015 and 2014:

(in $000's)	Three Months Ended		Increase/ (Decrease)	
	September 30, 2015	September 30, 2014		
	(unaudited)			
			$	%
General and administrative expenses	$ 29,786	$ 23,227	$ 6,559	28%
Unallocated corporate expenses	(29,786)	(23,227)	(6,559)	(28) %
Other income, net	134	8	126	*
Gain on sale of asset	45,574	---	45,574	*
Net change in fair value of derivatives	(4,000)	---	(4,000)	*
Interest income	247	370	(123)	(33) %
Interest expense	(8,182)	(25)	(8,157)	*
Income (loss) before income taxes	3,987	(22,874)	26,861	*
Provision for income taxes	$ 25,577	$ 10,117	$ 15,460	*

** Percentage exceeds 100%*

General and Administrative Expenses

General and administrative expenses for the three month period ended September 30, 2015 were $29.8 million, a $6.6 million increase over the same period in 2014. The increase was principally driven by higher equity-based compensation compared to the prior year period, increased information technology expenses and the inclusion of general and administrative expenses from the Tower acquisition in the current year period.

Other Income , net

Other income, net in the three month period ended September 30, 2015 was $0.1 million, as compared to less than $0.1 million in the three month period ended September 30, 2014 .

Gain on sale of asset

During the three month period ended September 30, 2015 we recognized a gain of $45.6 million on the sale of our rights to Daraprim®, for which there was no corresponding amount in the prior year period .

Net c hange in fair value of derivative s

During the three month period ended September 30, 2015, we recognized a $4.0 million expense related to the net change in the fair value of our derivative instruments related to our convertible senior notes at June 30, 2015 compared to September 30, 2015. We engage a third-party valuation firm with expertise in valuing financial instruments to determine the fair value of our bond hedge derivative asset and conversion option derivative liability at each reporting period.

Interest Income

Interest income in the three month period ended September 30, 2015 was less than $0.3 million, and was relatively consistent with the same period in 2014.

Interest Expense

Interest expense in the three month period ended September 30, 2015 was $8.2 million, compared to minimal interest expense during the prior year period, primarily related to approximately $8.1 million of interest expense incurred on our outstanding convertible notes, of which $3.0 million was cash and $5.1 million was non-cash accretion of the debt discount attributable to the deferred financing costs and bifurcation of the conversion option of our convertible senior notes, which reduced the carrying value of the notes on our consolidated balance sheet.

Income Taxes

During the three month period ended September 30, 2015, we recognized an aggregate consolidated tax provision of $25 .6 million for U.S. domestic and foreign income taxes. In the three month period ended September 30, 2014, we recognized an aggregate consolidated tax provision of $10.1 million for U.S. domestic and foreign income taxes. The increase in the tax provision resulted from higher consolidated income before taxes in the three month period ended September 30, 2015, as compared to the same period in the prior year. The effective tax rate of 42% for the three month period ended September 30, 2015 was higher than the effective tax rate of 39% for the prior year period primarily as a result of a change in the timing and mix of U.S. and foreign income. Other contributing factors to the rate fluctuation included a larger add-back for non-deductible executive compensation limited by section 162(m) of the Internal Revenue Code, which prohibits publicly held corporations from deducting more than $1 million per year in compensation paid to each of certain covered employees.

Results of Operations
Nine Months Ended September 30, 2015 Compared to the Nine Months Ended September 30, 2014

Overview:

The following table sets forth our summarized, consolidated results of operations for the nine month periods ended September 30, 2015 and 2014:

(in $000's)	Nine Months Ended September 30 , 2015	Nine Months Ended September 30 , 201 4	Increase/ (Decrease) $	Increase/ (Decrease) %
	(unaudited)			
Total revenues	$ 578,377	$ 464,838	$ 113,539	24%
Gross profit	237,634	251,832	(14,198)	(6) %
Income from operations	38,764	87,668	(48,904)	(56) %
Income before income taxes	46,079	88,909	(42,830)	(48) %
Provision for income taxes	18,509	31,676	(13,167)	(42) %
Net income	$ 27,570	$ 57,233	$ (29,663)	(52) %

Consolidated total revenues for the nine month period ended September 30, 2015 increased by $113.5 million to $578.4 million, or 24%, as compared to the same period in 2014. The increase in consolidated total revenues during the current year period was primarily due to the addition of product revenues from our acquisition of Tower, increased sales of diclofenac sodium gel, the addition of sales from RYTARY® and seven generic products launched in the second and third quarters of 2015. The year to date increase in revenue was partially offset by the absence of authorized generic RENVELA® sales during the current period. Year to date product volumes (including from acquisitions) increased revenues by approximately 22.4%, while product selling price decreased revenues by approximately 6.3%, in each case compared to the prior year period. New product launches increased revenues by approximately 8.4% compared to the prior year period.

Revenues from our Impax Generics division increased by $52.9 million during the nine month period ended September 30, 2015, as compared to the prior year period, driven primarily by the increase in revenues from the Tower acquisition and increased sales volume from diclofenac sodium gel, partially offset by the absence of sales of authorized generic Renvela® during the current period, for which there were sales during the prior year period. Revenues from the Impax Specialty Pharma division increased by $60.6 million during the nine month period ended September 30, 2015 as compared to the same period in 2014, as a result of the launch of RYTARY® as well as product volumes from the acquired companies during the current year period .

Net income for the nine month period ended September 30, 2015 was $27.6 million, a decrease of $29.6 million as compared to net income of $57.2 million for the nine month period ended September 30, 2014. The decrease was primarily attributable to lower margins from product sales and higher operating expenses, in each case compared to the prior year period. We also experienced higher amortization charges related to intangible assets and costs related to the fair value of inventory, resulting from the Tower acquisition. This was partially offset by reduced Hayward facility remediation costs during the current year period. In addition, we had a loss on debt extinguishment, related to the repayment of our term loan with Barclays, as well as higher interest expense related to the Barclays term loan and to our convertible notes and a net loss on the change in the fair value of our derivatives in connection with the call spread overlay on our convertible notes. The decrease in net income during the current year period was partially offset by the gain of $45.6 million from the sale of our rights to Daraprim® during the current year period .

Impax Generics

The following table sets forth results of operations for Impax Generics for the nine month periods ended September 30, 2015 and 2014:

(in $000's)	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014	Increase/ (Decrease) $	Increase/ (Decrease) %
	(unaudited)			
Revenues:				
Impax Generics sales, net	$ 475,688	$ 413,653	$ 62,035	15%
Rx Partner	6,775	13,086	(6,311)	(48) %
Other Revenues	1,623	4,428	(2,805)	(63) %
Total revenues	484,086	431,167	52,919	12%
Cost of revenues	299,596	195,382	104,214	53%
Gross profit	184,490	235,785	(51,295)	(22) %
Operating expenses:				
Research and development	38,100	32,175	5,925	18%
Patent litigation expense	2,507	5,006	(2,499)	(50) %
Selling, general and administrative	16,673	11,822	4,851	41%
Total operating expenses	57,280	49,003	8,277	17%
Income from operations	$ 127,210	$ 186,782	$ (59,572)	(32) %

Revenues

Total revenues for Impax Generics for the nine month period ended September 30, 2015, were $484.1 million, an increase of 12% over the same period in 2014, principally resulting from the addition of product revenue from the Tower acquisition as well as increased sales from diclofenac sodium gel and seven generic products including Lamotrigine ODT, partially offset by the absence of revenues from sales of authorized generic Renvela® during the current year period, for which there were sales during the prior year period .

Cost of Revenues

Cost of revenues was $299.6 million for the nine month period ended September 30, 2015, an increase of $104.2 million compared to the prior year period. In addition to increased costs related to higher product sales, cost of revenues in the current period increased due to higher product amortization and costs related to the step-up to fair value of inventory in connection with the Tower acquisition, as well as closing and severance costs related to the reorganization of our packaging and distribution operations announced on June 30, 2015. This increase was partially offset by lower remediation costs, as compared to the prior year period.

Gross Profit

Gross profit for the nine month period ended September 30, 2015 was $184.5 million, or approximately 38% of total revenues, as compared to $235.8 million, or approximately 55% of total revenues, in the prior year period. The decline in gross profit and gross margin was primarily driven by product mix. The loss of sales during the current year period of authorized generic Renvela®, a high margin product, was replaced by lower margin products from the Tower acquisition and sales of diclofenac sodium gel .

Research and Development Expenses

Total research and development expenses for the nine month period ended September 30, 2015 were $38.1 million, an increase of 18%, as compared to $32.2 million in the prior year period. Generic research and development expenses increased by $5.9 million, as compared to the prior year period, primarily due to the addition of research and development projects from the Tower acquisition.

Patent Litigation Expenses

Patent litigation expenses for the nine month period ended September 30, 2015 were $2.5 million, as compared to $5.0 million for the nine month period ended September 30, 2014. The decrease in patent litigation expenses of $2.5 million compared to the prior year period was the result of legal activity related to several cases in the prior year period for which there was no corresponding activity in the current year period.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the nine month period ended September 30, 2015 were $16.7 million, as compared to $11.8 million for the nine month period ended September 30, 2014. The increase of $4.9 million compared to the prior year period was primarily the result of an increase in penalties paid to customers for delays or failures to supply product and the addition of the selling, general and administrative expenses from the Tower acquisition during the current year period .

Impax Specialty Pharma

The following table sets forth results of operations for Impax Specialty Pharma for the nine month periods ended September 30, 2015 and 2014:

(in $000's)	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014	Increase/ (Decrease) $	Increase/ (Decrease) %
	(unaudited)			
Revenues:				
Impax Specialty Pharma sales, net	$ 93,609	$ 32,869	$ 60,740	*
Other Revenues	682	802	(120)	(15) %
Total revenues	94,291	33,671	60,620	*
Cost of revenues	41,147	17,624	23,523	*
Gross profit	53,144	16,047	37,097	*
Operating expenses:				
Research and development	12,488	29,574	(17,086)	(58) %
Patent litigation expense	999	227	772	*
Selling, general and administrative	39,186	31,749	7,437	23%
Total operating expenses	52,673	61,550	(8,877)	(14) %
Income (loss) from operations	$ 471	$ (45,503)	$ 45,974	*

** Percentage exceeds 100%*

Revenues

Total revenues for Impax Specialty Pharma were $94.3 million for the nine month period ended September 30, 2015, an increase of $60.6 million over the same period in the prior year, due to the launch of RYTARY® and revenues from the Tower acquisition during the current period.

Cost of Revenues

Cost of revenues was $41.1 million for the nine month period ended September 30, 2015, an increase of $23.5 million over the prior year period. In addition to increased costs related to increased product sales, cost of revenues increased in the nine month period ended September 30, 2015 due to higher amortization and costs related to the step-up to fair value of inventory, each incurred in connection with the Tower acquisition. This increase was partially offset by a reserve included in the cost of revenues during the nine months ended September 30, 2014 for pre-launch inventory related to RYTARY® as a result of a Complete Response Letter received in 2014, for which there was no similar amounts included in cost of revenues in the current year period.

Gross Profit

Gross profit for the nine month period ended September 30, 2015 was $53.1 million or approximately 56.4% of total revenues, as compared to $16.0 million, or approximately 47.7% of total revenues in the prior year period. The revenue from RYTARY® and revenue from the Tower acquisition were the primary drivers of the increase in gross profit compared to the prior year period.

Research and Development Expenses

Total research and development expenses for the nine month period ended September 30, 2015 were $12.5 million, a decrease of $17.1 million as compared to $29.6 million in the prior year period. The decrease during the current year period was primarily driven by a reduction in research and development expenses related to our branded initiatives and decreased costs related to reduced personnel compared to the prior year period due to the restructuring and related reduction in workforce primarily in our research and development organization during the fourth quarter ended December 31, 2014. In addition, research and development expense during the prior year period included a $2.0 million upfront fee paid to DURECT Corporation ("Durect") under an agreement to acquire the exclusive worldwide rights to develop and commercialize Durect's investigational transdermal bupivacaine patch for the treatment of pain associated with post-herpetic neuralgia, for which there was no comparable fee paid in the current year period.

Patent Litigation Expenses

Patent litigation expenses for the nine month period ended September 30, 2015 were $1.0 million, as compared to $0.2 million for the nine month period ended September 30, 2014. The increase in patent litigation expense was the result of legal activity related to a patent matter in the current year period for which there was no corresponding activity in the prior year period .

Selling, General and Administrative Expenses

Selling, general and administrative expenses were $39.2 million for the nine month period ended September 30, 2015, an increase of $7.5 million as compared to $31.7 million in the prior year period. The increase was primarily driven by an increase in advertising and promotion expenses to support the launch of RYTARY® and related salesforce expansion.

Corporate and Other

The following table sets forth corporate general and administrative expenses, as well as other items of income and expense presented below income or loss from operations for the nine month periods ended September 30, 2015 and 2014:

(in $000's)	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014	Increase/ (Decrease) $	Increase/ (Decrease) %
	(unaudited)			
General and administrative expenses	$ 88,917	$ 53,611	$ 35,306	66%
Unallocated corporate expenses	(88,917)	(53,611)	(35,306)	(66) %
Other income, net	929	115	814	*
Loss on debt extinguishment	(16,903)	---	(16,903)	*
Gain on sale of asset	45,574	---	45,574	*
Net change in fair value of derivatives	(4,000)	---	(4,000)	*
Interest income	825	1,123	(298)	(27) %
Interest expense	(19,110)	3	(19,113)	*
Loss before income taxes	(81,602)	(52,370)	(29,232)	(56) %
Provision for income taxes	$ 18,509	$ 31,676	$ (13,167)	(42) %

** Percentage exceeds 100%*

General and Administrative Expenses

General and administrative expenses for the nine month period ended September 30, 2015 were $88.9 million, a $35.3 million increase over the same period in 2014. The increase was principally driven by higher business development expenses, the majority of which was transaction and/or integration activities related to the Tower acquisition, the inclusion of general and administrative expenses from the Tower acquisition, increased information technology expenses and higher equity based compensation. The Tower related general and administrative expenses included $2.4 million in employee severance costs related to the acquisition.

Other Income , net

Other income, net in the nine month period ended September 30, 2015 was $0.9 million, as compared to $0.1 million in the nine month period ended September 30, 2014, primarily related to our sale of an ANDA during the current year period for $1.0 million.

Loss on debt extinguishment

During the nine month period ended September 30, 2015, we recognized a $16.9 million loss on the extinguishment related to the repayment of our term loan with Barclays, for which there was no comparable loss in the prior year period .

Gain on sale of asset

During the nine month period ended September 30, 2015 we recognized a gain of $45.6 million on the sale of our rights to Daraprim®, for which there was no comparable amount in the prior year period .

Net change in fair value of derivatives

During the nine month period ended September 30, 2015, we recognized a $4.0 million expense from the net change in the fair value of our derivative instruments related to our convertible senior notes at June 30, 2015 compared to September 30, 2015. We engage a third-party valuation firm with expertise in valuing financial instruments to determine the fair value of our bond hedge derivative asset and conversion option derivative liability at each reporting period.

Interest Income

Interest income in the nine month period ended September 30, 2015 was $0.8 million, and was relatively consistent with the same period in 2014.

Interest Expense

Interest expense in the nine month period ended September 30, 2015 was $19.1 million, primarily related to interest expenses on debt issued in connection with the Tower acquisition as well as interest accrued on our outstanding convertible notes. Interest expense in the nine month period ended September 30, 2015 included $2.3 million in commitment fees incurred prior to the closing of the Tower acquisition.

Income Taxes

During the nine month period ended September 30, 2015, we recognized an aggregate consolidated tax provision of $18.5 million for U.S. domestic and foreign income taxes. During the nine month period ended September 30, 2014, we recognized an aggregate consolidated tax provision of $31.7 million for U.S. domestic and foreign income taxes. The decrease in the tax provision resulted from lower consolidated income before taxes in the nine month period ended September 30, 2015, as compared to the same period in the prior year. The effective tax rate of 40% for the nine month period ended September 30, 2015 was higher than the effective tax rate of 36% for the prior year period primarily as a result of a change in the timing and mix of U.S. and foreign income. Other contributing factors to the rate fluctuation included a larger add-back for non-deductible executive compensation limited by section 162(m) of the Internal Revenue Code, which prohibits publicly held corporations from deducting more than $1 million per year in compensation paid to each of certain covered employees, and non-deductible acquisition-related transaction costs .

Liquidity and Capital Resources

We have historically funded our operations with the proceeds from the sale of debt and equity securities and with cash from operations. Currently, our principal source of liquidity is cash from operations, consisting of the proceeds from the sales of our products and the provision of services.

We expect to incur significant operating expenses, including research and development activities and patent litigation expenses, for the foreseeable future. In addition, we are generally required to make cash expenditures to manufacture and/or acquire finished product inventory in advance of selling the finished product to our customers and collecting payment for such product sales, which may result in a significant use of cash. We believe our existing cash and cash equivalents, together with cash expected to be generated from operations, and our revolving line of credit pursuant to our revolving credit facility entered into on August 4, 2015, will be sufficient to meet our cash requirements through the next 12 months. We may seek additional financing through alliance, collaboration, and licensing agreements, as well as from the debt or equity capital markets to fund the planned capital expenditures, our research and development plans, potential acquisitions, and potential revenue shortfalls due to delays in new product introductions. We cannot assure that such financing will be available on favorable terms, or at all.

Special Meeting of the Stockholders

On November 9, 2015, we filed a definitive proxy statement with the SEC related to our Special Meeting of the Stockholders to be held on December 8, 2015, for our stockholders to approve our proposal to amend our Restated Certificate of Incorporation to increase the number of authorized shares of our common stock from 90 million shares to 150 million shares.

Cash and Cash Equivalents

At September 30 , 2015, we had $318.4 million in cash and cash equivalents, an increase of $103.5 million as compared to December 31, 2014. As more fully discussed below, the increase in cash and cash equivalents during the nine month period ended September 30, 2015 was primarily driven by $35.1 million of net cash provided by operating activities, and $520.5 million of cash provided for financing activities, partially offset by $452.0 million of net cash used in investing activities and a $0.1 million decrease related to the effect of exchange rate changes on cash.

Cash Flows

Nine Month Period Ended September 30, 2015 Compared to the Nine Month Period Ended September 30, 2014

Net cash provided by operating activities for the nine month period ended September 30, 2015 was $35.1 million, a decrease of $18.8 million as compared to the prior year period of $53.9 million net cash provided by operating activities. The period over period decrease in net cash provided by operating activities principally resulted from our reduced net income , partially offset by higher share based compensation and non-cash interest related to our convertible notes. The reduction in net income compared to the prior year period was largely driven by the absence of sales of authorized generic Renvela® and higher operating expenses during the current year period. The gain on sale of our rights to Daraprim® during the current year period was offset by higher amortization costs as a result of the Tower acquisition, improvements in working capital, as well as higher net profit sharing accruals.

Net cash used in investing activities for the nine month period ended September 30, 2015, was $452.0 million, an increase of $404.1 million compared to $47.9 million in net cash used in investing activities in the prior year period. The period over period increase in net cash used was due primarily to cash used to fund the Tower acquisition purchase price of $691.3 million (net of cash acquired in the acquisition), partially offset by a change in purchases of short-term investments and a change in maturities of investments of $213.0 million with those cash proceeds used in part to fund the Tower acquisition. Net cash flow from investing activities also included $55.5 million in proceeds from the sale of our rights to Daraprim® during the current year period.

Net cash provided by financing activities for the nine month period ended September 30, 2015 was $520.5 million, representing an increase of $509.8 million as compared to $10.7 million of net cash provided by financing activities in the prior year period. The period over period increase in net cash provided by financing activities was due to the sale of our convertible notes and related bond hedge activities. Please refer to “Outstanding Debt Obligations” below for details regarding our debt obligations.

Outstanding Debt Obligations

2% Convertible Senior Notes due June 2022

On June 30, 2015, we issued an aggregate principal amount of $600.0 million of 2.00% Convertible Senior Notes due June 2022 (the "Notes") in a private placement offering, which are our senior unsecured obligations. The Notes were issued pursuant to an Indenture dated June 30, 2015 (the "Indenture") between us and Wilmington Trust, N.A. as trustee. The Indenture includes customary covenants and sets forth certain events of default after which the Notes may be due and payable immediately. The Notes will mature on June 15, 2022, unless earlier redeemed, repurchased or converted. The Notes bear interest at a rate of 2.00% per year, and interest is payable semiannually in arrears on June 15 and December 15 of each year, beginning on December 15, 2015.

The conversion rate for the Notes is initially set at 15.7858 shares per $1,000 of principal amount, which is equivalent to an initial conversion price of $63.35 per share of our common stock. If a Make-Whole Fundamental Change (as defined in the Indenture) occurs or becomes effective prior to the maturity date and a holder elects to convert its Notes in connection with the Make-Whole Fundamental Change, we are obligated to increase the conversion rate for the Notes so surrendered by a number of additional shares of our common stock as prescribed in the Indenture. Additionally, the conversion rate is subject to adjustment in the event of an equity restructuring transaction such as a stock dividend, stock split, spinoff, rights offering, or recapitalization through a large, nonrecurring cash dividend ("standard antidilution provisions," per ASC 815-40 – Contracts in Entity's Own Equity).

The Notes are convertible at the option of the holders at any time prior to the close of business on the business day immediately preceding December 15, 2021 only under the following circumstances:

(i) If during any calendar quarter commencing after the quarter ending September 30, 2015 (and only during such calendar quarter) the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than 130% of the conversion price on each applicable trading day; or

(ii) If during the five business day period after any 10 consecutive trading day period (the "measurement period") in which the trading price per $1,000 of principal amount of Notes for each trading day of the measurement period was less than 98% of the product of the last report sale price of our common stock and the conversion rate on each such trading day; or

(iii) Upon the occurrence of corporate events specified in the Indenture

On or after December 15, 2021 until the close of business on the second scheduled trading day immediately preceding the maturity date, the holders may convert their Notes at any time, regardless of the foregoing circumstances. We may satisfy its conversion obligation by paying or delivering, as the case may be, cash, shares of the Company's common stock, or a combination of cash and shares of the Company's common stock, at the Company's election and in the manner and subject to the terms and conditions provided in the Indenture.

Concurrently with the offering of the Notes and using a portion of the proceeds from the sale of the Notes, we entered into a series of convertible note hedge and warrant transactions (the "Note Hedge Transactions" and "Warrant Transactions") which are designed to reduce the potential dilution to our stockholders and/or offset the cash payments we are required to make in excess of the principal amount upon conversion of the Notes. The Note Hedge Transactions and Warrant Transactions are separate transactions, in each case, entered into by us with a financial institution and are not part of the terms of the Notes. These transactions will not affect any holder's rights under the Notes, and the holders of the Notes have no rights with respect to the Note Hedge Transactions and Warrant Transactions. See "Item 1. Financial Statements - Note 5 – Derivatives" and "Note 17 – Stockholders' Equity" for additional information.

As of the June 30, 2015 issuance date of the Notes, we did not have the necessary number of authorized but unissued shares of its common available to settle the conversion option of the Notes in shares of our common stock. Unless and until our stockholders approve a sufficient increase in the authorized share count, we are required to settle the principal amount and conversion spread of the Notes in cash. Therefore, in accordance with guidance found in ASC 470-20 – Debt with Conversion and Other Options ("ASC 470-20") and ASC 815-15 – Embedded Derivatives ("ASC 815-15"), the conversion option of the Notes was deemed an embedded derivative which must be bifurcated from the Notes (host contract) and accounted for separately as a derivative liability. The fair value of the conversion option derivative liability at September 30, 2015 was approximately $111.0 million, which was recorded with an offsetting debit to the book value of the debt. This debt discount will be amortized to interest expense over the term of the debt using the effective interest method.

In connection with the issuance of the Notes, we incurred approximately $18.6 million of debt issuance costs for banking, legal, and accounting fees and other expenses. This was also recorded on our balance sheet as a debt discount, in accordance with our early adoption of Accounting Standards Update ("ASU") No. 2015-03 – Simplifying the Presentation of Debt Issuance Costs ("ASU 2015-03"), and will be amortized to interest expense over the term of the debt using the effective interest method.

As the private offering closed on the last day of the quarter ended June 30, 2015, there was no related interest expense recorded for the second quarter, and there was no accrued interest payable balance on the Notes as of June 30, 2015. For the quarter ended September 30, 2015, we recognized $8.1 million of interest expense related to the convertible notes, of which $3 .0 million was cash and $5.1 million was non-cash accretion of the debt discount recorded. As the Notes mature in 2022, they have been classified as long-term debt on our balance sheet, with a book balance of approximately $419.4 million as of September 30, 2015.

Royal Bank of Canada $100.0 Million Revolver

On August 4, 2015, we entered into a senior secured revolving credit facility (the "Revolving Credit Facility") of up to $100 million, pursuant to a credit agreement, by and among us, the lenders party thereto from time to time and Royal Bank of Canada, as administrative agent and collateral agent (the "Revolving Credit Facility Agreement"). The Revolving Credit Facility is available for working capital and other general corporate purposes. Borrowings under the Revolving Credit Facility will accrue interest at a rate equal to LIBOR or the base rate, plus an applicable margin. The applicable margin may be increased or reduced by 0.75% based on our total net leverage ratio. The Revolving Credit Facility will mature on August 4, 2020. No borrowings have been drawn from the Revolving Credit Facility to date.

Loss on Early Extinguishment of Debt – Barclays $435.0 Million Term Loan

In connection with the acquisition of Tower during the first quarter of 2015, we entered into a $435.0 million senior secured term loan facility (the "Term Loan") and a $50.0 million senior secured revolving credit facility (the "Barclays Revolver" and together with the Term Loan, the "Barclays Senior Secured Credit Facilities"), pursuant to a credit agreement, dated as of March 9, 2015, by and among us, the lenders party thereto from time to time and Barclays Bank PLC, as administrative and collateral agent (the "Barclays Credit Agreement"). In connection with the Barclays Senior Secured Credit Facilities, we incurred debt issuance costs for banking, legal and accounting fees and other expenses of approximately $17.8 million, which were previously reflected as a debt discount on our balance sheet in accordance with ASU 2015-03. Prior to repayment of the Term Loan on June 30, 2015, these debt issuance costs were amortized to interest expense over the term of the loan using the effective interest rate method.

On June 30, 2015, we used approximately $436.4 million of the proceeds from the sale of the Notes to repay the $435.0 million of principal and approximately $1.4 million of accrued interest due on our Term Loan under the Barclays Credit Agreement. In connection with this repayment of the loan, we recorded a loss on early extinguishment of debt of approximately $16.9 million related to the unamortized portion of the deferred debt issuance costs during the quarter ended September 30, 2015.

For the six months ended June 30, 2015, we incurred total interest expense on the Term Loan of approximately $10.7 million, of which $9.8 million was cash and $0.9 million was non-cash amortization of the deferred debt issuance costs. Included in the year-to-date cash interest expense of $9.8 million is approximately $2.3 million related to a ticking fee paid to Barclays during the first quarter of 2015, prior to the funding of the Senior Secured Credit Facilities on March 9, 2015, to lock in the financing terms from the lenders' commitment of the Term Loan until the actual allocation of the loan occurred.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of September 30, 2015.

Contractual Obligations

As of September 30, 2015, there were no significant changes to our contractual obligations as set forth in our Annual Report on Form 10-K for the year ended December 31, 2014.

Recent Accounting Pronouncements

In May 2014, the FASB issued updated guidance regarding the accounting for and disclosures of revenue recognition, with an effective date for annual and interim periods beginning after December 15, 2016. The update provides a single comprehensive model for accounting for revenue from contracts with customers. The model requires that revenue recognized reflect the actual consideration to which the entity expects to be entitled in exchange for the goods or services defined in the contract, including in situations with multiple performance obligations. This guidance will be the same for both U.S. GAAP and International Financial Reporting Standards (IFRS). In July 2015, the FASB deferred the effective date by one year. The guidance will be effective for annual and interim periods beginning after December 15, 2017. We are currently evaluating the effect that this guidance may have on its consolidated financial statements.

In April 2015, the FASB issued updated guidance on the presentation requirements for debt issuance costs and debt discount and premium. The update requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the updated guidance. The updated guidance is effective for annual and interim periods beginning after December 15, 2015 and early adoption is permitted for financial statements that have not been previously issued. We adopted this guidance in the three month period ended March 31, 2015, and it had no effect on the Company's results of operations. In August 2015, the FASB issued updated guidance on the presentation and measurement of debt issuance costs associated with line-of credit arrangements. The guidance issued in April 2015 did not address presentation or subsequent measurement of debt issuance costs related to line-of-credit arrangements. This update states that the debt issuance costs shall be presented as an asset and deferred debt issuance costs shall be amortized over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. We adopted this guidance in the three month period ended September 30, 2015, and it had no effect on the Company's results of operations .

In July 2015, the FASB issued updated guidance regarding the accounting for and measurement of inventory. The update requires that inventory measured using first-in, first-out (FIFO) shall be measured at the lower of cost and net realizable value. When evidence exists that the net realizable value of inventory is lower than its cost, the difference shall be recognized as a loss in earnings in the period in which it occurs. The guidance will be effective for annual and interim periods beginning after December 15, 2016. We are currently evaluating the effect that this guidance may have on our consolidated financial statements.

In September 2015, the FASB issued updated guidance regarding the accounting for and disclosure of measurement-period adjustments that occur in periods after a business combination is consummated. This update requires that the acquirer recognize measurement-period adjustments in the reporting period in which they are determined. Prior period information should not be revised. This update also requires an entity to present separately on the face of the income statement or disclose in the notes the amount recorded in the current-period income statement that would have been recorded in previous reporting periods if the adjustments had been recognized as of the acquisition date. The effective date for annual and interim periods begins after December 15, 2016. We are currently evaluating the effect that this guidance may have on our consolidated financial statements.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

Our cash equivalents and short-term investments included a portfolio of high credit quality securities, including U.S. government securities, treasury bills, short-term commercial paper, and highly-rated money market funds. We had no short-term investments as of September 30, 2015. As a result, the portfolio was subject to interest rate risk. Based on the average duration of our investments as of December 31, 2014, an increase of one percentage point in interest rates would have resulted in an increase in interest income of approximately $2.4 million. The carrying value of the portfolio approximates the market value at December 31, 2014.

Financial instruments that potentially subject us to concentrations of credit risk consist principally of cash equivalents, short-term investments and accounts receivable. We limit our credit risk associated with cash equivalents and short-term investments by placing investments with high credit quality securities, including U.S. government securities, treasury bills, corporate debt, short-term commercial paper and highly-rated money market funds. We limit our credit risk with respect to accounts receivable by performing credit evaluations when deemed necessary. We do not require collateral to secure amounts owed to us by our customers.

Prior to June 30, 2015, we had no derivative assets or liabilities and did not engage in any hedging activities. As a result of our June 30, 2015 issuance of the Notes described in “Item 1. Financial Statements - Note 5. Derivatives”, the conversion option of the Notes met the criteria for an embedded derivative liability that required bifurcation and separate accounting. Contemporaneously with the issuance of the Notes, we entered into a series of convertible note hedge and warrant transactions, resulting in a derivative asset for the call options purchased. These derivative instruments are subject to remeasurement at each reporting period, with changes in fair value reflected in current period earnings. The variability in the fair value of the derivative instruments results from changes in inputs such as our stock price, our stock price volatility, and risk- free interest rates, which are subject to market volatility and are outside of the our control.

We do not use derivative financial instruments or engage in hedging activities in our ordinary course of business and have no material foreign currency exchange exposure or commodity price risks. See “Item 15. Exhibits and Financial Statement Schedules – Note 19. Segment Information” for more information regarding the value of our investment in Impax Laboratories (Taiwan), Inc., as filed on the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

We do not believe that inflation has had a significant impact on our revenues or operations to date.

ITEM 4. Controls and Procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) that are designed to ensure that information required to be disclosed by us in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures, as defined in Rule 13a-15(e) of the Exchange Act, were effective as of September 30, 2015 at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

During the quarter ended September 30, 2015, there were no changes in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) which materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations on the Effectiveness of Controls

Systems of disclosure controls and internal controls over financial reporting and their associated policies and procedures, no matter how well conceived and operated, are designed to provide a reasonable, but not an absolute, level of assurance the objectives of the system of control are achieved. Further, the design of a control system must be balanced against resource constraints, and therefore the benefits of controls must be considered relative to their costs. Given the inherent limitations in all systems of controls, no evaluation of controls can provide absolute assurance all control issues and instances of fraud, if any, within a company have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Accordingly, given the inherent limitations in a cost-effective system of internal control, financial statement misstatements due to error or fraud may occur and may not be detected. Our disclosure controls and procedures are designed to provide a reasonable assurance of achieving their objectives. We conduct periodic evaluations of our systems of controls to enhance, where necessary, our control policies and procedures.

PART II. Other Information

Item 1. Legal Proceedings

Information pertaining to legal proceedings can be found in "Item 1. Financial Statements – Note 20. Legal and Regulatory Matters" and is incorporated by reference herein.

Item 1A. Risk Factors

During the quarter ended September 30, 2015, except as set forth below and as set forth in our Quarterly Report on Form 10-Q for the quarter June 30, 2015, there were no material changes to the risk factors included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014. Please carefully consider the information set forth in this Quarterly Report on Form 10-Q and the risk factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, which could materially affect our business, consolidated financial condition or consolidated results of operations. The risks described herein, in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 and in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 are not the only risks we face. Additional risks and uncertainties not currently known to us or which we currently deem to be immaterial may also materially adversely affect our business, consolidated financial condition and/or consolidated results of operations.

We have in the past received a warning letter and Form 483 observations from the FDA which we have recently resolved. If we receive any future Form 483 observations or warning letters , however, our business, consolidated results of operations and consolidated financial condition could be materially and adversely affected .

In late May 2011, we received a warning letter from the FDA related to an on-site FDA inspection of our Hayward, California manufacturing facility citing deviations from current Good Manufacturing Practices (cGMP), which are extensive regulations governing manufacturing practices for finished pharmaceutical products and which establish requirements for manufacturing processes, stability testing, record keeping and quality standards and controls. The FDA observations set forth in the warning letter related to sampling and testing of in-process materials and drug products, production record review, and our process for investigating the failure of certain manufacturing batches (or portions of batches) to meet specifications.

During the quarters ended March 31, 2012, March 31, 2013, September 30, 2014 and June 30, 2015, the FDA conducted cGMP inspections of our Hayward manufacturing facility and at the conclusion of each inspection, we received a Form 483. The 2012 Form 483 contained five observations, the 2013 Form 483 contained 12 observations, three of which were designated by the FDA as repeat observations from inspections that occurred prior to the warning letter, the 2014 Form 483 contained seven observations, two of which were designated by the FDA as repeat observations from the inspection that occurred in 2013 and the 2015 Form 483 contained three observations. The 2015 inspection included a general cGMP inspection as well as pre-approval inspections (PAI) for multiple pending products at the FDA. On September 8, 2015, we announced that we had received written notice from the FDA verifying that we had successfully addressed all the violations contained in the May 2011 warning letter. We have also received the Establishment Inspection Reports (EIR) for each of the FDA inspections referenced above indicating acceptance of our corrective actions and closure by the FDA of each inspection that resulted in the issuance of the above-mentioned Form 483s. Since our receipt of the September 2015 notification from the FDA regarding the warning letter, the FDA has approved for sale a number of products that are manufactured at our Hayward facility .

In July 2014, the FDA conducted a cGMP and PAI inspection of our Taiwan manufacturing facility and at the conclusion of the inspection, we received a Form 483 with ten observations. We received and responded to a request for additional information from the FDA regarding our Taiwan facility in December 2014 and in March 2015, we received an EIR and notification from the FDA classifying our Taiwan manufacturing facility as acceptable.

In March 2015, the FDA conducted a Pharmacovigilance Inspection of our Horsham, Pennsylvania operation (one of the sites acquired in the Tower acquisition) and at the conclusion of the inspection, we received a Form 483 with two observations. In August 2015, we received an EIR and notification from the FDA that the inspection was considered closed.

We remain committed to continuing to improve our quality control and manufacturing practices. We cannot be assured, however, that the FDA will continue to be satisfied with our corrective actions and with our quality control and manufacturing systems and standards. If we receive any future FDA observations, we may be subject to regulatory action including, among others, monetary sanctions or penalties, product recalls or seizure, injunctions, total or partial suspension of production and/or distribution, and suspension or withdrawal of regulatory approvals. Further, other federal agencies, our customers and partners in our alliance, development, collaboration and other partnership agreements with respect to our products and services may take any such Form 483 observations into account when considering the award of contracts or the continuation or extension of such partnership agreements. If we receive any future Form 483 observations or warning letters from the FDA, our business, consolidated results of operations and consolidated financial condition could be materially and adversely affected.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table provides information regarding the purchases of our equity securities by us during the three months ended September 30, 2015.

Period	Total Number of Shares (or Units) Purchased(1)	Average Price Paid Per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or programs
July 1, 2015 to July 31, 2015	16,978 shares of common stock	$ 46.77	—	—
August 1, 2015 to August 31, 2015	--- shares of common stock	$ ---	—	—
September 1, 2015 to September 30, 2015	162 shares of common stock	$ 37.69	—	—

(1) Represents shares of our common stock that we accepted during the indicated periods as a tax withholding from certain of our employees in connection with the vesting of shares of restricted stock pursuant to the terms of our 2002 Plan.

ITEM 3. Defaults Upon Senior Securities.

Not Applicable.

ITEM 4. Mine Safety Disclosures.

Not Applicable.

ITEM 5. Other Information.

Not Applicable.

ITEM 6. Exhibits

Exhibit No.	Description of Document
3.1.1	Amendment No. 3 to Amended and Restated Bylaws of Impax Laboratories, Inc.*
3.1.2	Amendment No. 2 to Amended and Restated Bylaws of Impax Laboratories, Inc.*
3.1.3	Amendment No. 1 to Amended and Restated Bylaws of Impax Laboratories, Inc.*
3.1.4	Amended and Restated Bylaws of Impax Laboratories, Inc., effective May 14, 2014.*
10.1	Credit Agreement dated as of August 4, 2015, by and among Impax Laboratories, Inc., the lenders party thereto from time to time and Royal Bank of Canada, as administrative agent and collateral agent. (1)
11.1	Statement re computation of per share earnings (incorporated by reference to Note 18 in the Notes to the unaudited interim Consolidated Financial Statements in this Quarterly Report on Form 10-Q).
31.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Certification of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	Certification of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
101	The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015 formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of September 30, 2015 and December 31, 2014, (ii) Consolidated Statements of Income for each of the three and nine months ended September 30, 2015 and 2014, (iii) Consolidated Statements of Comprehensive Income for each of the three and nine months ended September 30, 2015 and 2014, (iv) Consolidated Statement of Stockholders' Equity for the nine months ended September 30, 2015, (v) Consolidated Statements of Cash Flows for each of the nine months ended September 30, 2015 and 2014 and (vi) Notes to Interim Consolidated Financial Statements.*

*Filed herewith

(1) Incorporated by reference to the Company's Current Report on Form 8-K filed on August 5, 2015.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: November 9, 2015

Impax Laboratories, Inc.

By: /s/ Fred Wilkinson

Name: Fred Wilkinson

Title: President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ Bryan M. Reasons

Name: Bryan M. Reasons

Title: Chief Financial Officer and Senior Vice President, Finance
(Principal Financial and Accounting Officer)

EXHIBIT INDEX

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*Filed herewith

(1) Incorporated by reference to the Company's Current Report on Form 8-K filed on August 5, 2015.

Exhibit 3.1.1

AMENDMENT NO. 3 TO
AMENDED AND RESTATED BYLAWS OF
IMPAX LABORATORIES, INC., AS AMENDED

The Amended and Restated Bylaws of Impax Laboratories, Inc., as amended (the "Bylaws") are hereby amended as follows:

1. Section 14 of Article III shall be amended and restated in its entirety to read as follows:

"SECTION 14. NUMBER. The authorized number of directors shall be no less than one nor more than nine. Within the foregoing limits, the number of directors shall be fixed from time to time by resolution adopted by the Board. (Del Code Ann., tit. 8, §§ 141(b))."

2. Except as expressly modified hereby, the Bylaws and all the provisions contained therein shall remain in full force and effect.

This Amendment No. 3 to the Bylaws was adopted by the Board of Directors of Impax Laboratories, Inc., effective October 7, 2015

/s/ Mark A. Schlossberg
Name: Mark A. Schlossberg
Title: Senior VP, General Counsel and Corporate Secretary

Exhibit 3.1.2

AMENDMENT NO. 2 TO
AMENDED AND RESTATED BYLAWS OF
IMPAX LABORATORIES, INC., AS AMENDED

The Amended and Restated Bylaws of Impax Laboratories, Inc., as amended (the "Bylaws") are hereby amended as follows:

1. Section 14 of Article III shall be amended and restated in its entirety to read as follows:

"SECTION 14. NUMBER. The authorized number of directors shall be no less than one nor more than eight. Within the foregoing limits, the number of directors shall be fixed from time to time by resolution adopted by the Board. (Del Code Ann., tit. 8, §§ 141(b))."

2. Except as expressly modified hereby, the Bylaws and all the provisions contained therein shall remain in full force and effect.

This Amendment No. 2 to the Bylaws was adopted by the Board of Directors of Impax Laboratories, Inc., effective July 7, 2015.

/s/ Mark A. Schlossberg
Name: Mark A. Schlossberg
Title: Senior VP, General Counsel and Corporate Secretary

Exhibit 3.1.3

AMENDMENT NO. 1 TO
AMENDED AND RESTATED BYLAWS OF IMPAX LABORATORIES, INC.

The Amended and Restated Bylaws of Impax Laboratories, Inc. (the "Bylaws") are hereby amended as follows:

1. Section 5 of Article II shall be amended and restated in its entirety to read as follows:

"SECTION 5. QUORUM. At all meetings of stockholders, except where otherwise provided by statute, by the Certificate, or by these Bylaws, the presence, in person, by remote communication, if applicable, or represented by proxy duly authorized, of the holders of a majority of the issued and outstanding shares of stock entitled to vote thereat shall constitute a quorum for the transaction of business. Where a separate vote by a class, classes or series is required, except where otherwise provided by the statute, the Certificate or these Bylaws, a majority of the outstanding shares of such class, classes or series, present in person, by remote communication, if applicable, or represented by proxy duly authorized, shall constitute a quorum entitled to take action with respect to that vote on that matter. In the absence of a quorum, any meeting of stockholders may be adjourned, from time to time, either by the chairman of the meeting or by vote of the holders of a majority of the shares represented thereat, but no other business shall be transacted at such meeting. The stockholders present at a duly called or convened meeting, at which a quorum is present, may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum."

2. Section 6 of Article II shall be amended and restated in its entirety to read as follows:

"SECTION 6. VOTING. Unless otherwise provided in the Certificate, each stockholder shall be entitled to one vote for each share of capital stock held by such stockholder. The Board, in its discretion, or the officer of the Corporation presiding at a meeting of stockholders, in his discretion, may require that any votes cast at a meeting of stockholders shall be cast by written ballot. Except as otherwise provided by statute, by the Certificate or these Bylaws, in all matters other than the election of directors, the affirmative vote of the majority of shares present in person, by remote communication, if applicable, or represented by proxy at the meeting and entitled to vote generally on the subject matter shall be the act of the stockholders. Except as otherwise provided by the Certificate, each director shall be elected by the affirmative vote of the majority of the votes cast with respect to such director (meaning the number of shares voted "for" a nominee must exceed the number of shares voted "against" such nominee) at any meeting for the election of directors at which a quorum is present; provided that each director shall be elected by a plurality of the votes cast (instead of by votes cast for or against a nominee) at any meeting at which a quorum in present for which the Board determines that the number of nominees exceeds the number of directors to be elected at such election and such determination has not been rescinded by the Board on or prior to the tenth day preceding the date the Corporation first mails its notice of meeting for such meeting to the stockholders (a "Contested Election"). In an election other than a Contested Election, stockholders will be given the choice to cast votes "for" or "against" the election of directors or to "abstain" from such vote (with abstentions and broker non-votes not counted as a vote cast "for" or "against" the election of such candidate), and stockholders shall not have the ability to cast any other vote with respect to such election of directors. In a Contested Election, stockholders will be given the choice to cast "for" or "withhold" votes for the election of directors and shall not have the ability to cast any other vote with respect to such election of directors."

3. Except as expressly modified hereby, the Bylaws and all the provisions contained therein shall remain in full force and effect.

This Amendment No. 1 to the Bylaws was adopted by the Board of Directors of Impax Laboratories, Inc., effective March 24, 2015.

/s/ Mark A. Schlossberg
Name: Mark A. Schlossberg
Title: Senior VP, General Counsel and Corporate Secretary

BYLAWS
OF
IMPAX LABORATORIES, INC.
(a Delaware corporation)

(Amended and Restated as of May 14, 2014)

ARTICLE I

OFFICES

SECTION 1. OFFICES. The Corporation shall maintain its registered office in the State of Delaware at 32 Loockerman Square, Suite L-100, in the County of Kent, and its resident agent at such address is the Prentice-Hall Corporation System, Inc. The Corporation may also have and maintain offices in such other places in the United States or elsewhere as the Board of Directors of the Corporation (the " Board ") may, from time to time, determine or as the business of the Corporation may require. (Del Code Ann., tit. 8, §131).

ARTICLE II

MEETINGS OF STOCKHOLDERS

SECTION 2. ANNUAL MEETINGS. Annual meetings of stockholders for the election of directors and for such other business as may properly come before such meeting in accordance with all applicable requirements of these Bylaws and the General Corporation Law of the State of Delaware, as amended from time to time (the " DGCL "), shall be held at such place, either within or without the State of Delaware, and at such time and date as shall from time to time be determined by the Board. Any previously scheduled annual meeting of the stockholders may be postponed by action of the Board taken prior to the time previously scheduled for such annual meeting of stockholders. The Board may, in its sole discretion, determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication as provided under the DGCL. (Del Code Ann., tit. 8, §211(a), (b)).

SECTION 3. SPECIAL MEETINGS. Special meetings of stockholders, unless otherwise prescribed by the DGCL or the Restated Certificate of Incorporation of the Corporation (the " Certificate "), may be called by the Chairman of the Board, the Chief Executive Officer or by resolution adopted by a majority of the total number of authorized directors (whether or not there exists any vacancies in previously authorized directorships at the time any such resolution is presented to the Board for adoption). Only such business as is specified in the Corporation's notice of any such special meeting of stockholders shall come before, and be conducted at, such meeting. A special meeting shall be held at such place, on such date and at such time as shall be fixed by the Board. (Del Code Ann., tit. 8, §211(d)).

SECTION 4. NOTICE OF MEETINGS. Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given not less than ten (10) days nor more than sixty (60) days before the date of any such meeting to each stockholder entitled to vote at such meeting, such notice to specify the place, if any, date and hour, in the case of special meetings, the purpose or purposes of the meeting and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at any such meeting. If mailed, notice is given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the corporation. Notice of the time, place, if any, and purpose of any meeting of stockholders may be waived in writing, signed by the person entitled to notice thereof or by electronic transmission by such person, either before or after such meeting, and will be waived by any stockholder by his attendance thereat in person, by remote communication, if applicable, or by proxy, except when the stockholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Any stockholder so waiving notice of such meeting shall be bound by the proceedings of any such meeting in all respects as if due notice thereof had been given. (Del Code Ann., tit. 8, §§229, 232).

SECTION 5. QUORUM. At all meetings of stockholders, except where otherwise provided by statute, by the Certificate, or by these Bylaws, the presence, in person, by remote communication, if applicable, or by proxy duly authorized, of the holders of a majority of the issued and outstanding shares of stock entitled to vote thereat shall constitute a quorum for the transaction of business. In the absence of a quorum, any meeting of stockholders may be adjourned, from time to time, either by the chairman of the meeting or by vote of the holders of a majority of the shares represented thereat, but no other business shall be transacted at such meeting. The stockholders present at a duly called or convened meeting, at which a quorum is present, may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum. (Del Code Ann., tit. 8, §216).

SECTION 6. VOTING. Unless otherwise provided in the Certificate, each stockholder shall be entitled to one vote for each share of capital stock held by such stockholder. The Board, in its discretion, or the officer of the Corporation presiding at a meeting of stockholders, in his discretion, may require that any votes cast at a meeting of stockholders shall be cast by written ballot. Except as otherwise provided by statute, by applicable stock exchange, rules, by the Certificate or these Bylaws, in all matters other than the election of directors, the affirmative vote of the majority of shares present in person, by remote communication, if applicable, or represented by proxy at the meeting and entitled to vote generally on the subject matter shall be the act of the stockholders. Except as otherwise provided by statute, the Certificate or these Bylaws, directors shall be elected by a plurality of the votes of the shares present in person, by remote communication, if applicable, or represented by proxy at the meeting and entitled to vote generally on the election of directors. Where a separate vote by a class, classes or series is required, except where otherwise provided by the statute, the Certificate or these Bylaws, a majority of the outstanding shares of such class, classes or series, present in person, by remote communication, if applicable, or represented by proxy duly authorized, shall constitute a quorum entitled to take action with respect to that vote on that matter. Except where otherwise provided by statute, the Certificate or these Bylaws, the affirmative vote of the majority (plurality, in the case of the election of directors) of shares of such class or classes or series present in person, by remote communication, if applicable, or represented by proxy at the meeting shall be the act of such class, classes or series. (Del Code Ann., tit. 8, §§212, 216).

SECTION 7. INSPECTORS. The Board may, in advance of any meeting of stockholders, appoint one or more inspectors to act at such meeting or any adjournment thereof. If any of the inspectors so appointed shall fail to appear or act, the chairman of the meeting may, or if inspectors shall not have been appointed, the chairman of the meeting shall, appoint one or more inspectors. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his ability. The inspectors shall (i) ascertain the number of shares of capital stock of the Corporation outstanding and the voting power of each, (ii) ascertain the number of shares represented at the meeting, (iii) ascertain the existence of a quorum, (iv) ascertain the validity and effect of proxies, (v) count and tabulate all votes, ballots or consents, (vi) determine and retain for a reasonable period a record of the disposition of all challenges made to any determination made by the inspectors, (vii) certify the determination of the number of shares represented at the meeting and their count of all votes and ballots, and (viii) do such other acts as are proper to conduct the election or vote with fairness to all stockholders. On request of the chairman of the meeting, the inspectors shall make a report in writing of any challenge, request or matter determined by them and shall execute a certificate of any fact found by them. No director or candidate for the office of director shall act as an inspector of an election of directors. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors. In determining the validity and counting of all proxies and ballots, the inspectors shall act in accordance with applicable law. (Del. Code Ann., tit. 8, § 231).

SECTION 8. CONDUCT OF MEETINGS. The Chairman of the Board shall preside at all stockholders' meetings. In the absence of the Chairman of the Board, the Chief Executive Officer shall preside or, in his or her absence, any officer designated by the Board shall preside. The Secretary, or, in the Secretary's absence, an Assistant Secretary, or in the absence of both the Secretary and Assistant Secretaries, a person appointed by the chairman of the meeting shall serve as secretary of the meeting. In the event that the Secretary presides at a meeting of the stockholders, an Assistant Secretary shall record the minutes of the meeting. To the maximum extent permitted by law, the Board of the Corporation shall be entitled to make such rules or regulations for the conduct of meetings of stockholders as it shall deem necessary, appropriate or convenient. Subject to such rules and regulations of the Board, if any, the chairman of the meeting shall have the right and authority to prescribe such rules, regulations and procedures and take such action as, in the discretion of such chairman, are deemed necessary, appropriate or convenient for the proper conduct of the meeting. Such rules, regulations and procedures, whether adopted by the Board or prescribed by the chairman of the meeting, may include, without limitation, the following: (i) establishing an agenda for the meeting and the order for the consideration of the items of business on such agenda; (ii) restricting admission to the time set for the commencement of the meeting; (iii) limiting attendance at the meeting to stockholders of record of the Corporation entitled to vote at the meeting, their duly authorized proxies or other such persons as the chairman of the meeting may determine; (iv) limiting participation at the meeting on any matter to stockholders of record of the Corporation entitled to vote on such matter, their duly authorized proxies or other such persons as the chairman of the meeting may determine to recognize and, as a condition to recognizing any such participant, requiring such participant to provide the chairman of the meeting with evidence of his or her name and affiliation, whether he or she is a stockholder or a proxy for a stockholder, and the class and series and number of shares of each class and series of capital stock of the Corporation which are owned beneficially and/or of record by such stockholder; (v) limiting the time allotted to questions or comments by participants; (vi) determining when the polls should be opened and closed for voting; (vii) taking such actions as are necessary or appropriate to maintain order, decorum, safety and security at the meeting; (viii) removing any stockholder who refuses to comply with meeting procedures, rules or guidelines as established by the chairman of the meeting; (ix) adjourning the meeting to a later date, time and place announced at the meeting by the chairman; and (x) complying with any state and local laws and regulations concerning safety and security. Unless otherwise determined by the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

SECTION 9. LISTS OF STOCKHOLDERS. The Secretary shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, showing the address of each stockholder and the number and class of shares registered in the name of each stockholder. Nothing contained in this Section 9 shall require the Corporation to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting for a period of at least ten (10) days prior to the meeting: (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the principal place of business of the Corporation. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a physical location, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communications, then the list shall be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. The stock ledger shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by this Section 9 or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders. (Del Code Ann., tit. 8, §219).

SECTION 10. ACTION WITHOUT A MEETING. Unless otherwise provided by the Certificate, any action required by applicable law to be taken at any annual or special meeting of stockholders, or any action which may be taken at such meetings, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing. (Del. Code Ann., tit. 8, § 228).

SECTION 11. ADJOURNMENT. At any meeting of the stockholders of the Corporation, whether annual or special, the chairman of the meeting or the holders of a majority of the votes entitled to be cast by the stockholders who are present in person or represented by proxy may adjourn the meeting from time to time, without notice other than announcement at the meeting, whether or not a quorum is present. At any such adjourned meeting at which a quorum may be present, any business may be transacted which might have been transacted at the meeting as originally called. If the adjournment is for more than thirty (30) days or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. (Del Code Ann., tit. 8, §222(c)).

SECTION 12. NOTICE OF STOCKHOLDER PROPOSALS.

(a) At any annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before such meeting. To be properly brought before an annual meeting, business must be (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board, (ii) otherwise properly brought before the meeting by or at the direction of the Board, or (iii) otherwise properly and timely brought before the meeting by any stockholder of the Corporation in compliance with the notice procedures and other provisions of this Section 12.

(b) For business to be properly brought before an annual meeting by a stockholder, such business must be a proper subject for stockholder action under the DGCL and other applicable law, as determined by the Chairman of the Board or such other person as is presiding over the meeting, and such stockholder (i) must be a stockholder of record on the date of the giving of the notice provided for in this Section 12 and on the record date for the determination of stockholders entitled to vote at such annual meeting, (ii) must be entitled to vote at such annual meeting, and (iii) must comply with the notice procedures set forth in this Section 12. In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary.

(c) To be timely, a stockholder's notice must be delivered to, or mailed and received by, the Secretary of the Corporation (the " Secretary ") at the principal executive offices of the Corporation not earlier than the close of business on the one hundred twentieth (120th) calendar day, and not later than the close of business on the ninetieth (90th) calendar day, prior to the first anniversary of the immediately preceding year's annual meeting of stockholders; provided , however , that in the event that no annual meeting was held in the previous year or the annual meeting is called for a date that is more than thirty (30) calendar days earlier or more than sixty (60) calendar days later than such anniversary date, notice by the stockholder in order to be timely must be so delivered or received not earlier than the close of business on the one hundred twentieth (120 th) calendar day prior to the date of such annual meeting and not later than the close of business on the later of the ninetieth (90 th) calendar day prior to the date of such annual meeting or, if the first pubic disclosure of the date of such annual meeting is less than one hundred (100) calendar days prior to the date of such annual meeting, the tenth (10th) calendar day following the day on which public disclosure of the date of such annual meeting is first made by the Corporation. In no event shall any adjournment or postponement of an annual meeting or the public disclosure thereof commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(d) To be in proper written form, a stockholder's notice to the Secretary shall set forth in writing, as to each matter the stockholder proposes to bring before the meeting, the following: (i) a description of the business desired to be brought before the meeting, including the text of the proposal or business and the text of any resolutions proposed for consideration; (ii) the name and record address, as they appear on the Corporation's stock ledger, of such stockholder and the name and address of any Stockholder Associated Person; (iii) (A) the class and series and number of shares of each class and series of capital stock of the Corporation which are, directly or indirectly, owned beneficially and/or of record by such stockholder or any Stockholder Associated Person, documentary evidence of such record or beneficial ownership, and the date or dates such shares were acquired and the investment intent at the time such shares were acquired, (B) any Derivative Instrument directly or indirectly owned beneficially by such stockholder or any Stockholder Associated Person and any other direct or indirect right held by such stockholder or any Stockholder Associated Person to profit from, or share in any profit derived from, any increase or decrease in the value of shares of the Corporation, (C) any proxy, contract, arrangement, understanding, or relationship pursuant to which such stockholder or any Stockholder Associated Person has a right to vote any securities of the Corporation, (D) any Short Interest indirectly or directly held by such stockholder or any Stockholder Associated Person in any security issued by the Corporation, (E) any rights to dividends on the shares of the Corporation owned beneficially by such stockholder or any Stockholder Associated Person that are separated or separable from the underlying securities of the Corporation, (F) any proportionate interest in securities of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such stockholder or any Stockholder Associated Person is a general partner or, directly or indirectly, beneficially owns an interest in a general partner, and (G) any performance-related fees (other than an asset-based fee) that such stockholder or any Stockholder Associated Person is entitled to based on any increase or decrease in the value of securities of the Corporation or Derivative Instruments, if any, as of the date of such notice, including without limitation any such interests held by members of such stockholder's or any Stockholder Associated Person's immediate family sharing the same household (which information, in each case, shall be supplemented by such stockholder and any Stockholder Associated Person not later than ten (10) calendar days after the record date for the meeting to disclose such ownership as of the record date); (iv) a description of all arrangements or understandings between such stockholder and/or any Stockholder Associated Person and any other person or persons (naming such person or persons) in connection with the proposal of such business by such stockholder; (v) any material interest of such stockholder or any Stockholder Associated Person in such business, individually or in the aggregate, including any anticipated benefit to such stockholder or any Stockholder Associated Person therefrom; (vi) a representation from such stockholder as to whether the stockholder or any Stockholder Associated Person intends or is part of a group which intends (1) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal and/or (2) otherwise to solicit proxies from stockholders in support of such proposal; (vii) a representation that such stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting, that such stockholder intends to vote such stock at such meeting, and that such stockholder intends to appear at the meeting in person or by proxy to bring such business before such meeting; (viii) whether and the extent to which any agreement, arrangement or understanding has been made, the effect or intent of which is to increase or decrease the voting power of such stockholder or any Stockholder Associated Person with respect to any securities of the Corporation, without regard to whether such transaction is required to be reported on a Schedule 13D or other form in accordance with Section 13(d) of the Exchange Act or any successor provisions thereto and the rules and regulations promulgated thereunder; (ix) in the event that such business includes a proposal to amend these Bylaws, the complete text of the proposed amendment; and (x) such other information regarding each matter of business to be proposed by such stockholder, regarding the stockholder in his or her capacity as a proponent of a stockholder proposal, or regarding any Stockholder Associated Person, that would be required to be disclosed in a proxy statement or other filings required to be made with the SEC in connection with the solicitations of proxies for such business pursuant to Section 14 of the Exchange Act (or pursuant to any law or statute replacing such section) and the rules and regulations promulgated thereunder.

(e) If the information submitted pursuant to this Section 12 by any stockholder proposing business for consideration at an annual meeting shall be inaccurate to any material extent, such information may be deemed not to have been provided in accordance with this Section 12. Upon written request by the Secretary, the Board or any committee thereof, any stockholder proposing business for consideration at an annual meeting shall provide, within seven (7) business days of delivery of such request (or such other period as may be specified in such request), written verification, satisfactory in the discretion of the Board, any committee thereof or any authorized officer of the Corporation, to demonstrate the accuracy of any information submitted by the stockholder pursuant to this Section 12. If a stockholder fails to provide such written verification within such period, the information as to which written verification was requested may be deemed not to have been provided in accordance with this Section 12.

(f) For purposes of these Bylaws, " public disclosure " shall be deemed to include a disclosure made in a (A) press release reported by the Dow Jones News Service, Reuters Information Service, Associated Press or any comparable or successor national news wire service, or (B) in a document filed by the Corporation with the SEC pursuant to Section 13, 14 or 15(d) of the Exchange Act or any successor provisions thereto.

(g) No business (other than nominations of persons for election to the Board which shall be made in accordance with the procedures set forth in Section 17 of these Bylaws) shall be conducted at the annual meeting of stockholders except business brought before the annual meeting in accordance with the procedures set forth in this Section 12.

(h) Except as otherwise required by the DGCL and other applicable law, the Certificate or these Bylaws, the Chairman of the Board or other person presiding at an annual meeting shall have the power and duty (i) to determine whether any business proposed to be brought before the annual meeting was properly brought before the meeting in accordance with the procedures set forth in this Section 12, including whether the stockholder or any Stockholder Associated Person on whose behalf the proposal is made, solicited (or is part of a group which solicited) or did not so solicit, as the case may be, proxies in support of such stockholder's proposal in compliance with such stockholder's representation as required by this Section 12, and (ii) if any proposed business was not brought in compliance with this Section 12, to declare that such proposal is defective and shall be disregarded.

(i) In addition to the provisions of this Section 12, a stockholder shall also comply with all applicable requirements of the DGCL, other applicable law and the Exchange Act, and the rules and regulations thereunder, with respect to the matters set forth herein, provided , however , that any references in these Bylaws to the Exchange Act or the rules promulgated thereunder are not intended to and shall not limit the requirements applicable to stockholder proposals to be considered pursuant to Section 12(a)(iii) of these Bylaws.

(j) Nothing in this Section 12 shall be deemed to affect any rights (i) of stockholders to request the inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act, or (ii) of the holders of any series of preferred stock to elect directors pursuant to any applicable provision of the Certificate.

(k) Notwithstanding anything in this Section 12 to the contrary, a stockholder intending to nominate one or more persons for election as a director at any meeting of stockholders must comply with Section 17 of these Bylaws for any such nomination to be properly brought before such meeting.

ARTICLE III

BOARD OF DIRECTORS

SECTION 13. POWERS. The property, business and affairs of the Corporation shall be managed by, or under the direction of, the Board. The Board may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute, regulation, the Certificate or these Bylaws directed or required to be exercised or done by the stockholders. (Del Code Ann., tit. 8, § 141(a)).

SECTION 14. NUMBER. The authorized number of directors shall be no less than one nor more than nine. Within the foregoing limits, the number of directors shall be fixed from time to time by resolution adopted by the Board. (Del Code Ann., tit. 8, §§ 141(b)).

SECTION 15. TERM. The Board shall be elected by the stockholders at their annual meeting, and each director shall be elected to serve for the term of one year and until his successor shall be elected and qualify or until his earlier death, resignation or removal. No decrease in the number of directors constituting the Board shall shorten the term of any incumbent director. (Del Code Ann., tit. 8, §§ 211(b), (c)).

SECTION 16. QUALIFICATIONS.

(a) Each director shall be at least 21 years of age. Directors need not be stockholders of the Corporation. (Del Code Ann., tit. 8, § 141(b)).

(b) Each director and nominee for election as a director of the Corporation must deliver to the Secretary at the principal office of the Corporation a written questionnaire with respect to the background and qualifications of such person (which questionnaire shall be provided by the Secretary upon written request and approved from time to time by the Board or its Nominating and Corporate Governance Committee) and a written representation and agreement (in the form provided by the Secretary upon written request) (the " Prospective Director Agreement "). The Prospective Director Agreement (i) shall provide that such person (A) is not and will not become a party to (1) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if such person is at the time a director or is subsequently elected as a director of the Corporation, will act or vote on any issue or question (a " Voting Commitment ") that has not been disclosed to the Corporation, or (2) any Voting Commitment that could limit or interfere with such person's ability to comply, if such person is at the time a director or is subsequently elected as a director of the Corporation, with such person's duties as a director under applicable law, (B) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein, and (C) would be in compliance, if elected as a director of the Corporation, and will, if such person is at the time a director or is subsequently elected as a director of the Corporation, comply with all applicable corporate governance, conflicts of interest, confidentiality, corporate opportunities, securities ownership and stock trading policies, and other policies and guidelines of the Corporation (copies of which shall be provided by the Secretary upon written request), and (ii) shall include, if such person is at the time a director or is subsequently elected as a director of the Corporation, such person's irrevocable resignation as a director if such person is found by a court of competent jurisdiction to have breached the Prospective Director Agreement in any material respect. (Del Code Ann., tit. 8, § 141(b)).

SECTION 17. NOTICE OF NOMINATIONS FOR DIRECTORS.

(a) Annual Meetings of Stockholders .

(1) Nominations of persons for election to the Board at an annual meeting of stockholders may be made (A) by or at the direction of the Board or a committee appointed by the Board, or (B) by any stockholder of the Corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 17(a), on the record date for the determination of the stockholders entitled to vote at such annual meeting of stockholders and at the time of such annual meeting of stockholders, (ii) who is entitled to vote at the annual meeting of stockholders, and (iii) who complies with the notice procedures set forth in this Section 17(a) as to such nominations, including, but not limited to, the procedures regarding such notice's timeliness and required form.

(2) For a stockholder's notice of nomination of persons for election to the Board at an annual meeting of stockholders to be brought before an annual meeting by a stockholder pursuant to Section 17(a)(1)(B) of these Bylaws, the stockholder must have given timely notice thereof, in proper written form, to the Secretary. To be considered timely, a stockholder's notice of nomination must be delivered to, or mailed and received by, the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the one hundred twentieth (120th) calendar day, and not later than the close of business on the ninetieth (90th) calendar day, prior to the first anniversary of the immediately preceding year's annual meeting; provided, however, that in the event that no annual meeting was held in the previous year or the annual meeting is called for a date that is more than thirty (30) calendar days earlier or more than sixty (60) calendar days later than such anniversary date, notice by the stockholder in order to be timely must be so delivered or received not earlier than the close of business on the one hundred twentieth (120 th) calendar day prior to the date of such annual meeting and not later than the close of business on the later of the ninetieth (90 th) calendar day prior to the date of such annual meeting or, if the first public disclosure of the date of such annual meeting is less than one hundred (100) calendar days prior to the date of such annual meeting, the tenth (10th) calendar day following the day on which public disclosure of the date of such annual meeting is first made by the Corporation. In no event shall any adjournment or postponement of an annual meeting or the public disclosure thereof commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

To be in proper written form, a stockholder's notice of nomination to the Secretary (whether given pursuant to this Section 17(a) or Section 17(b) of these Bylaws) shall set forth in writing the following: (a) as to each person whom the stockholder proposes to nominate for election or reelection as a director (i) the name, age, business address and residence address of such person; (ii) the principal occupation and employment of such person; (iii) the class and series and number of shares of each class and series of capital stock of the Corporation which are owned beneficially or of record by such person (which information shall be supplemented not later than ten (10) calendar days after the record date for the meeting to disclose such ownership as of the record date); (iv) such person's executed written consent to being named in the proxy statement as a nominee and to serving as a director if elected; (v) all information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made with the SEC in connection with the solicitation of proxies for the election of directors in a contested election pursuant to Section 14 of the Exchange Act (or pursuant to any law or statute replacing such section), and the rules and regulations promulgated thereunder; (vi) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such person being nominated, on the one hand, and the stockholder and any Stockholder Associated Person, on the other hand, including, without limitation all information that would be required to be disclosed pursuant to Item 404 promulgated under Regulation S-K of the Exchange Act if the stockholder making the nomination and any Stockholder Associated Person were the "registrant" for purposes of such rule and the person being nominated were a director or executive officer of such registrant; and (vii) the information and agreement required under Section 16 of these Bylaws; and (b) as to the stockholder giving the notice (i) the name and record address of such stockholder, as they appear on the Corporation's stock ledger, and the name and address of any Stockholder Associated Person; (ii) (A) the class and series and number of shares of each class and series of capital stock of the Corporation which are, directly or indirectly, owned beneficially and/or of record by such stockholder or any Stockholder Associated Person, documentary evidence of such record or beneficial ownership, and the date or dates such shares were acquired and the investment intent at the time such shares were acquired, (B) any Derivative Instrument directly or indirectly owned beneficially by such stockholder or any Stockholder Associated Person and any other direct or indirect right held by such stockholder or any Stockholder Associated Person to profit from, or share in any profit derived from, any increase or decrease in the value of shares of the Corporation, (C) any proxy, contract, arrangement, understanding, or relationship pursuant to which such stockholder or any Stockholder Associated Person has a right to vote any shares of any security of the Corporation, (D) any Short Interest indirectly or directly held by such stockholder or any Stockholder Associated Person in any security issued by the Corporation, (E) any rights to dividends on the shares of the Corporation owned beneficially by such stockholder or any Stockholder Associated Person that are separated or separable from the underlying shares of the Corporation, (F) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such stockholder or any Stockholder Associated Person is a general partner or, directly or indirectly, beneficially owns an interest in a general partner, and (G) any performance-related fees (other than an asset-based fee) that such stockholder or any Stockholder Associated Person is entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, as of the date of such notice, including without limitation any such interests held by members of such stockholder's or any Stockholder Associated Person's immediate family sharing the same household (which information shall, in each case, be supplemented by such stockholder and any Stockholder Associated Person not later than ten (10) calendar days after the record date for the meeting to disclose such ownership as of the record date); (iii) a description of all arrangements or understandings between such stockholder or any Stockholder Associated Person and each proposed nominee and any other person or persons (naming such person or persons) pursuant to which the nomination(s) are to be made by such stockholder; (iv) any material interest of such stockholder or any Stockholder Associated Person in the election of such proposed nominee, individually or in the aggregate, including any anticipated benefit to the stockholder or any Stockholder Associated Person therefrom; (v) a representation that such stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and that such stockholder intends to appear in person or by proxy at the meeting to nominate the person or persons named in its notice; (vi) a representation from the stockholder as to whether the stockholder or any Stockholder Associated Person intends or is part of a group which intends (A) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to elect the person proposed as a nominee and/or (B) otherwise to solicit proxies from stockholders in support of the election of such person; (vii) whether and the extent to which any agreement, arrangement or understanding has been made, the effect or intent of which is to increase or decrease the voting power of such stockholder or such Stockholder Associated Person with respect to any shares of the capital stock of the Corporation, without regard to whether such transaction is required to be reported on a Schedule 13D or other form in accordance with Section 13(d) of the Exchange Act or any successor provisions thereto and the rules and regulations promulgated thereunder; and (viii) any other information relating to such stockholder and any Stockholder Associated Person that would be required to be disclosed in a proxy statement or other filings required to be made with the SEC in connection with solicitations of proxies for the election of directors in a contested election pursuant to Section 14 of the Exchange Act (or pursuant to any law or statute replacing such section) and the rules and regulations promulgated thereunder. In addition to the information required above, the Corporation may require any proposed

nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee.

(3) Notwithstanding anything in this Section 17 to the contrary, in the event that the number of directors to be elected to the Board at an annual meeting of the stockholders is increased and there is no public disclosure by the Corporation, naming all of the nominees for directors or specifying the size of the increased Board, at least ninety (90) calendar days prior to the first anniversary of the date of the immediately preceding year's annual meeting, a stockholder's notice required by this Section 17 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to, or mailed and received by, the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth (10 th) calendar day following the day on which such public disclosure is first made by the Corporation.

(b) Special Meetings of Stockholders . Nominations of persons for election to the Board may be made at a special meeting of stockholders at which directors are to be elected (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of the Board, or (iii) provided that the Board has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who (A) is a stockholder of record at the time of giving of notice provided for in this Section 17(b), (B) is a stockholder of record on the record date for the determination of the stockholders entitled to vote at such meeting, (C) is a stockholder of record at the time of such meeting, (D) is entitled to vote at such meeting, and (E) complies with the notice procedures set forth in this Section 17(b) as to such nomination. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board, any such stockholder may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Corporation's notice of meeting, if the proper form of stockholder's notice required by Section 17(a)(2) of these Bylaws with respect to any nomination shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the one hundred twentieth (120 th) calendar day prior to the date of such special meeting and not later than the close of business on the later of the ninetieth (90 th) calendar day prior to the date of such special meeting or, if the first pubic disclosure made by the Corporation of the date of such special meeting is less than one hundred (100) days prior to the date of such special meeting, not later than the tenth (10 th) calendar day following the day on which public disclosure is first made of the date of the special meeting and of the nominees proposed by the Board to be elected at such meeting. In no event shall any adjournment or postponement of a special meeting or the public disclosure thereof commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(c) General .

(1) If the information submitted pursuant to this Section 17 by any stockholder proposing a nominee for election as a director at a meeting of stockholders shall be inaccurate to any material extent, such information may be deemed not to have been provided in accordance with this Section 17. Upon written request by the Secretary, the Board or any committee thereof, any stockholder proposing a nominee for election as a director at a meeting shall provide, within seven (7) business days of delivery of such request (or such other period as may be specified in such request), written verification, satisfactory in the discretion of the Board, any committee thereof or any authorized officer of the Corporation, to demonstrate the accuracy of any information submitted by the stockholder pursuant to this Section 17. If a stockholder fails to provide such written verification within such period, the information as to which written verification was requested may be deemed not to have been provided in accordance with this Section 17.

(2) Notwithstanding anything in these Bylaws to the contrary, no person shall be eligible for election as a director of the Corporation at any meeting of stockholders unless nominated in accordance with the procedures set forth in this Section 17.

(3) Notwithstanding anything in these Bylaws to the contrary, if a stockholder who has submitted a written notice of intention to propose a nominee for election as a director at a meeting of stockholders (or a designated representative of the stockholder) does not appear at the annual or special meeting of stockholders of the Corporation to present the nomination, such nomination shall be disregarded notwithstanding that proxies in respect of such vote may have been received by the Corporation.

(4) Except as otherwise required by the DGCL and other applicable law, the Certificate or these Bylaws, the Chairman of the Board or other person presiding at the meeting shall have the power and duty (a) to determine whether any nomination proposed to be brought before the meeting was properly made in accordance with the procedures set forth in this Section 17, including whether the stockholder or any Stockholder Associated Person on whose behalf the nomination is made, solicited (or is part of a group which solicited) or did not so solicit, as the case may be, proxies in support of the election of such stockholder's nominee(s) in compliance with such stockholder's representation as required by this Section 17, and (b) if any proposed nomination was not made in compliance with this Section 17, to declare that such nomination is defective and shall be disregarded.

(5) In addition to the provisions of this Section 17, a stockholder shall also comply with all applicable requirements of the DGCL, other applicable law and the Exchange Act, and the rules and regulations thereunder, with respect to the matters set forth herein, provided , however , that any references in these Bylaws to the Exchange Act or the rules promulgated thereunder are not intended to and shall not limit the applicable requirements for nominations by stockholders to be considered pursuant to Section 17(a) or Section 17(b) of these Bylaws.

(6) Nothing in this Section 17 shall be deemed to affect any rights of the holders of any series of Preferred Stock, if and to the extent provided for, under applicable law, the Certificate or these Bylaws.

SECTION 18. RESIGNATIONS. Any director may resign at any time by giving written notice thereof to the Board, the Chairman of the Board, the Chief Executive Officer or the Secretary. Such resignation shall take effect at the time specified therein or, if the time is not specified therein, upon receipt thereof; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. (Del Code Ann., tit. 8, § 141(b)).

SECTION 19. REMOVAL. Any director or the entire Board may be removed, either for or without cause, at any time, by the affirmative vote of the holders of a majority of the shares entitled to vote at an election of directors at any annual or special meeting of the stockholders called for that purpose. For purposes of this Section 19, "c ause " shall mean (a) a final conviction of a felony involving moral turpitude, or (b) willful misconduct that is materially and demonstrably injurious economically to the Corporation. For purposes of this definition of "cause," no act, or failure to act, by a director shall be considered "willful" unless committed in bad faith and without a reasonable belief that the act or failure to act was in the best interest of the Corporation or any affiliate of the Corporation. "Cause" shall not exist unless and until the Corporation has delivered to the director a written notice of the director's failure to act that constitutes "cause" and, if cure is possible, such director shall not have cured such act or omission within ninety (90) days after the delivery of such notice. (Del Code Ann., tit. 8, § 141(k)).

SECTION 20. VACANCIES AND NEWLY CREATED DIRECTORSHIPS. Vacancies in the Board, whether resulting from death, resignation, disqualification, removal or other causes, and any newly created directorships resulting from any increase in the number of directors, shall, unless the Board determines by resolution that any such vacancy or newly created directorships shall be filled by the stockholders, be filled only by the affirmative vote of a majority of the directors then in office, even though less than a quorum, or by a sole remaining director. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the director for which the vacancy was created or occurred and until such director's successor shall have been elected and qualified, except in the event of his or her earlier death, resignation, disqualification or removal. (Del Code Ann., tit. 8, § 223).

SECTION 21. MEETINGS.

(a) Organizational Meetings . The newly elected directors shall hold their first meeting to organize the Corporation, elect officers and transact any other business which may properly come before the meeting. An annual organizational meeting of the Board shall be held immediately after each annual meeting of the stockholders, or at such time and place as may be noticed for the meeting.

(b) Regular Meetings . Regular meetings of the Board may be held without notice at such places and times as shall be determined from time to time by resolution of the directors. (Del Code Ann., tit. 8, § 141(g)).

(c) Special Meetings . Special meetings of the Board shall be called by the Chief Executive Officer or by the Secretary on the written request of any director with at least two days' notice to each director and shall be held at such place as may be determined by the directors or as shall be stated in the notice of the meeting. (Del Code Ann., tit. 8, § 141(g)).

SECTION 22. QUORUM, VOTING AND ADJOURNMENT. A majority of the total number of directors or any committee thereof, but not less than one (1), shall constitute a quorum for the transaction of business. The affirmative vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board, unless a different vote is required by applicable law, the Certificate or these Bylaws. In the absence of a quorum, a majority of the directors present thereat may adjourn such meeting to another time and place. Notice of such adjourned meeting need not be given if the time and place of such adjourned meeting are announced at the meeting so adjourned. (Del Code Ann., tit. 8, § 141(b)).

SECTION 23. COMMITTEES. The Board may, by resolution passed by a majority of the Board, designate one or more committees, including but not limited to an Executive Committee and an Audit Committee, each such committee to consist of one or more of the directors of the Corporation. The Board may designate one or more directors as alternate members of any committee to replace any absent or disqualified member at any meeting of the committee. Any such committee, to the extent provided in the resolution of the Board, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority to amend the Certificate of Incorporation, adopt an agreement of merger or consolidation, recommend to the stockholders the sale, lease, or exchange of all or substantially all of the Corporation's properties and assets, recommend to the stockholders a dissolution of the Corporation or a revocation of a dissolution or to amend these Bylaws. Unless a resolution of the Board expressly provides, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock of the Corporation. All committees of the Board shall report their proceedings to the Board when required. (Del Code Ann., tit. 8, § 141(c)).

SECTION 24. ACTION WITHOUT A MEETING. Unless otherwise restricted by the Certificate or these Bylaws, any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting if all members of the Board or any committee thereof consent thereto in writing, or by electronic transmission, and the writing or writings or electronic transmissions are filed with the minutes of proceedings of the Board of Directors or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form (Del Code Ann., tit. 8, § 141(f)).

SECTION 25. COMPENSATION. Directors shall be entitled to such compensation for their services as may be approved by the Board, including, if so approved, by resolution of the Board, a fixed sum and expenses of attendance, if any, for attendance at each regular or special meeting of the Board and at any meeting of a committee of the Board. Nothing herein contained shall be construed to preclude any Director from serving the corporation in any other capacity as an officer, agent, employee, or otherwise and receiving compensation therefor. (Del Code Ann., tit. 8, § 141(h)).

SECTION 26. MEETING BY ELECTRONIC COMMUNICATIONS EQUIPMENT. Any member of the Board, or of any committee thereof, may participate in a meeting by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting. (Del. Code Ann., tit. 8, § 141(i)).

ARTICLE IV

OFFICERS

SECTION 27. OFFICERS. The officers of the Corporation shall be a Chairman of the Board, a Chief Executive Officer, a President, a Chief Operating Officer, a Chief Financial Officer, one or more Vice-Presidents, a Secretary, a Treasurer and such other officers and assistant officers as the Board may from time to time deem advisable. Except for the Chairman of the Board, Chief Executive Officer, President, Chief Operating Officer, Chief Financial Officer and Secretary, the Board may refrain from filling any of the said offices at any time and from time to time. Any number of offices may be held by the same person. The following officers shall be elected by the Board at the time, in the manner and for such terms as the Board from time to time shall determine: Chairman of the Board, Chief Executive Officer, President, Chief Operating Officer, Chief Financial Officer and Secretary. The Chief Executive Officer may appoint such other officers and assistant officers as he may deem advisable provided such officers or assistant officers have a title no higher than Vice-President, who shall hold office for such periods as the Chief Executive Officer shall determine. (Del. Code Ann., tit. 8, §§ 122(5), 142(a), (b)).

SECTION 28. CHAIRMAN OF THE BOARD. The Chairman of the Board shall be a member of the Board and shall preside at all meetings of the Board and of the stockholders. In addition, the Chairman of the Board shall have such powers and perform such other duties as from time to time may be assigned to him by the Board. (Del. Code Ann., tit. 8, § 142(a)).

SECTION 29. CHIEF EXECUTIVE OFFICER. The Chief Executive Officer shall have general supervision of all of the departments and business of the Corporation; he or she shall prescribe the duties of the other officers and employees and see to the proper performance thereof. The Chief Executive Officer shall be responsible for having all orders and resolutions of the Board carried into effect. The Chief Executive Officer shall execute on behalf of the Corporation and may affix or cause to be affixed a seal to all authorized documents and instruments requiring such execution, except to the extent that signing and execution thereof shall have been delegated to some other officer or agent of the Corporation by the Board or by the Chief Executive Officer. The Chief Executive Officer shall be a member of the Board. In the absence or disability of the Chairman of the Board or his or her refusal to act, the Chief Executive Officer shall preside at meetings of the Board. In general, the Chief Executive Officer shall perform all the duties and exercise all the powers and authorities incident to his or her office or as prescribed by the Board. (Del. Code Ann., tit. 8, § 142(a)).

SECTION 30. PRESIDENT. The President shall perform such duties as customarily pertain to the office of President or are prescribed by the Board or Chief Executive Officer. In the absence, disability or refusal of the Chief Executive Officer to act, or the vacancy of such office, the President shall perform the duties and have the powers and authorities of the Chief Executive Officer. (Del. Code Ann., tit. 8, § 142(a)).

SECTION 31. CHIEF OPERATING OFFICER. The Chief Operating Officer shall perform such duties as customarily pertain to the office of Chief Operating Officer or are prescribed by the Board, Chief Executive Officer or President. In the absence, disability or refusal of the President to act, or the vacancy of such office, the Chief Operating Officer shall perform the duties and have the powers and authorities of the President. (Del. Code Ann., tit. 8, § 142(a)).

SECTION 32. CHIEF FINANCIAL OFFICER. The Chief Financial Officer shall be the principal financial and accounting officer of the Corporation and shall have such other duties as may be prescribed by the Board, Chief Executive Officer or President. (Del. Code Ann., tit. 8, § 142(a)).

SECTION 33. VICE PRESIDENTS. Each Vice President, if any are elected, of whom one or more may be designated an Executive and/or Senior Vice President, shall have such powers, shall perform such duties and shall be subject to such supervision as may be prescribed by the Board, the Chief Executive Officer, the President or the Chief Operating Officer. In the event of the absence or disability of the Chief Executive Officer or the President or their refusal to act, the Vice-Presidents, in the order of their rank, and within the same rank in the order of their seniority, shall perform the duties and have the powers and authorities of the Chief Executive Officer and President, except to the extent inconsistent with applicable law. (Del. Code Ann., tit. 8, § 142(a)).

SECTION 34. TREASURER. The Treasurer, if one is elected, shall have custody of the corporate funds, securities, evidences of indebtedness and other valuables of the Corporation and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation. He shall deposit all moneys and other valuables in the name and to the credit of the Corporation in such depositories as may be designated by the Board. The Treasurer shall disburse the funds of the Corporation, taking proper vouchers therefor. He shall render to the Chief Executive Officer and the Board, upon their request, a report of the financial condition of the Corporation. If required by the Board, he shall give the Corporation a bond for the faithful discharge of his duties in such amount and with such surety as the Board shall prescribe. The Treasurer shall have such further powers and perform such other duties incident to the office of Treasurer as from time to time are assigned to him by the Board. (Del. Code Ann., tit. 8, § 142(a)).

SECTION 35. SECRETARY. The Secretary shall be the Chief Administrative Officer of the Corporation and shall: (a) cause minutes of all meetings of the stockholders and directors to be recorded and kept; (b) cause all notices required by these Bylaws or otherwise to be given properly; (c) see that the minute books, stock books, and other nonfinancial books, records and papers of the Corporation are kept properly; and (d) cause all reports, statements, returns, certificates and other documents to be prepared and filed when and as required. The Secretary shall keep a seal of the Corporation, and, when authorized by the Board, Chief Executive Officer or the President, cause the seal to be affixed to any documents and instruments requiring it. The Secretary shall act under the supervision of the Chief Executive Officer and President or such other officer as the Chief Executive Officer or President may designate. The Secretary shall have such further powers and perform such other duties as prescribed from time to time by the Board, Chief Executive Officer, President or such other supervising officer as the Chief Executive Officer or President may designate. (Del. Code Ann., tit. 8, § 142(a)).

SECTION 36. ASSISTANT TREASURERS AND ASSISTANT SECRETARIES. Each Assistant Treasurer and each Assistant Secretary, if any are elected, shall be vested with all the powers and shall perform all the duties of the Treasurer and Secretary, respectively, in the absence or disability of such officer, unless or until the Board shall otherwise determine. In addition, Assistant Treasurers and Assistant Secretaries shall have such powers and shall perform such duties as shall be assigned to them by the Board. (Del. Code Ann., tit. 8, § 142(a)).

SECTION 37. DELEGATION OF DUTIES. In the absence, disability or refusal of any officer to exercise and perform his duties, the Board may delegate to another officer such powers or duties.

SECTION 38. RESIGNATION. Any officer may resign at any time by giving notice in writing or by electronic transmission to the Board or to the President or to the Secretary. Any such resignation shall be effective when received by the person or persons to whom such notice is given, unless a later time is specified therein, in which event the resignation shall become effective at such later time. Unless otherwise specified in such notice, the acceptance of any such resignation shall not be necessary to make it effective. Any resignation shall be without prejudice to the rights, if any, of the Corporation under any contract with the resigning officer. (Del. Code Ann., tit. 8, § 142(b)).

SECTION 39. REMOVAL. Any officer may be removed from office at any time, either with or without cause, by the affirmative vote of a majority of the directors in office at the time, or by the unanimous written consent of the directors in office at the time, or by any committee or, with respect to any officer other than the Chairman of the Board (if the Chairman of the Board is designated as an officer of the corporation by the Board), by the Chief Executive Officer or by other superior officers upon whom such power of removal may have been conferred by the Board.

SECTION 40. VACANCIES. The Board shall have power to fill vacancies occurring in any office.

ARTICLE V

STOCK

SECTION 41. CERTIFICATES OF STOCK. The shares of the Corporation shall be represented by certificates or shall be uncertificated. Every holder of stock of the Corporation represented by certificates shall be entitled to have a certificate, in such form as may be prescribed by applicable law and by the Board, representing the number of shares held by such holder registered in certificate form, and signed by, or in the name of the Corporation by, the Chairman of the Board, the Chief Executive Officer or the President or a Vice President and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary, certifying the number and class of shares of stock in the Corporation owned by him. Any or all of the signatures on the certificate may be a facsimile. The Board shall have the power to appoint one or more transfer agents and/or registrars for the transfer or registration of certificates of stock of any class, and may require stock certificates to be countersigned or registered by one or more of such transfer agents and/or registrars. (Del. Code Ann., tit. 8, § 158).

SECTION 42. TRANSFER OF SHARES.

(a) Shares of stock of the Corporation shall be transferable upon its books by the holders thereof, in person or by their duly authorized attorneys or legal representatives, upon surrender to the Corporation by delivery thereof to the person in charge of the stock and transfer books and ledgers. Such certificates shall be cancelled and new certificates shall thereupon be issued. A record shall be made of each transfer. Whenever any transfer of shares shall be made for collateral security, and not absolutely, it shall be so expressed in the entry of the transfer if, when the certificates are presented, both the transferor and transferee request the Corporation to do so. (Del. Code Ann., tit. 8, § 201).

(b) The Board shall have power and authority to make such rules and regulations as it may deem necessary or proper concerning the issue, transfer and registration of certificates for shares of stock of the Corporation. (Del. Code Ann., tit. 8, § 202).

SECTION 43. LOST CERTIFICATES. A new certificate of stock may be issued in the place of any certificate previously issued by the Corporation, alleged to have to have been lost, stolen, destroyed or mutilated, and the Board may, in their discretion, require the owner of such lost, stolen, destroyed or mutilated certificate, or his legal representative, to give the Corporation a bond, in such sum as the Board may direct, not exceeding double the value of the stock, in order to indemnify the Corporation against any claims that may be made against it in connection therewith. (Del. Code Ann., tit. 8, § 167).

SECTION 44. STOCKHOLDERS OF RECORD. The Corporation shall be entitled to treat the holder of record of any share or shares of its capital stock as the holder thereof, in fact, and shall not be bound to recognize any equitable or other claim to or interest in such shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise expressly provided by the DGCL or other applicable law. (Del. Code Ann., tit. 8, § 219 (c)).

SECTION 45. RECORD DATE.

(a) Record Date for Meetings of Stockholders . For the purpose of determining the stockholders entitled to notice of, or to vote at, any meeting of stockholders or any adjournment thereof, the directors may fix, in advance, a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall not be more than sixty (60) days nor less than ten (10) days before the date of such meeting. If no record date is fixed, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at any meeting of stockholders shall apply to any adjournment of the meeting; provided , however , that the Board may fix a new record date for the adjourned meeting. (Del. Code Ann., tit. 8, § 213(a)).

(b) Record Date for Payments of Dividends and Distributions . In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion, or exchange of stock or for the purpose of any other lawful action, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto. (Del. Code Ann., tit. 8, § 213(c)).

(c) Record Date for Corporate Actions by Written Consent .

(i) Notwithstanding Section 45(a) and Section 45(b) of these Bylaws, the record date for determining stockholders entitled to express consent to corporate action in writing without a meeting shall be as fixed by the Board or as otherwise established under this Section 45(c). Any person seeking to have the stockholders authorize or take corporate action by written consent without a meeting shall, by written notice addressed to the Secretary and delivered to the Corporation, request that a record date be fixed for such purpose. The Board may fix a record date for such purpose which shall be no more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board and shall not precede the date on which such resolution is adopted. If the Board fails within ten (10) days after the Corporation receives such notice to fix a record date for such purpose, the record date shall be the day on which the first written consent is delivered to the Corporation in the manner described in Section 45(c)(ii) below unless prior action by the Board is required under the DGCL, in which event the record date shall be at the close of business on the day on which the Board adopts the resolution taking such prior action. (Del. Code Ann., tit. 8, § 213 (b)).

(ii) (A) Every written consent purporting to take or authorizing the taking of corporate action and/or related revocations (each such written consent and related revocation is referred to in this Section 45(c)(ii) of these Bylaws as a " Consent ") shall bear the date of signature of each stockholder who signs the Consent, and no Consent shall be effective to take the corporate action referred to therein unless, within sixty (60) days of the earliest dated Consent delivered in the manner required by this Section 45(c)(ii), Consents signed by a sufficient number of stockholders to take such action are so delivered to the Corporation. (Del. Code Ann., tit. 8, § 228).

(B) A Consent shall be delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery to the Corporation's registered office shall be made by hand or by certified or registered mail, return receipt requested. (Del. Code Ann., tit. 8, § 228).

(C) In the event of the delivery to the Corporation of a Consent, the Secretary shall provide for the safe-keeping of such Consent and shall promptly conduct such ministerial review of the sufficiency of the Consents and of the validity of the action to be taken by stockholder consent as he deems necessary or appropriate, including, without limitation, whether the holders of a number of shares having the requisite voting power to authorize or take the action specified in the Consent have given consent; provided, however, that if the corporate action to which the Consent relates is the removal or replacement of one or more members of the Board, the Secretary shall promptly designate two persons, who shall not be members of the Board, to serve as inspectors with respect to such Consent and such inspectors shall discharge the functions of the Secretary under this Section 45(c)(ii). If after such investigation the Secretary or the inspectors (as the case may be) shall determine that the Consent is valid and that the action therein specified has been validly authorized, that fact shall forthwith be certified on the records of the Corporation kept for the purpose of recording the proceedings of meetings of stockholders, and the Consent shall be filed in such records, at which time the Consent shall become effective as stockholder action. In conducting the investigation required by this Section 45(c)(ii), the Secretary or the inspectors (as the case may be) may, at the expense of the Corporation, retain special legal counsel and any other necessary or appropriate professional advisors, and such other personnel as they may deem necessary or appropriate to assist them, and shall be fully protected in relying in good faith upon the opinion of such counsel or advisors. (Del. Code Ann., tit. 8, § 228).

SECTION 46. DIVIDENDS. Subject to the provisions of the Certificate, the Board may at any regular or social meeting, out of funds legally available therefor, declare dividends upon the stock of the Corporation. Before the declaration of any dividend, the Board may set apart, out of any funds of the Corporation available for dividends, such sum or sums as from time to time in their discretion may be deemed proper for working capital or as a reserve fund to meet contingencies or for such other purposes as shall be deemed conducive to the interests of the Corporation. (Del. Code Ann., tit. 8, §§ 170(a), 173).

SECTION 47. FRACTIONAL SHARES. The Company shall have the complete discretion to issue fractional shares. (Del. Code Ann., tit. 8, § 155).

ARTICLE VI

NOTICE AND WAIVER OF NOTICE

SECTION 48. NOTICE. Whenever any written notice is required to be given by law, the Certificate or these Bylaws, such notice, if mailed, shall be deemed to be given when deposited in the United States mail, postage prepaid, addressed to the person entitled to such notice at his address as it appears in the books and records of the Corporation. Such notice may also be sent by electronic transmission.

SECTION 49. WAIVER OF NOTICE. Whenever notice is required to be given under any provision of the DGCL, the Certificate or these Bylaws, a written waiver, signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors or members of a committee of directors need be specified in any written waiver of notice or any waiver by electronic transmission unless so required by the Certificate or these Bylaws. (Del. Code Ann., tit. 8, § 229).

ARTICLE VII

AMENDMENT OF BYLAWS

SECTION 50. AMENDMENT OR REPEAL BY THE BOARD. Except as otherwise provided by the DGCL or the Certificate, these Bylaws may be amended or repealed, in whole or in part, by the affirmative vote of not less than a majority of the Board at any regular or special meeting of the Board provided that notice of such proposed amendment or repeal to be made is included in the notice of the meeting at which such action takes place, which shall also include, without limitation, the text of any such proposed amendment and/or any resolution calling for any such amendment or repeal. (Del. Code Ann., tit. 8, § 109(a)).

SECTION 51. AMENDMENT OR REPEAL BY STOCKHOLDERS. Except as otherwise provided by the DGCL or the Certificate and except for the proviso hereto, any amendment to, repeal of, or adoption of any provisions inconsistent with these Bylaws, which has not previously received the approval of the Board, shall require for adoption the affirmative vote of the holders of a majority of the issued and outstanding shares present in person or represented by proxy at a meeting of stockholders and entitled to vote thereat, provided , however , that, notwithstanding anything to the contrary contained herein, any amendment to, repeal of, or adoption of any provisions inconsistent with, Sections 2, 3, 6, 12, 14, 15, 16, 17, 19, 20 and 45 of these Bylaws, this Section 51 and Article IX hereof, which has not previously received the approval of the Board shall require for adoption the affirmative vote of the holders of not less than two-thirds of the issued and outstanding shares entitled to vote at a duly called and convened annual or special meeting of stockholders, and provided , further, that, in addition to any other notice required by these Bylaws and other applicable requirements contained herein, notice of such proposed amendment or repeal is included in the notice of the meeting at which such action takes place, which shall also include, without limitation, the text of any such proposed amendment and/or any resolution calling for any such amendment or repeal. (Del. Code Ann., tit. 8, § 109(a)).

SECTION 52. NO CONFLICT WITH THE CERTIFICATE OF INCORPORATION. No Bylaw shall be adopted, amended or repealed so as to cause such Bylaw or these Bylaws to be inconsistent or in conflict with or violate any provision of the Certificate. (Del. Code Ann., tit. 8, § 109(b)).

ARTICLE VIII

MISCELLANEOUS

SECTION 53. SEAL. The seal of the Corporation shall be circular in form and shall have the name of the Corporation on the circumference and the jurisdiction and year of incorporation in the center. (Del. Code Ann., tit. 8, § 122(3)).

SECTION 54. FISCAL YEAR. The fiscal year of the Corporation shall end on December 31 of each year, or such other twelve consecutive months as the Board may designate.

SECTION 55. CORPORATE FUNDS AND CHECKS. The funds of the Corporation shall be kept in such depositories as shall from time to time be prescribed by the Board. All checks or other orders for the payment of money shall be signed by the Chief Executive Officer, President or Chief Financial Officer or such other person or agent as may from time to time be authorized and with such countersignature, if any, as may be required by the Board.

SECTION 56. CONTRACTS AND OTHER DOCUMENTS. The Chief Executive Officer or President, or such other officer or officers as may from time to time be authorized by the Board, shall have power to sign and execute on behalf of the Corporation deeds, conveyances and contracts, and any and all other documents requiring execution by the Corporation. (Del. Code Ann., tit. 8, §§ 103(a), 142(a), 158).

SECTION 57. OWNERSHIP OF STOCK OF ANOTHER CORPORATION. The Chief Executive Officer or President, or such other officer or agent as shall be authorized by the Board, shall have the power and authority, on behalf of the Corporation, to attend and to vote at any meeting of stockholders of any corporation in which the Corporation holds stock and may exercise, on behalf of the Corporation, any and all of the rights and powers incident to the ownership of such stock at any such meeting, including the authority to execute and deliver proxies and consents on behalf of the Corporation. (Del. Code Ann., tit. 8, § 123).

SECTION 58. SEVERABILITY. If any provision of these Bylaws is illegal or unenforceable as such, such illegality or unenforceability shall not affect any other provision of these Bylaws and such other provisions shall continue in full force and effect.

SECTION 59. SUBJECT TO LAW AND THE CERTIFICATE OF INCORPORATION. All rights, powers, duties and responsibilities provided for in these Bylaws, whether or not explicitly so qualified, are qualified by the provisions of the Certificate, the DGCL and any other applicable law. (Del. Code Ann., tit. 8, § 109(b)).

SECTION 60. EMERGENCY BYLAWS. The provisions of this Section 60 shall be operative only during a national emergency declared by the President of the United States or the person performing the President's functions, or in the event of a nuclear, atomic or other attack on the United States or a disaster or catastrophe making it impossible or impracticable for the Corporation to conduct its business without recourse to the provisions of this Section 60. Said provisions in such event shall override all other Bylaws or the Corporation in conflict with any provisions of this Section 60, and shall remain operative so long as it remains impossible or impracticable to continue the business of the Corporation otherwise, but thereafter shall be inoperative; provided , however , that all actions taken in good faith pursuant to such provisions shall thereafter remain in full force and effect unless and until revoked by action taken pursuant to the provisions of the Bylaws other than those contained in this Section 60 (Del. Code Ann., tit. 8, § 110).

(a) A meeting of the Board or of any committee thereof may be called by any officer or director upon one hour's notice to all persons entitled to notice whom, in the sole judgment of the notifier, it is feasible to notify;

(b) The director or directors in attendance at the meeting of the Board or of any committee thereof shall constitute a quorum; and

(c) These Bylaws may be amended or repealed, in whole or in part, by a majority vote of the directors attending any meeting of the Board, provided such amendment or repeal shall only be effective for the duration of such emergency.

ARTICLE IX

INDEMNIFICATION

SECTION 61. RIGHT TO INDEMNIFICATION. The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a " proceeding ") by reason of the fact that he, or a person for whom he is the legal representative, is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such person; provided , however , that the Corporation shall not be required to indemnify any director or executive officer in connection with any proceeding (or part thereof) initiated by such person or any proceeding by such person against the Corporation or its directors, officers, employees or other agents unless (i) such indemnification is expressly required to be made by applicable law, (ii) the proceeding was authorized by the Board, (iii) such indemnification is provided by the Corporation, in its sole discretion, or (iv) such indemnification is required to be made under Section 63, pursuant to the powers vested in the Corporation under the DGCL or any other applicable law. (Del. Code Ann., tit. 8, § 145).

SECTION 62. ADVANCEMENT OF EXPENSES.

(a) The Corporation shall advance to any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director or executive officer, of the Corporation, or is or was serving at the request of the Corporation as a director or executive officer of another corporation, partnership, joint venture, trust or other enterprise, prior to the final disposition of the proceeding, promptly following request therefor, all expenses incurred by any director or executive officer in connection with such proceeding, provided , however , that if the DGCL requires, an advancement of expenses incurred by a director or executive officer in his or her capacity as a director or executive officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter, an " undertaking "), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "final adjudication") that such indemnitee is not entitled to be indemnified for such expenses under this Section 62 or otherwise. (Del. Code Ann., tit. 8, § 145(e)).

(b) Notwithstanding the foregoing, unless otherwise determined pursuant to Section 63, no advance shall be made by the Corporation to an executive officer of the Corporation (except by reason of the fact that such executive officer is or was a director of the Corporation in which event this paragraph shall not apply) in any action, suit or proceeding, whether civil, criminal, administrative or investigative, if a determination is reasonably and promptly made (i) by a majority vote of directors who were not parties to the proceeding, even if not a quorum, or (ii) by a committee of such directors designated by a majority vote of such directors, even though less than a quorum, or (iii) if there are no such directors, or such directors so direct, by independent legal counsel in a written opinion, that the facts known to the decision-making party at the time such determination is made demonstrate clearly and convincingly that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the Corporation. (Del. Code Ann., tit. 8, § 145(e)).

SECTION 63. ENFORCEMENT. Without the necessity of entering into an express contract, all rights to indemnification and advances to directors and executive officers under this Article IX shall be deemed to be contractual rights and be effective to the same extent and as if provided for in a contract between the Corporation and the director or executive officer. Any right to indemnification or advances granted by this Article IX to a director or executive officer shall be enforceable by or on behalf of the person holding such right in any court of competent jurisdiction if (i) the claim for indemnification or advances is denied, in whole or in part, or (ii) no disposition of such claim is made within sixty (60) days of request therefor. The claimant in such enforcement action, if successful in whole or in part, shall be entitled to be paid also the expense of prosecuting the claim. In connection with any claim for indemnification, the Corporation shall be entitled to raise as a defense to any such action that the claimant has not met the standards of conduct that make it permissible under the DGCL or any other applicable law for the Corporation to indemnify the claimant for the amount claimed. In connection with any claim by an executive officer of the Corporation (except in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such executive officer is or was a director of the Corporation) for advances, the Corporation shall be entitled to raise a defense as to any such action clear and convincing evidence that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the Corporation, or with respect to any criminal action or proceeding that such person acted without reasonable cause to believe that his conduct was lawful. Neither the failure of the Corporation (including its Board, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he has met the applicable standard of conduct set forth in the DGCL or any other applicable law, nor an actual determination by the Corporation (including its Board, independent legal counsel or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that claimant has not met the applicable standard of conduct. In any suit brought by a director or executive officer to enforce a right to indemnification or to an advancement of expenses hereunder, the burden of proving that the director or executive officer is not entitled to be indemnified, or to such advancement of expenses, under this Article IX or otherwise shall be on the Corporation. (Del. Code Ann., tit. 8, § 145(k)).

SECTION 64. GOOD FAITH.

(a) For purposes of any determination under this Article IX, a director or executive officer shall be deemed to have acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, to have had no reasonable cause to believe that his conduct was unlawful, if his action is based on information, opinions, reports and statements, including financial statements and other financial data, in each case prepared or presented by:

(i) one or more officers or employees of the Corporation whom the director or executive officer believed to be reliable and competent in the matters presented;

(ii) counsel, independent accountants or other persons as to matters which the director or executive officer believed to be within such person's professional competence; and

(iii) with respect to a Director, a committee of the Board upon which such director does not serve, as to matters within such Committee's designated authority, which committee the director believes to merit confidence; so long as, in each case, the director or executive officer acts without knowledge that would cause such reliance to be unwarranted.

(b) The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal proceeding, that he had reasonable cause to believe that his conduct was unlawful.

(c) The provisions of this Article IX shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth by the DGCL.

SECTION 65. NON-EXCLUSIVITY OF RIGHTS. The rights conferred on any person by this Article IX shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the Certificate, these Bylaws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding office. The Corporation is specifically authorized to enter into individual contracts with any or all of its directors, officers, employees or agents respecting indemnification and advances, to the fullest extent not prohibited by the DGCL, or by any other applicable law. (Del. Code Ann., tit. 8, § 145(f)).

SECTION 66. OTHER INDEMNIFICATION. The Corporation's obligation, if any, to indemnify any person who was or is serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, enterprise or nonprofit entity shall be reduced by any amount such person may collect as indemnification from such other corporation, partnership, joint venture, trust, enterprise or nonprofit enterprise.

SECTION 67. INSURANCE. The Board may authorize, by a vote of a majority of a quorum of the Board, the Corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, member, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this Article IX or of the DGCL; and the Corporation may create a trust fund, grant a security interest and/or use other means (including, without limitation, letters of credit, surety bonds and/or other similar arrangements) to the full extent authorized or permitted by the DGCL and other applicable law to ensure the payment of such amounts as may become necessary to effect the indemnification as provided in this Article IX or elsewhere. (Del. Code Ann., tit. 8, § 145(g)).

SECTION 68. DEFINITIONS. For the purposes of this Article IX, the following definition shall apply:

(a) The term " Corporation " shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, member, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article IX with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued. (Del. Code Ann., tit. 8, § 145(h)).

(b) The term " other enterprises " shall include employee benefit plans (Del. Code Ann., tit. 8, § 145(i));

(c) The term " fines " shall include any excise taxes assessed on a person with respect to any employee benefit plan (Del. Code Ann., tit. 8, § 145(i));

(d) References to " serving at the request of the Corporation " shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants or beneficiaries (Del. Code Ann., tit. 8, § 145(i)); and

(e) A person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner " not opposed to the best interests of the Corporation " as referred to in this Article IX. (Del. Code Ann., tit. 8, § 145(i)).

SECTION 69. LIABILITY OF DIRECTORS. No director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director; provided , however , that this, limitation of liability shall not eliminate or limit the liabilities of the directors for any breach of the director's duty of loyalty to the Corporation or its stockholders, for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, under Section 174 of the DGCL, or for any transaction from which the director derived an improper personal benefit; provided , further , that this limitation of liability shall not eliminate or limit the liability of a director for any act or omission occurring prior to the adoption of these Bylaws.

SECTION 70. SURVIVAL OF RIGHTS. The rights conferred on any person by this Article IX shall continue as to a person who has ceased to be a director, executive officer, officer, employee or other agent and shall inure to the benefit of the heirs, executors and administrators of such a person. (Del. Code Ann., tit. 8, § 145(j)).

SECTION 71. SAVINGS CLAUSE. If this Article IX or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each director and executive officer to the full extent not prohibited by any applicable portion of this Article IX that shall not have been invalidated, or by any other applicable law. If this Article IX shall be invalid due to the application of the indemnification provisions of another jurisdiction, then the Corporation shall indemnify each director and executive officer to the full extent under any other applicable law.

SECTION 72. AMENDMENT OR REPEAL. Any repeal or modification of the provisions of this Article IX shall only be prospective and shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification.

EXHIBIT 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Fred Wilkinson, certify:

1. I have reviewed this Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2015 of Impax Laboratories, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 9, 2015 By: /s/ Fred Wilkinson
Fred Wilkinson
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Bryan M. Reasons, certify:

1. I have reviewed this Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2015 of Impax Laboratories, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 9, 2015

By: /s/ Bryan M. Reasons
Bryan M. Reasons
Chief Financial Officer and Senior Vice President, Finance

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Impax Laboratories, Inc. (the "Company") for the fiscal quarter ended September 30, 2015 (the "Report"), Fred Wilkinson, President and Chief Executive Officer, hereby certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350 of Chapter 63 of Title 18 of the United States Code), that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 9, 2015 By: /s/ Fred Wilkinson
Fred Wilkinson
President and Chief Executive Officer

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350 of Chapter 63 of Title 18 of the United States Code) and is not being filed as part of the Report or as a separate disclosure document.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Impax Laboratories, Inc. (the "Company") for the fiscal quarter ended September 30, 2015 (the "Report"), Bryan M. Reasons, Chief Financial Officer, and Senior Vice President, Finance hereby certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350 of Chapter 63 of Title 18 of the United States Code), that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 9, 2015 By: /s/ Bryan M. Reasons
Bryan M. Reasons
Chief Financial Officer and Senior Vice President, Finance

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350 of Chapter 63 of Title 18 of the United States Code) and is not being filed as part of the Report or as a separate disclosure document.