

**Conduct of the Services.** ARL Bio Pharma (“ARL”) will perform each study and prepare all reports in accordance with the standards set forth in ARL Quotes, Client- approved protocols, generally prevailing industry standards of professional conduct, and all applicable laws, regulations, and rules of the relevant governmental regulatory authorities. All work will be conducted under non-cGMP conditions unless the Quote specifically states the study or specific tests will be conducted under cGMP conditions. A Quality Agreement must be executed between the parties for any work to be conducted under cGMP or the work will be non-cGMP. ARL will only initiate a study following the execution of a Quote which includes these Terms and Conditions (“Agreement”).

**Study Material.** As applicable, Client will provide ARL (at no cost to ARL) sufficient amounts of all compounds, materials, or other substances (“Test Material”) with which to perform each study, as well as such data and other information as may be necessary or useful for ARL to perform the services and to apprise ARL of the stability, proper storage and safe handling requirements with respect to the Test Material, including a Material Safety Data Sheet (MSDS) or equivalent documentation, if applicable. At the conclusion of each study, Client will direct ARL to discard or return, at Client’s expense, any remaining Test Materials. In the absence of such direction from Client, ARL withholds the right to discard Test Materials and any other materials associated with the study thirty (30) days following conclusion of the study.

**Change in Scope.** If Client requires a change in scope with respect to a deliverable or study, ARL reserves the right to revise the price.

**Personnel.** ARL will arrange for qualified personnel to support ARL’s obligations under the Agreement. To the best of ARL’s knowledge, none of its employees who are to participate in a study (a) have been debarred or (b) are under consideration to be debarred by the Food and Drug Administration from working in or providing services to any pharmaceutical or biotechnology company under the Generic Drug Enforcement Act of 1992, as amended.

**Inspections.** Once a year with reasonable advance notice, ARL will permit Client and/or its designated representative reasonably

acceptable to ARL, during normal business hours and at mutually agreeable times, to visit the ARL facilities where a study is taking place to monitor ARL’s performance of the study.

**Study Records and Reports.** ARL will keep complete and accurate records of each study for at least five (5) years.

After completion of a study, ARL will furnish to Client a written report or the data containing the results of the study and any other information specified in the Agreement. All reports will be prepared in the standard format of ARL unless otherwise specified in the Agreement.

**Fees.** As consideration for the ARL’s services, Client will pay ARL the amounts specified in the Quote (the “Service Fees”). Client shall pay all invoices for Service Fees and other amounts due under the Agreement within thirty (30) days of receipt of the relevant invoice unless otherwise specified in the Agreement. Any changes in the Service Fees shall be specified in an amendment to the Agreement and subject to written approval by authorized representatives of ARL and Client. All amounts not paid when due shall bear interest from the applicable due date until paid at one and one half percent (1.5%) per month. In addition, ARL may elect to suspend any studies that may be in progress, delay the start of new studies, and/or withhold required reports or other deliverables if the Client does not make any required payment within the thirty (30) day period referenced above and additionally, ARL shall be entitled to reimbursement of reasonable costs of collection, including reasonable attorney’s fees. All payments are in US Dollars. A surcharge may be added to the fees if a rush program is requested. The pricing is valid for 90 days from the date of quotation.

**Subcontractors.** ARL may outsource or use contractors for work under this Agreement with Client’s prior approval.

**Controlling Terms.** In the event that there is any conflict between these Terms and Conditions and the Quote, the terms in the Quote shall apply.

**Confidentiality.** The parties anticipate that they may exchange proprietary and confidential information (the “Confidential Information”) during the term of the Agreement. All Confidential Information shall be identified, in writing, as confidential and/or proprietary.

ARL will use its commercially reasonable efforts to maintain such Confidential Information in confidence and will employ reasonable and appropriate procedures to prevent its unauthorized publication or disclosure to third parties. ARL shall not use the other party’s Confidential Information for any purpose other than in performance of the services.

**Warranties.** Client warrants that it owns all rights, title and interest in the Test Material furnished to ARL hereunder and intellectual property related thereto, and that ARL’s use of any and all such Test Material in connection with the study does not infringe any patent rights or other intellectual property rights of any third party. ARL warrants only to Client that the services provided to Client under the Agreement shall conform to the specifications set forth in the Agreement and any material applicable laws, regulations, and rules of the relevant governmental regulatory authorities. Warranties are made only to the Client purchasing the ARL’s service, are not transferable, and do not extend to the benefit of any other person or entity, unless otherwise expressly stated in writing by ARL. ANY PRODUCT OR SERVICE NOT COVERED BY AN EXPRESS WRITTEN WARRANTY IS SOLD AND PROVIDED “AS IS,” WITHOUT WARRANTY OF ANY KIND, STATUTORY, EXPRESS OR IMPLIED. THE WARRANTIES PROVIDED IN THIS PARAGRAPH ARE ARL’S SOLE AND EXCLUSIVE WARRANTIES WITH RESPECT TO SERVICE AND ARE IN LIEU OF ALL OTHER WARRANTIES, STATUTORY, EXPRESS OR IMPLIED, AND ALL OF WHICH OTHER WARRANTIES ARE EXPRESSLY DISCLAIMED AND INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, OR REGARDING RESULTS OBTAINED THROUGH THE USE OF ANY SERVICE (INCLUDING, WITHOUT LIMITATION, ANY CLAIM OF INACCURATE, INVALID OR INCOMPLETE RESULTS), WHETHER ARISING FROM A STATUTE OR OTHERWISE IN LAW OR FROM A COURSE OF PERFORMANCE, DEALING OR USAGE OF TRADE. IF A COURT FINDS LIABILITY ON THE PART OF ARL BASED ON A CLAIM OF INACCURATE, INVALID, OR INCOMPLETE RESULTS, CLIENT EXPRESSLY AGREES THAT ARL’S

LIABILITY IS LIMITED TO THE PRICE PAID TO ARL FOR THE PRODUCT OR SERVICE.

**Limitation of Liability.** ARL WILL NOT BE LIABLE FOR PENALTIES OR LIQUIDATED DAMAGES OR FOR SPECIAL, INDIRECT, CONSEQUENTIAL OR INCIDENTAL DAMAGES OF ANY TYPE OR KIND (INCLUDING, WITHOUT LIMITATION, LOST PROFITS) REGARDLESS OF WHETHER ANY SUCH LOSSES OR DAMAGES ARE CHARACTERIZED AS ARISING FROM BREACH OF CONTRACT, BREACH OF WARRANTY, TORT, STRICT LIABILITY OR OTHERWISE, EVEN IF ARL IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES OR DAMAGES, OR IF SUCH LOSSES OR DAMAGES ARE FORESEEABLE.

ARL'S LIABILITY FOR DIRECT DAMAGES UNDER THE AGREEMENT, REGARDLESS OF THE FORM OF ACTION, SHALL NOT EXCEED THE TOTAL SERVICE FEES PAID BY CLIENT FOR SERVICES UNDER THE APPLICABLE AGREEMENT. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, ARL'S SOLE LIABILITY, AND CLIENT'S SOLE REMEDY FOR ARL'S BREACH OF THE WARRANTY SET FORTH HEREIN SHALL BE REPERFORMANCE OF THE AFFECTED SERVICES OR THE PORTION THEREOF AFFECTED BY SUCH BREACH AS PROMPTLY AS POSSIBLE AT ARL'S SOLE COST AND EXPENSE.

**Indemnification.** Subject to the Limitation of Liability herein, ARL will defend, indemnify, save and hold harmless Client and its respective directors, officers, employees and agents (together, the "Client Indemnitees") from and against any losses, damages, fines and liabilities, including reasonable attorneys' fees (collectively, "Damages") incurred by the Client Indemnitees as a result of any third party claims, demands, suits, actions, or causes of action (collectively, "Claims") arising out of ARL's gross negligence or willful misconduct in performance of a study, and ARL will pay any Damages subject to the Limitation of Liability set forth herein which, by final judgment, after exhaustion of all reasonable appeals, may be assessed against the Client Indemnitees in connection therewith.

Client will defend, indemnify, save and hold harmless ARL and its respective directors, officers, employees and agents (together, the "ARL Indemnitees") from and against any Damages incurred by the ARL Indemnitees as a result of any Claims arising out of (a) the manufacture, distribution, use, sale or other disposition by Client, or any distributor, customer, sublicensee or representative of Client, of the Test Material, any of Client's products or processes and/or any other materials which are produced, purified, tested or vialled by ARL in the performance of the services, (b) infringement or alleged infringement of third party patent rights or unauthorized use or misappropriation of any third party know-how or trade secrets relating to ARL's use of the Test Material, or any of Client's products or processes and/or any other materials provided by Client, and (c) Client's gross negligence or willful misconduct in connection with the Agreement, and Client will pay any Damages which, by final judgment, after exhaustion of all reasonable appeals, may be assessed against the ARL Indemnitees in connection therewith.

**Ownership.** Client shall exclusively own all data generated in the performance of the services, together with any discoveries or inventions developed, generated or conceived in the performance of the services which are modifications or improvements to any proprietary technology, information or materials provided by Client to ARL hereunder. ARL agrees to reasonably assist Client, at Client's expense and ARL's standard rate of \$350 per hour, in obtaining and vesting ownership in any patents, copyrights or other proprietary rights in such data, discoveries or inventions.

ARL shall exclusively own all techniques, methods, processes, models, tools, assays, or other discoveries or inventions that are developed, generated, conceived, or utilized in the performance of the services except to the extent expressly owned by Client herein.

**Term and Termination.** Client shall have the right to terminate an on-going study at any time without cause upon fifteen (15) business days prior written notice to ARL. In the event a study is terminated without cause, ARL shall be paid for all services rendered through the effective date of termination, together with any additional expenses incurred in connection with the shutdown of the study or which were previously committed.

**Independent Contractor.** The business relationship of the parties is that of independent contractors and not of partners, joint venturers, employers, employees or any other kind of relationship. Each party will be solely responsible for expenses and liabilities associated with the employment of its employees.

**Entire Agreement.** The Agreement constitutes the entire agreement of the parties, superseding any and all previous agreements and understandings, whether oral or written, as to the same subject matter. No modification or waiver of the provisions of the Agreement shall be valid or binding on either party unless in writing and signed by both parties. No waiver of any term, right or condition under the Agreement on any one occasion shall be construed or deemed to be a waiver or continuing waiver of any such term, right or condition on any subsequent occasion or a waiver of any other term, right or condition hereunder.

**Applicable Law.** This Agreement will in all events and for all purposes be governed by, and construed in accordance with, the laws of the State of Oklahoma, USA without regard to any choice of law principle that would dictate the application of the law of another jurisdiction.

**Force Majeure.** ARL shall not be liable for any delay or failure of performance, including without limitation failure to perform a service, where such delay or failure arises or results from any cause beyond ARL's reasonable control, including, but not limited to, flood, fire, explosion, natural catastrophe, military operations, war, computer or other equipment failure, unusually severe weather, earthquake or other act of God, power loss or reduction, labor disputes of any kind (whether relating to its own employees or others), embargo, governmental regulation, or an inability or delay in obtaining materials. In the event of any such delay or failure of performance, ARL shall have such additional time within which to perform its obligations hereunder as may be reasonably necessary under the circumstances.

Revised 2/25/2013