

IMPAX LABORATORIES, INC.

POLICIES AND PROCEDURES REGARDING RELATED-PARTY TRANSACTIONS

A. PURPOSE

The purpose of these Policies and Procedures is to set forth the policies and procedures for the review, approval and/or ratification of Related Party Transactions (as defined below) involving Impax Laboratories, Inc. (the “Company”) or any of its subsidiaries. It is the intent of the Board of Directors that the Company engage in Related Party Transactions only after a full review of all material facts and circumstances and only where such Related Party transactions are determined to be reasonably necessary to the business of the Company and fair to the Company. These Policies and Procedures are in addition to any requirements for approval of related party transactions that may be contained in any contract (including loan and credit agreements) to which the Company or any subsidiary is a party or is bound.

B. ADMINISTRATION

These Policies and Procedures shall be administered by the Audit Committee (the “Committee”) of the Board of Directors. The Committee shall have the authority to interpret these Policies and Procedures and to amend these Policies and Procedures from time to time hereafter as they determine to be appropriate.

C. DEFINITIONS

For purposes of these Policies and Procedures, the following definitions shall apply:

- a “Five Percent Shareholder” means any person or entity that is known to be the beneficial owner of more than 5% of any class of the Company’s voting securities.
- an “Immediate Family Member” means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of a director, executive officer, director nominee of the Company or a Five Percent Shareholder, and any person (other than a tenant or employee) sharing the household of such director, executive officer, nominee or Five Percent Shareholder.
- a “Related Party Transaction” means any transaction, arrangement or relationship (including any indebtedness or guarantee of indebtedness) or any series of similar transactions, arrangements or relationships in which the Company (or any of its subsidiaries) was, is or will be a participant and the amount involved exceeds \$120,000, and in which any Related Person (as defined below) had, has or will have a direct or indirect interest.

- a “Related Person” means (a) any person who is, or at any time since the beginning of the Company’s last fiscal year was, a director or executive officer of the Company or a nominee for director; (b) any Five Percent Shareholder; (c) any Immediate Family Member; or (d) any firm, corporation or other entity (including charitable organizations) in which any of the persons described in clauses (a), (b) and (c) has a position or relationship as an employee, officer, owner, partner, principal or other material position or relationship other than as a (i) director and/or holder (together with all of the Company’s directors, nominees for director, executive officers and their Immediate Family Members) of less than a 10% equity interest or (ii) limited partner holding (together with all of the Company’s directors, nominees for director, executive officers and their Immediate Family Members) less than a 10% equity interest.

D. COMPILATION AND DISTRIBUTION OF RELATED PERSONS LIST

1. As promptly as practical after the adoption of these Policies and Procedures, the Internal Auditor (“Responsible Officer”) shall compile or cause to be compiled a list of Related Persons (the “Related Persons List”). The Related Persons List shall be compiled by examining the most recent director and officer questionnaires received by the Company and the results filed by Five Percent Shareholders pursuant to Section 13(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and, if a questionnaire has been received from such Five Percent Shareholder, the information set forth in such questionnaire. If necessary, the Responsible Officer may confer with counsel to determine whether a person or entity is a Related Person.

2. Upon completion, a copy of the Related Persons List shall be distributed to (a) each director and executive officer of the Company, (b) the Manager responsible for Accounts Payable, (c) the Manager responsible for Accounts Receivable, (d) the Manager(s) and staff persons responsible for purchasing goods or services for the Company or selling the Company’s goods or services if other than one of the foregoing persons and (e) the Director of Human Resources (collectively, the “Distribution List Persons”).

3. Upon receipt of the Related Persons List, each of the directors and executive officers of the Company shall review the Related Persons List for accuracy and advise the Responsible Officer of any corrections. In addition, each of the directors and executive officers of the Company shall promptly advise the Responsible Officer of any changes that thereafter may occur with respect to the information in the Related Persons List pertaining to them or any of their Immediate Family Members. The Responsible Officer shall update the Related Persons List to reflect any changes of which they become aware or are notified. Any updates to the Related Persons List shall be provided to the Distribution List Persons on at least a quarterly basis.

4. On an annual basis, the Responsible Officer shall review, revise and distribute the Related Persons List using the procedures described in this Section D.

E. APPROVAL OR RATIFICATION OF RELATED PARTY TRANSACTIONS

1. Approval Procedures. Prior to entering into or amending a Related Party Transaction, the following procedures shall apply:

(a) The Responsible Officer shall submit all of the relevant facts and circumstances of any proposed Related Party Transaction to the Committee for consideration at the next Committee meeting or, in those instances in which the Responsible Officer determines that it is not practicable or desirable for the Company to wait until the next Committee meeting, to the Chairperson of the Committee who will possess delegated authority to act between Committee meetings. The information provided to the Committee shall include: (i) the Related Person's relationship to the Company and interest in the transaction; (ii) the material facts of the proposed Related Party Transaction, including the proposed aggregate value of such transaction or, in the case of indebtedness, the amount of principal that would be involved; (iii) the benefits to the Company of the proposed Related Party Transaction; (iv) if applicable, the availability of other sources of comparable products or services; (v) an assessment of whether the proposed Related Party Transaction is on terms that are comparable to the terms available to an unrelated third party or to employees generally and (vi) any effect on a director's independence (under applicable SEC and stock exchange guidelines) in the event that the Related Person is a director, an Immediate Family Member of a director or an entity in which a director is a partner, shareholder or executive officer. If necessary, the Responsible Officer may confer with counsel to determine whether a transaction is a Related Party Transaction.

(b) The Committee or, where submitted to the Chairperson, the Chairperson shall consider all of the relevant facts and circumstances available to the Committee or the Chairperson, including, but not limited to, the information provided pursuant to Section E.1 (a). The Committee or the Chairperson shall approve only those Related Party Transactions that are reasonably necessary to the business of the Company and fair to the Company, as the Committee or the Chairperson determines in good faith. In addition to approving or disapproving a proposed Related Party Transaction, the Committee or the Chairperson, as applicable, may approve a Related Party Transaction provided that suggested revisions to the terms of the Related Party Transaction are made that the Committee or Chairperson determines would make the proposed transaction acceptable. The Committee or Chairperson shall convey the decision to the Responsible Officer who shall convey the decision to the appropriate persons within the Company.

(c) The Chairperson of the Committee shall report to the Committee at the next Committee meeting any approval under these policies and procedures pursuant to his or her delegated authority.

(d) No material amendment or modification of a previously approved Related Party Transaction shall be effected unless the procedures set forth in this Section E.I are followed.

2. Ratification Procedures.

(a) In the event that a Related Party transaction has been entered into or completed and has not been previously approved or ratified under these Policies and Procedures, the policies and procedures set forth in Section E.1 shall apply to the review and, if appropriate, ratification of such Related Party Transaction except that the Committee or the Chairperson, as applicable, shall also evaluate the possibility of amending, terminating or rescinding the Related Party Transaction if it is found that such Related Party Transaction is not appropriate under the standards set forth in Section E.1(b).

(b) The Responsible Officer shall review or cause to be reviewed quarterly reports prepared by the Accounts Payable Department and Accounts Receivable Department to determine whether there were any Related Party Transactions that were not previously approved or ratified under these Policies and Procedures.

3. Obligation of Distribution List Persons. The Distribution List Persons shall immediately notify the Responsible Officer upon becoming aware of any pending or completed Related Party Transaction that has not been previously ratified or approved under these Policies and Procedures.

4. No Participation by Interested Member. No member of the Committee shall participate in any review, consideration, approval or ratification of any Related Party Transaction with respect to which such member, any of his or her Immediate Family Members, or any related entity of such member described in clause (c) of the definition of Related Person, is the Related Person.

F. EXCEPTIONS

Anything in these Policies and Procedures to the contrary notwithstanding, these Policies and Procedures shall not apply to the following transactions (which transactions shall not be deemed to constitute Related Party Transactions):

(a) any employment relationship or transaction with an executive officer and any related compensation resulting solely from that employment relationship or transaction (other than as provided in Section G) if the compensation resulting from the relationship or transaction is approved (or recommended to the Board of Directors for approval) by the Compensation Committee of the Board of Directors;

(b) compensation paid to directors for services in their capacities as members of the Board of Directors and committees thereof;

(c) indebtedness involving any Five Percent Shareholder or Immediate Family Member of a Five Percent Shareholder;

(d) any transaction in which the interest of the Related Person arises solely from the ownership of a class of equity securities of the Company and all holders of that class of equity securities of the registrant received the same benefit on a pro rata basis

(for example, dividends or distributions paid with respect to a class of the Company's securities); and

(e) any transaction that occurred at a time before a person or entity became a Related Person if such transaction did not continue after such person or entity became a Related Person.

G. EMPLOYMENT OF IMMEDIATE FAMILY MEMBERS

No Immediate Family Member shall be hired as an employee of the Company or any subsidiary for a total compensation in excess of \$120,000 per year unless the employment arrangement is approved or ratified by the Committee in accordance with the procedures set forth in Section E. Thereafter, no material change in the terms of employment, including compensation, may be made without the prior approval of the Committee.

H. DISCLOSURE

All Related Party Transactions that are required to be disclosed in the Company's filings with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended, and the Exchange Act and related rules and regulations, shall be so disclosed in accordance with such laws, rules and regulations. In addition, the material features of these *Related Party Transaction Policies and Procedures* shall be disclosed in the Company's annual report on Form 10-K or proxy statement, as required by applicable laws, rules and regulations.

November 7, 2007

As Amended May 19, 2009