FORM 10-K

Annual report pursuant to section 13 and 15(d)

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FILER

ROBERTS PHARMACEUTICAL CORP

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

FORM 10-K

(Mark One)

[x] ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1998
or
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 1-10432

ROBERTS PHARMACEUTICAL CORPORATION
(Exact name of registrant as specified in its charter)

New Jersey	22-2429994
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
Meridian Center II 4 Industrial Way West Eatontown, New Jersey	07724
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (732) 676-1200

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock $.01 par value per share	American Stock Exchange
Rights	American Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, $.01 par value per share

None
(Title of class)

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 X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The aggregate market value of the common stock, $.01 par value per share (the "Common Stock"), of the Registrant held by non-affiliates of the Registrant, as determined by reference to the last sale price of the Common Stock as reported by the American Stock Exchange as of March 9, 1999 was $822,611,808.

As of March 9, 1999, the number of outstanding shares of Common Stock was 31,563,043.

Documents incorporated by reference into this report	Part of Form 10-K into which document is incorporated
Proxy Statement for the Annual Meeting of Shareholders	Part III

to be held in May 1999.

Forward Looking Statements

Certain statements included in (i) Item 1(c) Description of Business with respect to the Registrant's development of its proprietary pipeline products and with respect to the Registrant's newly acquired manufacturing and distribution facilities and with respect to certain discontinued operations of the Registrant; (ii) Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations; and (iii) the notes to the Registrant's consolidated financial statements herein, are intended to be, and are hereby identified as, forward looking statements for purposes of the safe harbor provided by Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. The Registrant cautions readers that forward looking statements, including, without limitation, those relating to the Registrant's future business prospects, revenues, cost of sales, intangible dispositions and write-offs, continuing operations and discontinued operations, and liquidity and capital resources, are subject to certain risks and uncertainties, including, without limitation, the ability of the Registrant to secure regulatory approval in the United States and in foreign jurisdictions for the Registrant's developmental pipeline drugs, the efforts of the Registrant's competitors and the introduction of rival pharmaceutical products which may prove to be more effective than the Registrant's products, general market conditions, the availability of capital, and the uncertainty over the future direction of the healthcare industry, that could cause actual results to differ materially from those indicated in the forward looking statements.

PART I

Item 1. Business

(a) General Development of Business

Roberts Pharmaceutical Corporation (the "Company") is an international pharmaceutical company which licenses, acquires, develops and commercializes post-discovery drugs in selected therapeutic categories. The Company was incorporated under the laws of the State of New Jersey in 1982 and commenced operations in 1983. In 1988, its name was changed to Roberts Pharmaceutical Corporation from VRG International, Inc. The Company's executive offices are located at Meridian Center II, 4 Industrial Way West, Eatontown, New Jersey 07724, and its telephone number is (732) 676-1200. As used herein, the term the "Company" refers to Roberts Pharmaceutical Corporation and its subsidiaries unless the context indicates otherwise.

(b) Financial Information about Industry Segments

Substantially all revenues, operating profits or losses and assets of the Company are attributable to one line of business, the acquisition, development and sale of pharmaceutical products, primarily prescription pharmaceutical products, in three segments, the United States, Canada and the United Kingdom.

(c) Description of Business

The Company was founded to take advantage of the large and growing opportunity to license, acquire, develop and commercialize post-discovery drugs in selected therapeutic categories. The Company has organized its drug development, acquisition and marketing activities to focus on late-stage development drugs in Phase II or Phase III clinical trials and currently marketed prescription pharmaceutical products which (i) do not meet the strategic objectives or profit thresholds of larger pharmaceutical companies or (ii) are made available by government agencies and research institutions. The therapeutic categories targeted by the Company are Cardiovascular, Gynecology/Endocrinology, Urology, Oncology, Hematology and Gastroenterology.

The Company has a broad product portfolio including PROAMATINE(R) and AGRYLIN, which are the Company's first proprietary drugs approved by the U.S. Food and Drug Administration (the "FDA") and PENTASA(R), a drug for the treatment of ulcerative colitis. See "Approved Pipeline Products." In addition, the Company has a number of other proprietary late-stage development products in the Company's pipeline. See "Late-Stage Development Products."

With a view toward focusing on its core business of licensing, acquiring, developing, marketing and selling prescription pharmaceuticals, the Company completed in 1998 the divestiture of the last of its non-core businesses including VRG International, Inc. and its homecare and medical products divisions. See Notes to Consolidated Financial Statements - Note 15.

Approved Pipeline Products

PROAMATINE(R). In 1985, the Company acquired from the predecessor in interest of Nycomed Pharma AG ("Nycomed Pharma") exclusive marketing rights in the United States, Canada, the United Kingdom and Ireland to PROAMATINE

(midodrine), formerly AMATINE(R), a drug used for the treatment of orthostatic hypotension and other blood pressure disorders. Orthostatic hypotension is a condition involving the sudden drop in blood pressure upon assuming an upright posture, resulting in dizziness, weakness or unconsciousness.

In September 1996, the FDA approved the Company's New Drug Application ("NDA") for PROAMATINE and cleared PROAMATINE for marketing in the United States for the treatment of symptomatic orthostatic hypotension. The Company commenced marketing and sales activities in the U.S. with respect to PROAMATINE in the fourth quarter of 1996.

The FDA approved PROAMATINE pursuant to its accelerated approval process for new drugs for serious or life threatening illnesses. There are no other FDA approved treatments available for orthostatic hypotension. Other current therapies used to treat the condition are associated with significant adverse side effects such as potassium reduction, fluid retention and cardiac and central nervous system disorders. The Company is conducting post-approval and post-launch (Phase IV) studies of PROAMATINE required as part of the FDA approval. PROAMATINE is in Phase II trials for stress urinary incontinence. See "Late Stage Development Products - Therapeutic Category - Urology."

PROAMATINE for orthostatic hypotension has been designated by the FDA as an "Orphan Drug" under the Orphan Drug Act of 1983 (the "Orphan Drug Act"), which provides the Company with a seven year period of market exclusivity in the United States from the date of the FDA approval. See "Government Regulation."

In 1990, the Company was granted approval by the Irish National Drugs Advisory Board to market PROAMATINE for use in the treatment of orthostatic hypotension in Ireland, where the drug is sold under the name MIDON(R). In 1991, the Company obtained regulatory approval for the sale in Canada of PROAMATINE for use in the treatment of orthostatic hypotension, where the drug is sold under the name AMATINE(R). AMATINE is sold in Canada by the Company's licensee, Knoll Pharma Inc. ("Knoll") (formerly Boots Pharmaceuticals Ltd.). In December, 1997 the Company filed an application in the United Kingdom for the approval to market PROAMATINE under the name MIDON(R) for the treatment of orthostatic hypotension.

AGRYLIN. In 1991, the Company obtained an exclusive worldwide license from Bristol-Myers Squibb to develop, market and sell AGRYLIN (anagrelide), which has been developed as an oral treatment for thrombocytosis, a blood disorder characterized by

high blood platelet counts which could result in an abnormally high incidence of adverse blood clotting events, including heart attack and stroke. There is evidence that some patients with increased platelet counts have thrombosis or hemorrhage which can be treated successfully by lowering the platelet count. AGRYLIN is intended to inhibit excessive platelet production and reduce the morbidity and mortality of heart attack and stroke in thrombocytosis patients.

In March 1997, the Company received notification from the FDA that the Company's NDA for AGRYLIN was approved. The Company commenced active marketing and sales activities with respect to AGRYLIN in the second quarter of 1997. There is no other FDA approved treatment available for thrombocytosis. Other current therapies used to reduce excessive platelet production have distinct disadvantages, such as leukemogenesis, leukopenia and anemia. Further, AGRYLIN has been designated by the FDA as an Orphan Drug, a status which entitles the Company to seven years of market exclusivity. In December 1997, the Company filed an application with the FDA a status which entitles the Company to seven years of market exclusivity to expand the indications of AGRYLIN to include polycythemia vera. In December 1998, the Company received approval for the expanded indication for AGRYLIN for thrombocytosis secondary to myeloproliferative diseases, including Polycythemia Vera and Chronic Myelogenous Leukemia.

In June 1998, the U.S. Department of Commerce, Patent and Trademark Office issued to the Company a patent covering a new and highly improved process for manufacturing anagrelide Hcl, the active ingredient in AGRYLIN. Currently, anagrelide is commercially prepared utilizing a time consuming and difficult synthesis involving a starting material possessing environmentally unfriendly properties. The new process, which eliminates this precursor material and greatly simplifies the synthesis, represents both an environmentally sound and a significantly more economical method of manufacture. The patent for this new process expires in 2017.

The Company has received approval of its New Drug Submission ("NDS") from the Health Protection Branch, Canada ("HPB") for the sale of AGRYLIN in the Canadian market, and has begun marketing the drug in Canada.

The Company has concluded distribution arrangements for AGRYLIN in Scandinavia, Australia, Korea and Israel and intends to pursue such arrangements in other geographic locations such as Japan, other Asian countries and Latin America.

Prescription Pharmaceutical Products

In addition to developing its proprietary pipeline products, the Company's principal objective is to concentrate its operations primarily on licensing, acquiring, developing, marketing and selling prescription pharmaceutical products. To enhance the Company's presence in its targeted therapeutic categories, the

Company has acquired marketed prescription pharmaceutical products from various pharmaceutical companies. These product lines generate cash flow, which contributes partial financial support to the Company's drug development activities, and provides enhanced product sales opportunities for the Company's sales force. Further, the sale of prescription pharmaceutical products has enabled the Company to establish marketing channels in its targeted therapeutic categories which the Company uses to market PENTASA, PROAMATINE and AGRYLIN and expects to use to market its other late-stage development products if such products are approved for sale.

Over the last five years, the Company has acquired the United States and/or foreign product rights for many prescription pharmaceutical products from various pharmaceutical manufacturers such as Hoechst Marion Roussel ("HMR"), Procter & Gamble Pharmaceuticals, Inc. ("Procter & Gamble"), Bristol-Myers Squibb Company ("Bristol-Myers Squibb"), Glaxo Canada, Inc. ("Glaxo Canada"), Du Pont Merck Pharmaceutical Company ("Du Pont Merck"), Merck and Co., Inc. ("Merck"), G.D. Searle & Co. ("G.D. Searle"), SmithKline Beecham plc ("SmithKline Beecham") and Wyeth Laboratories, U.K. Certain of these products are: NOROXIN(R), an antibiotic used for the treatment of urinary tract infections; TIGAN(R), a drug used to control nausea and vomiting; EMINASE(R), a thrombolytic agent used in the treatment of acute myocardial infarction to dissolve blood clots obstructing coronary arteries; NORPACE(R) and TRANDATE(R) in Canada, SALUTENSIN(R), SALURON(R), ETHMOZINE(R), NITRODISC, cardiovascular products; FLORINEF(R), for adrenocortical insufficiency; MAXOLON(R), a gastro-intestinal agent used for treatment of nausea and vomiting associated with cancer chemotherapy; MINTEC(R), a gastro-intestinal drug used for symptomatic relief of irritable bowel and spastic colon syndromes in adults; ESTRACE(R), a line of estrogen replacement therapy products used for symptomatic relief of menopausal symptoms and for the prevention of osteoporosis sold in Canada; and MEPTID(R) and LODINE(R), analgesic agents. In April 1998, the Company acquired exclusive U.S. marketing rights to PENTASA(R), a patented gastrointestinal drug for the treatment of ulcerative colitis from HMR, which has become the Company's largest selling drug.

As part of the Company's divestiture activities, in 1998 the Company completed the sale of its ENTUSS(R), COMHIST(R) and CHERACOL(R) lines of cough/cold products.

Nonprescription Pharmaceutical Products

In order to facilitate the growth of the Company's business, the Company had always focused a part of its operations on the acquisition, marketing and sale of nonprescription pharmaceutical products. Some of the nonprescription pharmaceutical products acquired from various pharmaceutical companies and which are marketed by the Company are: COLACE(R), PERI-COLACE(R), SQUIBB(R) mineral oil, SQUIBB(R) Glycerin Suppositories and SQUIBB(R) Cod Liver Oil, used in the treatment of gastrointestinal disorders and SLOW-MAG(R), a magnesium supplement.

In August 1995, the Company identified the sale of nonprescription pharmaceuticals as a non-core business activity and made the decision to divest most of the products it had acquired. The Company divested a substantial portion of its nonprescription products during 1996. The Company has retained and will continue to sell, and under the right circumstances may acquire, only certain well known, high volume nonprescription pharmaceutical products, such as COLACE, PERI-COLACE, and SLOW-MAG that do not require significant promotional outlays to establish and maintain consumer brand recognition and the demand for which is not susceptible to uncontrollable seasonal factors.

In October 1998, the Company completed the divestiture of its CHERACOL(R) line of cough/cold products.

Late-Stage Development Products

The Company has a portfolio of several late-stage development products discussed below. Rights to these late-stage development products were acquired by the Company after substantial value had been added to the products through research activities conducted by others. The Company's objective is to continue the development of these late-stage products and bring them to market as has been accomplished with PROAMATINE and AGRYLIN. There can be no assurance that regulatory approval of the late-stage developmental products will be obtained in

the United States or abroad. The Company intends to contract-out the development of several of its late stage development products, utilizing contract clinical research organizations. Sales of products acquired from other pharmaceutical companies, and sales of the Company's prescription and nonprescription pharmaceutical products, have enabled the Company to develop a marketing and sales infrastructure to facilitate sales of these late-stage products, if approved.

Therapeutic Category - Gastroenterology

In July 1998, the Company entered into an arrangement with Ribogene, Inc. whereby the Company has been granted an exclusive license to market, distribute and sell the product EMITASOL(R) for the treatment of emesis. EMITASOL(R) is an intranasal form of metoclopramide and is currently in Phase III clinical trials. The Company has been contracted by Ribogene, Inc. to develop this product and Ribogene, Inc. will provide up to $7 million in funding for the development of this product.

In a separate transaction, the Company purchased $10 million of Ribogene Convertible Preferred Stock in a private placement. See Notes to Consolidated Financial Statements - Note 5.

In the latter part of 1996, the Company and Eli Lilly and Company ("Lilly") entered into a series of License Agreements pursuant to which the Company acquired from Lilly certain rights to four developmental compounds designated LY246736, LY353433, LY213829 (also known as "Tazofelone") and LY315535 (collectively,

the "Compounds"), which could potentially address some of the unmet medical needs with respect to certain gastrointestinal disorders such as inflammatory bowel disease and irritable bowel syndrome. Each of the License Agreements grants the Company an exclusive license to develop, manufacture, market and sell the Compounds anywhere in the world, except with respect to LY315535, for which the Company is licensed only in the United States and its territories, Canada and Mexico. For a description of certain other terms of the Lilly License Agreements, see "License Agreements."

Tazofelone is being developed for the treatment of Inflammatory Bowel Diseases ("IBD"), including ulcerative colitis and Crohn's disease. A Phase II efficacy trial has been completed for Tazofelone, and Tazofelone could offer consumers an alternative to existing treatments for IBD which include corticosteroids, 5ASA and azsulfidine.

The other three Compounds are being developed to treat Functional Bowel Disorders ("FBD"), including irritable bowel syndrome and non-ulcerative dyspepsia. These Compounds could provide an alternative to current FBD therapies which include dietary changes, over-the-counter laxatives, antidiarrheals, prescription antispasmodics, gastroprokinetics, proton pump inhibitors, 5HT\3\ compounds and antacids.

The Company has completed a Phase 1a study of LY315535. The compound is being developed for the treatment of irritable bowel syndrome and non-ulcerative dyspepsia. The Phase 1a single rising dose study was conducted in human volunteers. The objectives of the placebo-controlled study were to 1) show safety across a range of doses and 2) establish a maximum tolerated dose. The study demonstrated a favorable safety profile, with LY315535 being well-tolerated across a broad range of doses. Given the positive outcome of this study, the next stage of Phase I testing in humans is scheduled to commence in the near term.

Therapeutic Category - Cardiovascular

In March, 1997, the Company and Pfizer Inc. ("Pfizer") entered into a License Agreement pursuant to which the Company acquired from Pfizer worldwide rights to a compound in development called Sampatrilat. Sampatrilat, currently in phase II clinical trials, is intended to treat essential hypertension and congestive heart failure. The License Agreement grants the Company exclusive worldwide rights to develop, manufacture, market and sell Sampatrilat anywhere in the world.

Sampatrilat incorporates, in a single substance, two different but complimentary modes of activity. It is a potent inhibitor of angiotensin converting enzyme ("ACE") and also inhibits neutral endopeptidase which, in turn, results in an elevation of atrial natriuretic factor ("ANF"), the body's own natural diuretic. This

dual mode of activity may offer patients and managed care providers the

potential advantages of a treatment regime involving fewer drugs, reduced risks, and lower costs in comparison to currently existing therapies.

Today, treatment of uncomplicated essential hypertension follows a step therapy paradigm with the initial treatment often being an ACE inhibitor. However, normalization of blood pressure may require the addition of a second drug, generally a diuretic, in combination with the ACE inhibitor. This type of step therapy, involving two and sometimes three drugs, may produce side effects comprising the additive adverse reactions of the different products employed.

Diuretics commonly employed with ACE inhibitors can produce side effects that include potassium depletion, gout, elevated blood lipids, and abnormalities in sugar metabolism. Because ANF is a natural diuretic that does not possess these properties, the use of Sampatrilat in hypertension or congestive heart failure patients may confer, through the administration of a single drug, all the advantages of a pure ACE inhibitor with the addition of greater natruresis thus obviating the need for separate diuretics.

Therapeutic Category - Gynecology/Endocrinology

SOMAGARD(R). In 1988, the Company acquired rights from the Salk Institute to manufacture and market SOMAGARD (deslorelin) in the United States and in certain foreign countries, including the United Kingdom and Canada. SOMAGARD is being developed for the treatment of central precocious puberty in children, an endocrine disorder that results in premature release of hormones; and for endometriosis in women. Published reports of long-term studies conducted by the National Institutes of Health have indicated that the administration of SOMAGARD inhibits the release of hormones which cause the abnormal maturation process and causes a return to normal growth rates. The Company has completed Phase III trials for SOMAGARD for use in the treatment of central precocious puberty and is studying various alternatives for the commercialization of this product and may elect to complete its development through a licensing arrangement with a third party.

The Company currently markets the product SUPPRELIN(R) (histrelin), an Orphan Drug, for central precocious puberty. See "Government Regulation." The Company believes that SOMAGARD will complement SUPPRELIN. SOMAGARD, if approved by the FDA, would be marketed to endocrinologists and managed healthcare organizations.

SOMAGARD also is being developed as a treatment for endometriosis. A number of Phase II clinical trials for this indication have been conducted. Endometriosis is a gynecologic abnormality which may result in pain, infertility and sexual and bowel dysfunction. Published reports of studies conducted by the

National Institutes of Health indicate that SOMAGARD relieves pain and restores normal sexual and bowel function in women with this condition.

Therapeutic Category - Hematology

STANATE. In 1994, the Company acquired the exclusive worldwide rights from The Rockefeller University to develop, manufacture, market and sell STANATE (stannsoporfin), which is being developed for the treatment of hyperbilirubinemia in neonates, a condition caused by an accumulation of excessive levels of bilirubin produced by the liver. Unless treated, hyperbilirubinemia can result in jaundice, brain damage and death.

Bilirubin is excreted by the liver pursuant to a metabolic step requiring the presence of an enzyme which, studies have shown, is not fully functional in many early term and full term neonates. STANATE is intended to inhibit the accumulation of excessive levels of bilirubin in neonates and to provide neonate enzyme systems with an opportunity to mature and take over the normal elimination of bilirubin.

The most common treatment for hyperbilirubinemia in neonates involves phototherapy which requires exposure to a light source in order to stimulate the temporary excretion of bilirubin. Phototherapy is often not fully effective and requires many hours and sometimes several days of exposure to light with resulting maternal separation, extensive nursing supervision and related time-sensitive costs. In contrast, STANATE is administered by injection and clinical studies have shown that one dose is generally all that is necessary for treatment purposes. STANATE is currently in Phase II/III clinical trials and the Company is reviewing various alternatives for the completion of the clinical trials and commercialization of this product including outlicensing.

Therapeutic Category - Urology

PROAMATINE. In addition to its use in the treatment of blood pressure disorders, PROAMATINE is currently sold in several countries by unaffiliated third parties to treat stress urinary incontinence, the involuntary loss of

urine from the bladder. There is no approved therapy for stress urinary incontinence in the United States. PROAMATINE is an alpha agonist which increases the tension of the urinary sphincter, thereby preventing the involuntary loss of urine from the bladder. The Company is conducting a Phase II clinical program in the United States for the use of PROAMATINE in the treatment of stress urinary incontinence.

Therapeutic Category - Oncology

DIRAME(R). In 1992, the Company obtained exclusive worldwide rights from Bayer AG ("Bayer") to develop and market DIRAME (propiram), a potent, centrally acting analgesic with low addiction

potential intended for use in the control of moderate to severe acute or chronic pain. See "Government Regulation."

DIRAME is in Phase III clinical trials which indicate that the compound appears to be safe and effective in patients with various kinds of acute and chronic pain.

A joint venture from which Bayer obtained the rights to DIRAME had initially filed an NDA for DIRAME. Subsequent to such filing, the FDA required additional studies regarding the drug. The Company is now addressing the issues raised by the FDA and, in 1993, commenced long-term carcinogenicity studies on two species of laboratory animals and other clinical studies. The in-life phase of these studies has been completed and the results are currently under analysis. In order to complete its NDA filing, the Company believes it must complete an additional Phase III clinical trial. The Company has commenced such clinical trial during 1998.

SOMAGARD. In addition to the treatment of central precocious puberty and endometriosis, SOMAGARD has been studied as adjunctive treatment for prostate cancer. Other treatments for prostate cancer such as surgery and/or radiotherapy are often precluded because the cancer has spread to the bones. As a result, castration, hormonal therapy or chemotherapy are often the only available treatments. SOMAGARD is being evaluated by the Company as an alternative to these procedures. The Company has filed a Product License Application (NDA equivalent) for SOMAGARD for treatment of prostate cancer in the United Kingdom and has obtained approval from the Irish regulatory authorities to market the product for this indication. Use of SOMAGARD for the treatment of prostate cancer in the United States is in Phase III clinical trials.

RL0903. The Company is developing a compound to treat prostate cancer designated RL0903. This compound, in a patented delivery system has been licensed exclusively to the Company for North America and Europe and is currently in Phase III clinical trials. Roberts acquired rights from Hydro Med Sciences to a patented hydrogel implant delivery technology for use in the Phase III development of RL0903 for the hormonal treatment of prostate cancer. In consideration of milestone payments and royalties on future sales, the Company received exclusive rights to develop and market this Hydrogel Implant in the US, Canada, and Europe. RL0903 is a synthetic gonadotropic hormone releasing factor agonist that, due to its long-term inhibition of pituitary release of gonadotropins, can block both ovarian and testicular function. The hydrogel implant employs a proprietary technology that delivers therapeutic agents at a controlled, constant release rate for up to a year. It is a retrievable subcutaneous implant that can be inserted in a physician's office using a local anesthetic.

The Hydrogel Implant offers potentially significant benefits over standard drug therapies for prostate cancer that employ gonadotropin hormone releasing agonists and involve administration

regimens ranging from low-dosage daily injections to high-dosage implants or depot injections of three to four months duration. The Hydrogel Implant should have distinct advantages by providing a more potent, reliable administration of smaller amounts of therapeutic agent over a longer time.

License Agreements

The Company has obtained rights to the late-stage drugs currently being developed by it through license agreements and has sublicensed certain of these rights to pharmaceutical companies through license and/or marketing agreements. A discussion of these agreements is provided below.

PROAMATINE Agreements. In 1985, the Company entered into a license
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agreement with the predecessor in interest of Nycomed Pharma pursuant to which the Company obtained exclusive rights to develop and market the product

PROAMATINE in the United States, Canada, the United Kingdom, Ireland and certain other countries. The agreement was amended in January 1994 to, among other things, provide for a reduction in the delivery price of the product to the Company in any territory covered by the agreement for a five year period commencing upon the Company's launch of the product in any such territory and the addition of minimum sales requirements which must be achieved by the Company in the territories covered by the agreement in order to maintain exclusivity. The Company's agreement with Nycomed Pharma, as amended, obligates it to develop PROAMATINE and obtain governmental approval to market the product in the licensed territories. The Company is obliged to pay a royalty to Nycomed Pharma on sales of PROAMATINE by the Company and its distributors and must purchase its requirements of PROAMATINE from Nycomed Pharma.

In 1991, the Company entered into a marketing agreement with Knoll which granted Knoll the exclusive right to market and sell PROAMATINE in Canada (under the name AMATINE) for use in the treatment of orthostatic hypotension.

AGRYLIN Agreements. In 1991, the Company entered into a license agreement with Bristol-Myers Squibb pursuant to which the Company obtained exclusive worldwide rights to develop and market AGRYLIN. The Company is obliged to fund the continued development and registration of AGRYLIN; made a payment upon FDA approval and has paid and is obligated to continue to pay royalties on sales of the drug.

The Company entered into various distribution agreements with third parties for the distribution and sale of AGRYLIN in Norway, Sweden, Finland, Denmark, Iceland, Israel, Korea, Australia and New Zealand. AGRYLIN is not yet approved in all of these countries and, as part of the distribution agreement, the distributors are responsible for obtaining regulatory approval. If regulatory approval is obtained, the Company will supply finished goods to the distributors which will provide physical distribution along with marketing and sales support.

SOMAGARD License Agreement. In 1988, the Company and the Salk Institute entered into a license agreement pursuant to which the Company obtained certain rights to develop and market the product SOMAGARD in the United States and certain foreign markets, including the United Kingdom and Canada. Under the terms of the license agreement, the Company is required to pay royalties on sales of SOMAGARD in countries in which the Salk Institute has obtained patents.

HYDROGEL License Agreement. In 1998, the Company entered into a license agreement with Hydro Med Sciences pursuant to which the Company was granted an exclusive license to market the hydrogel implant containing its RL0903 compound in North America and Europe. The Company is obligated to make milestone payments, to purchase its requirements of the hydrogel implant from Hydro Med Sciences and to pay royalties on sales of the product.

DIRAME License Agreement. In 1992, the Company entered into a license agreement with Bayer with respect to the product DIRAME. Pursuant to this agreement, the Company acquired exclusive worldwide rights from Bayer to develop, manufacture and market the product DIRAME. The Company paid an up-front royalty to Bayer for rights to develop and market DIRAME. The Company must also pay Bayer licensing fees and royalties on sales.

STANATE License Agreement. In 1994, the Company and The Rockefeller University entered into a license agreement pursuant to which the Company acquired the exclusive worldwide rights to develop, manufacture, market and sell STANATE. The Company paid an up-front license fee to Rockefeller University for the rights to develop, manufacture, market and sell STANATE. The Company must also pay Rockefeller University annual licensing fees and royalties on sales.

License Agreements for Tazofelone and other Lilly Compounds. In 1996, the Company entered into four License Agreements with Lilly pursuant to which the Company acquired the exclusive rights to develop, manufacture, market and sell Tazofelone and the Compounds LY246736 and LY353433 anywhere in the world and the Compound LY315535 in the United States and its territories, Canada and Mexico. The term of each of the License Agreements shall be the later of either (i) the life of the last to expire of the patents covering a Compound or (ii) fifteen years. Under the terms of each of the License Agreements, the Company paid Lilly a signing fee and is obligated to make certain milestone payments to Lilly as well as pay Lilly certain royalties based on the sales of any products resulting from the Compounds.

In June 1998, the Company granted to Adolor Corporation an option to license the compound LY246736, previously acquired from Lilly. The granting of this option for LY246736 is consistent with the Company's strategy to maximize, within the shortest time possible, returns on its research and development investments by

focusing these resources on the internal development of compounds that are

further advanced in its pipeline. The Company received an up front nonrefundable, cash payment for granting Adolor a thirteen (13) month exclusive worldwide option on this compound. During this option period, Adolor will complete Phase I studies of LY246736. If Adolor then exercises its option to license the compound, the Company would receive a second cash payment, followed by milestone fees, and a royalty on future sales.

SAMPATRILAT License Agreement. In March, 1997, the Company entered into a License Agreement with Pfizer pursuant to which the Company acquired the exclusive rights to develop, manufacture, market and sell Sampatrilat anywhere in the world. The term of the License Agreement shall be the earlier of the expiration of the last to expire of the patents covering Sampatrilat or fifteen years from the date of first commercial sale of a product containing Sampatrilat. Under the terms of the License Agreement, the Company paid Pfizer a signing fee and is obligated to make certain milestone payments as well as pay Pfizer certain royalties based on the sale of products containing Sampatrilat. Pfizer has retained the right under certain circumstances should the Company's sales of Sampatrilat dosage forms equal or exceed a certain percentage of the worldwide sales of pharmaceuticals sold for the treatment of hypertension in humans, to convert the Company's license to a non-exclusive license upon the making of certain payments to the Company.

Marketing

In the United States the Company markets and sells its products primarily through its own nationwide sales force and through a network of brokers and distributors. The Company has focused its sales operation to impact selected physician specialties and major buying and decision making entities, such as managed care organizations and large retail and mass merchandise operations. With the growing trend in the United States of providing health care through some form of managed care program, the Company has stepped-up its selling efforts of prescription products to such managed healthcare organizations. In an effort to increase its sales to managed healthcare organizations, the Company has employed national account managers to focus efforts on this growing market. Various marketing, promotion, sales and training programs have been initiated to improve the Company's penetration of the managed healthcare market and increase product sales to managed healthcare organizations.

Manufacturing

From its inception, the Company's initial strategy was to outsource its manufacturing and packaging functions in order to enable the Company to grow without requiring large capital outlays to produce and package its products. In that regard, the Company has engaged contractors, primarily large pharmaceutical companies, to convert active ingredients into finished drug products. In most instances where the Company has acquired the rights to approved

products from other pharmaceutical companies, the seller or licensor has agreed to manufacture the Company's requirements of the products for a specified period of time. The manufacturing activities conducted by third parties for the Company have consisted of the receipt and storage of materials, purification, production, packaging and labeling. The Company maintains a manufacturing department which is responsible for (i) monitoring the manufacturing operations of its contractors, (ii) inventory control, and (iii) quality control. The Company's manufacturing department maintains a quality control and quality assurance program, including a set of standard operating procedures, designed to assure that the Company's products are manufactured in accordance with Good Manufacturing Practices standards ("GMP") and other applicable domestic and foreign regulations.

The Company has determined that it will take control of a major portion of its manufacturing activities and seek to achieve certain cost efficiencies. In July, 1997, the Company concluded the purchase from Monsanto Canada, Inc. of a 100,000 square foot pharmaceutical manufacturing facility previously operated by Monsanto's Searle Division ("Searle") located in Oakville, Ontario, Canada. The facility is approved by both the FDA and HPB. In addition to manufacturing and processing capabilities, the facility includes laboratory, warehouse and administrative space. The Company has begun transferring certain product packaging from third parties to this facility, and should realize certain benefits, including, without limitation, lower production costs and more flexibility in determining appropriate inventory levels for the Company's products when it begins to transfer the manufacturing of certain products to this facility upon appropriate regulatory approval. In addition, the Company utilized the available office space in Oakville by relocating the operations of its subsidiary, Roberts Pharmaceutical Canada, Inc., to the Oakville facility. The Company's ability to transfer the production of certain of its products to

the Oakville facility will be, in certain cases, dependent on the duration of its current agreements with suppliers, and the ability to obtain regulatory approvals to transfer the manufacture of these products to Oakville.

The Company is currently in the process of refitting the Oakville plant in order to accommodate the manufacture of as many of the Company's products as possible. In addition, the Company will explore the possibility of using the Oakville facility to engage in contract manufacturing for other pharmaceutical companies.

Distribution

In October, 1997, the Company completed the acquisition of an approximately 70,000 square foot distribution facility located in a suburb of Chicago. The Company began distributing its products from this facility in the second quarter, 1998. The Company anticipates that its distribution costs will decrease as a result of operating its own distribution facility.

Patents and Proprietary Rights

The Company considers the protection of discoveries in connection with its development activities important to its business. To date, the Company has acquired certain patents in connection with the acquisition of certain products and has filed applications for patents covering new processes for manufacturing anagrelide, the active ingredient in AGRYLIN. Additionally, rights to patented technology have been licensed to the Company. The late-stage products being developed by the Company which are afforded patent protection are: AGRYLIN - patents issued 1982 and applications filed in 1996; STANATE - patents issued 1987, 1988, 1992 and 1993. Also, regarding the Compounds acquired from Lilly, certain patents have been issued in the United States and several other countries with respect to Tazofelone and the other compounds. In addition, there are other domestic or foreign patent applications pending for the Compounds. Patents have been issued with respect to the compound Sampatrilat, licensed from Pfizer. Certain of the Company's products may be afforded protection under laws which provide market exclusivity for Orphan Drugs and drugs which include a new active ingredient. See "Government Regulation."

Competition

Many companies, including large pharmaceutical, chemical and biotechnology firms with financial and marketing resources and research and development staffs and facilities substantially greater than those of the Company, are engaged in researching, developing, marketing and selling products intended to treat the same conditions and diseases as the products currently sold and under development by the Company. Further, other products now in use or under development by others may be intended to treat the same conditions as the Company's products. The pharmaceutical industry is characterized by rapid technological advances, and competitors may develop products more rapidly than the Company. In addition, competitors may be able to complete the regulatory approval process sooner than the Company, and therefore market their products earlier than the Company can market certain of its products.

Government Regulation

The marketing of pharmaceutical products requires the approval of the FDA and comparable agencies in foreign countries. The FDA has established guidelines and safety standards which apply to the preclinical evaluation, clinical testing, manufacture and marketing of pharmaceutical products. The process of obtaining FDA approval for a new drug can take many years and involves the expenditure of substantial resources. The steps required before such a product

can be produced and marketed for human use include preclinical studies, the filing of an IND, human clinical trials and the approval of an NDA.

Drug marketing exclusivity protection is granted through the Orphan Drug Act of 1983 (the "Orphan Drug Act") and the Drug Price Competition and Patent Term Restoration Act of 1984 (commonly referred to as the "Waxman Hatch Act"). The Orphan Drug Act entitles a company to market exclusivity in the United States for a period of seven years from the date of FDA approval for drugs which, among other criteria, are intended to treat a patient population of less than 200,000. PROAMATINE for orthostatic hypotension and AGRYLIN for thrombocytosis have been granted Orphan Drug status by the FDA. Certain provisions of the Waxman-Hatch Act grant market exclusivity in the United States for a period of five years from the date of FDA approval for drugs containing a

new active ingredient. Based upon its review of industry and government data, the Company believes that DIRAME may qualify for this protection.

The manufacturing processes of the Company and its contractors and licensors are subject to regulation, including the need to comply with Good Manufacturing Practices. These same regulations will apply to the Company with respect to the Oakville, Ontario manufacturing facility which it has purchased from Searle. See "Manufacturing." The Company's business is also subject to regulation under the Occupational Safety and Health Act, the Environmental Protection Act, the Toxic Substances Control Act, the Drug Enforcement Act, the Resource Conservation and Recovery Act, the Pharmaceutical Marketing Act of 1988 and other current and potential future federal, state or local regulations.

The Company markets various products containing controlled substances that are subject to the Department of Justice, Drug Enforcement Administration regulations. Distribution of prescription drugs classified as controlled substances or, in some cases, other pharmaceutical products, is subject to licensing or regulation in certain states. Generally, the entity engaged in the actual distribution is subject to such regulation. In addition, state licensing is generally required in the state in which such entity's principal place of business is located.

United States Federal and state governments continue to seek means to reduce costs of Medicare and Medicaid programs, including placement of restrictions on reimbursement for, or access to, certain drug products. Major changes were made in the Medicaid program under the Omnibus Budget Reconciliation Act of 1990 (the "Act"). As a result, the Company entered into a Medicaid Rebate Agreement ("Rebate Agreement") with the United States Government, under Section 4401 of the Act. Pursuant to the Rebate Agreement, in order for federal reimbursement to be available for prescription

drugs under state Medicaid plans, the Company must pay certain statutorily prescribed rebates on Medicaid purchases. Effective July 1, 1991, the law also denies federal Medicaid reimbursement for drug products of the original NDA-holder if a less expensive generic version of such drug is available from another manufacturer, unless the prescriber indicates on the prescription that the branded product is medically necessary.

In most other markets, governments exert controls over pharmaceutical prices either directly or by controlling admission to, or levels for, reimbursement by government health programs. The nature of such controls and their effect on the pharmaceutical industry vary greatly from country to country.

Employees

As of March 12, 1999, the Company had 440 employees, including 4 officers, 62 persons engaged in research and development activities and 228 persons engaged in marketing and sales activities. In addition to its full-time staff, the Company engages medical doctors and other professional personnel on a consultancy basis and, from time to time, consultants and others on a per diem or hourly basis. The Company believes its relations with its employees are satisfactory.

Financial Information about Foreign and Domestic Operations

Financial Information about Foreign and Domestic Operations is presented in Note 14 to the Company's financial statements. See "Notes to Consolidated Financial Statements - Note 14."

Item 2. Properties

The Company's worldwide headquarters are located at Meridian Center II, 4 Industrial Way West, Eatontown, New Jersey. The building housing the Company's worldwide headquarters, which was purchased by the Company in 1992 and occupied in 1993, consists of an aggregate of 80,000 square feet.

The Company owns an office and warehouse building consisting of 30,300 square feet, which is located across the street from the Company's worldwide headquarters. The Company uses this building for the warehousing of Company records, archives, certain offices and facilities. A portion of this building has been leased to the purchasers of VRG and the Company receives rental payments from the purchasers.

The Company also owns a manufacturing facility and a distribution facility. The 100,000 square foot manufacturing facility is located in Oakville, Ontario, Canada and also houses the office operations of Roberts Canada. The 70,000

square foot distribution facility is located in Buffalo Grove, Illinois, a suburb of Chicago.

The Company's United Kingdom subsidiary, Monmouth Pharmaceuticals, Ltd., occupies 3,800 square feet of leased office space in the Surrey Research Park in Guildford, Surrey, England, approximately 30 miles south of London. The monthly rental for these offices is approximately 6,500 British pounds.

Item 3. Legal Proceedings

There are no material legal, governmental, administrative or other proceedings pending against the Company, any of its subsidiaries or any of their properties, or to which the Company or any such subsidiary is a party, and to the knowledge of management, no such material proceedings are threatened or contemplated.

Item 4. Submission of Matters to a Vote of Security Holders

During the fourth quarter ended December 31, 1998, no matters were submitted to a vote of the Company's security holders through the solicitation of proxies or otherwise.

Item 4A. Executive Officers of the Registrant

The executive officers of the Company as of March 12, 1999 are listed below, and brief summaries of their business experience and certain other information with respect to each of them is set forth in the following table and in the information which follows the table.

The executive officers of the Company are as follows:

NAME	AGE	POSITION
JOHN T. SPITZNAGEL	57	President and Chief Executive Officer
ROBERT W. LOY	61	Executive Vice President
PETER M. ROGALIN	56	Vice President, Treasurer and Chief Financial Officer
ANTHONY A. RASCIO, ESQ.	56	Vice President, Secretary and General Counsel

John T. Spitznagel has served as President and Chief Executive Officer since September, 1997. Mr. Spitznagel has been an officer of the Company since July 1996, including Executive Vice President -Worldwide Sales and Marketing from March 1996 to September 1997, and he has also been a Director of the Company since July 1996. Mr. Spitznagel served as President of Reed and Carnrick Pharmaceuticals from September 1990 through July 1995. In 1989 and 1990, Mr. Spitznagel served as Chief Executive Officer of BioCryst Pharmaceuticals, Inc. From 1979 through 1989, Mr. Spitznagel held various positions with Wyeth-Ayerst Laboratories, advancing from Marketing Director to Senior Vice President of Marketing and Sales. Mr. Spitznagel was employed by Roche Laboratories from 1971 through 1979 and by Warner-Chilcott Laboratories from 1966 through 1971 in various sales, marketing and management positions. Mr. Spitznagel received his undergraduate degree from Rider University and an M.B.A. from Fairleigh Dickinson University.

Robert W. Loy has served as Executive Vice President -Operations and New Business Development since March 4, 1996. Mr. Loy served as Chief Operating Officer of the Company from August 1992 to March 1996 and as Vice President of the Company from December 1992 to March 1996. Mr. Loy has served as a Director of the Company since October 1993. From 1963 to 1990, he held various positions at Squibb Corporation, including that of Vice President, Worldwide Operations for the Squibb Derm Division. From 1990 to 1992, Mr. Loy served as Vice President, International Sales and Marketing, with Hollister, Inc. Mr. Loy received his undergraduate degree from Old Dominion University and attended Villanova University Graduate School.

Peter M. Rogalin has served as Vice President, Treasurer, Chief Financial Officer and a Director of the Company since February 5, 1996. From 1978 to 1992, Mr. Rogalin was employed in various executive capacities by Sterling Winthrop, Inc. (formerly Sterling Drug, Inc.), including Assistant Treasurer from 1987 through 1992. From 1993 through July 1994, Mr. Rogalin was a Principal in RK Associates, a consulting firm with specific expertise in financial and business operations and systems for small and medium sized companies. From July 1994 through January 1996, Mr. Rogalin served as Vice President - Finance and Chief Financial Officer of ImClone Systems, Inc., a biopharmaceutical company engaged in research and development of therapeutic products for the treatment of cancer and cancer related disorders. Mr. Rogalin, a Certified Public Accountant, received his undergraduate degree from St. Lawrence University and an M.B.A. from the Graduate School of Business, New York University.

Anthony A. Rascio, Esq., has served as Vice President and General Counsel and Secretary of the Company since June 1987. In addition, he served as a Director of the Company from 1987 to 1998. From January 1987 to June 1987, Mr. Rascio was Director, Legal Affairs for the Company. During 1986, Mr. Rascio was engaged in the private practice of law. From 1984 through 1985, Mr. Rascio was employed as Director, International Operations by Jeffrey Martin, Inc., a marketer of cosmetics and proprietary medicines. Mr. Rascio served as Legal Director, International Pharmaceutical Products Division for Schering-Plough Corporation from 1980 through 1984 and held various legal positions with that company from 1971 to 1980. Mr. Rascio received undergraduate and law degrees from Fordham University.

PART II

Item 5. Market for the Registrant's Common Stock and Related Stockholder Matters

Common Stock

The Company's Common Stock is traded on the American Stock Exchange and was held by approximately 960 shareholders of record as of March 15, 1999.

The following table sets forth, for the periods indicated, the high and low last sale prices for the Company's Common Stock, as reported on the NASDAQ National Market System from January 1, 1997 through May 21, 1997 and as reported by the American Stock Exchange from May 22, 1997 through December 31, 1998.

	High	Low
Year Ended December 31, 1997		
First Quarter	$15	$11
Second Quarter	$13	$10 7/8
Third Quarter	$13	$ 9 7/16
Fourth Quarter	$11 7/8	$ 9
Year Ended December 31, 1998		
First Quarter	$14 3/8	$ 9 9/16
Second Quarter	$23	$13 1/8
Third Quarter	$24 5/16	$16 1/4
Fourth Quarter	$25 1/8	$16 1/2

The Company has not paid any cash dividends on its Common Stock in the past, and it is unlikely that the Company will pay any dividends on its Common Stock in the foreseeable future.

Item 6. Selected Financial Data

The selected consolidated financial data for the Company should be read in conjunction with "Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations" and with the Company's consolidated financial statements and related notes appearing elsewhere in this report.

Operating Statement Data:

	Years Ended December 31,				
	1994	1995	1996	1997	1998

(in thousands, except per share data)

Total Revenue	$89,020	$113,427	$98,111	$122,508	$175,445
Operating Income (Loss) from Continuing Operations	25,802	6,873	(50,195)/(1)/	(762)	27,378
Net Income (Loss) from Continuing Operations	20,618	2,703	(34,275)	2,517	16,787
Net (Loss) Income from Discontinued Operations	(1,206)	(27,045)	556	---	---
Net Income (Loss)	19,412	(24,342)	(33,719)	2,517	16,787
Earnings (Loss) Per Share of Common Stock from Continuing Operations - Basic	1.12	.15	(2.47)/(2)/	.06	.54
(Loss) Earnings Per Share of Common Stock from Discontinued Operations - Basic	(.06)	(1.46)	.03	---	---
Earnings (Loss) Per Share of Common Stock - Basic	1.06	(1.31)	(2.44)	.06	.54
Average Number of Common Shares - Basic Outstanding	18,400	18,536	19,133	29,414	31,049
Earnings (Loss) Per Share of Common Stock from Continuing Operations - Diluted	1.10	.15	(2.47)/(2)/	.06	.53
(Loss) Earnings Per Share of Common Stock from Discontinued Operations - Diluted	(.06)	(1.45)	.03	---	---
Earnings (Loss) Per Share of Common Stock - Diluted	1.04	(1.30)	(2.44)	.06	.53
Average Number of Common Shares - Diluted Outstanding	18,708	18,623	19,133	29,497	31,460

(1) Intangible Dispositions and Write-Offs. During the fourth quarter of 1996, the Company completed the sale of the majority of its non-core nonprescription products along with the NUCOFED and QUIBRON brands in two independent sales transactions. These sales, net of proceeds, resulted in a one time, non-cash write off of $11.9 million, which amounted to $7.6 million net of taxes. Also, during the fourth quarter of 1996, the Company expensed certain purchased development products and recorded an impairment loss of long-lived intangible assets totalling $25.4 million, which amounted to $17.8 million net of taxes.

Operating income and net loss were negatively affected by the purchase of development products and the sale and write down of the intangible assets in the amounts of $37.3 million for operating income and $25.4 million for net loss. In the event that these transactions had not occurred, the operating loss would have been $12.9 million and net loss would have been $8.3 million.

(2) Pursuant to a position taken by the SEC staff (the "Staff"), effective March 13, 1997, on accounting for preferred stock which is convertible at a discount to market, the Company recorded a charge for Earnings Per Share purposes of $.61 per share. This charge to Earnings Per Share is consistent with the Staff's position that the 10% discount available to holders of the Company's 5% Convertible Preferred Stock ("5% Preferred Stock") should be amortized between the issuance date and the first date that conversion could occur.

To clarify the adjustments indicated above, a reconciliation of dilutive Earnings Per Share for the twelve months ended December 31, 1996 is composed of the following elements:

Net (loss) from continuing operations before the consideration of purchased research and development, write-off and the sale of intangible assets, the

recognition of the discount upon the issuance of 5% Preferred Stock or preferred dividends		$ (.47)
Purchased research and development and the write-off and sale of intangible assets		(1.33)
5% Preferred Stock dividends	(.06)	
Issuance of 5% Preferred Stock at a 10% discount to market	(.61)	(.67)
Net (loss) from continuing operations		(2.47)
Income from discontinued operations		.03
(Loss) attributable to common stock		$(2.44)

Balance Sheet Data:

	As of December 31				
	1994	1995	1996	1997	1998
	(in thousands)				
Total Assets	$336,192	$340,290	$372,225	$367,855	$526,236
Long-Term Debt and Redeemable Preferred Stock (excluding current portion)	22,411	16,183	10,639	10,327	126,739
Shareholders' Equity	259,129	235,467	309,759	317,303	341,810

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Years Ended December 31, 1997 and 1998

Corporate Revenues. For the year ended December 31, 1998, total revenue increased $52.9 million from $122.5 to $175.4 million. This increase was primarily the result of an increase in product sales.

Product Sales. For the year ended December 31, 1998, U.S. product sales increased $47.7 million from $91.6 to $139.3 million. The most significant contributor to the increase was PENTASA with sales of $33.3 million, acquired by the Company in the second quarter 1998. Also, increasing sales of AGRYLIN and PROAMATINE contributed $9.2 million and $9.0 million, respectively, of the increase over 1997 sales levels.

For the year ended December 31, 1998, sales of the Company's United Kingdom subsidiary, Monmouth Pharmaceuticals, Ltd., increased $3.6 million from $17.5 million to $21.1 million. The increased sales of MEPTID of $1.5 million were the primary reason for the increase. Product sales of the Company's Canadian subsidiary, Roberts Pharmaceutical Canada, Inc., increased $0.8 million from $12.5 million to $13.3 million.

Cost of Sales. For the year ended December 31, 1998, cost of sales amounted to 38% of product sales as compared to 42% in 1997. This decrease in cost of sales percentage and corresponding increase in gross profit percentage is primarily the result of the addition of PENTASA and its higher gross margin to the product mix.

Research and Development. Research and development expenses decreased $1.3 million from $13.1 million in 1997 to $11.8 million in 1998. Approximately $1.6 million of the 1997 expense was due to the purchase of development-stage products. The cost of acquisition of development-stage products is charged immediately to research and development expense. The decrease is primarily due to increased new program spending in 1998 of $3.8 million offset by a decrease in license fees of $4.7 million as 1997 expenses included the cost of the purchase of development stage products.

Marketing and Administrative Expenses. Marketing and administrative expenses increased $11.3 million from $58.7 million in 1997 to $70.0 million in 1998. Marketing expenses increased $0.1 million. Administrative expenses increased $11.2 million from $22.5 million in 1997 to $33.7 million in 1998. The primary components of the change were a $3.3 million increase in product intangible amortization expense due to the addition of PENTASA and a $6.8

million increase related to salaries and benefits, particularly the stock appreciation rights (SARs) and

the Supplemental Executive Retirement Plan (SERP) which was established in the second quarter 1998. The 1998 SERP expense was $2.1 million.

In order to mitigate the potential future compensation expense to the Company related to SARs, during 1998 the Company accelerated the vesting of all SARs not yet vested, and the executive officers holding such SARs agreed to voluntarily exercise the outstanding SARs, thereby terminating any potential benefit from the SARs which such officers may have realized in the future. The exercise of all outstanding SARs during the current period resulted in a one time charge of $3.3 million, of which $0.7 million relates to accelerated vesting. In connection with the acceleration of vesting and the exercise of all outstanding SARs, the executive officers who exercised the SARs received options to purchase one share of the Company's Common Stock for each two SARs exercised.

Interest Income and Expense. For the year ended December 31, 1998, interest income decreased $1.1 million from $5.2 million to $4.1 million as the result of a decreased cash balance due to the use of funds for capital improvement projects and the cash portion of the purchase of PENTASA. Interest expense increased from $0.8 million in 1997 to $6.2 million in 1998 as a result of interest costs from the financing of the PENTASA acquisition.

Income Taxes. For the year ended December 31, 1998, income taxes from continuing operations increased $9.3 million from a benefit of $1.1 million to a provision of $8.2 million, primarily as a result of improved 1998 operations versus 1997. The Company's effective tax rate was 32.9% for the year ended December 31, 1998.

The Company has recorded net deferred tax assets of approximately $8.6 million. Realization is dependent upon generating sufficient taxable income to utilize such assets. Although realization on these tax assets is not assured, a valuation allowance has not been provided because management believes it is more likely than not that the deferred tax assets will be realized.

Years Ended December 31, 1996 and 1997

Corporate Revenues. For the year ended December 31, 1997, total revenue increased $24.4 million from $98.1 to $122.5 million. This increase was the result of an increase in product sales.

Product Sales. For the year ended December 31, 1997, product sales increased $23.5 million from $98.1 to $121.6 million. This increase is primarily the result of sales in the United States of AGRYLIN and PROAMATINE. AGRYLIN was launched in the first quarter of 1997 and PROAMATINE was launched in the

fourth quarter of 1996. The COLACE line also contributed significant increases.

For the year ended December 31, 1997, sales of the Company's United Kingdom subsidiary, Monmouth Pharmaceuticals, Ltd., increased $5.5 million from $12.0 million to $17.5 million. Increased sales of LODINE, launched in the fourth quarter of 1996, are the primary reason for this increase. Product sales of the Company's Canadian subsidiary, Roberts Pharmaceutical Canada, Inc., increased $0.8 million from $11.7 million to $12.5 million.

Cost of Sales. For the year ended December 31, 1997, cost of sales amounted to 42% of product sales as compared to 51% in 1996. This decrease in cost of sales percentage and corresponding increase in gross profit percentage is primarily the result of the addition of AGRYLIN to the product mix. AGRYLIN has a higher gross profit percentage as it is a product the development of which was completed internally.

Research and Development. Research and development expenses increased $5.7 million from $7.4 million in 1996 to $13.1 million in 1997. The increase is due to a post-launch study for PROAMATINE, the continued development of DIRAME, STANATE and the purchased compounds, and increases in registration, and user and license fees.

Marketing and Administrative Expenses. Marketing and administrative

expenses increased $1.5 million from $57.2 million in 1996 to $58.7 million in 1997. Marketing expenses increased $0.5 million primarily as a result of increased sampling, market research, the introduction of AGRYLIN, and fleet expenses offset by decreases in outside services and travel and meetings. Administrative expenses increased $1.0 million during 1997 as compared to 1996 in large part due to increases in salaries and benefits offset by decreases in audit and legal fees. Legal fees in 1997 were substantially lower than in 1996 due to the proposed settlement of the shareholders' class action lawsuit reached in third quarter 1997 and subsequently finalized in January 1998.

Interest Income and Expense. For the year ended December 31, 1997, interest income increased $2.3 million from $2.9 million to $5.2 million as the result of an increased cash balance due to the private placements that were completed during 1996. Interest expense decreased from $1.8 million in 1996 to $0.8 million in 1997 as a result of a decrease in long-term debt related to product acquisitions.

Income Taxes. For the year ended December 31, 1997, income taxes from continuing operations increased $13.5 million from a benefit of $14.6 million to a benefit of $1.1 million, primarily as a result of improved 1997 operations versus 1996 and a 1996 write off and disposition of certain intangible assets. The

Company's effective tax benefit of 77% was higher than the normal statutory rate primarily as a result of the elimination of certain reserves for taxes due to the closure of years 1991 through 1993 after an IRS audit.

The Company has recorded net deferred tax assets of approximately $17.3 million. Realization is dependent upon generating sufficient taxable income to utilize such assets. Although realization is not assured, management believes it is more likely than not that the deferred tax assets for which a valuation allowance has not been provided will be realized.

Discontinued Operations. See "Notes to Consolidated Financial Statements - Note 15" for a discussion of discontinued operations.

Liquidity and Capital Resources

For the year ended December 31, 1998, operating cash inflows amounted to $32.4 million as a result of the Company's net income adjusted by an increase in accounts payable, a decrease in accounts receivable, and an increase in non-cash charges, primarily depreciation and amortization. As of December 31, 1998, the Company had cash, cash equivalents and marketable securities of $75.3 million.

The Company's funding requirements depend on a number of factors, including the Company's product development programs, product acquisitions, the level of resources required for the expansion of marketing capabilities as the product base expands, increased investment in accounts receivable and inventory which may arise from increased sales levels, competitive and technological developments, the timing and cost of obtaining required regulatory approvals for new products, relationships with parties to collaborative agreements, the success of acquisition activities and the continuing revenues generated from sales of PROAMATINE, AGRYLIN and PENTASA.

The Company financed the majority of its purchase of PENTASA with a note for $125 million. The remainder of the purchase price was paid in cash. In connection with the $125 million note, the Company is subject to certain affirmative and negative covenants. See Note 7 to the consolidated financial statements.

Existing cash and securities balances and cash generated from operations are expected to be sufficient to fund operating activities for the foreseeable future, as well as support near and long term debt obligations, completion of the capital improvements to the manufacturing facility, development of the existing pipeline compounds and to fund future acquisitions of products. Cash equivalents and marketable securities currently consist of immediately available money market fund balances and investment grade securities.

Capital Expenditures. Capital Expenditures in 1998 of approximately $11 million relate primarily to the upgrades to the manufacturing facility in Canada and significant investments in new computer hardware and software. As these projects are nearing completion, the Company expects a lower level of cash expenditures for capital improvements in 1999.

Foreign Currency Fluctuations. The Company has subsidiary operations outside the United States. As a result, the Company is subject to fluctuations in subsidiary revenues and costs reported in United States dollars as a consequence of currency exchange rate fluctuations, especially rates for the British pound and Canadian dollar. Fluctuations were not material for the British pound. Due to the weakening of the Canadian dollar in 1998, the cumulative foreign currency translation balance increased by $1.4 million in 1998. These amounts are accumulated and reported separately in shareholder's equity.

Concentration of Credit Risk. Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of short term cash investments and trade accounts receivable. The Company places its temporary excess cash investments in short term money market instruments. At times, such investments may be in excess of the FDIC insurance limit. The Company markets its products primarily to wholesale drug distributors, retail pharmacies and physicians in the United States and abroad. The Company performs certain credit evaluation procedures and does not require collateral. Reserves are maintained for estimated credit losses.

Inflation. Although at reduced levels in recent years, inflation continues to apply upward pressure on the cost of goods and services used by the Company. However, the Company believes that the net effect of inflation on its operations has been minimal during the past three years.

New Accounting Pronouncements

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". This Statement requires that all derivatives be recorded in the balance sheet as either an asset or liability measured at its fair value and that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. This statement is effective for fiscal years beginning after June 15, 1999. The provisions of this statement shall not be applied retroactively to financial statements of prior periods. The Company is in the process of evaluating this statement and has not yet determined the future impact on its consolidated financial statements.

Euro Conversion

On January 1, 1999, a majority of the European Union member countries converted to a common currency, the "Euro". The existing national currencies of the participating countries will continue to be acceptable until January 1, 2002 after which the Euro will be the sole legal tender for the participating countries. The Company is currently evaluating the economic and operational impact, including competition, pricing, contracts, taxation and foreign currency exchange rate risk, of the Euro conversion but does not expect it to have a material effect on its financial condition or results of operations.

Year 2000 Conversion

The year 2000 conversion problem arises from the inability of some information systems and other date-sensitive equipment with embedded chips or processors to properly recognize and process information after January 1, 2000. The Company's project to identify and remediate year 2000 issues is proceeding on schedule. The four main areas that have been or are being addressed are financial systems, non-financial systems, customers and suppliers readiness and other date-sensitive equipment.

Over the past year, the Company has replaced or upgraded much of its software and systems in the normal course of business. The financial system was replaced with an Enterprise Reporting System which the developer states is 2000 compliant. The Company intends to obtain and review the developer's certification documentation. The system was implemented in the U.S. in April, 1998, due to the need for an integrated, more advanced system to link the Finance and Sales departments located at headquarters with the new distribution facility. The Canadian and U.K. subsidiary implementations were completed as of January 4, 1999. These upgrades are also due to the new integrated reporting system and not year 2000 compliance. Due to the completion of the implementation, the three financial locations are electronically linked, enabling more timely completion of financial requirements. Non-financial software and hardware were also replaced in the normal course of business as the previous systems were outdated.

The manufacturing plant, located in Canada, which was purchased by the Company in 1997, required various upgrades to its operating systems. New

hardware and upgraded software was installed. The hardware was installed to replace outdated processing equipment. The software was installed to ensure year 2000 compliance. The Company's investment in this software was approximately $225,000 U.S. dollars.

One of the Company's customers requires the Company to meet certain electronic data interface (EDI) requirements related to year 2000 compliance in order for the customer to continue its relationship with the Company. The Company completed the testing and implementation of the compliant version in 1998 and is now listed on a national database of Y2K compliant trading partners in the healthcare pharmaceutical industry. The cost of meeting these EDI requirements was approximately $1,000. Approximately 50 to 60 percent of the Company's sales are currently made through EDI, through primarily one clearinghouse. This clearinghouse is year 2000 compliant and upgrades non-year 2000 compliant incoming transmissions to compliant transmissions. In the event that a non-compliant customer could not interface electronically, orders can be transmitted via phone, fax or mail, and therefore no disruption of sales would be expected.

The Company is attempting to ascertain the compliance of other customers and suppliers, including the Company's toll manufacturers, through the means of a survey. This program is ongoing and assessments regarding additional work necessary will be made as responses are received. To assist in the effort, the Company is developing a tracking database to help monitor which business partners have taken part in the Company's survey, surveyed the Company or received a compliance letter from the Company. In the event that any of the Company's significant customers or suppliers do not achieve compliance on a timely basis, the Company's business or operations could be adversely impacted if new customers or alternate suppliers can not be found.

Other date-sensitive equipment includes primarily telephones and building systems such as heating and lighting systems. The telephone system at the U.S. headquarters was replaced in 1998 in the normal course of business as the lease on the former system expired. The new system is year 2000 compliant. The phone systems at the Canadian and U.K. locations have been replaced in order to be year 2000 compliant. The phone system at the distribution facility will be replaced by the second quarter of 1999 as it is not currently year 2000 compliant. The total cost of these new systems is approximately $70,000 U.S. dollars. The Company has received assurances that the building systems are compliant and will be obtaining documentation to that effect over the next several months.

In accordance with the Company's fixed asset capitalization policy, the hardware, software and phone systems purchased are added to fixed assets and amortized over the appropriate useful life. The Company has not retained any consultants nor hired additional employees to assist in achieving compliance. Other IT projects have not been delayed by the Company's year 2000 readiness project.

Based on the Company's progress to date and timeline to complete the work on the Year 2000 compliance issue, the Company does not foresee significant financial or operational risks associated with its compliance at this time. However, these expectations are subject to uncertainties. These include, but are not limited to the ability to assess suppliers and customers readiness, failure to identify all susceptible systems and the availability and cost of personnel necessary to remediate any unforeseen problems.

Item 7A. Qualitative and Quantitative Disclosures About Market Risk

The Company is subject to market risk exposure in the following areas:

Interest Rate Market Risk. The Company has cash and cash equivalents on which interest income is earned at variable rates. The Company also has a syndicated loan for $125 million. The interest rate on this borrowing is variable and therefore interest expense is affected by the general level of U.S. and foreign interest rates. Increases in interest expense resulting from an increase in interest rates would be offset to some extent by a corresponding increase in interest income from cash and cash equivalents.

Foreign Exchange Market Risk. The Company has two foreign subsidiaries whose financial statements are translated using the accounting policies described in Note 1 of the Notes to the Consolidated Financial Statements. The Company is subject to exposure from the risk of currency fluctuations as the value of the foreign currency fluctuates against the dollar. The Company does not believe that it is exposed to material foreign exchange market risk.

Item 8. Financial Statements and Supplementary Data

The consolidated financial statements and supplementary data of the Company called for by this item are submitted as a separate section of this report.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

On December 2, 1998, the Company received notice that PricewaterhouseCoopers LLP resigned as the independent accountants of Roberts Pharmaceutical Corporation. The reports of PricewaterhouseCoopers LLP on the financial statements for the past two fiscal years contained no adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principle.

In connection with its audits for the two most recent fiscal years and through November 25, 1998, there were no disagreements with PricewaterhouseCoopers LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements if not resolved to the satisfaction of PricewaterhouseCoopers LLP would have caused them to make reference thereto in their report on the financial statements for such years.

The Company engaged Ernst & Young LLP as its new independent accountants as of December 9, 1998. During the two most recent fiscal years and through December 9, 1998, the Company has not consulted with Ernst & Young LLP regarding either (i) the application of accounting principles to a specified transaction, either completed or proposed; or the type of audit opinion that might be rendered on the Company's financial statements, and either a written report was provided to the Company or oral advice was provided that Ernst & Young LLP concluded was an important factor considered by the Company in reaching a decision as to the accounting, auditing or financial reporting issue; or (ii) any matter that was either the subject of a disagreement, as that term is defined in Item 304(a)(I)(iv) or Regulation S-K and the related instructions to item 304 of Regulation S-K, or a reportable event, as that term is defined in Item 304(a)(I)(v) of Regulation S-K.

PART III

Item 10. Directors and Executive Officers of the Registrant

The information relating to directors of the Company required to be furnished pursuant to this item is incorporated herein by reference to the sections entitled "Election of Directors" and "Compliance with Section 16(a) of the Securities Exchange Act" from the Company's definitive Proxy Statement for its Annual Meeting of Shareholders to be held in May 1999. Certain information relating to executive officers of the Company is set forth in Item 4A of Part I of this Form 10-K under the caption "Executive Officers of the Registrant."

Item 11. Executive Compensation

Information pertaining to executive compensation is incorporated herein by reference to the section entitled "Election of Directors - Executive Compensation" from the Company's definitive Proxy Statement for its Annual Meeting of Shareholders to be held in May 1999.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Information pertaining to security ownership of certain beneficial owners and management is incorporated herein by reference to the sections entitled "Principal Shareholders" and "Security Ownership of Management" from the Company's definitive Proxy Statement for its Annual Meeting of Shareholders to be held in May 1999.

Item 13. Certain Relationships and Related Transactions

Any information relating to this item is incorporated herein by reference from the Company's definitive Proxy Statement for its Annual Meeting of Shareholders to be held in May 1999.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) 1. and 2. Financial Statements and Financial Statement Schedules.

Reference is made to the Index of Financial Statements and Financial Statement Schedules hereinafter contained..... F-1

3. Exhibits

Reference is made to the Index of Exhibits hereinafter contained..... E-1

(b) Reports on Form 8-K

During the fourth quarter ended December 31, 1998, the following reports on Form 8-K were filed by the Company with the Securities and Exchange Commission:

Form 8-K (Item 5. Other Events), date of earliest event reported November 2, 1998 with respect to changes and improvements to the Company's internet website.

Form 8-K (Item 5. Other Events), date of earliest event reported December 9, 1998 with respect to the resignation of PricewaterhouseCoopers LLP as independent accountants and the retention of Ernst & Young LLP as new audit firm.

Form 8-K (Item 5. Other Events), date of earliest event reported December 22, 1998 with respect to amended labeling for AGRYLIN, clearing the drug for treatment of other disorders.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ROBERTS PHARMACEUTICAL CORPORATION

(Registrant)

Date: March 26, 1999 By:/s/ John T. Spitznagel

John T. Spitznagel, President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

Signature	Title	Date
/s/ Robert A. Vukovich --- 	Chairman	March 26, 1999
/s/ John T. Spitznagel --- JOHN T. SPITZNAGEL	President Chief Executive Officer and Director	March 26, 1999
/s/ Peter M. Rogalin --- PETER M. ROGALIN	Vice President, Treasurer & Director (Principal Financial and Accounting Officer)	March 26, 1999
/s/ Robert W. Loy --- ROBERT W. LOY	Director	March 26, 1999
/s/ Joseph Smith --- JOSEPH SMITH	Director	March 26, 1999
/s/ Digby W. Barrios --- DIGBY W. BARRIOS	Director	March 26, 1999

/s/ Zola P. Horovitz ZOLA P. HOROVITZ	Director	March 26, 1999
/s/ Joseph Noonburg JOSEPH NOONBURG	Director	March 26, 1999
/s/ Marilyn Lloyd MARILYN LLOYD	Director	March 26, 1999

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
ROBERTS PHARMACEUTICAL CORPORATION

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* All other schedules under Article 12 of Regulation S-X have been omitted because of the absence of the conditions under which certain information is required and because certain information required is presented in the financial statements and the notes thereto.

Report of Independent Auditors

To the Board of Directors
Roberts Pharmaceutical Corporation

We have audited the accompanying consolidated balance sheet of Roberts Pharmaceutical Corporation (the "Company") as of December 31, 1998, and the related consolidated statement of operations, stockholders' equity and cash flow

for the year ended December 31, 1998. Our audit also included the financial statement schedule listed in the Index at Item 14(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company at December 31, 1998 and the consolidated results of their operations and their cash flow for the year ended December 31, 1998 in conformity with generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole present fairly in all material respects, the information set forth therein for 1998.

ERNST & YOUNG LLP

MetroPark, New Jersey
February 16, 1999

Report of Independent Accountants

To the Board of Directors and Shareholders
Roberts Pharmaceutical Corporation:

We have audited the accompanying consolidated balance sheets of Roberts Pharmaceutical Corporation and Subsidiaries as of December 31, 1997, and the related consolidated statements of operations, cash flows and changes in shareholders' equity for each of the two years in the periods ended December 31, 1997 and 1996 and the financial statement schedules on pages F-27 and F-28 of this Form 10-K. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Roberts Pharmaceutical Corporation and Subsidiaries as of December 31, 1997, and the consolidated results of their operations and their cash flows for each of the two years in the periods ended December 31, 1997 and 1996, in conformity with generally accepted accounting principles. In addition, in our opinion, the financial statement schedules referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the information required to be included therein.

Princeton, New Jersey
February 5, 1998, except for the restated segment information in note 14, as to which the date is March 23, 1999

PricewaterhouseCoopers LLP

ROBERTS PHARMACEUTICAL CORPORATION
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)

<TABLE>
<CAPTION>

ASSETS	December 31, 1997	December 31, 1998
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents	$ 42,950	$ 39,280
Marketable securities	39,887	36,062
Accounts and Notes Receivable:		
Trade, net	24,730	40,412
Other	225	9,426
Inventory	19,826	23,573
Deferred tax assets	4,962	5,222
Net assets held for sale	3,760	-
Other current assets	1,647	3,259
Total current assets	137,987	157,234
Fixed assets, net	25,913	34,911
Intangible assets, net	190,724	315,865
Notes receivable	729	2,369
Deferred tax asset	12,332	3,392
Other assets	170	12,465
Total assets	$ 367,855	$ 526,236
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current installments of long-term debt	$ 8,037	$ 11,178
Accounts payable	13,188	21,897
Other current liabilities	18,756	24,612
Total current liabilities	39,981	57,687
Long-term debt, excluding current installments	10,327	126,739
Other liabilities	244	-
Commitments and contingent liabilities	- - -	- - -
Shareholders' equity:		
Class B 5% Convertible Preferred stock, $.10 par value 10,000,000 shares authorized, 4,440,225 issued, 475,654 outstanding	48	-
Common stock, $.01 par value, 100,000,000 shares authorized, 29,414,440 and 31,507,442 outstanding	299	320
Additional paid-in capital	372,384	381,631
Cumulative translation adjustments	(1,250)	(2,716)
Deficit	(53,941)	(37,188)
Treasury Stock, 387,594 shares of common stock, at cost	(237)	(237)
Total shareholders' equity	317,303	341,810
Total liabilities and shareholders' equity	$ 367,855	$ 526,236

</TABLE>

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

ROBERTS PHARMACEUTICAL CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share data)

<TABLE>
<CAPTION>

Years Ended	December 31, 1996		December 31, 1997	December 31, 1998
<S>	<C>		<C>	<C>
Sales and revenue:				
Sales	$ 98,075		$ 121,612	$ 173,764
Other revenue	36		896	1,681
Total sales and revenue	98,111		122,508	175,445
Operating costs and expenses:				
Cost of sales	49,753		51,386	66,530
Research & development	7,408	(2)	13,146	11,751
Marketing & administration	57,239		58,738	70,006
Intangible write-offs and loss (gain) on dispositions	33,906	(2)	-	(220)

Total operating costs & expenses	148,306	123,270	148,067
Operating (loss) income	(50,195)	(762)	27,378
Other income (expense):			
Interest income	2,907	5,212	4,108
Interest expense	(1,750)	(755)	(6,157)
Other, net	188	(2,279)	(318)
Total other income (expense)	1,345	2,178	(2,367)
(Loss) income from continuing operations before income taxes	(48,850)	1,416	25,011
Benefit (provision) for income taxes	14,575	1,101	(8,224)
(Loss) income from continuing operations	(34,275)	2,517	16,787
Income from discontinued operations, net of tax	556	- - -	- - -
Net (loss) income	$ (33,719)	$ 2,517	$ 16,787
Per share of common stock, basic:			
Net (loss) income from continuing operations	$ (2.47) (1)	$ 0.06	$ 0.54
Net income from discontinued operations	0.03	-	-
Net (loss) income	$ (2.44) (1)	$ 0.06	$ 0.54
Per share of common stock, fully diluted:			
Net (loss) income from continuing operations	$ (2.47) (1)	$ 0.06	$ 0.53
Net income from discontinued operations	0.03	-	-
Net (loss) income	$ (2.44) (1)	$ 0.06	$ 0.53
Weighted average number of common shares outstanding:			
Basic	19,132,863	29,414,440	31,048,808
Fully Diluted	19,132,863	29,496,767	31,460,129

</TABLE>

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(1) Includes a $.61 per share charge pursuant to a new position taken by the SEC staff, effective March 13, 1997, on accounting for preferred stock which is convertible at a discount to market. See Note 1.

(2) Includes a $1.33 per share charge for the sale and write-off of certain intangible assets. See Note 4.

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

ROBERTS PHARMACEUTICAL CORPORATION
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(In thousands)

<TABLE>
<CAPTION>

Years Ended	December 31, 1996	December 31, 1997	December 31, 1998
<S>	<C>	<C>	<C>
Net (loss) income	$ (33,719)	$ 2,517	$ 16,787
Foreign currency translation adjustment	(4)	(949)	(1,466)
Comprehensive (loss) income	$ (33,723)	$ 1,568	$ 15,321

</TABLE>

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

ROBERTS PHARMACEUTICAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

<TABLE>
<CAPTION>

Years Ended	December 31, 1996	December 31, 1997	December 31, 1998
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net (loss) income	$ (33,719)	$ 2,517	$ 16,787
Adjustments to reconcile net (loss) income to net cash flows from operating activities:			
Depreciation and amortization	7,531	6,940	11,080
Provision for losses on receivables	- - -	120	432
Provision for product sales returns	6,041	5,994	6,191
Deferred tax provision (benefit)	8,680	(14,575)	2,954
Write down of intangible assets	14,364	- - -	- - -
Loss on sale of intangible assets	7,621	- - -	- - -
Loss on abandonment of leasehold improvements	71	- - -	- - -
Income from discontinued operations	(556)	- - -	- - -
Foreign currency gains	387	- - -	- - -
Change in accounts receivable, unbilled revenue and advance billings	(2,544)	6,595	(16,359)
Change in other assets	(483)	(60)	5,902
Change in inventory	3,984	(3,495)	(4,256)
Change in accounts payable and other liabilities	(12,017)	145	9,695
Impact of discontinued operations	(2,582)	(629)	- - -
Total adjustments	30,497	1,035	15,639
Net cash (used in) provided by operating activities	(3,222)	3,552	32,426
Cash flows from investing activities:			
Redemption of (investment in) marketable securities	5,856	(32,094)	3,825
Purchase of long-term investment	- - -	- - -	(10,000)
Purchases of intangible assets	(4,762)	(9,058)	(141,156)
Proceeds from sale of intangible assets	1,600	- - -	600
Purchases of fixed assets	(168)	(11,986)	(11,080)
Collection on notes receivable	- - -	6,738	1,751
Net cash provided by (used in) investing activities	2,526	(46,400)	(156,060)
Cash flows from financing activities:			
Long-term debt issued in connection with product acquisition	- - -	- - -	125,000
Payments on notes payable and long-term debt	(36,773)	(6,588)	(11,586)
Payment of debt issuance costs	- - -	- - -	(2,528)
Net proceeds from issuance of common stock	9,923	1,075	4,725
Net proceeds from issuance of preferred stock	99,247	6,000	4,494
Cash dividends paid	(476)	(1,629)	(150)
Impact of discontinued operations	(397)	- - -	- - -
Net cash provided by (used in) financing activities	71,524	(1,142)	119,955
Effect of exchange rate changes on cash and cash equivalents	(60)	(185)	9
Change in cash and cash equivalents	70,768	(44,175)	(3,670)
Beginning cash and cash equivalents	16,357	87,125	42,950
Ending cash and cash equivalents	$ 87,125	$ 42,950	$ 39,280
Supplemental cash flow information:			
Interest paid	$ 2,396	$ 823	$ 3,712
Income taxes paid	233	29	11
Non cash activities:			
Notes issued in connection with product acquisitions	- - -	$ 7,250	- - -
Notes received for sale of Pronetics subsidiaries and product rights	$ 8,193	- - -	$ 218

</TABLE>

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

ROBERTS PHARMACEUTICAL CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES

IN SHAREHOLDERS' EQUITY
(In thousands, except share data)

<TABLE>
<CAPTION>

	5% Preferred Stock		Common Stock		Additional Paid-In
	Shares	Amount	Shares	Amount	Capital
<S>	<C>	<C>	<C>	<C>	<C>
Balance, December 31, 1995			18,801,977	$ 189	$ 256,296
Issuance of preferred shares	4,200,000	$ 420	- - -	- - -	98,827
Issuance of common stock	- - -	- - -	651,058	7	9,916
Cumulative translation adjustment	- - -	- - -	- - -	- - -	- - -
Year ended December 31, 1996 net loss	- - -	- - -	- - -	- - -	- - -
5% Preferred dividends	- - -	- - -	- - -	- - -	- - -
5% Preferred stock converted to common stock	(1,478,970)	(148)	3,774,059	37	111
Balance, December 31, 1996	2,721,030	272	23,227,094	233	365,150
Issuance of preferred shares	240,225	25		- - -	5,976
Issuance of common stock	- - -	- - -	97,245	1	1,074
Cumulative translation adjustment	- - -	- - -	- - -	- - -	- - -
Year ended December 31, 1997 net income	- - -	- - -	- - -	- - -	- - -
5% Preferred dividends	- - -	- - -	- - -	- - -	- - -
5% Preferred stock converted to common stock	(2,485,601)	(249)	6,477,695	65	184
Balance, December 31, 1997	475,654	48	29,802,034	299	372,384
Issuance of preferred shares	179,775	18	- - -	- - -	4,476
Issuance of common stock	- - -	- - -	419,630	4	4,722
Cumulative translation adjustment	- - -	- - -	- - -	- - -	- - -
Year ended December 31, 1998 net income	- - -	- - -	- - -	- - -	- - -
5% Preferred dividends	- - -	- - -	- - -	- - -	- - -
5% Preferred stock converted to common stock	(655,429)	(66)	1,673,372	17	49
Balance, December 31, 1998	- - -	$ - - -	31,895,036	$ 320	$ 381,632

<CAPTION>

	Retained Earnings (Deficit)	Cumulative Translation Adjustment	Treasury Stock	Total Shareholders' Equity
<S>	<C>	<C>	<C>	<C>
Balance, December 31, 1995	$ (20,484)	$ (297)	$ (237)	$ 235,467
Issuance of preferred shares	- - -	- - -	- - -	99,247
Issuance of common stock	- - -	- - -	- - -	9,923
Cumulative translation adjustment	- - -	(4)	- - -	(4)
Year ended December 31, 1996 net loss	(33,719)	- - -	- - -	(33,719)
5% Preferred dividends	(1,155)	- - -	- - -	(1,155)
5% Preferred stock converted to common stock	- - -	- - -	- - -	-
Balance, December 31, 1996	(55,358)	(301)	(237)	309,759
Issuance of preferred shares	- - -	- - -	- - -	6,001
Issuance of common stock	- - -	- - -	- - -	1,075
Cumulative translation adjustment	- - -	(949)	- - -	(949)
Year ended December 31, 1997 net income	2,517	- - -	- - -	2,517
5% Preferred dividends	(1,100)	- - -	- - -	(1,100)

5% Preferred stock converted to common stock	- - -	- - -	- - -	- - -
Balance, December 31, 1997	(53,941)	(1,250)	(237)	317,303
Issuance of preferred shares	- - -	- - -	- - -	4,494
Issuance of common stock	- - -	- - -	- - -	4,726
Cumulative translation adjustment	- - -	(1,466)	- - -	(1,466)
Year ended December 31, 1998 net income	16,787	- - -	- - -	16,787
5% Preferred dividends	(34)	- - -	- - -	(34)
5% Preferred stock converted to common stock	- - -	- - -	- - -	-
Balance, December 31, 1998	$ (37,188)	$ (2,716)	$ (237)	$ 341,810

</TABLE>

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

ROBERTS PHARMACEUTICAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Roberts Pharmaceutical Corporation is an international pharmaceutical company which licenses, acquires, develops and commercializes post-discovery drugs in selected therapeutic categories. The Company currently markets approved pharmaceutical products in the United States, Canada, the United Kingdom and several other European countries. The consolidated financial statements include the accounts of Roberts Pharmaceutical Corporation and its wholly owned subsidiaries. All significant intercompany transactions are eliminated. All dollar amounts are presented in thousands, except for earnings per share.

Revenue Recognition

Product sales, net of estimated future returns, are recorded as the products are shipped against customer orders.

Licensing revenues are recorded as earned under the terms of each underlying agreement and are included in other revenue.

Cash Equivalents and Marketable Securities

Cash equivalents include all money market investments with original maturities of three months or less.

Marketable securities classified as available for sale consist primarily of debt instruments with maturities of more than three months and are stated at amortized cost plus accrued interest, which approximates fair value.

Inventories

Inventories, consisting primarily of finished goods, are stated at the lower of first-in, first-out cost or market.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the period reported. Actual results could differ from those estimates. Estimates include accounting for

allowance for doubtful accounts, inventory obsolescence, future product returns, depreciation and amortization, value of intangibles, employee benefit plans, income taxes and contingencies.

Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation. Depreciation is determined using the straight-line method over the estimated useful lives of the related assets ranging from five to fifty years. Gains and losses on disposals are recognized in the year of the disposal. Expenditures for maintenance and repairs are expensed as incurred; significant renewals and betterments are capitalized.

Intangible Assets

Intangible assets are stated at cost less accumulated amortization. Amortization is determined using the straight-line method over the estimated useful lives of the related assets which are estimated to range from five to forty years. It is the Company's policy to review periodically and evaluate whether there has been an impairment in the value of intangibles.

In the fourth quarter of 1996, the Company recorded a charge to earnings for an impairment of intangible assets and to expense certain purchased development products totaling $25.4 million.

Long-Lived Assets

Long-lived assets are recorded at the lower of amortized cost or fair value. As part of an ongoing review of the valuation of long-lived assets, management assesses the carrying value of such assets if facts and circumstances suggest they may be impaired. If this review indicates that the carrying value of these assets may not be recoverable, as determined by a nondiscounted cash flow analysis over the remaining useful life, the carrying value would be reduced to its estimated fair value.

Foreign Currency Translation

Effective January 1, 1997, the functional currency of the United Kingdom subsidiary, Monmouth Pharmaceutical, Ltd., was changed from the U.S. dollar to the British pound as a result of a change in circumstance. Monmouth's translation gains and losses are accumulated as a separate component of Shareholders' Equity and are included in the determination of comprehensive income. Prior to 1997, Monmouth's accounts were remeasured in dollars and translation gains and losses were included in income.

The functional currency of the Company's Canadian subsidiary is the Canadian dollar. Translation gains and losses of the Company's Canadian subsidiary are accumulated as a separate component of Shareholders' Equity and are included in the determination of comprehensive income.

Advertising Expense

The Company expenses the cost of advertising as incurred. Advertising costs amounted to $8,806, $4,640 and $5,135 for the years ended December 31, 1996, 1997 and 1998, respectively.

Concentration of Credit Risk

The Company markets prescription and nonprescription pharmaceuticals primarily to wholesale drug distributors, retail pharmacies and physicians in the United States and abroad. The Company performs certain credit evaluation procedures and does not require collateral. The Company maintains reserves for estimated credit losses; at December 31, 1997 and 1998, the reserve for uncollectible accounts amounted to $440 and $538, respectively.

At December 31, 1998, cash equivalents and marketable securities consisted

of immediately available money market fund balances and investment grade debt and preferred stock securities with maturities of less than one year.

The fair value of investment securities classified as available for sale, totaled $58,517 at December 31, 1998. These investment securities mature within one year.

At December 31, 1998, the Company had an investment in the non-voting convertible preferred stock of Ribogene Inc. (see Note 5.) carried under the cost method at $10 million. The Company routinely assesses the financial strength of Ribogene, and does not expect that Ribogene will fail to meet its obligations to the Company. As such, the Company considers the risks associated with this investment to be mitigated. In the event of non-performance by Ribogene under its obligations to Roberts, the Company would realize a material loss.

Earnings (loss) Per Share

In December 1997, the Company adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings per Share", which specifies the computation, presentation and disclosure requirements for earnings per share for entities with publicly held common stock or potential common stock. For all periods, per-share data has been restated to conform to the SFAS No. 128 requirements.

Net (loss) income from operations used in the calculation of earnings per share was calculated as follows:

<TABLE>
<CAPTION>

	December 31,		
	1996	1997	1998
<S>	<C>	<C>	<C>
Net (loss) income from operations	$ (34,275)	$ 2,517	$ 16,787
Preferred dividends	(1,155)	(859)	(34)
Discount on 5% Preferred Stock	(11,670)	---	---
Net (loss) income for computation of earnings per share	$ (47,100)	$ 1,658	$ 16,753

</TABLE>

Total common stock and potentially dilutive common stock for the calculation of diluted earnings per share were calculated as follows:

<TABLE>
<CAPTION>

	December 31,		
	1996	1997	1998
<S>	<C>	<C>	<C>
Weighted average common shares outstanding	19,132,863	29,414,440	31,048,808
Dilutive effect of:			
Preferred Stock Warrants	---	82,246	---
Common Stock Warrants	---	---	11
Stock Options	---	81	411,310
Total shares for computation of EPS	19,132,863	29,496,767	31,460,129

</TABLE>

The effect of conversion of the original shares of Preferred Stock for the year ended December 31, 1996 is not included in the calculation of earnings per share because inclusion would be antidilutive. The remaining original 5% Preferred Stock shares were convertible into 1,332,322 shares of Common Stock at December 31, 1997. All 5% Preferred Stock was converted to Common in 1998. See

Note 8., Shareholders' Equity, for further discussion of these securities.

Pursuant to a position taken by the SEC staff (the "Staff"), effective March 13, 1997, on accounting for preferred stock which is convertible at a discount to market, the Company adjusted its calculation of 1996 Earnings Per Share by $.61 per share. This reflected the Staff's position that the 10% discount available to holders of the Company's 5% Preferred Stock should be incorporated in the calculation of Earnings Per Share.

To clarify the adjustments indicated above, a reconciliation of Earnings Per Share for the twelve months ended December 31, 1996 is composed of the following elements:

Net (Loss) from continuing operations before the consideration of purchased research and development and write-off and the sale of intangible assets, the recognition of the discount upon the issuance of 5% Preferred Stock or preferred dividends		$ (.47)
Purchased research and development and write-off and sale of intangible assets		(1.33)
5% Preferred Stock dividends	(.06)	
Issuance of 5% Preferred Stock at a 10% discount to market	(.61)	(.67)
Net (Loss) from Continuing Operations		(2.47)
Income from Discontinued Operations		.03
(Loss) attributable to Common Stock		$ (2.44)

New Accounting Pronouncements

Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" (SFAS No. 130), establishes standards for reporting and display of comprehensive income and its components (revenues, expenses, gains, and losses) in a full set of general-purpose financial statements. This Statement requires that all items that are required to be recognized under accounting standards as components of comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements. This Statement requires that a company (a) classify items of other comprehensive income by their nature in a financial statement and (b) display the accumulated balance of other comprehensive income separately from retained earnings and additional paid-in capital in the equity section of a statement of financial position. Reclassification of financial statements for earlier periods provided for comparative purposes is required. The Company has adopted the provisions of SFAS No. 130, effective January 1, 1998.

Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise Related Information" (SFAS No. 131), establishes standards for the way that public business companies report information about operating segments in annual financial statements and requires that those companies report selected information about operating segments in annual financial statements and requires that those companies report selected information about operating segments in interim financial reports issued to stockholders. It also establishes standards for related disclosures about products and services, geographic areas, and major customers. This Statement supersedes SFAS No. 14, "Financial Reporting for Segments of a Business Enterprise," but retains the requirement to report

information about major customers. In the initial year of application, comparative information for earlier years is to be restated. The Company has adopted the provisions of SFAS No. 131, effective January 1, 1998. There was no impact on the Company's consolidated results of operation, financial position or cash flow as a result of the adoption of these statements.

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". This Statement requires that all

derivatives be recorded in the balance sheet as either an asset or liability measured at its fair value and that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. This statement is effective for fiscal years beginning after June 15, 1999. The provisions of this statement shall not be applied retroactively to financial statements of prior periods. The Company is in the process of evaluating this statement and has not yet determined the future impact on its consolidated financial statements.

2. INVENTORY

Inventory consists of:

	December 31,	
	1997	1998
Raw materials	$ 2,487	$ 6,249
Work-in-process	451	1,456
Finished goods	16,888	15,868
	$19,826	$23,573

3. FIXED ASSETS, NET

Fixed assets consist of:

	December 31,	
	1997	1998
Land and buildings	$23,440	$28,997
Office furniture and equipment	4,305	5,682
Machinery and equipment	1,161	3,659
	28,906	38,338
Less: Accumulated depreciation	2,993	3,427
	$25,913	$34,911

Depreciation expense for the years ended December 31, 1996, 1997 and 1998 was $449, $781, and $1,265, respectively.

4. INTANGIBLE ASSETS

Intangible assets consist of:

	December 31,	
	1997	1998
Product rights acquired	$217,919	$349,282
Less: Accumulated amortization	27,195	33,417
	$190,724	$315,865

Amortization expense for the years ended December 31, 1996, 1997 and 1998 was $6,692, $6,159, and $9,815, respectively.

Intangible Dispositions and Write-Offs.

During the fourth quarter of 1996, the Company completed the sale of the majority of its non-core nonprescription brands along with the NUCOFED and QUIBRON brands in two independent sales agreements. These sales, net of proceeds, resulted in a one time, non-cash write off of $11.9 million, which amounted to $7.6 million net of taxes. Also, during the fourth quarter of 1996, the Company expensed certain purchased development products and recorded an

impairment loss of long-lived intangible assets totalling $25.4 million, ($17.8 million net of taxes).

Operating income and net loss for 1996 were negatively affected by the purchase of development products, and the sale and write down of the intangible assets in the amounts of $37.3 million for operating income and $25.4 million for net loss. The operating loss would have amounted to $12.9 million and net loss would have been $8.3 million if such transactions had not occurred.

5. OTHER ASSETS

Other assets consist primarily of the Company's $10 million investment in the convertible preferred stock of RiboGene, Inc., a drug discovery company targeting infectious diseases. The shares have no voting rights. The investment is carried under the cost method, and the operating results of RiboGene are not and will not be included in Roberts' operating results. One-third of the preferred stock is convertible at the option of the Company to common stock of RiboGene at each of the first three anniversary dates of the investment. The investment is classified as held-to-maturity.

The Company also entered into an arrangement whereby the Company will develop a new delivery formulation for RiboGenes' product, EMITASOL. Under the terms of the agreement, RiboGene will provide up to $7 million in funding from the development of EMITASOL through completion of Phase III trials and the submission of a New Drug Application ("NDA") with the balance, if any, provided by Roberts. Upon approval of the NDA, Roberts can exercise its option to market EMITASOL in the United States, Canada and Mexico under the RiboGene patents by making a milestone payment at that time plus subsequent royalties on product sales.

6. OTHER CURRENT LIABILITIES

Other current liabilities consist of:

	December 31,	
	1997	1998
Accrued estimated future product returns	$ 9,364	$ 8,509
Accrued estimated Medicaid rebates	1,150	2,489
Income taxes payable	3,022	3,025
Other accrued liabilities	5,220	10,589
	$18,756	$24,612

Product return reserves of $401 and $401 have been offset against accounts receivable for 1997 and 1998, respectively.

7. LONG-TERM DEBT

Long-term debt consists of:

	December 31,	
	1997	1998
Notes payable on product acquisitions at an imputed weighted average interest rate of 6.0% and 8.0%	$18,364	$137,917
Less: Current installments	8,037	11,178
	$10,327	$126,739

On June 24, 1998, the Company entered into a syndicated loan in the amount of $125 million to finance the purchase of PENTASA. The loan bears interest at a variable, tiered margin rate. Principal payments in the amount of 1% of the balance are due annually for the first four years, with a balloon payment due for the balance in year five.

ROBERTS PHARMACEUTICAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Principal payments in each of the next five years on long-term debt outstanding at December 31, 1998 amount to:

1999	11,178
2000	4,552
2001	1,250
2002	1,250
2003	119,687
	$137,917

Notes payable are collateralized by acquired product rights.

8. SHAREHOLDERS' EQUITY

The Company has adopted the disclosure-only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation," but applies Accounting Principles Board Opinion No. 25 and related interpretations in accounting for its plans. If the Company had elected to recognize compensation cost based on the fair value at the grant dates for awards in 1996, 1997 and 1998, consistent with the provisions of SFAS No. 123, the Company's net (loss) income and per share data would have been changed to the pro forma amounts indicated below:

		Years Ended December 31,		
		1996	1997	1998
Net (Loss) Income	As reported	$(33,719)	$ 2,517	$16,787
	Pro forma	(36,925)	(4,620)	11,367
(Loss) Income per share	As reported-Basic	$ (2.44)	$ 0.06	$ 0.54
	As reported-Diluted	(2.44)	0.06	0.53
	Pro forma - Basic	(2.61)	(0.19)	0.37
	Pro forma - Diluted	(2.61)	(0.19)	0.36

The fair value of stock options used to compute pro forma net (loss) income and per share disclosures is the estimated present value at grant date using the Black-Scholes option-pricing model with the following weighted average assumptions: dividend yield of 0%; expected volatility of 54%; a risk free interest rate of 6%; and a general expectation that employees will exercise options when they become vested.

The weighted average fair value of stock options, calculated using the Black-Scholes option-pricing model, granted during the years ended December 31, 1996, 1997 and 1998 was $7.17, $8.48 and $10.32, respectively.

On July 17, 1996, the Company issued and sold in a private placement to certain investment funds 600,000 shares of the Company's Common Stock at an issue price of $16.65 per share resulting in gross proceeds to the Company of $9.9 million. In addition to receiving cash consideration equal to 5% of the gross proceeds and the reimbursement of certain expenses, the Placement Agent received Common Stock Warrants to acquire an aggregate of 15,000 shares of Common Stock for a purchase price of $16.65 per share. Substantially all of these warrants were exercised in 1998. The remaining 150 warrants expire in July of 1999.

ROBERTS PHARMACEUTICAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

On August 29, 1996, the Company issued and sold in a private placement to approximately eighty accredited investors for $25 per share an aggregate of 4,200,000 shares of cumulative 5% Preferred Stock resulting in gross proceeds of $105 million. In addition to receiving cash consideration equal to 5% of the gross proceeds and the reimbursement of certain expenses the Placement Agent received Preferred Stock Warrants to acquire 420,000 shares of 5% Preferred Stock for a purchase price of $25 per share. In 1997, 240,225 of these warrants were exercised, resulting in gross proceeds of $6 million. The remaining 179,775 warrants were exercised in 1998, providing additional proceeds of $4.5

million. A total of 4,620,000 shares of the 5% Preferred Stock were issued. The 655,429 shares outstanding at December 31, 1997, or issued during 1998 were converted in 1998. No 5% Preferred Stock remained outstanding at December 31, 1998.

Stock Compensation Plans

During 1996 and in prior years, executives and key employees of the Company were granted stock option awards under the Incentive Stock Option Plan. At December 31, 1998, 481,488 shares remain exercisable under the Incentive Plan. In May of 1996, the Company's shareholders approved the Equity Incentive Plan which became effective May 22, 1996. The Company's Incentive Stock Option Plan was discontinued on the same date. The Equity Incentive Plan provides for the grant of incentive and nonqualified stock options, stock appreciation rights, deferred stock awards, restricted stock grants and other stock based awards to executives and key employees. The total number of shares of Common Stock authorized for grant under the Equity Incentive Plan is 3,000,000.

Options to purchase Common Stock may be granted either alone or in addition to other awards. The term of each option will be fixed by the Compensation Committee (the "Committee") of the Company's Board of Directors, provided that no incentive stock option, as defined in the Internal Revenue Code, will be exercisable after the expiration of ten years from the date the option is granted. Options will be exercisable at such time or times as determined by the Committee at or subsequent to grant. Stock Appreciation Rights ("SARS") may be granted to participants either alone or in addition to stock options and may, but need not be, related to a specific option. The provisions of SARs need not be the same with respect to each recipient.

The following table summarizes the status of the Company's stock options, outstanding and exercisable at December 31, 1998.

<TABLE>
<CAPTION>

	Stock Options Outstanding			Stock Options Exercisable	
Range of Exercise Prices	Shares	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
<S>	<C>	<C>	<C>	<C>	<C>
$10.06 to $11.375	990,036	3 yrs, 2 mos	$10.59	495,511	$11.17
$11.50 to $13.69	944,690	4 yrs, 1 mos	$11.85	683,500	$11.83
$14.13 to $24.063	1,293,350	5 yrs, 6 mos	$17.39	373,250	$17.13

</TABLE>

Presented below is a summary of the status of the Company's stock options held by employees, and the related transactions for the years ended December 31, 1996, 1997 and December 31, 1998.

<TABLE>
<CAPTION>

	Year Ended December 31, 1996		Year Ended December 31, 1997		Year Ended December 31, 1998	
Stock Options	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Outstanding January 1	$19.060	1,175,710	$11.803	2,108,415	$11.45	2,287,313
Granted	$11.480	1,113,250	$10.78	549,848	$16.77	1,479,450
Exercised	$11.910	(51,058)	$11.375	(76,825)	$11.35	(421,072)
Forfeited/ Expired	$18,553	(129,487)	$11.42	(294,125)	$11.90	(117,615)
Outstanding						

December 31	$11,803	2,108,415	$11.45	2,287,313	$13.77	3,228,076
Options available for grant - Equity Incentive Plan						127,802

9. INCOME TAXES

The Company utilizes the asset and liability method for taxes, which requires that deferred income taxes be provided for the cumulative temporary differences between the financial and tax bases of the Company's assets and liabilities, using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The (provision) benefit for income taxes consists of:

	Year Ended December 31,		
	1996	1997	1998
Current			
Federal	$ ---	$ 4,055	$ 338
State and foreign	---	---	118
Total current	$ ---	$ 4,055	$ 456
Deferred			
Federal	14,487	(3,148)	(9,138)
State and foreign	88	194	458
Total deferred	$14,575	$(2,954)	$(8,680)

A comparison of the provision for income taxes as reported, to a provision based on federal statutory rates and consolidated income before income taxes is as follows:

	Year Ended December 31,		
	1996	1997	1998
(Provision) benefit at federal statutory rates	$16,609	$ (478)	$(9,115)
Non-deductible expense	(530)	(262)	(611)
State taxes net of federal effect	---	---	---
Research and development credits	(266)	---	---
Foreign items	(809)	(523)	962
Other	(429)	(337)	540
Adjustment to prior year liabilities	---	2,701	---
(Provision) benefit for income taxes	$14,575	$1,101	$(8,224)

The adjustment to prior year liabilities was a result of the elimination of certain reserves for taxes due to the closure of years 1991 through 1993 from an IRS audit.

The tax effect of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at December 31, 1997 and December 31, 1998 are presented below:

	December 31, 1997		December 31, 1998	
Federal	Debits	Credits	Debits	Credits
Inventory	$ 340	$ ---	$ 531	$ ---
Allowance for bad debts	181	---	258	---

Accrued liabilities	5,144	---	4,966	---
Depreciation	---	412	---	590
Foreign items	3,159	---	3,637	---
Amortizable intangibles	---	1,657	---	6,499
Loss on Discontinuance	---	558	---	---
AMT credit	449	---	770	---
Other	138	---	505	---
Net Operating Losses	12,054	---	6,600	---
State taxes	3,994	---	4,096	---
Total	25,459	2,627	21,363	7,089
Valuation allowance - state and foreign	(5,538)	---	(5,660)	---
	$19,921	$2,627	$15,703	$7,089

</TABLE>

At December 31, 1998, the Company has federal net operating loss carryforwards of approximately $19.4 million which expire in the year 2011 and 2012, foreign net operating loss carryforwards of approximately $11.1 million and net operating loss carryforwards for state tax purposes of approximately $78.2 million which expire at various dates through 2005.

A valuation allowance was provided for certain foreign net operating losses and certain state deferred tax assets due to the uncertainty of realization of these assets.

The Company has recorded net deferred tax assets of approximately $8.6 million. Realization is dependent upon generating sufficient taxable income to utilize such items. Although realization is not assured, management believes it is more likely than not that the deferred tax assets for which a valuation allowance has not been provided, will be realized. The amount of the deferred tax assets considered realizable, however, could be reduced at any time if estimates of future taxable income are reduced.

10. LEASES AND OTHER COMMITMENTS

The Company leases office space and certain office equipment under operating leases. Minimum rental payments in each of the next five fiscal years required under leases which have initial or remaining lease terms in excess of one year are as follows:

	December 31, 1998
1999	1,691
2000	1,445
2001	1,025
2002	70
2003	16

Facility rent expense for the years ended December 31, 1996, 1997, and 1998 was $177, $257, and $195 respectively.

In accordance with several product acquisitions and licensing agreements and subject to certain cancellation rights reserved by the Company, the Company may be required to make minimum payments related to NOROXIN, SAMPATRILAT and the Lilly Compounds totaling $39.3 million and purchase PROAMATINE inventory in the amount of $75.1 million through 2003. The NOROXIN payments may be triggered if minimum sales levels are not met and the PROAMATINE payments may be triggered if minimum sales purchases are not made. The SAMPATRILAT and Lilly payments are milestone payments due upon reaching certain stages in the development of the compounds.

11. EMPLOYEE BENEFITS

The Company has employment agreements with certain of its employees which provide them with continued salary for a period of three to four years in the event of their termination by the Company and provide additional payments on termination by the Company equal to three to four times their average incentive compensation.

Through December 31, 1997 the Company maintained an employee savings plan available to all employees who met certain age and service requirements and made discretionary contributions to the plan based on employee compensation or employee contributions. The Company contributions for 1996 and 1997 were $258 and $255, respectively.

Also through December 31, 1997, the Company had a money purchase pension plan available to all employees who met certain age and service requirements. The Company made discretionary contributions to the plan based on employee compensation. The Company contributions for 1996 and 1997 were $248 and $199, respectively.

As of January 1, 1998, the two plans were merged into one employee savings plan. This plan is available to all employees who meet certain age and service requirements. The plan requires mandatory contributions based on employee contributions and makes discretionary contributions based on employee compensation. The mandatory contributions made to the plan in 1998 totalled $285. Estimated discretionary contributions of $226 were accrued in 1998 and will be disbursed in 1999.

Employee Stock Purchase Plan

The Company's Board of Directors approved the Employee Stock Purchase Plan (the "Plan"), which gives employees of the Company the opportunity to purchase shares of the Company's common stock through payroll deductions beginning on April 1, 1997. Employees can elect to participate in the Plan by designating from 1% to 10% of eligible compensation to be deducted from pay. On the date of exercise, which is the Friday before the 15th of the month following each quarter end, the per share purchase price will be 85% of the average high and low per-share trading price of Roberts common stock on the American Stock Exchange on that date. 500,000 shares of the Company's Common Stock have been reserved for issuance under the Employee Stock Purchase Plan. The total number of shares purchased under the plan in the years ended December 31, 1997 and 1998 was 4,045 and 10,444 with a total value of $39 and $141 respectively.

Supplemental Executive Retirement Plan

The Company established a Supplemental Executive Retirement Plan (SERP) in 1998, which is a funded defined benefit plan for key employees of the Company. The projected benefit obligation was $5,315 and the 1998 expense for the plan was $2,146. Of this total, $65 was disbursed in 1998 and the remainder of the year's contribution will be funded in 1999. The service cost component was $1,470 and the interest cost component was $676. The discount rate utilized was 7.0%.

12. CONTINGENCY

A shareholder class action suit was instituted in March, 1995, in the United States District Court for the District of New Jersey against the Company and certain of its officers and a former officer for alleged violations of certain federal securities laws. This suit was settled. The net expenses of this settlement to the Company amounted to $2.3 million and were included in other expense for the quarter ended September 30, 1997.

13. ACQUISITIONS

In 1996, 1997, and 1998, the Company acquired trademarks and other rights to several products from various pharmaceutical companies. The aggregate price of these acquisitions was $5.1 million, $15.3 million, and $135.1 million, respectively, consisting of cash and notes payable.

14. SEGMENT REPORTING

The Company adopted SFAS No. 131, Disclosures About Segments of and Enterprise and Related Information in 1998, which changes the way the Company reports information about its operating segments. Previous year's information has been restated.

The Company has three segments, determined geographically and are made up of the operations of the U.S., Canada, and the U.K. Each of the divisions sell pharmaceutical products; the Canadian operations also includes a manufacturing plant. Manufacturing revenues were not material to the Canadian operations or to the consolidated operations. Each division has its own management team, markets to different countries and the results of each division are evaluated independently.

The Company evaluates performance based on profit or loss from operations before income taxes, with intercompany sales eliminated. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies except that the results of the foreign operations are translated at the budgeted foreign exchange rate rather than the actual rate with the differences accumulated and shown separately as an adjustment to operating income. The accounting for the assets of each segment is the same as in consolidation with intercompany balances eliminated. Amortization of product intangibles is allocated from the U.S. segment to the foreign subsidiaries, however, the intangibles are maintained on the U.S. books.

<TABLE>
<CAPTION>

1998	U.S.	Canada	U.K.	Total
<S>	<C>	<C>	<C>	<C>
Revenues	139,583	15,969	20,274	175,826
Segment profit	17,728	2,019	5,264	25,011
Amortization expense	7,453	624	1,738	9,815
Interest revenue	3,876	100	132	4,108
Interest expense	6,156	---	1	6,157
Total assets	491,150	23,449	11,636	526,235
Long-lived assets	336,379	14,265	132	350,776
Reconciliation of segment revenue to consolidated revenue				
Segment revenues	139,583	15,969	20,274	175,826
Effect of actual vs. budget rates	---	(1,254)	873	(381)
Consolidated revenues	139,583	14,715	21,147	175,445

1997	U.S.	Canada	U.K.	Total
Revenues	91,613	13,601	17,084	122,298
Segment profit	(3,834)	2,401	2,849	1,416
Amortization expense	3,797	624	1,738	6,159
Interest revenue	5,104	61	48	5,213
Interest expense	(755)	---	---	(755)
Total assets	336,783	24,465	6,607	367,855
Long-lived assets	209,805	6,758	74	216,637
Reconciliation of segment revenue to consolidated revenue				
Segment revenues	91,613	13,601	17,084	122,298
Effect of actual vs. budget rates	---	(204)	414	210
Consolidated revenues	91,613	13,397	17,498	122,508

1996	U.S.	Canada	U.K.	Total
Revenues	74,422	11,665	12,086	98,173
Segment profit	(51,176)	1,021	1,305	(48,850)
Amortization expense	4,223	624	1,738	6,585
Interest revenue	2,878	1	30	2,909
Interest expense	(1,750)	---	---	(1,750)
Total assets	357,646	8,821	5,758	372,225
Long-lived assets	198,385	62	72	198,519
Reconciliation of segment revenue to consolidated revenue				
Segment revenues	74,422	11,665	12,086	98,173
Effect of actual vs. budget rates	---	292	(354)	(62)

Consolidated revenues	74,422	11,957	11,732	98,111

</TABLE>

The management reporting format used for this disclosure was not in effect prior to 1998. In order to present three years of data in the format prescribed by FAS 131, some estimates were made in calculating the 1996 and 1997 results as the data was not available. These estimates related to intercompany allocations and eliminations and did not effect the consolidated results. The 1996 U.S. segment results include the effects of the intangible asset dispositions and write-offs. See Note 4.

15. DISCONTINUED OPERATIONS

In August 1995, the Company decided to seek a buyer for the assets of its Pronetics (Homecare) subsidiaries which were located in New York, New Jersey, North Carolina, and South Carolina. The sale of the Homecare division was expected to result in a loss at closing. Accordingly, the Company charged 1995 operations with the estimated loss on discontinuing the division.

Sales of the Homecare subsidiaries were essentially completed in December 1996. The total realized from the sales was $2.7 million. The additional loss on sale was offset by a decrease in the assets held for sale and lower than expected losses from operations in 1996. There was no income statement effect from the final disposition of the Homecare division.

In March 1996, the Company announced its plan to discontinue and divest VRG, a contract clinical research organization. The Company expected the sale of VRG to result in a loss at closing. Accordingly, the Company charged 1995 operations with the estimated loss on discontinuation of the subsidiary.

In May 1998, the Company concluded a definitive acquisition agreement to sell VRG. The Company has received a promissory note from the purchaser calling for periodic payments to be made to the Company. With this sale, the Company completed its plans to divest non-strategic, non-pharmaceutical businesses. No gain or loss was recognized with respect to this transaction.

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of cash and cash equivalents approximates fair value due to the short-term maturities of these instruments. The fair value of marketable securities was estimated based on quotes obtained from brokers. The fair value of long-term debt is estimated based on the discounted future cash flows using currently available interest rates.

	December 31, 1998	
	Carrying Amount	Fair Value
Cash and cash equivalents	$ 39,280	$ 39,503
Marketable securities	36,062	36,158
Long-term debt	137,917	137,784
Held-to-maturity security	10,000,000	10,000,000

The carrying amounts in the table are included in the consolidated balance sheet under the indicated captions with the exception of the held-to-maturity security which is included in other assets.

17. QUARTERLY RESULTS OF OPERATIONS (Unaudited)

The following table presents summarized quarterly results for 1998 (in thousands, except per share data).

	First	Second	Third	Fourth

Revenues	$32,588	$43,796	$42,336	$55,044
Gross profit	20,244	28,706	27,615	32,350
Net income	2,145	3,386/(1)/	4,677	6,579
Basic and diluted net income per share	$ 0.07	$ 0.11	$ 0.15	$ 0.21

ROBERTS PHARMACEUTICAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table presents summarized quarterly results for 1997 (in thousands, except per share data).

	First	Second	Third	Fourth
Revenues	$ 26,330	$30,286	$28,357	$36,639
Gross profit	14,678	17,305	14,310	23,933
Net earnings	910/(2)/	1,288	(2,995)/(3)/	3,315/(4)/
Basic net earnings per share	$ 0.03	$ 0.04	$(0.11)	$ 0.11
Diluted net earnings per share	$ 0.02	$ 0.04	$(0.11)	$ 0.11

(1) Subsequent to the filing of the Company's quarterly report on Form 10-Q for the three months ended June 30, 1998, the Company reversed the gain recorded from the sale of the discontinued VRG division. The net of tax charge to earnings was $1,314, or $0.04 per share.

(2) Subsequent to the filing of the Company's quarterly report on Form 10-Q for the three months ended March 31, 1997, the Company reclassified costs that had been capitalized as an intangible asset to research and development expense. The net of tax charge to earnings was $660,000, or $0.02 per share.

(3) Includes a $2.3 million charge for the settlement of a lawsuit instituted against the Company for alleged violations of certain federal securities laws.

(4) In fourth quarter 1997, management made several changes in the estimates of income tax reserves and allowances for returned goods. The reduction in income tax reserves resulted from the elimination of certain reserves due to the closure of years 1991 through 1993 after an IRS audit. The allowance for returned goods was revalued based upon a change in estimate of the economic benefit from the product returns. The impact of these revaluations was $2.7 million and $1.0 million respectively.

SCHEDULE II

ROBERTS PHARMACEUTICAL CORPORATION
VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 1998

<TABLE>
<CAPTION>

	Balance	Additions			Balance
	Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	End of Period
<S>	<C>	<C>	<C>	<C>	<C>
Allowance for uncollectibles	$ 440	432	---	(334)/(1)/	$ 538
Allowance for return goods	$9,765	6,191	(345)	(6,701)/(2)/	$8,910

</TABLE>

ROBERTS PHARMACEUTICAL CORPORATION
VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 1997

<TABLE>
<CAPTION>

	Balance	Additions			Balance
	Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	End of Period
<S>	<C>	<C>	<C>	<C>	<C>
Allowance for uncollectibles	$ 1,440	$ 120	$ ---	$(1,120)/(1)/	$ 440
Allowance for return goods	$16,298	$5,667	$(3,000)/(3)/	$(9,200)/(2)/	$9,765

</TABLE>

(1) Actual bad debts charged to the allowance.

(2) Actual returns of goods charged to the allowance.

(3) Reversal of allowance established in connection with product acquisition.

EXHIBIT INDEX

<TABLE>
<CAPTION>

Exhibit No.		
<S>	<C>	<C>
o	3.1.1	Amended and Restated Certificate of Incorporation of Registrant filed with the Secretary of State of the State of New Jersey on February 1, 1988 and Certificates of Amendment thereto dated February 2, 1988 and October 31, 1989, respectively.
zz	3.1.2	Certificate of Amendment, dated August 26, 1996, to the Amended and Restated Certificate of Incorporation of Roberts Pharmaceutical Corporation.
ee	3.1.3	Certificate of Amendment, dated August 29, 1996, to the Amended and Restated Certificate of Incorporation of Roberts Pharmaceutical Corporation.
zz	3.1.4	Certificate of Amendment, dated November 25, 1996, to the Amended and Restated Certificate of Incorporation of Roberts Pharmaceutical Corporation.
y	3.2	By-laws of the Registrant, as amended.
+	4.1	Form of Specimen Certificate, Roberts Pharmaceutical Corporation Common Stock.
dd	4.2	Form of Specimen Certificate, Roberts Pharmaceutical Corporation 5% Convertible Preferred Stock.
dd	4.4	Form of Stock Purchase Agreement, dated July 17, 1996, executed by and between Roberts and the purchasers of the Common Stock in the Common Stock Private Placement.
dd	4.5	Form of Preferred Stock Investment Agreement, dated August 29, 1996, executed by and between Roberts and the purchasers of the 5% Convertible Preferred Stock in the Preferred Stock Private Placement.
dd	4.6	Form of Stock Purchase Warrant used in connection with the Common Stock Private Placement.
dd	4.7	Form of Stock Purchase Warrant used in connection with the Preferred Stock Private Placement.
ff	4.8	Rights Agreement, dated as of December 16, 1996, between Roberts and Continental Stock Transfer & Trust Company and the Summary of Rights to purchase Roberts Preferred Stock.
ff	4.9	Form of Specimen Rights Certificate to be used upon the occurrence of a "Distribution Date" as defined in the Rights Agreement.

+	10.1	License Agreement (United States), dated November 6, 1989, between Roberts and Instituto Biologico Chemioterapico (ABC) S.p.A.

</TABLE>

<TABLE>
<CAPTION>

Exhibit No.		
<S>	<C>	<C>
+	10.2	License Agreement (United Kingdom), dated November 6, 1989, between Roberts and Instituto Biologico Chemioterapico (ABC) S.p.A.
o	10.3	License Agreement, dated January 1, 1985, between the National Technical Information service and Roberts.
o	10.4	Agreement, dated October 1, 1985, between Hafslund Nycomed Pharma AG (formerly CL Pharma AG) and Roberts Laboratories, Inc., a wholly owned subsidiary of Roberts.
aa	10.4.1	Amendment, dated January 19, 1994, to Agreement, dated October 1, 1985, between Hafslund Nycomed Pharma AG and Roberts Laboratories, Inc., a wholly owned subsidiary of Roberts.
o	10.16	Agreements and other documents of Roberts, Hafslund Nycomed AG and Linz-Roberts, Inc. including the following exhibits thereto:
		(a) Subscription and Shareholders Agreement, dated December 1, 1985, between Roberts, Hafslund Nycomed Pharma AG and Linz-Roberts, Inc., including the following exhibits thereto:
		(i) Certificate of Incorporation of Linz-Roberts, Inc.
		(ii) By-Laws of Linz-Roberts, Inc.
		(iii) License Agreement, dated January 1, 1985, between the National Technical Information Service and Roberts (See Exhibit 10.3)
		(iv) Agreement of Assignment, dated December 1, 1985, between Roberts and Linz-Roberts, Inc.
		(v) Research and Development Agreement, dated as of December 1, 1985, between Vukovich Research Group, Inc. and Roberts Pharmaceutical Corporation
		(b) License and Distribution Agreement, dated December 1, 1985, between Roberts and Hafslund Nycomed Pharma AG.
o	10.17	License Agreement, dated October 31, 1988, between the Salk Institute for Biological Studies and Roberts.
(*)	10.20.1	Employment Agreement, dated as of August 24, 1998, between Roberts and John T. Spitznagel.
(*)	10.20.2	Employment Agreement, dated as of August 24, 1998, between Roberts and Peter M. Rogalin.

</TABLE>

<TABLE>
<CAPTION>

Exhibit No.		
<S>	<C>	<C>
(*)	10.23	Employment Agreement, dated as of August 24, 1998, between Roberts and Robert W. Loy.
(*)	10.24	Employment Agreement, dated as of August 24, 1998, between Roberts and Anthony A. Rascio.
o	10.26	Rental Deposit Deed, dated September 28, 1988, between the University of Surrey and Roberts relating to the leased office space in Guildford, England.
o	10.27	Underlease, dated September 28, 1988, between the University of Surrey and Roberts relating to the leased office space in Guildford, England.
xx	10.42	Distribution Agreement, dated February 15, 1991, between Roberts

and Flint Laboratories (Canada) Ltd.

++ 10.43 Agreement for Products and Sale of Assets, dated March 6, 1991, between Norwich Eaton Pharmaceuticals, Inc. and Roberts Laboratories Inc., a wholly owned subsidiary of Roberts.

y 10.48 License Agreement, dated as of August 1, 1991, between Bristol-Myers Squibb Co. and Roberts Laboratories Inc., a wholly owned subsidiary of Roberts.

y 10.51 Agreements of Roberts Laboratories Inc., a wholly owned subsidiary of Roberts, Boehringer Ingelheim Limited, Windsor Healthcare Limited and Altam Pharmaceuticals Limited:

(a) Agreement, dated December 5, 1991, by and among Roberts Laboratories Inc., a wholly owned subsidiary of Roberts, Boehringer Ingelheim Limited and Windsor Healthcare Limited.

(b) Supplemental Agreement, dated December 5, 1991, by and among Roberts Laboratories Inc., a wholly owned subsidiary of Roberts, Boehringer Ingelheim Limited and Windsor Healthcare Limited.

y 10.52 Dopar Agreement for Purchase and Sale of Assets, dated December 6, 1991, between Norwich Eaton Pharmaceuticals, Inc. and Roberts Laboratories Inc., a wholly owned subsidiary of Roberts.

k 10.53 Agreements of Roberts, Roberts Laboratories Inc. and Monmouth Pharmaceuticals Ltd., wholly owned subsidiaries of Roberts, American Home Products Corporation, John Wyeth & Brother limited and Ayerst, McKenna & Harrison Inc.

(a) Agreement, dated December 20, 1991, by and among Roberts, Roberts Laboratories Inc., a wholly owned subsidiary of Roberts, American Home Products Corporation, John Wyeth & Brother Limited and Ayerst,

</TABLE>

<TABLE>
<CAPTION>
Exhibit No.

<S> <C> <C>
McKenna & Harrison, Inc.

(b) Manufacturing Agreement, dated December 24, 1991, between John Wyeth & Brother Limited and Monmouth Pharmaceuticals Ltd., a wholly owned subsidiary of Roberts.

(c) AHPC License Agreement, dated December 24, 1991, between American Home Products Corporation and Roberts Laboratories Inc., a wholly owned subsidiary of Roberts.

(d) The Ayerst License Agreement, dated December 24, 1991, between Ayerst, McKenna & Harrison Inc. and Roberts Laboratories Inc., a wholly owned subsidiary of Roberts.

(e) The Wyeth License Agreement, dated December 24, 1991, between John Wyeth & Brother Limited and Roberts Laboratories Inc., a wholly owned subsidiary of Roberts.

(f) Distribution Agreement, dated December 24, 1991, between John Wyeth & Brother Limited and Monmouth Pharmaceuticals Ltd., a wholly owned subsidiary of Roberts.

(g) Assignments, each dated December 24, 1991, between American Home Products Corporation and Roberts Laboratories In., a wholly owned subsidiary of Roberts.

(h) Assignment, dated December 24, 1991, between John Wyeth & Brother Limited and Roberts Laboratories In., a wholly owned subsidiary of Roberts.

k 10.55 Stock Purchase Agreement, dated as of January 22, 1992, between Roberts and Yamanouchi Pharmaceutical Co., Ltd., including Shareholder Agreement dated as of January 22, 1992 between Dr. Robert A. Vukovich and Yamanouchi Pharmaceutical Co., Ltd. which comprises Annex A to such agreement.

j 10.56 Distribution Agreement, dated March 31, 1992, between Research Industries Corporation and Roberts Pharmaceutical of Canada Inc., a wholly owned subsidiary of Roberts.

j	10.57	License Agreement, dated April 2, 1992, between Bayer AG and Roberts Laboratories Inc., a wholly owned subsidiary of Roberts.
j	10.58	License Agreement, dated April 10, 1992, between Ortho Pharmaceutical Corporation and Roberts Laboratories Inc., a wholly owned subsidiary of Roberts.

Exhibit No.		
j	10.59	Purchase Agreement, dated July 6, 1992, between Galen Limited and Roberts Laboratories Inc., a wholly owned subsidiary of Roberts.
kk	10.60	Asset Purchase Agreement, dated September 29, 1992, between Smith-Kline Beecham Pharmaceuticals, an unincorporated division of Smith-Kline Beecham Corporation, and Roberts Laboratories Inc, a wholly owned subsidiary of Roberts.
j	10.61	Agreement for Purchase and Sale of COMHIST Assets, dated November 24, 1992, between Procter & Gamble Pharmaceuticals, Inc. and Roberts Laboratories Inc, a wholly owned subsidiary of Roberts. Upon the request of the Securities and Exchange Commission, Roberts agrees to furnish a copy of Schedules 1.1(a) through 6.11 and Exhibits A through C to the Agreement for Purchase and Sale of COMHIST Assets as follows: 1.1(a) Schedule of Trademarks; 1.1(b) Schedule of Know-How; 1.1(d) Tooling Schedule; 1.4 Allocation of Purchase Price Schedule; 6.6(4) Intellectual Property Claims Schedule; 6.10 Schedule of Customers; 6.11 Financial Information Schedule; A Form of Trademark Assignment; B Form of Bill of Sale; C Contract Manufacturing Agreement.
j	10.63	Purchase and Sale Agreement, dated December 21, 1992, between the Du Pont Merck Pharmaceutical Company and Roberts Laboratories Inc., a wholly owned subsidiary of Roberts.
j	10.64	Asset Purchase Agreement, dated December 28, 1992, between G.D. Searle & Co. and Roberts Laboratories Inc., a wholly owned subsidiary of Roberts. Upon the request of the Securities and Exchange Commission, Roberts agrees to furnish a copy of Exhibits A and B, Schedules 1.12 through 4.2(d), and various miscellaneous assignments of copyrights and trademarks to the Asset Purchase Agreement as follows: A Security Agreement; B Supply Agreement; 1.12 Product Registrations, 2.3 Purchase Price Allocations; 4.1(c) Contracts Requiring Consents; 4.1(f) Pending Suits and Claims; 4.1(g) Compliance; 4.1(h) Material Contracts; 4.1(i) Exceptions to Ownership of Intellectual Property; 4.1(j) Financial Information; 4.1(l) Customer List; 4.1(m) Material Adverse Changes; 4.2(d) Buyer's Financial Statements; assignments of copyrights; assignments of trademarks.
j	10.65	Asset Purchase Agreement, dated March 23, 1993, by and between Searle Canada, Inc. and Roberts Laboratories Inc., a wholly owned subsidiary of Roberts. Upon the request of the Securities and Exchange Commission, Roberts agrees to furnish a copy of Exhibit A and Schedules 1.5(a) through 5.19 to the Asset Purchase Agreement as follows: A Supply Agreement; 1.5(a) Sales Retained by Seller; 1.5(b) Pricing Prior to Closing; 1.10 Product Registrations; 4.1(g) Compliance; 4.1(h) Material Contracts; 4.1(i) Exceptions to Ownership of Intellectual Property; 4.1(j) Financial Information; 4.1(l) Customer List; 4.1(m) Material Adverse Changes; 5.19 Packaging Charges.

Exhibit No.		
#	10.67	Copy of form of Option Agreement used in connection with options granted under the Roberts Pharmaceutical Corporation Restricted Stock Option Plan.
#	10.68	Copy of form of Option Agreement used in connection with options granted under the Roberts Pharmaceutical Corporation Incentive Stock Option Plan.

j	10.69	Rebate Agreement, dated November 11, 1992, between the Secretary of Health and Human Services and Roberts Laboratories Inc., a wholly owned subsidiary of Roberts.
a	10.70	License Agreement, dated as of March 27, 1993, by and among Roberts Laboratories Inc, a wholly owned subsidiary of Roberts, Sawai Pharmaceutical Co., Ltd., and Grelan Pharmaceutical Co., Ltd.
a	10.71	Agreements, dated as of May 5, 1993, between Roberts Laboratories Inc., a wholly owned subsidiary of Roberts, and Glaxo Canada Inc., dated as of May 5, 1993. (a) First Asset Purchase Agreement. (b) Promotion Agreement. (c) Supply Agreement. (d) Distribution Agreement. (e) License Agreement. (f) Registered User Agreement. (g) Assignment of Trademarks. (h) Second Asset Purchase Agreement.
a	10.72	Stock Purchase Agreement, dated August 30, 1993, by and among Roberts, Yamanouchi Pharmaceutical Co., Ltd. and Yamanouchi U.S.A. Inc.
aa	10.73	Amendment to Stock Purchase Agreement, dated August 30, 1993, by and among Roberts, Yamanouchi Pharmaceutical Co., Ltd. and Yamanouchi U.S.A. Inc.
aa	10.74	Agreements, dated as of September 14, 1993, among Bristol-Myers Squibb Company, Bristol-Myers Squibb Company Canada Inc. and Roberts Laboratories Inc., a wholly owned subsidiary of Roberts. (a) COLACE Et Al. Sale Agreement. (b) COLACE Et Al. Supply Agreement. (c) Security Agreement. (d) Notice of Security Interest in Trademark. (e) Assignment of Collateral. (f) Guaranty.
bb	10.75	License Agreement, dated as of July 6, 1994, between the Rockefeller University

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<TABLE>
<CAPTION>

Exhibit No.		
<S>	<C>	<C>
		and Roberts Laboratories Inc., a wholly owned subsidiary of Roberts.
bb	10.76	Agreements between Roberts Laboratories Inc., a wholly owned subsidiary of Roberts, and SmithKline Beecham Pharmaceuticals, an unincorporated division of SmithKline Beecham Corporation: (a) TIGAN Asset Purchase Agreement dated as of March 27, 1995. Upon the request of the Securities and Exchange Commission, Roberts agrees to furnish a copy of Exhibits A through D and Schedules 5.4 through 5.11 and Appendix I as follows: A List of Products; B- Assignment and Assumption Agreement; C Promissory Note; D Transitional Services Agreement; 5.4 Financial Information; 5.5 Litigation; 5.6 Inventory; 5.7 Product Formulas; 5.8 Regulatory Issues; 5.9 FDA and Other Administrative Approvals, Registrations and Permits; 5.11 Intellectual Property Rights; I Purchase Price Adjustments. (b) EMINASE Asset Purchase Agreement dated as of March 27, 1995. Upon the request of the Securities and Exchange Commission, Roberts agrees to furnish a copy of Exhibits A through D, Schedules 2.1(a)(1) through 5.11 and Appendices I and II as follows: A List of Products; B Manufacturing Agreement; C Promissory Note; D Transitional Services Agreement; 2.1(a)(1) Transferable Product Rights; 2.1(a)(2) Non-Transferable Product Rights; 2.1(b) Transferred Contracts; 5.4 Financial Information; 5.5 Litigation; 5.6 Inventory; 5.7 Product Formulas; 5.8 Regulatory Issues; 5.9 FDA and Other Administrative Approvals, Registrations and Permits; 5.11 Intellectual Property Rights; I Territories; II Purchase Price Adjustments.

gg	10.77	Distribution Agreement, dated February 23, 1995, between Roberts Laboratories Inc., a wholly owned subsidiary of the Company, and Merck and Co., Inc. with respect to NOROXIN.
zz	10.78	License Agreements between Roberts Laboratories Inc., a wholly owned subsidiary of Roberts, and Eli Lilly and Company. (a) Tazofelone License Agreement dated November 5, 1996. (b) Compound LY246736 License Agreement dated November 5, 1996. (c) Compound LY353433 License Agreement dated November 5, 1996. (d) Compound LY315535 License Agreement dated December 4, 1996.
zz	10.79	License Agreement between Roberts Laboratories Inc., a wholly owned subsidiary of the Company, and Pfizer Inc. with respect to Sampatrilat. Upon request of the Securities and Exchange Commission, Roberts agrees to furnish a copy of Exhibits 1.7(a) and 3.1(b).

Exhibit No.		
zz	10.80	Agreement, dated December 3, 1996, by and between Roberts and Monsanto Canada, Inc. with respect to Oakville manufacturing facility.
zz	10.81	Divestiture Agreement, dated December 1, 1996, by and among Roberts, Pronetics Health Care Group, Inc. (New Jersey), Pronetics Health Care Group, Inc. (New York), PHCG, Inc. and MJGC Corp. pertaining to the divestiture of certain Homecare operations.
zz	10.82	Stock Purchase Agreement, dated January 31, 1997, by and among Roberts, Pronetics Health Care Group, Inc. (North Carolina) and American Homepatient, Inc. pertaining to the divestiture of certain Homecare operations.
ll	10.83	Agreement of sale, August 1997, by and between Roberts Pharmaceutical Corporation and Novartis Pharmaceutical Corporation pertaining to the acquisition of the distribution facility.
ll	10.84	Asset Purchase Agreement, December 1997, by and between Roberts Laboratories Inc., a wholly owned subsidiary of Roberts, and G.D. Searle & Co. pertaining to the divestiture of NORETHIN. Upon request of the Securities and Exchange Commission, Roberts agrees to furnish copies of Schedules 1.13, 2.3, 4.1(c), (f), (g), (h), (i), (j), (l) and (m).
ll	10.85	Distribution Agreement, December 1997, by and between Roberts Laboratories Inc., a wholly owned subsidiary of Roberts, and G.D. Searle & Co. pertaining to the distribution rights for SLOW-MAG.
	10.86	Supplemental Executive Retirement Plan of Roberts Pharmaceutical Corporation, effective January 1, 1998.
	10.87	Agreements between Hydro Med Sciences, a division of GP Strategies Corp., and Roberts Laboratories Inc.: (a) License Agreement, dated March 24, 1998. (b) Manufacturing Supply Agreement, dated March 24, 1998 and First Amendment to Manufacturing Supply Agreement, dated September 25, 1998.
	10.88	Agreements for the right to market Pentasa(R): (a) Sublicense and Assignment Agreement, dated June 24, 1998, between Hoechst Marion Roussel, Inc. and Roberts Laboratories Inc. (b) Amendment to Sublicense and Assignment Agreement, dated June 24, 1998, between Hoechst Marion Roussel, Inc., and Roberts Laboratories Inc.

Exhibit No.

		(c) Supply Agreement, dated April 1, 1998, between Hoechst Marion Roussel, Inc. and Roberts Laboratories Inc.
		(d) Stand-Still Agreement, dated June 17, 1998, between Ferring A/S, Hoechst Marion Roussel, Inc., Roberts Pharmaceutical Corporation and Roberts Laboratories Inc.
		(e) Agreement, dated June 22, 1998, among Ferring A/S, Hoechst Marion Roussel, Inc., Roberts Laboratories Inc. and Roberts Pharmaceutical Corporation.
nn	10.89	Credit Agreement, dated as of June 24, 1998, among Roberts Pharmaceutical Corporation, First Union National Bank, Summit Bank, DLJ Capital Funding, Inc., and various other financial institutions.
	10.90	Agreements between RiboGene, Inc. and Roberts Pharmaceutical Corporation:
		(a) Option and License Agreement, dated July 6, 1998.
		(b) First Amendment to the Option and License Agreement, dated July 6, 1998.
		(c) Registration Rights Agreement, dated July 16, 1998.
		(d) Stock Purchase Agreement, dated July 6, 1998.
	10.91	Consultant Agreement, made as of October 1, 1998, by and between Roberts Pharmaceutical Corporation and Robert A. Vukovich, Ph.D.
mm	16.01	Letter, dated December 9, 1998, from PricewaterhouseCoopers L.L.P. regarding their resignation as Roberts Pharmaceutical Corporation's principal accountant.
	21.	Subsidiaries of the Registrant.
	23.01	Consent of Ernst & Young L.L.P.
	23.02	Consent of PricewaterhouseCoopers L.L.P.
cc	27.	Financial Data Schedules.

(*) Constitutes a management contract required to be filed as an exhibit pursuant to Item 14(c) of Form 10-K.

y Incorporated by reference to the identically numbered exhibit to the Registrant's Registration Statement on Form S-4 (Registration No. 33-44441).

o Incorporated by reference to the identically numbered exhibit to Registrant's Registration Statement on Form S-1 (Registration No. 33-31876).

Exhibit No.	
+	Incorporated by reference to the identically numbered exhibit to Amendment No. 1 to Registrant's Registration Statement on Form S-1 (Registration No. 33-31876).
x	Incorporated by reference to the identically numbered exhibit to Amendment No. 2 to Registrant's Registration Statement on Form S-1 (Registration No. 33-31876).
z	Incorporated by reference to the identically numbered exhibit to Amendment No. 1 to Registrant's Registration Statement on Form S-1 (Registration No. 33-40636).
k	Incorporated by reference to the identically numbered exhibit to Registrant's Registration Statement on Form S-1 (Registration No. 33-45069).
#	Incorporated by reference to the identically numbered exhibit to Registrant's Registration Statement on form S-8 (Registration No. 33-34767).
a	Incorporated by reference to the identically numbered exhibit to Registrant's Registration Statement on Form S-3 (Registration No. 33-68080).

b	Incorporated by reference to Registrant's Registration Statement on Form S-8 (Registration No. 33-51198)
nn	Incorporated by reference to Registrant's Report on Form 10-Q/A for the quarter ended June 30, 1998.
@	Incorporated by reference to Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 1990.
j	Incorporated by reference to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992.
aa	Incorporated by reference to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1993.
bb	Incorporated by reference to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1994.
gg	Incorporated by reference to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1995.
zz	Incorporated by reference to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1996.
ll	Incorporated by reference to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1997.
cc	Financial Data Schedules are submitted in electronic format only.

Exhibit No.	
dd	Incorporated by reference to the identically numbered exhibit to Registrant's Registration Statement on Form S-3 (Registration No.333-13729).
ee	Incorporated by reference to Exhibit No. 4.3 to Registrant's Registration Statement on Form S-3 (Registration No. 333-13729).
ff	Incorporated by reference to Exhibit No. 1 to Registrant's Registration Statement ton Form 8-A.
xx	Incorporated by reference to Registrant's Current Report on Form 8-K, dated February 15, 1991.
++	Incorporated by reference to Registrant's Current Report on Form 8-K, dated March 6, 1991.
vv	Incorporated by reference to Registrant's Current Report on Form 8-K, dated November 5, 1991.
kk	Incorporated by reference to Registrant's Current Report on Form 8-K, dated September 29, 1992.
mm	Incorporated by reference to Registrant's Current Report on Form 8-K, dated December 9, 1998.

EXHIBIT 10.20.1

EMPLOYMENT AGREEMENT

This Employment Agreement made as of the 24th day of August 1998

BY AND BETWEEN:

ROBERTS PHARMACEUTICAL CORPORATION, a New Jersey Corporation with offices located at Meridian Center II, 4 Industrial Way West, Eatontown, New Jersey (hereinafter referred to as "Employer")

AND

JOHN T. SPITZNAGEL, residing at 25 Bedford Road, Summit, New Jersey 07901 (hereinafter referred to as "Employee"):

W I T N E S S E T H:

WHEREAS, Employee has been employed as President and Chief Executive Officer by Employer and has made and is expected to continue to make material contributions to the growth and development of Employer; and

WHEREAS, Employer deems it to be in Employer's best interest to assure Employee continuous employment by Employer; and

WHEREAS, it is in the best interest of the Employer that Employee remain focused on the business of the Company in the event of a change of control of Employer; and

WHEREAS, Employer deems it to be in Employer's best interests to encourage Employee to remain employed by Employer during a period of uncertainty concerning ownership of Employer; and

WHEREAS, Employee is willing to continue, and is desirous of continuing, in the employment of Employer;

NOW THEREFORE, in consideration of the mutual agreements contained herein and intending to be legally bound, the parties hereto hereby agree as follows:

ARTICLE 1. CAPACITY AND DUTIES

1.01 Employment, Acceptance of Employment.

Employer hereby employs Employee and Employee hereby accepts employment by Employer subject to all the terms and conditions hereafter set forth.

1.02 Capacity.

Employee shall serve as President and Chief Executive Officer.

1.03 Duties.

During the term of this Agreement, Employee shall devote his full attention and his best efforts to the performance of the customary duties of President and Chief Executive Officer.

ARTICLE 2. TERM OF EMPLOYMENT; TERMINATION

2.01 Term.

Unless earlier terminated as hereafter provided, the term of this Agreement shall commence on the date first above written (the "Effective Date") and shall continue through August 31, 2002, and thereafter shall automatically renew and extend for successive one (1) year periods on each anniversary of the Effective Date.

2.02 Termination.

From and after the date hereof, Employer may terminate this Agreement and Employee's employment hereunder by giving written notice to Employee ("Termination Notice") specifying the intention to terminate this Agreement, and the effective date for such termination ("Termination Date").

2.03 Compensation on Termination.

In the event of any termination of this Agreement by Employer pursuant to section 2.02 for any reason other than Employee's willful misconduct, Employee shall be entitled to receive, and Employer shall be obligated to pay, all Base

Compensation (as defined in Section 3.01(a) at the annual rate which Employee is receiving on the date Termination notice is given, which would otherwise be paid to Employee hereunder, for a period of four (4) years following the Termination Date together with an amount equal to four (4) times the average annual bonus and incentive compensation received by Employee for the period beginning March 4, 1996 and ending upon the termination of this Agreement together with an amount equal to four (4) times any payment Employer

may have made for the previous year to Employee's 401-K Plan and Pension Plan on behalf of the Employee (the "Severance Compensation"). For purposes of calculation hereunder, the bonus and incentive compensation shall be the actual annual bonus and incentive compensation actually paid to Employee or the annual sum of $50,000 whichever is greater. Employer shall pay to Employee the Severance Compensation, at the sole discretion of the Employee, either in a lump sum or in the same manner and on the same dates as Employee would have received the Base Compensation had the termination of this Agreement not occurred. In the event of Employee's death after termination, but before he has received the entire Severance Compensation hereunder, Employer shall pay to Employee's estate or designated beneficiary in one lump sum the balance of the Severance Compensation which would have been due Employee had his death not occurred.

From and after the Termination Date, Employee shall be entitled to receive medical and insurance benefits previously received by him at the same level and cost to the Employee as of the Termination Date for a period of four (4) years after the Termination Date in addition to the Severance Compensation. Employer shall pay the premiums for Employee and his dependents' health coverage for the aforesaid four (4) years from the Termination Date under Employer's health plans which cover the Employer's senior executives or similar plans in the same proportion of Employer contributions to Employee contributions to said premiums as in existence on the Termination Date. Payments may, at the discretion of the Employer, be made by

continuing the Employee's participation in the Employer's plans as a retiree or by covering the Employee and his dependents under substitute arrangements.

2.04 Termination After Change of Control.

In the event of a Change in Control (as hereinafter defined) of Employer, Employer shall have the right to terminate this Agreement by giving written notice to Employee specifying the intention to terminate this Agreement and the effective date for such termination. Any termination pursuant to this Section 2.04 by the Employer shall be governed and controlled by Sections 2.02 and 2.03 hereof. Employee shall have the right to terminate his employment with Company or Successor following a Change of Control provided that he shall have remained in the employ of Company or Successor for a period of one (1) year following

such Change of Control. Such right shall be exercisable by Employee only during the period of thirty (30) days immediately following the end of the one (1) year period immediately subsequent to a Change of Control. Notwithstanding anything herein to the contrary, Employee shall have the right to terminate this Agreement at any time in the event of a Change of Control if: (1) after such Change of Control, Employee's duties are diminished; or (2) any amounts due to Employee pursuant to Sections 3.01(a) and 3.02 or the rights granted to Employee pursuant to Sections 3.01(b) and 3.03 are diminished; or (3) the place of Employee's employment is relocated more than twenty (20) miles from its location as of the date of this Agreement or (4) the failure of any Successor (as hereinafter defined) or of any person, entity or group of persons or entities acting in concert acquiring thirty percent (30%) or more of the

outstanding common stock of Employer to assume in a writing delivered to Employee the obligations of Employer under this Agreement (each of the events described in subparagraphs 1, 2, 3 and 4 of this Section 2.04 shall hereinafter be referred to as Good Reason). For purposes of this Article 2, "Change of Control" shall mean either (i) a merger or consolidation of Employer into another corporation or a merger of another corporation with or into the Employer; or (ii) a sale by Employer of substantially all of its assets, which, in the case of either (i) or (ii) above, results in the shareholders of Employer (as they existed immediately prior to the effectiveness of the merger, consolidation or sale) owning less than seventy percent (70%) of the surviving entity or new corporation or entity that has acquired substantially all of the Employer's assets after the effectiveness thereof; or (iii) a reorganization of Employer which results in either Employer becoming a subsidiary of another corporation or Employer not being the surviving entity (other than a merger or consolidation (a) with a wholly-owned subsidiary of the Employer; (b) to effect a change in domicile; or (c) of the Employer into another corporation that does not result in the shareholders of Employer, as they existed immediately prior to the effectiveness of such merger or consolidation, owning less than seventy percent (70%) of the surviving corporation); (iv) the acquisition by any person, entity or group of persons or entities acting in concert, of thirty percent (30%) or more of Employer's then issued and outstanding voting securities, whether acquired in one transaction or a series of transactions; or (v) the individuals who (x) as of the effective date of this Agreement constitute the Board of Directors (the "Original Directors"), (y)

thereafter are elected to the Board of Directors and whose election or nomination for election to the Board of Directors was approved by a vote of at least 2/3 of the Original Directors then still in office (such Directors being called "Additional Original Directors"), or (z) are elected to the Board of Directors and whose election or nomination for election to the Board of Directors was approved by a vote of at least 2/3 of the Original Directors and Additional Original Directors then still in office, cease for any reason to constitute a majority of the members of the Board of Directors.

2.05 Compensation on Termination After Change of Control.

In the event of any termination of this Agreement by Employee pursuant to Section 2.04 hereof, Employee shall be entitled to receive, and Employer shall be obligated to pay Employee's Severance Compensation (as defined in Section 2.03) payable in accordance with said Section 2.03.

ARTICLE 3. COMPENSATION

3.01(a) Compensation.

During the term of this Agreement or any extension thereof, and after termination of this Agreement as provided in Section 2.03, as compensation for services to the Employer pursuant to this Agreement, the Employer shall pay to Employee a minimum base salary of Three Hundred Fifty Thousand Dollars ($350,000) per year and the Board of Directors of Employer may, in its sole discretion from time to time, increase said base salary to be paid to Employee as provided in this Article 3 (the "Base Compensation"), or

provide additional compensation to Employee, including but not limited to incentive compensation based upon the earnings or performance of Employer or otherwise, in order to recognize and fairly compensate Employee for the value of his services to Employer.

In addition, Employee shall be entitled to receive all vacation and other fringe benefits provided by Employer to its employees and officers, including insurance benefits, which may be established by the Board of Directors of Employer from time to time. In addition, Employer may provide such other additional or incentive compensation, benefits or perquisites as its Board of Directors may from time to time authorize.

3.01(b) Incentive Compensation.

Employer may adopt and maintain a "Management Incentive Compensation Plan." Should such a plan be adopted by Employer, at all times during the term of this Agreement, Employee shall be designated by Employer as a participant in such plan. In the event that, at any time during the term of this Agreement, Employer shall rescind, discontinue, amend or revise such plan, then Employer shall include Employee in any revised or amended Incentive Plan or substituted plan and Employee shall be entitled to receive incentive compensation comparable to that offered to other members of Employer's senior level management thereunder.

3.02 Disability Payments.

Employer shall pay to Employee all Severance Compensation as prescribed in Section 2.03 of this Agreement in the event that the Employee shall become disabled due to injury or sickness. The term "disability" as used in this Section 3.02 means the

inability, because of injury or sickness, to perform the substantial and material duties of the Employee's regular occupation, while under the regular care of a licensed physician, and while not gainfully employed in any occupation reasonably consistent with the Employee's education, training and experience.

3.03 Stock Option Plans.

If during the term of this Agreement, Employee's employment is terminated and such election by Employee is permitted under any stock option plan(s) or pursuant to any determination made prior or subsequent to the execution of this Agreement by the Employer's Board of Directors or the committee thereof administering any such plan applicable to Employee, Employee, or his personal representatives or heirs, shall have the right during a period of one (1) year following the Termination Date to exercise all options previously granted to Employee under all Stock Option Plans adopted and maintained by Employer as to all or any part of the shares covered thereby, including shares as to which such options would not otherwise then be exercisable.

ARTICLE 4 CERTAIN COVENANTS

4.01 Non-Competition.

During the term of employment hereunder and, in the event of termination of this Agreement for any reason other than (a) by Employer for Employee's willful misconduct or (b) by Employee for other than Good Reason, for two years thereafter, Employee shall not accept employment with any employer in direct competition with, nor engage in any

activities in direct competition with, the business of the Employer. In addition, this Section 4.01 shall not prevent Employee from acquiring, as a passive investor, up to 5% of the equity of a competing enterprise or from serving as a non-executive director of any company.

ARTICLE 5. MISCELLANEOUS

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5.01 Assignment.

This Agreement shall not be assignable by Employee and shall be assignable and required to be assigned, by Employer, only to a person, firm or corporation which may become a successor in interest (whether direct or indirect, by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of Employer) to Employer ("Successor") and this Agreement shall be fully binding upon, and the assumed obligation of, such Successor.

5.02 Employee's Attorney Fees.

In the event that Employee is required to institute legal proceedings against Employer to enforce this Agreement or any term or provision thereof ("Employee's Suit") and the Employee's suit results in a judgment in whole or in part in favor of Employee against Employer, then Employer hereby agrees that Employer shall pay, either directly or by reimbursement to Employee, all legal fees and costs incurred by Employee in the prosecution of Employee's suit.

5.03 Entire Agreement.

This writing represents the entire understanding of the parties and supersedes any and all other understandings between the parties regarding the subject matter hereof whether oral or written. This Agreement may not be altered nor amended in any way except by an agreement in writing signed by both Employer and Employee.

5.04 Binding Effect.

Subject to Section 5.01, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns, heirs, executors and administrators. Any paragraph, sentence, phrase or other provision of this Agreement which is or becomes in conflict with any applicable statute, rule or other law shall be deemed, if possible, to be modified or altered to conform thereto or, if not possible, to be omitted herefrom. If any provision of this Agreement shall be or become illegal or unenforceable in whole or in part for any reason whatsoever, the remaining provisions shall nevertheless be deemed valid, binding and subsisting.

5.05 Governing Law.

This Agreement has been negotiated and executed within the State of New

Jersey, and the validity, interpretation and enforcement of this Agreement shall be governed by the laws of the State of New Jersey.

5.06 Headings.

The headings of Sections in this Agreement are for convenience only and form no part of this Agreement and shall not affect its interpretation.

5.07 Notice.

Notices authorized or required to be sent pursuant to this Agreement shall be in writing and sent postage prepaid, by United States Certified or Registered Mail, return receipt requested, directed to the other party at its address as may be designated by notice from time to time. Notice shall be deemed given on the date the envelope in which such notice is enclosed, as provided above, is deposited for mailing in a United Sates mailbox or post office.

5.08 Payment of Taxes.

(a) Special Reimbursement. In the event that Employee becomes entitled to the Severance Compensation Payments; if any payment or benefit paid or payable, or received or to be received, by or on behalf of the Employee in connection with a Change in Control or the termination of Employee's employment, whether any such payments or benefits are pursuant to the terms of this Agreement or any other plan, arrangement or agreement with the Company, any of its subsidiaries, any Person, or otherwise (the "Total Payments"), will or would be subject to the excise tax imposed under section 4999 of the Code (the "Excise Tax"), the Company shall pay to the Employee an additional amount (the "Gross-Up Payment") which amount shall be equal to the sum of (a) the amount of such Excise Tax imposed (determined without regard to the Gross-Up Payment), and (b) the product of (i) such Excise Tax (determined without regard to the Gross-Up Payment), and (ii) the rate of Excise Tax imposed on "golden parachute" payments under Section 4999 of the Code.

(b) For purposes of determining whether any of the Total Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) the Total Payments shall be treated as "parachute payments" within the meaning of section 280G(b)(2) of the Code, and all "excess parachute payments" within the meaning of section 280G(b)(1) of the Code shall be treated as subject to the Excise Tax, unless in the opinion of tax counsel (delivered to Employee) selected by the Company and reasonably acceptable to Employee, such Total Payments (in whole or in part) (a) do not constitute parachute payments, including (without limitation) by reason of section 280G(b)(4)(A) of the Code, (b) such excess parachute payments (in whole or in part) represent reasonable compensation for

services actually rendered, within the meaning of section 280G(b)(4)(B) of the Code, or (c) are otherwise not subject to the Excise Tax, and (ii) the value of any non-cash benefits or any deferred payment or benefit shall be determined by the Company's independent auditors in accordance with the principles of sections 280G(d)(3) and (4) of the Code.

(c) In the event that the Excise Tax is subsequently determined to be less than the amount taken into account hereunder at the time of termination of Employee's employment, Employee shall repay to the Company, at the time that the amount of such reduction in Excise Tax is finally determined, the portion of the Gross-Up Payment attributable to such reduction plus interest on the amount of such repayment at the rate provided in section 1274(b)(2)(B) of the Code. In the event that the Excise Tax is determined to exceed the amount taken into account hereunder at the time of the termination of the Employee's employment (including by reason of any payment, the

existence or amount of which cannot be determined at the time of the Gross-Up Payment), the Company shall make an additional Gross-Up Payment in respect of such excess (plus any interest, penalties or additions payable by Employee with respect to such excess) at the time that the amount of such excess is finally determined. The Employee and the Company shall each reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of any such subsequent liability for Excise Tax with respect to the Severance Compensation.

5.09 Waiver of Breach.

The waiver of either party of a breach of any provision of this Agreement shall not operate nor be construed as a waiver of any subsequent breach thereof or of any other provision of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

ROBERTS PHARMACEUTICAL CORPORATION

By: /s/ Anthony A. Rascio

Anthony A. Rascio
Vice President

By: /s/ John T. Spitznagel

John T. Spitznagel
Employee

EXHIBIT 10.20.2

EMPLOYMENT AGREEMENT

This Employment Agreement made as of the 24th day of August 1998

BY AND BETWEEN:

ROBERTS PHARMACEUTICAL CORPORATION, a New Jersey Corporation with offices located at Meridian Center II, 4 Industrial Way West, Eatontown, New Jersey (hereinafter referred to as "Employer")

AND

PETER M. ROGALIN, residing at 75 Belmont Road, Glen Rock, New Jersey 07452 (hereinafter referred to as "Employee"):

W I T N E S S E T H:

WHEREAS, Employee has been employed as Vice President and Treasurer, by Employer and has made and is expected to continue to make material contributions to the growth and development of Employer; and

WHEREAS, Employer deems it to be in Employer's best interest to assure Employee continuous employment by Employer; and

WHEREAS, it is in the best interest of the Employer that Employee remain focused on the business of the Company in the event of a change of control of Employer; and

WHEREAS, Employer deems it to be in Employer's best interests to encourage Employee to remain employed by Employer during a period of uncertainty concerning ownership of Employer; and

WHEREAS, Employee is willing to continue, and is desirous of continuing, in the employment of Employer;

NOW THEREFORE, in consideration of the mutual agreements contained herein and intending to be legally bound, the parties hereto hereby agree as follows:

ARTICLE 1. CAPACITY AND DUTIES

1.01 Employment, Acceptance of Employment.

Employer hereby employs Employee and Employee hereby accepts employment by Employer subject to all the terms and conditions hereafter set forth.

1.02 Capacity.

Employee shall serve as Vice President and Treasurer.

1.03 Duties.

During the term of this Agreement, Employee shall devote his full attention and his best efforts to the performance of the customary duties of Vice President and Treasurer.

ARTICLE 2. TERM OF EMPLOYMENT; TERMINATION

2.01 Term.

Unless earlier terminated as hereafter provided, the term of this Agreement shall commence on the date first above written (the "Effective Date") and shall continue through August 31, 2001, and thereafter may be automatically renewed for successive one (1) year periods on each anniversary of the Effective Date only upon the mutual Agreement of Employer and Employee.

2.02 Termination After Change of Control.

In the event of a Change in Control (as hereinafter defined) of Employer, Employer shall have the right to terminate this Agreement by giving written notice to Employee specifying the intention to terminate this Agreement and the effective date for such termination. For purposes of this Article 2, "Change of Control" shall mean either (i) a merger or consolidation of Employer into another corporation or a merger of another corporation with or into the Employer; or (ii) a sale by Employer of substantially all of its assets, which, in the case of either (i) or (ii) above, results in the shareholders of Employer (as they existed immediately prior to the effectiveness of the merger, consolidation or sale) owning less than seventy percent (70%) of the surviving entity or

new corporation or entity that has acquired substantially all of the Employer's assets after the effectiveness thereof; or (iii) a reorganization of Employer which results in either Employer becoming a subsidiary of another corporation or Employer not being the surviving entity (other than a merger or consolidation (a) with a wholly-owned subsidiary of the Employer; (b) to effect a change in domicile; or (c) of the Employer into another corporation that does not result in the shareholders of Employer, as they existed immediately prior to the effectiveness of such merger or consolidation, owning less than seventy percent (70%) of the surviving corporation); or (iv) the acquisition by any person, entity or group of persons or entities acting in concert, of thirty percent (30%) or more of Employer's then issued and outstanding voting securities, whether acquired in one transaction or a series of transactions; or (v) the individuals who (x) as of the effective date of this Agreement constitute the Board of Directors (the "Original Directors"), (y) thereafter are elected to the Board of Directors and whose election or nomination for election to the Board of Directors was approved by a vote of at least 2/3 of the Original Directors then still in office (such Directors being called "Additional Original Directors"), or (z) are elected to the Board of Directors and whose election or nomination for election to the Board of Directors was approved by a vote of at least 2/3 of the Original Directors and Additional Original Directors then still in office, cease for any reason to constitute a majority of the members of the Board of Directors.

2.03 Compensation on Termination After Change of Control.

In the event of any termination of this Agreement by Employer pursuant to Section 2.02 hereof, Employee shall be entitled to receive, and Employer shall be

obligated to pay, the compensation set forth in Section 3.01 (a) at the annual rate which Employee is receiving on the date of termination of this Agreement for a period of three (3) years following the termination date (the Severance Compensation).

ARTICLE 3. COMPENSATION

3.01(a) Compensation.

During the term of this Agreement or any extension thereof, and after termination of this Agreement as provided in Section 2.02, as compensation for services to the Employer pursuant to this Agreement, the Employer shall pay to Employee a minimum base salary of One Hundred Ninety Three Thousand Dollars

($193,000) per year and the Board of Directors of Employer may, in its sole discretion from time to time, increase said base salary to be paid to Employee as provided in this Article 3 or provide additional compensation to Employee, including but not limited to incentive compensation based upon the earnings or performance of Employer or otherwise, in order to recognize and fairly compensate Employee for the value of his services to Employer.

In addition, Employee shall be entitled to receive all vacation and other fringe benefits provided by Employer to its employees and officers, including insurance benefits, which may be established by the Board of Directors of Employer from time to time. In addition, Employer may provide such other additional or incentive compensation, benefits or perquisites as its Board of Directors may from time to time authorize.

3.01(b) Incentive Compensation.

Employer may adopt and maintain a "Management Incentive Compensation

Plan." Should such a plan be adopted by Employer, at all times during the term of this Agreement, Employee shall be designated by Employer as a participant in such plan. In the event that, at any time during the term of this Agreement, Employer shall rescind, discontinue, amend or revise such plan, then Employer shall include Employee in any revised or amended Incentive Plan or substituted plan and Employee shall be entitled to receive incentive compensation comparable to that offered to other members of Employer's senior level management thereunder.

3.02 Stock Option Plans.

If during the term of this Agreement, Employee's employment is terminated and such election by Employee is permitted under any stock option plan or pursuant to any determination made prior to subsequent to the execution of this Agreement by the Employer's Board of Directors or the committee thereof administering any such plan applicable to Employee, Employee, or his personal representatives or heirs, shall have the right during a period of one (1) year following the Termination Date to exercise all options previously granted to Employee under all Stock Option Plans adopted and maintained by Employer as to all or any part of the shares covered thereby, including shares as to which such options would not otherwise then be exercisable.

ARTICLE 4 CERTAIN COVENANTS

4.01 Non-Competition.

During the term of employment hereunder and, in the event of termination of this Agreement, for two (2) years thereafter, Employee shall not accept employment with any

employer in direct competition with, nor engage in any activities in direct competition with, the business of Employer. This Section 4.01 shall not be applicable to any period after a termination of employment if such termination was effected by Employer. In addition, this Section 4.01 shall not prevent Employee from acquiring, as a passive investor, up to 5% of the equity of a competing enterprise.

ARTICLE 5. MISCELLANEOUS

5.01 Assignment.

This Agreement shall not be assignable by Employee and shall be assignable and required to be assigned, by Employer, only to a person, firm or corporation which may become a successor in interest (by purchase of all or substantially all of the assets of Employer, merger or otherwise) to Employer ("Successor") and this Agreement shall be fully binding upon, and the assumed obligation of, such Successor.

5.02 Employee's Attorney Fees.

In the event that Employee is required to institute legal proceedings against Employer to enforce this Agreement or any term or provision thereof ("Employee's Suit") and the Employee's suit results in a judgment in whole or in part in favor of Employee against Employer, then Employer hereby agrees that Employer shall pay, either directly or by reimbursement to Employee, all legal fees and costs incurred by Employee in the prosecution of Employee's suit.

5.03 Entire Agreement.

This writing represents the entire understanding of the parties and supersedes any

and all other understandings between the parties regarding the subject matter hereof whether oral or written. This Agreement may not be altered nor amended in any way except by an agreement in writing signed by both Employer and Employee.

5.04 Binding Effect.

Subject to Section 5.01, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns, heirs, executors and administrators. Any paragraph, sentence, phrase or other provision of this Agreement which is or becomes in conflict with any applicable statute, rule or other law shall be deemed, if possible, to be modified or altered to conform thereto or, if not possible, to be omitted herefrom. If any provision of this Agreement shall be or become illegal or unenforceable in whole or in part for any reason whatsoever, the remaining provisions shall nevertheless be deemed valid, binding and subsisting.

5.05 Governing Law.

This Agreement has been negotiated and executed within the State of New Jersey, and the validity, interpretation and enforcement of this Agreement shall be governed by the laws of the State of New Jersey.

5.06 Headings.

The headings of Sections in this Agreement are for convenience only and form no part of this Agreement and shall not affect its interpretation.

5.07 Notice.

Notices authorized or required to be sent pursuant to this Agreement shall be in writing and sent postage prepaid, by United States Certified or Registered Mail, return

receipt requested, directed to the other party at its address as may be designated by notice from time to time. Notice shall be deemed given on the date the envelope in which such notice is enclosed, as provided above, is deposited for mailing in a United Sates mailbox or post office.

5.08 Payment of Taxes.

(a) Special Reimbursement. In the event that Employee becomes entitled to the Severance Compensation, if any payment or benefit paid or payable, or received or to be received, by or on behalf of the Employee in connection with a Change in Control whether any such payments or benefits are pursuant to the terms of this Agreement or any other plan, arrangement or agreement with the Company, any of its subsidiaries, any Person, or otherwise (the "Total Payments"), will or would be subject to the excise tax imposed under section 4999 of the Code (the "Excise Tax"), the Company shall pay to the Employee an additional amount (the "Gross-Up Payment") which amount shall be equal to the

sum of (a) the amount of such Excise Tax imposed (determined without regard to the Gross-Up Payment), and (b) the product of (i) such Excise Tax (determined without regard to the Gross-Up Payment), and (ii) the rate of Excise Tax imposed on "golden parachute" payments under Section 4999 of the code.

(b) For purposes of determining whether any of the Total Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) the Total Payments shall be treated as "parachute payments" within the meaning of section 280G(b) (2) of the Code, and all "excess parachute payments" within the meaning of section 280(b) (1) of the Code shall be treated as subject to the Excise Tax, unless in the opinion of tax counsel

(delivered to Employee) selected by the Company and reasonably acceptable to Employee, such Total Payments (in whole or in part) (a) do not constitute parachute payments, including (without limitation) by reason of section 280G (b) (4) (A) of the Code, (b) such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered, within the meaning of section 280G (b) (4) (B) of the Code, or (c) are otherwise not subject to the Excise Tax, and (ii) the value of any non-cash benefits or any deferred payment or benefit shall be determined by the Company's independent auditors in accordance with the principles of sections 280G (d) (3) and (4) of the Code.

(c) In the event that the Excise Tax is subsequently determined to be less than the amount taken into account hereunder at the time of termination of Employee's employment, Employee shall repay to the Company, at the time that the amount of such reduction in Excise Tax is finally determined, the portion of the Gross-Up Payment attributable to such reduction plus interest on the amount of such repayment at the rate provided in section 1274(b) (2) (B) of the Code. In the event that the Excise Tax is determined to exceed the amount taken into account hereunder at the time of the termination of the Employee's employment (including by reason of any payment, the existence or amount of which cannot be determined at the time of the Gross-Up Payment), the Company shall make an additional Gross-Up Payment in respect of such excess (plus any interest, penalties or additions payable by Employee with respect to such excess) at the time that the amount of such excess is finally determined. The Employee and the Company shall each reasonably cooperate with the other in connection with any

administrative or judicial proceedings concerning the existence or amount of any such subsequent liability for Excise Tax with respect to the Severance Compensation.

5.09 Waiver of Breach.

The waiver of either party of a breach of any provision of this Agreement

shall not operate nor be construed as a waiver of any subsequent breach thereof or of any other provision of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

ROBERTS PHARMACEUTICAL CORPORATION

By: /s/ John T. Spitznagel

John T. Spitznagel
President and CEO

By: /s/ Peter M. Rogalin

Peter M. Rogalin
Employee

EXHIBIT 10.23

EMPLOYMENT AGREEMENT

This Employment Agreement made as of the 24th day of August 1998

BY AND BETWEEN:

ROBERTS PHARMACEUTICAL CORPORATION, a New Jersey Corporation with offices located at Meridian Center II, 4 Industrial Way West, Eatontown, New Jersey (hereinafter referred to as "Employer")

AND

ROBERT W. LOY, residing at 6117 Hidden Valley Drive, Doylestown, Pennsylvania 18901 (hereinafter referred to as "Employee"):

W I T N E S S E T H:

WHEREAS, Employee has been employed as Executive Vice President, Operations by Employer and has made and is expected to continue to make material contributions to the growth and development of Employer; and

WHEREAS, Employer deems it to be in Employer's best interest to assure Employee continuous employment by Employer; and

WHEREAS, it is in the best interest of the Employer that Employee remain focused on the business of the Company in the event of a change of control of Employer; and

WHEREAS, Employer deems it to be in Employer's best interests to encourage Employee to remain employed by Employer during a period of uncertainty concerning ownership of Employer; and

WHEREAS, Employee is willing to continue, and is desirous of continuing, in the employment of Employer;

NOW THEREFORE, in consideration of the mutual agreements contained herein and intending to be legally bound, the parties hereto hereby agree as follows:

ARTICLE 1. CAPACITY AND DUTIES

1.01 Employment, Acceptance of Employment.

Employer hereby employs Employee and Employee hereby accepts employment by Employer subject to all the terms and conditions hereafter set forth.

1.02 Capacity.

Employee shall serve as Executive Vice President, Operations.

1.03 Duties.

During the term of this Agreement, Employee shall devote his full attention and his best efforts to the performance of the customary duties of Executive Vice President, Operations.

ARTICLE 2. TERM OF EMPLOYMENT; TERMINATION

2.01 Term.

Unless earlier terminated as hereafter provided, the term of this Agreement shall commence on the date first above written (the "Effective Date") and shall continue through August 31, 2001, and thereafter shall automatically renew and extend for successive one (1) year periods on each anniversary of the Effective Date.

2.02 Termination.

From and after the date hereof, Employer may terminate this Agreement and Employee's employment hereunder by giving written notice to Employee ("Termination Notice") specifying the intention to terminate this Agreement, and the effective date for such termination ("Termination Date").

2.03 Compensation on Termination.

In the event of any termination of this Agreement by Employer pursuant to section 2.02 for any reason other than Employee's willful misconduct, Employee shall be entitled to receive, and Employer shall be obligated to pay, all Base

Compensation (as defined in Section 3.01(a) at the annual rate which Employee is receiving on the date Termination notice is given, which would otherwise be paid to Employee hereunder, for a period of three (3) years following the Termination Date together with an amount equal to three (3) times the average annual bonus and incentive compensation received by Employee for the period beginning August 31, 1992 and ending upon the termination of this Agreement together with an amount equal to three (3) times any payment Employer

may have made for the previous year to Employee's 401-K Plan and Pension Plan on behalf of the Employee (the "Severance Compensation"). For purposes of calculation hereunder, the bonus and incentive compensation shall be the actual annual bonus and incentive compensation actually paid to Employee or the annual sum of $50,000 whichever is greater. Employer shall pay to Employee the Severance Compensation, at the sole discretion of the Employee, either in a lump sum or in the same manner and on the same dates as Employee would have received the Base Compensation had the termination of this Agreement not occurred. In the event of Employee's death after termination, but before he has received the entire Severance Compensation hereunder, Employer shall pay to Employee's estate or designated beneficiary in one lump sum the balance of the Severance Compensation which would have been due Employee had his death not occurred.

From and after the Termination Date, Employee shall be entitled to receive medical and insurance benefits previously received by him at the same level and cost to the Employee as of the Termination Date for a period of three (3) years after the Termination Date in addition to the Severance Compensation. Employer shall pay the premiums for Employee and his dependents' health coverage for the aforesaid three (3) years from the Termination Date under Employer's health plans which cover the Employer's senior executives or similar plans in the same proportion of Employer contributions to Employee contributions to said premiums as in existence on the Termination Date. Payments may, at the discretion of the Employer, be made by

continuing the Employee's participation in the Employer's plans as a retiree or by covering the Employee and his dependents under substitute arrangements.

2.04 Termination After Change of Control.

In the event of a Change in Control (as hereinafter defined) of Employer, Employer shall have the right to terminate this Agreement by giving written notice to Employee specifying the intention to terminate this Agreement and the effective date for such termination. Any termination pursuant to this Section 2.04 by the Employer shall be governed and controlled by Sections 2.02 and 2.03 hereof. Employee shall have the right to terminate his employment with Company or Successor following a Change of Control provided that he shall have remained in the employ of Company or Successor for a period of one (1) year following

such Change of Control. Such right shall be exercisable by Employee only during the period of thirty (30) days immediately following the end of the one (1) year period immediately subsequent to a Change of Control. Notwithstanding anything herein to the contrary, Employee shall have the right to terminate this Agreement at any time in the event of a Change of Control if: (1) after such Change of Control, Employee's duties are diminished; or (2) any amounts due to Employee pursuant to Sections 3.01(a) and 3.02 or the rights granted to Employee pursuant to Sections 3.01(b) and 3.03 are diminished; or (3) the place of Employee's employment is relocated more than twenty (20) miles from its location as of the date of this Agreement or (4) the failure of any Successor (as hereinafter defined) or of any person, entity or group of persons or entities acting in concert acquiring thirty percent (30%) or more of the

outstanding common stock of Employer to assume in a writing delivered to Employee the obligations of Employer under this Agreement (each of the events described in subparagraphs 1, 2, 3 and 4 of this Section 2.04 shall hereinafter be referred to as Good Reason). For purposes of this Article 2, "Change of Control" shall mean either (i) a merger or consolidation of Employer into another corporation or a merger of another corporation with or into the Employer; or (ii) a sale by Employer of substantially all of its assets, which, in the case of either (i) or (ii) above, results in the shareholders of Employer (as they existed immediately prior to the effectiveness of the merger, consolidation or sale) owning less than seventy percent (70%) of the surviving entity or new corporation or entity that has acquired substantially all of the Employer's assets after the effectiveness thereof; or (iii) a reorganization of Employer which results in either Employer becoming a subsidiary of another corporation or Employer not being the surviving entity (other than a merger or consolidation (a) with a wholly-owned subsidiary of the Employer; (b) to effect a change in domicile; or (c) of the Employer into another corporation that does not result in the shareholders of Employer, as they existed immediately prior to the effectiveness of such merger or consolidation, owning less than seventy percent (70%) of the surviving corporation); (iv) the acquisition by any person, entity or group of persons or entities acting in concert, of thirty percent (30%) or more of Employer's then issued and outstanding voting securities, whether acquired in one transaction or a series of transactions; or (v) the individuals who (x) as of the effective date of this Agreement constitute the Board of Directors (the "Original Directors"), (y)

thereafter are elected to the Board of Directors and whose election or nomination for election to the Board of Directors was approved by a vote of at least 2/3 of the Original Directors then still in office (such Directors being called "Additional Original Directors"), or (z) are elected to the Board of Directors and whose election or nomination for election to the Board of Directors was approved by a vote of at least 2/3 of the Original Directors and Additional Original Directors then still in office, cease for any reason to constitute a majority of the members of the Board of Directors.

2.05 Compensation on Termination After Change of Control.

In the event of any termination of this Agreement by Employee pursuant to Section 2.04 hereof, Employee shall be entitled to receive, and Employer shall be obligated to pay Employee's Severance Compensation (as defined in Section 2.03) payable in accordance with said Section 2.03.

ARTICLE 3. COMPENSATION

3.01(a) Compensation.

During the term of this Agreement or any extension thereof, and after termination of this Agreement as provided in Section 2.03, as compensation for services to the Employer pursuant to this Agreement, the Employer shall pay to Employee a minimum base salary of Two Hundred Forty Thousand Dollars ($240,000) per year and the Board of Directors of Employer may, in its sole discretion from time to time, increase said base salary to be paid to Employee as provided in this Article 3 (the "Base Compensation"), or

provide additional compensation to Employee, including but not limited to incentive compensation based upon the earnings or performance of Employer or otherwise, in order to recognize and fairly compensate Employee for the value of his services to Employer.

In addition, Employee shall be entitled to receive all vacation and other fringe benefits provided by Employer to its employees and officers, including insurance benefits, which may be established by the Board of Directors of Employer from time to time. In addition, Employer may provide such other additional or incentive compensation, benefits or perquisites as its Board of Directors may from time to time authorize.

3.01(b) Incentive Compensation.

Employer may adopt and maintain a "Management Incentive Compensation Plan." Should such a plan be adopted by Employer, at all times during the term of this Agreement, Employee shall be designated by Employer as a participant in such plan. In the event that, at any time during the term of this Agreement, Employer shall rescind, discontinue, amend or revise such plan, then Employer shall include Employee in any revised or amended Incentive Plan or substituted plan and Employee shall be entitled to receive incentive compensation comparable to that offered to other members of Employer's senior level management thereunder.

3.02 Disability Payments.

Employer shall pay to Employee all Severance Compensation as prescribed in Section 2.03 of this Agreement in the event that the Employee shall become disabled due to injury or sickness. The term "disability" as used in this Section 3.02 means the

inability, because of injury or sickness, to perform the substantial and material duties of the Employee's regular occupation, while under the regular care of a licensed physician, and while not gainfully employed in any occupation reasonably consistent with the Employee's education, training and experience.

3.03 Stock Option Plans.

If during the term of this Agreement, Employee's employment is terminated and such election by Employee is permitted under any stock option plan(s) or pursuant to any determination made prior or subsequent to the execution of this Agreement by the Employer's Board of Directors or the committee thereof administering any such plan applicable to Employee, Employee, or his personal representatives or heirs, shall have the right during a period of one (1) year following the Termination Date to exercise all options previously granted to Employee under all Stock Option Plans adopted and maintained by Employer as to all or any part of the shares covered thereby, including shares as to which such options would not otherwise then be exercisable.

ARTICLE 4 CERTAIN COVENANTS

4.01 Non-Competition.

During the term of employment hereunder and, in the event of termination of this Agreement for any reason other than (a) by Employer for Employee's willful misconduct or (b) by Employee for other than Good Reason, for two years thereafter, Employee shall not accept employment with any employer in direct competition with, nor engage in any

activities in direct competition with, the business of the Employer. In addition, this Section 4.01 shall not prevent Employee from acquiring, as a passive investor, up to 5% of the equity of a competing enterprise or from serving as a non-executive director of any company.

ARTICLE 5. MISCELLANEOUS

5.01 Assignment.

This Agreement shall not be assignable by Employee and shall be assignable and required to be assigned, by Employer, only to a person, firm or corporation which may become a successor in interest (whether direct or indirect, by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of Employer) to Employer ("Successor") and this Agreement shall be fully binding upon, and the assumed obligation of, such Successor.

5.02 Employee's Attorney Fees.

In the event that Employee is required to institute legal proceedings against Employer to enforce this Agreement or any term or provision thereof ("Employee's Suit") and the Employee's suit results in a judgment in whole or in part in favor of Employee against Employer, then Employer hereby agrees that Employer shall pay, either directly or by reimbursement to Employee, all legal fees and costs incurred by Employee in the prosecution of Employee's suit.

5.03 Entire Agreement.

This writing represents the entire understanding of the parties and supersedes any and all other understandings between the parties regarding the subject matter hereof whether oral or written. This Agreement may not be altered nor amended in any way except by an agreement in writing signed by both Employer and Employee.

5.04 Binding Effect.

Subject to Section 5.01, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns, heirs, executors and administrators. Any paragraph, sentence, phrase or other provision of this Agreement which is or becomes in conflict with any applicable statute, rule or other law shall be deemed, if possible, to be modified or altered to conform thereto or, if not possible, to be omitted herefrom. If any provision of this Agreement shall be or become illegal or unenforceable in whole or in part for any reason whatsoever, the remaining provisions shall nevertheless be deemed valid, binding and subsisting.

5.05 Governing Law.

This Agreement has been negotiated and executed within the State of New Jersey, and the validity, interpretation and enforcement of this Agreement shall

be governed by the laws of the State of New Jersey.

5.06 Headings.

The headings of Sections in this Agreement are for convenience only and form no part of this Agreement and shall not affect its interpretation.

5.07 Notice.

Notices authorized or required to be sent pursuant to this Agreement shall be in writing and sent postage prepaid, by United States Certified or Registered Mail, return receipt requested, directed to the other party at its address as may be designated by notice from time to time. Notice shall be deemed given on the date the envelope in which such notice is enclosed, as provided above, is deposited for mailing in a United Sates mailbox or post office.

5.08 Payment of Taxes.

(a) Special Reimbursement. In the event that Employee becomes entitled to the Severance Compensation Payments; if any payment or benefit paid or payable, or received or to be received, by or on behalf of the Employee in connection with a Change in Control or the termination of Employee's employment, whether any such payments or benefits are pursuant to the terms of this Agreement or any other plan, arrangement or agreement with the Company, any of its subsidiaries, any Person, or otherwise (the "Total Payments"), will or would be subject to the excise tax imposed under section 4999 of the Code (the "Excise Tax"), the Company shall pay to the Employee an additional amount (the "Gross-Up Payment") which amount shall be equal to the sum of (a) the amount of such Excise Tax imposed (determined without regard to the Gross-Up Payment), and (b) the product of (i) such Excise Tax (determined without regard to the Gross-Up Payment), and (ii) the rate of Excise Tax imposed on "golden parachute" payments under Section 4999 of the Code.

(b) For purposes of determining whether any of the Total Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) the Total Payments shall be treated as "parachute payments" within the meaning of section 280G(b)(2) of the Code, and all "excess parachute payments" within the meaning of section 280G(b)(1) of the Code shall be treated as subject to the Excise Tax, unless in the opinion of tax counsel (delivered to Employee) selected by the Company and reasonably acceptable to Employee, such Total Payments (in whole or in part) (a) do not constitute parachute payments, including (without limitation) by reason of section 280G(b)(4)(A) of the Code, (b) such excess parachute payments (in whole or in part) represent reasonable compensation for

services actually rendered, within the meaning of section 280G(b)(4)(B) of the Code, or (c) are otherwise not subject to the Excise Tax, and (ii) the value of any non-cash benefits or any deferred payment or benefit shall be determined by the Company's independent auditors in accordance with the principles of sections 280G(d)(3) and (4) of the Code.

(c) In the event that the Excise Tax is subsequently determined to be less than the amount taken into account hereunder at the time of termination of Employee's employment, Employee shall repay to the Company, at the time that the amount of such reduction in Excise Tax is finally determined, the portion of the Gross-Up Payment attributable to such reduction plus interest on the amount of such repayment at the rate provided in section 1274(b)(2)(B) of the Code. In the event that the Excise Tax is determined to exceed the amount taken into account hereunder at the time of the termination of the Employee's employment (including by reason of any payment, the

existence or amount of which cannot be determined at the time of the Gross-Up Payment), the Company shall make an additional Gross-Up Payment in respect of such excess (plus any interest, penalties or additions payable by Employee with respect to such excess) at the time that the amount of such excess is finally determined. The Employee and the Company shall each reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of any such subsequent liability for Excise Tax with respect to the Severance Compensation.

5.09 Waiver of Breach.

The waiver of either party of a breach of any provision of this Agreement shall not operate nor be construed as a waiver of any subsequent breach thereof or of any other provision of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

ROBERTS PHARMACEUTICAL CORPORATION

By: /s/ John T. Spitznagel

John T. Spitznagel
President and CEO

By: /s/ Robert W. Loy

Robert W. Loy
Employee

EXHIBIT 10.24

EMPLOYMENT AGREEMENT

This Employment Agreement made as of the 24th day of August 1998

BY AND BETWEEN:

ROBERTS PHARMACEUTICAL CORPORATION, a New Jersey Corporation with offices located at Meridian Center II, 4 Industrial Way West, Eatontown, New Jersey (hereinafter referred to as "Employer")

AND

ANTHONY A. RASCIO, residing at 372 Daniele Drive, Ocean, New Jersey (hereinafter referred to as "Employee"):

W I T N E S S E T H:

WHEREAS, Employee has been employed as Vice President, Secretary and General Counsel by Employer and has made and is expected to continue to make material contributions to the growth and development of Employer; and

WHEREAS, Employer deems it to be in Employer's best interest to assure Employee continuous employment by Employer; and

WHEREAS, it is in the best interest of the Employer that Employee remain focused on the business of the Company in the event of a change of control of Employer; and

WHEREAS, Employer deems it to be in Employer's best interests to encourage Employee to remain employed by Employer during a period of uncertainty concerning ownership of Employer; and

WHEREAS, Employee is willing to continue, and is desirous of continuing, in the employment of Employer;

NOW THEREFORE, in consideration of the mutual agreements contained herein and intending to be legally bound, the parties hereto hereby agree as follows:

ARTICLE 1. CAPACITY AND DUTIES

1.01 Employment, Acceptance of Employment.

Employer hereby employs Employee and Employee hereby accepts employment by Employer subject to all the terms and conditions hereafter set forth.

1.02 Capacity.

Employee shall serve as Vice President, Secretary and General Counsel.

1.03 Duties.

During the term of this Agreement, Employee shall devote his full attention and his best efforts to the performance of the customary duties of Vice President, Secretary and General Counsel.

ARTICLE 2. TERM OF EMPLOYMENT; TERMINATION

2.01 Term.

Unless earlier terminated as hereafter provided, the term of this Agreement shall commence on the date first above written (the "Effective Date") and shall continue through August 31, 2001, and thereafter shall automatically renew and extend for successive one (1) year periods on each anniversary of the Effective Date.

2.02 Termination.

From and after the date hereof, Employer may terminate this Agreement and Employee's employment hereunder by giving written notice to Employee ("Termination Notice") specifying the intention to terminate this Agreement, and the effective date for such termination ("Termination Date").

2.03 Compensation on Termination.

In the event of any termination of this Agreement by Employer pursuant to section 2.02 for any reason other than Employee's willful misconduct, Employee shall be entitled to receive, and Employer shall be obligated to pay, all Base

Compensation (as defined in Section 3.01(a) at the annual rate which Employee is receiving on the date Termination notice is given, which would otherwise be paid to Employee hereunder, for a period of three (3) years following the Termination Date together with an amount equal to three (3) times the average annual bonus and incentive compensation received by Employee for the period beginning July 1, 1988 and ending upon the termination of this Agreement together with an amount equal to three (3) times any payment Employer may

have made for the previous year to Employee's 401-K Plan and Pension Plan on behalf of the Employee (the "Severance Compensation"). For purposes of calculation hereunder, the bonus and incentive compensation shall be the actual annual bonus and incentive compensation actually paid to Employee or the annual sum of $50,000 whichever is greater. Employer shall pay to Employee the Severance Compensation, at the sole discretion of the Employee, either in a lump sum or in the same manner and on the same dates as Employee would have received the Base Compensation had the termination of this Agreement not occurred. In the event of Employee's death after termination, but before he has received the entire Severance Compensation hereunder, Employer shall pay to Employee's estate or designated beneficiary in one lump sum the balance of the Severance Compensation which would have been due Employee had his death not occurred.

From and after the Termination Date, Employee shall be entitled to receive medical and insurance benefits previously received by him at the same level and cost to the Employee as of the Termination Date for a period of three (3) years after the Termination Date in addition to the Severance Compensation. Employer shall pay the premiums for Employee and his dependents' health coverage for the aforesaid three (3) years from the Termination Date under Employer's health plans which cover the Employer's senior executives or similar plans in the same proportion of Employer contributions to Employee contributions to said premiums as in existence on the Termination Date. Payments may, at the discretion of the Employer, be made by

continuing the Employee's participation in the Employer's plans as a retiree or by covering the Employee and his dependents under substitute arrangements.

2.04 Termination After Change of Control.

In the event of a Change in Control (as hereinafter defined) of Employer, Employer shall have the right to terminate this Agreement by giving written notice to Employee specifying the intention to terminate this Agreement and the effective date for such termination. Any termination pursuant to this Section 2.04 by the Employer shall be governed and controlled by Sections 2.02 and 2.03 hereof. Employee shall have the right to terminate his employment with Company or Successor following a Change of Control provided that he shall have remained in the employ of Company or Successor for a period of one (1) year following

such Change of Control. Such right shall be exercisable by Employee only during the period of thirty (30) days immediately following the end of the one (1) year period immediately subsequent to a Change of Control. Notwithstanding anything herein to the contrary, Employee shall have the right to terminate this Agreement at any time in the event of a Change of Control if: (1) after such Change of Control, Employee's duties are diminished; or (2) any amounts due to Employee pursuant to Sections 3.01(a) and 3.02 or the rights granted to Employee pursuant to Sections 3.01(b) and 3.03 are diminished; or (3) the place of Employee's employment is relocated more than twenty (20) miles from its location as of the date of this Agreement or (4) the failure of any Successor (as hereinafter defined) or of any person, entity or group of persons or entities acting in concert acquiring thirty percent (30%) or more of the

outstanding common stock of Employer to assume in a writing delivered to Employee the obligations of Employer under this Agreement (each of the events described in subparagraphs 1, 2, 3 and 4 of this Section 2.04 shall hereinafter be referred to as Good Reason). For purposes of this Article 2, "Change of Control" shall mean either (i) a merger or consolidation of Employer into another corporation or a merger of another corporation with or into the Employer; or (ii) a sale by Employer of substantially all of its assets, which, in the case of either (i) or (ii) above, results in the shareholders of Employer (as they existed immediately prior to the effectiveness of the merger, consolidation or sale) owning less than seventy percent (70%) of the surviving entity or new corporation or entity that has acquired substantially all of the Employer's assets after the effectiveness thereof; or (iii) a reorganization of Employer which results in either Employer becoming a subsidiary of another corporation or Employer not being the surviving entity (other than a merger or consolidation (a) with a wholly-owned subsidiary of the Employer; (b) to effect a change in domicile; or (c) of the Employer into another corporation that does not result in the shareholders of Employer, as they existed immediately prior to the effectiveness of such merger or consolidation, owning less than seventy percent (70%) of the surviving corporation); (iv) the acquisition by any person, entity or group of persons or entities acting in concert, of thirty percent (30%) or more of Employer's then issued and outstanding voting securities, whether acquired in one transaction or a series of transactions; or (v) the individuals who (x) as of the effective date of this Agreement constitute the Board of Directors (the "Original Directors"), (y)

thereafter are elected to the Board of Directors and whose election or nomination for election to the Board of Directors was approved by a vote of at least 2/3 of the Original Directors then still in office (such Directors being called "Additional Original Directors"), or (z) are elected to the Board of Directors and whose election or nomination for election to the Board of Directors was approved by a vote of at least 2/3 of the Original Directors and Additional Original Directors then still in office, cease for any reason to constitute a majority of the members of the Board of Directors.

2.05 Compensation on Termination After Change of Control.

In the event of any termination of this Agreement by Employee pursuant to Section 2.04 hereof, Employee shall be entitled to receive, and Employer shall be obligated to pay Employee's Severance Compensation (as defined in Section 2.03) payable in accordance with said Section 2.03.

ARTICLE 3. COMPENSATION

3.01(a) Compensation.

During the term of this Agreement or any extension thereof, and after termination of this Agreement as provided in Section 2.03, as compensation for services to the Employer pursuant to this Agreement, the Employer shall pay to Employee a minimum base salary of One Hundred Sixty Thousand Dollars ($160,000) per year and the Board of Directors of Employer may, in its sole discretion from time to time, increase said base salary to be paid to Employee as provided in this Article 3 (the "Base Compensation"), or

provide additional compensation to Employee, including but not limited to incentive compensation based upon the earnings or performance of Employer or otherwise, in order to recognize and fairly compensate Employee for the value of his services to Employer.

In addition, Employee shall be entitled to receive all vacation and other fringe benefits provided by Employer to its employees and officers, including insurance benefits, which may be established by the Board of Directors of Employer from time to time. In addition, Employer may provide such other additional or incentive compensation, benefits or perquisites as its Board of Directors may from time to time authorize.

3.01(b) Incentive Compensation.

Employer may adopt and maintain a "Management Incentive Compensation Plan." Should such a plan be adopted by Employer, at all times during the term of this Agreement, Employee shall be designated by Employer as a participant in such plan. In the event that, at any time during the term of this Agreement, Employer shall rescind, discontinue, amend or revise such plan, then Employer shall include Employee in any revised or amended Incentive Plan or substituted plan and Employee shall be entitled to receive incentive compensation comparable to that offered to other members of Employer's senior level management thereunder.

3.02 Disability Payments.

Employer shall pay to Employee all Severance Compensation as prescribed in Section 2.03 of this Agreement in the event that the Employee shall become disabled due to injury or sickness. The term "disability" as used in this Section 3.02 means the

inability, because of injury or sickness, to perform the substantial and material duties of the Employee's regular occupation, while under the regular care of a licensed physician, and while not gainfully employed in any occupation reasonably consistent with the Employee's education, training and experience.

3.03 Stock Option Plans.

If during the term of this Agreement, Employee's employment is terminated and such election by Employee is permitted under any stock option plan(s) or pursuant to any determination made prior or subsequent to the execution of this Agreement by the Employer's Board of Directors or the committee thereof administering any such plan applicable to Employee, Employee, or his personal representatives or heirs, shall have the right during a period of one (1) year following the Termination Date to exercise all options previously granted to Employee under all Stock Option Plans adopted and maintained by Employer as to all or any part of the shares covered thereby, including shares as to which such options would not otherwise then be exercisable.

ARTICLE 4 CERTAIN COVENANTS

4.01 Non-Competition.

During the term of employment hereunder and, in the event of termination of this Agreement for any reason other than (a) by Employer for Employee's willful misconduct or (b) by Employee for other than Good Reason, for two years thereafter, Employee shall not accept employment with any employer in direct competition with, nor engage in any

activities in direct competition with, the business of the Employer. In addition, this Section 4.01 shall not prevent Employee from acquiring, as a passive investor, up to 5% of the equity of a competing enterprise or from serving as a non-executive director of any company.

ARTICLE 5. MISCELLANEOUS

5.01 Assignment.

This Agreement shall not be assignable by Employee and shall be assignable and required to be assigned, by Employer, only to a person, firm or corporation which may become a successor in interest (whether direct or indirect, by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of Employer) to Employer ("Successor") and this Agreement shall be fully binding upon, and the assumed obligation of, such Successor.

5.02 Employee's Attorney Fees.

In the event that Employee is required to institute legal proceedings against Employer to enforce this Agreement or any term or provision thereof ("Employee's Suit") and the Employee's suit results in a judgment in whole or in part in favor of Employee against Employer, then Employer hereby agrees that Employer shall pay, either directly or by reimbursement to Employee, all legal fees and costs incurred by Employee in the prosecution of Employee's suit.

5.03 Entire Agreement.

This writing represents the entire understanding of the parties and supersedes any and all other understandings between the parties regarding the subject matter hereof whether oral or written. This Agreement may not be altered nor amended in any way except by an agreement in writing signed by both Employer and Employee.

5.04 Binding Effect.

Subject to Section 5.01, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns, heirs, executors and administrators. Any paragraph, sentence, phrase or other provision of this Agreement which is or becomes in conflict with any applicable statute, rule or other law shall be deemed, if possible, to be modified or altered to conform thereto or, if not possible, to be omitted herefrom. If any provision of this Agreement shall be or become illegal or unenforceable in whole or in part for any reason whatsoever, the remaining provisions shall nevertheless be deemed valid, binding and subsisting.

5.05 Governing Law.

This Agreement has been negotiated and executed within the State of New Jersey, and the validity, interpretation and enforcement of this Agreement shall

be governed by the laws of the State of New Jersey.

5.06 Headings.

The headings of Sections in this Agreement are for convenience only and form no part of this Agreement and shall not affect its interpretation.

5.07 Notice.

Notices authorized or required to be sent pursuant to this Agreement shall be in writing and sent postage prepaid, by United States Certified or Registered Mail, return receipt requested, directed to the other party at its address as may be designated by notice from time to time. Notice shall be deemed given on the date the envelope in which such notice is enclosed, as provided above, is deposited for mailing in a United Sates mailbox or post office.

5.08 Payment of Taxes.

(a) Special Reimbursement. In the event that Employee becomes entitled to the Severance Compensation Payments; if any payment or benefit paid or payable, or received or to be received, by or on behalf of the Employee in connection with a Change in Control or the termination of Employee's employment, whether any such payments or benefits are pursuant to the terms of this Agreement or any other plan, arrangement or agreement with the Company, any of its subsidiaries, any Person, or otherwise (the "Total Payments"), will or would be subject to the excise tax imposed under section 4999 of the Code (the "Excise Tax"), the Company shall pay to the Employee an additional amount (the "Gross-Up Payment") which amount shall be equal to the sum of (a) the amount of such Excise Tax imposed (determined without regard to the Gross-Up Payment), and (b) the product of (i) such Excise Tax (determined without regard to the Gross-Up Payment), and (ii) the rate of Excise Tax imposed on "golden parachute" payments under Section 4999 of the Code.

(b) For purposes of determining whether any of the Total Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) the Total Payments shall be treated as "parachute payments" within the meaning of section 280G(b)(2) of the Code, and all "excess parachute payments" within the meaning of section 280G(b)(1) of the Code shall be treated as subject to the Excise Tax, unless in the opinion of tax counsel (delivered to Employee) selected by the Company and reasonably acceptable to Employee, such Total Payments (in whole or in part) (a) do not constitute parachute payments, including (without limitation) by reason of section 280G(b)(4)(A) of the Code, (b) such excess parachute payments (in whole or in part) represent reasonable compensation for

services actually rendered, within the meaning of section 280G(b)(4)(B) of the Code, or (c) are otherwise not subject to the Excise Tax, and (ii) the value of any non-cash benefits or any deferred payment or benefit shall be determined by the Company's independent auditors in accordance with the principles of sections 280G(d)(3) and (4) of the Code.

(c) In the event that the Excise Tax is subsequently determined to be less than the amount taken into account hereunder at the time of termination of Employee's employment, Employee shall repay to the Company, at the time that the amount of such reduction in Excise Tax is finally determined, the portion of the Gross-Up Payment attributable to such reduction plus interest on the amount of such repayment at the rate provided in section 1274(b)(2)(B) of the Code. In the event that the Excise Tax is determined to exceed the amount taken into account hereunder at the time of the termination of the Employee's employment (including by reason of any payment, the

existence or amount of which cannot be determined at the time of the Gross-Up Payment), the Company shall make an additional Gross-Up Payment in respect of such excess (plus any interest, penalties or additions payable by Employee with respect to such excess) at the time that the amount of such excess is finally determined. The Employee and the Company shall each reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of any such subsequent liability for Excise Tax with respect to the Severance Compensation.

5.09 Waiver of Breach.

The waiver of either party of a breach of any provision of this Agreement shall not operate nor be construed as a waiver of any subsequent breach thereof or of any other provision of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

ROBERTS PHARMACEUTICAL CORPORATION

By: /s/ John T. Spitznagel

John T. Spitznagel
President and CEO

By: /s/ Anthony A. Rascio

Anthony A. Rascio
Employee

EXHIBIT 10.86

ROBERTS PHARMACEUTICAL CORPORATION

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

EFFECTIVE JANUARY 1, 1998

Roberts Pharmaceutical Corporation
Supplemental Executive Retirement Plan

Preamble

This is the Roberts Pharmaceutical Corporation Supplemental Executive Retirement Plan (the "Plan"), which Roberts Pharmaceutical Corporation (the "Employer") has adopted effective January 1, 1998, for the benefit of its executives. The Plan has three purposes: (1) to provide the designated executives with a target level of retirement benefits to supplement retirement benefits available to them from other sources, including the qualified retirement plan(s) that are now or may in the future be maintained by the Employer; (2) to provide an incentive to the designated executives to perform at high levels; and (3) to encourage the designated executives to remain in the employ of the Employer.

TABLE OF CONTENTS

ARTICLE I. DEFINITIONS

When used herein, the following shall have the meanings below unless the context clearly indicates otherwise:

1.1 "Accrued Benefit" means the accrued benefit of a Participant at the first of any month expressed in terms of an annual single life annuity payable at or after his Normal Retirement Date, determined under Section 3.1 based upon the Participant's Years of Credited Service. This definition describes the benefit that a Participant has earned under this plan at any point in time.

1.2 "Actuarial Equivalent" means the equivalent actuarial value of an annual single life annuity, determined by the Administrator based upon the advice of the Plan's actuary. This definition allows a Participant's benefit to be converted from one form of payment to another or from one commencement date to another without changing the total value of the benefit.

1.3 "Administrator" means the committee appointed by Roberts Pharmaceutical Corporation to administer this Plan.

1.4 "Annual Incentive" means the annual cash award(s) that may be paid to the executive from the Management Incentive Compensation Plan or any successor or replacement plan plus any other bonus or incentive arrangement, but excluding any long term incentive arrangements or programs. For purposes of calculation hereunder, Annual Incentive shall be the amount of the annual cash award as aforesaid actually paid or the sum of $50,000 whichever is greater. For purposes of Plan Compensation, the Annual Incentive will be counted as Compensation for the last month of the calendar year for which it is earned.

1.5 "Annuity Starting Date" means the first day of the first month for which an amount is payable as an annuity or any other form of benefit payment.

1.6 "Base Salary" means a Participant's annual salary.

1.7 "Beneficiary" means the Participant's spouse or other person designated by the Participant. If the Participant has no spouse and makes no effective Beneficiary designation, then the Participant's Beneficiary shall be the Participant's estate.

1.8 "Board of Directors" or "Board" means the Board of Directors of the Employer.

1.9 "Cause" means that Participant has engaged in an act of willful misconduct during the course of his employment with the Employer in the

reasonable determination of the Board, including, but not limited to, having:

a) committed an intentional act of fraud, embezzlement, or theft in connection with Participant's duties or in the course of his employment with Employer;

b) caused intentional wrongful damage to property of Employer in the course of his employment with Employer; or

c) engaged in any gross misconduct in the course of his employment with Employer;

provided, that with respect to any of the acts described in the preceding subparagraphs (a) through (c), such act shall have been materially harmful to Employer. For purposes of this Plan, an act or omission on the part of the Participant shall be deemed "intentional" if it was not due primarily to an error in judgment or negligence and was done by Participant not in good faith and without reasonable belief that the act or omission was in the best interests of Employer.

1.10 "Change of Control" means any of the following events:

a) Any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, as amended, except that a person shall be deemed to have `beneficial ownership" of all securities that such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of 30% or more of the total voting power of the Employer's outstanding capital stock;

b) The individuals who (i) as of the effective date of this Plan constitute the Board of Directors (the "Original Directors"), (ii) thereafter are elected to the Board of Directors and whose election or nomination for election to the Board of Directors was approved by a vote of at least 2/3 of the Original Directors then still in office (such Directors being called "Additional Original Directors"), or (iii) are elected to the Board of Directors and whose election or nomination for election to the Board of Directors was approved by a vote of at least 2/3 of the Original Directors and Additional Original Directors then still in office, cease for any reason to constitute a majority of the members of the Board of Directors;

c) The Employer shall consummate a merger, consolidation,

recapitalization, or reorganization of the Employer, other than any such transaction which results in holders of outstanding voting securities of the Employer immediately prior to the transaction having beneficial ownership of at least 70% of the total voting power represented by the voting securities of the surviving entity outstanding immediately after such transaction, with the voting power of each such continuing holder relative to such other continuing holders being not altered substantially in the transaction; or

d) The Employer shall consummate a plan of complete liquidation of the Employer or an agreement for the sale, assignment, conveyance, transfer, lease or other disposition by the Employer of all or substantially all of its assets to

any person, or group of related persons, in one or a series of related transactions.

1.11 "Code" means the Internal Revenue Code of 1986, as amended.

1.12 "Compensation" means a Participant's Base Salary and Annual Incentive
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for services rendered to the Employer for the applicable period. Compensation shall include amounts that would be paid to the Participant during the Plan Year but for the Participant's election under a cash or deferred arrangement such as described in Section 401(k) of the Code or a cafeteria plan described in Section 125 of the Code. Except as expressly provided in the preceding sentence, Compensation shall not include Employer contributions to this or any other plan for the benefit of its employees.

1.13 "Effective Date" means January 1, 1998.

1.14 "Employer" means Roberts Pharmaceutical Corporation, any subsidiary
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and any successor organization.

1.15 "ERISA" means the Employee Retirement Income Security Act of 1974, as
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amended.

1.16 "Final Average Compensation" means the greater of (i) the
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Participant's highest average annual Compensation during any 36 consecutive months during the Participant's final 120 months of employment or (ii) the Participant's highest average annual Compensation for any three calendar years during the Participant's final 120 months of employment.

1.17 "Good Reason" means the occurrence of one or more of the following events following a Change of Control:

(a) Any reduction, without Participant's consent, in the authorities, powers, functions, responsibilities, titles or duties attached to Participant's position with the Employer;

(b) Any reduction in Participant's Base Salary from the level of Base Salary in effect prior to the occurrence of the Change of Control;

(c) Any change in the location of Participant's place of employment of more than twenty (20) miles from its location as of the date hereof.

1.18 "Normal Retirement Date" means the first day of the month coincident with or next following the date a Participant reaches age 60 and completes three Years of Credited Service.

1.19 "Participant" means an individual employed by the Employer who becomes a Participant as described in Article II.

1.20 "Plan" means the Roberts Pharmaceutical Corporation Supplemental Executive Retirement Plan set forth herein.

1.21 "Plan Year" means the calendar year.

1.22 "Savings Plan" means the Roberts Pharmaceutical Employees Savings and Protection Plan.

1.23 "Supplemental Retirement Benefit" means the benefits payable to the Participant in accordance with the provision of this Plan.

1.24 "Total and Permanent Disability" means the inability of the Participant, because of injury or sickness, to perform the substantial and material duties of the Participant's regular occupation, while under the regular care of a licensed physician, and while not gainfully employed in any occupation reasonably consistent with the Participant's education, training and experience, and where such inability is expected to continue indefinitely or for a period of not less than six months.

1.25 "Year of Credited Service" means each 12 consecutive month period

beginning on the Participant's employment commencement date and each anniversary thereof during which the Participant is employed by the Employer. However, for the Plan Year during which the Participant retires, the Participant will receive credit for 1/12th of a Year of Credited Service for each month of employment. For purposes of the occurrence of a Change in Control, a Participant's Years of Credited Service shall be deemed to be equal to the greater of (i), ten (10) and (ii), the Participant's Years of Credited Service prior to the Change of Control. In the event of termination by the Participant with Good Reason, a Participant's Years of Credited Service shall be deemed to be equal to the greater of (i) ten (10) and (ii) the Participant's actual Years of Credited Service.

ARTICLE II. PARTICIPATION

2.1 Participation Eligibility. An executive who is employed by the Employer shall become a Participant only upon designation by the Board. Participants as of the Effective Date are listed in Appendix A. A Participant shall remain a Participant until the Participant's employment with the Employer terminates and thereafter until the Participant has received all benefits to which he is entitled under the Plan.

ARTICLE III. RETIREMENT BENEFITS

3.1 Normal Retirement Benefit. Upon retirement after reaching his Normal Retirement Date, a Participant shall be entitled to an Accrued Benefit payable beginning on the first of the month coincident with or next following such date equal to:

3.1.1 65% of his Final Average Compensation, adjusted for less than 10 Years of Service as described below, and reduced by the sum of "A" plus "B", where:

"A" equals the Actuarial Equivalent of the Participant's account balance in the Savings Plan accumulated from Employer contributions, expressed in terms of an annual single life annuity; and

"B" equals 50% the Participant's annual Social Security or foreign equivalent benefit payable at the Participant's actual retirement date or, if the Participant's actual retirement date precedes the earliest retirement date for commencement of Social Security or foreign

equivalent benefits, the annual Social Security or foreign equivalent benefit payable at the earliest retirement date for commencement of Social Security or foreign equivalent benefits.

If the Participant has been credited with less than 10 Years of Credited Service when he retires, the amount calculated under this Section 3.1.1 shall be multiplied by a fraction, the numerator of which is the Participant's Years of Credited Service, and the denominator of which is 10.

Upon the occurrence of a Change of Control, the Participant shall be credited with 10 Years of Credited Service when he retires or his employment terminates for any reason.

3.2 Late Retirement Benefit. The late retirement benefit payable to a Participant who retires after his Normal Retirement Date shall equal his Accrued Benefit determined under Section 3.1, based upon his Final Average Compensation and Years of Credited Service determined at his actual retirement date.

3.3 Disability or Death Benefit. The benefit payable either to a Participant who incurs a Total and Permanent Disability or a Beneficiary of a Participant who dies shall be the Actuarial Equivalent of his Accrued Benefit based on his Years of Credited Service up to the date he terminates employment due to such disability or death, without regard to age at such termination of employment.

3.4 Deferred Vested Benefit. Except as specified in paragraph 4.2, "Vesting Based on Total and Permanent Disability or Death", paragraph 4.4, "Vesting Based on Occurrence of Certain Events" and paragraph 4.5, "Vesting Based on Involuntary Termination Without Cause", if a Participant terminates employment after completing three Years of Credited Service, but prior to his Normal Retirement Date, he shall not be entitled to any benefit without specific

Board approval. Upon the occurrence of a Change of Control, upon Plan Termination, or upon Board approval, each affected Participant shall be vested in and entitled to his Accrued Benefit, determined at the earlier of his termination of employment or Plan Termination, without regard to his age at termination of employment, upon reaching age 50. Further, upon involuntary termination of a Participant without Cause, where such Participant has at least three Years of Credited Service, he shall be vested in and entitled to his Accrued Benefit, determined at his termination of employment, without regard to his age at termination of employment, upon reaching his Normal Retirement Date. Finally, upon termination by a Participant with Good Reason, he shall be vested in and entitled to his Accrued Benefit, determined at his termination of employment, without regard to his age at termination of employment, upon reaching his Normal Retirement Date.

ARTICLE IV. VESTING

4.1 Vesting Based on Age and Years of Credited Service. A Participant's interest in his Accrued Benefit shall become 100% vested upon the Participant's completion of three Years of Credited Service and attainment of age 60.

4.2 Vesting Based on Total and Permanent Disability or Death. A Participant's interest in his Accrued Benefit shall become 100% vested if, while employed by the Employer, he sustains a Total and Permanent Disability, regardless of his age at such Total and Permanent Disability. A Participant's interest in his Accrued Benefit shall become 100% vested if, while employed by the Employer, he dies, regardless of his age at death.

4.3 Forfeiture. Except as specified in paragraph 4.4, "Vesting Based on Occurrence of Certain Events" and paragraph 4.5, "Vesting Based on Involuntary Termination Without Cause", if a Participant's employment is terminated before the Participant (i) completes three Years of Credited Service and attains age 60, (ii) dies, or (iii) sustains a Total and Permanent Disability, the Participant shall forfeit his Accrued Benefit.

4.4 Vesting Based on Occurrence of Certain Events. Upon the occurrence of a Change of Control, termination by a Participant with Good Reason or a Plan Termination, each affected Plan Participant will become immediately vested in his Accrued Benefit, regardless of his age or Years of Credited Service.

4.5 Vesting Based on Involuntary Termination Without Cause. Upon the occurrence of an involuntary termination of a Participant without Cause, such Plan Participant, if he has completed at least three Years of Credited Service, will become immediately vested in his Accrued Benefit, regardless of his age. For purposes of this Plan, involuntary termination of a Participant without Cause shall include, but shall not be limited to, (i) any reduction, without Participant's consent, in the authorities, powers, functions, responsibilities, titles or duties attached to Participant's position with the Employer; (ii) any reduction in Participant's Base Salary from the level of Base Salary in effect prior to such reduction; (iii) any change in the location of Participant's place of employment of more than twenty (20) miles from its location as of the date hereof; and (iv) the failure of any successor in interest (whether direct or indirect by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of Employer) to Employer or any person acquiring thirty percent (30%) or more of the outstanding common stock of Employer to assume in a writing delivered to Participant the obligations of Employer pursuant to this Plan.

ARTICLE V. PAYMENT OF BENEFITS

5.1 Payment of Benefits upon Normal Retirement. Upon retirement on or after the Participant reaches his Normal Retirement Date, a Participant shall be entitled to receive a Supplemental Retirement Benefit equal to the Actuarial Equivalent of his Accrued Benefit, determined as of his retirement date. Such benefit shall be paid or shall begin to be paid as soon as administratively practicable following the Participant's termination of employment.

5.2 Election of Benefit Form. Before the end of the Participant's taxable year prior to the Participant's anticipated Annuity Starting Date, but not later than six months before the anticipated Annuity Starting Date, a Participant shall select a form of payment for his Supplemental Retirement Benefit. He shall be entitled to have the Actuarial Equivalent of his Supplemental Retirement Benefit payable in any annuity form of benefit or a cash lump sum. The payment of this lump sum may also be deferred for payment at a later date. Any election shall be in writing and made on the form prescribed by the Administrator. Payment shall be made in accordance with the Participant's election.

5.3 Death Benefits. As soon as administratively practicable following a Participant's death before his Annuity Starting Date, the Participant's Beneficiary shall be paid at such Beneficiary's option, a monthly benefit for life or a cash lump sum, equal to the Actuarial Equivalent of the Participant's Accrued Benefit. If the Participant dies after his Annuity Starting Date, a death benefit shall be payable to his Beneficiary in accordance with the form of benefit elected by the Participant effective as of his Annuity Starting Date. Alternatively, at the sole discretion of the Beneficiary, the Participant's Beneficiary may be paid in a single lump sum.

5.4 Disability Benefit. As soon as administratively practicable following the Administrator's determination that a Participant has suffered a Total and Permanent Disability, the Participant shall be paid at Participant's option a monthly benefit for life or a cash lump sum in an amount equal to the Actuarial Equivalent of his Accrued Benefit.

5.5 Vested Terminated Participants. With the exceptions of Board approval, the occurrence of a Change of Control, Plan Termination, termination by a Participant with Good Reason or involuntary termination without Cause, a Participant who terminates employment with the Employer before his Normal Retirement Date shall forfeit his Accrued Benefit. In the case of (i) a Change of Control, (ii) a Plan Termination or (iii) termination by a Participant with Good Reason, each affected Participant shall be entitled to receive a Supplemental Retirement Benefit equal to the Actuarial Equivalent of his Accrued Benefit, determined as of the earlier of his termination of employment or Plan

Termination, as applicable. In the case of a Participant who has at least 3 Years of Credited Service at his termination of employment and one of the following events has occurred: (i) Board Approval, or (ii) involuntary termination without Cause, each affected Participant shall be entitled to receive a Supplemental Retirement Benefit equal to the Actuarial Equivalent of his Accrued Benefit, determined as of his termination of

employment. Such benefit shall be paid or shall begin to be paid beginning on the date the Participant reaches age 60.

ARTICLE VI. ADMINISTRATION

6.1 Administration. The Administrator shall have the authority to interpret the Plan and to determine the amount and time of payment of benefits and other issues arising in the administration of the Plan consistent with the terms of the Plan. Any construction or interpretation of the Plan and any determination of fact in administering the Plan made in good faith by the Administrator shall be final and conclusive for all Plan purposes.

6.2 Claims Procedure.

6.2.1 Initial Determination. Upon presentation to the Administrator of a claim for benefits under the Plan, the Administrator shall make a determination of the validity thereof. If the determination is adverse to the claimant, the Administrator shall furnish to the claimant within 90 days after the receipt of the claim a written notice setting forth the following:

a) the specific reason or reasons for the denial;

b) specific references to pertinent provisions of the Plan on which the denial is based;

c) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and

d) appropriate information as to the steps to be taken if the claimant wishes to submit his or her claim for review.

6.2.2 Appeal Procedure. In the event of a denial of a claim, the claimant or his or her duly authorized representative may appeal such denial to the Administrator for a full and fair review of the adverse determination. The claimant's request for review must be in writing and made to the Administrator within 60 days after receipt by claimant of the written notification described in Section 6.2.1; provided, however, that such 60-day period shall be extended if circumstances so warrant. The claimant or his or her duly authorized representative may submit issues and comments in writing which shall be given full consideration by the Administrator in its review. The Administrator may, in its sole discretion, conduct a hearing. A request for a hearing made by the claimant will be given full consideration. At such hearing, the claimant shall be entitled to appear and present evidence and be represented by counsel.

6.2.3 Decision on Appeal. A decision on a request for review shall be made by the Administrator not later than 60 days after receipt of the request; provided, however, in the event of a hearing or other special circumstances, such decision shall be made not later than 120 days after receipt of such request. If it is necessary to extend the period of time for making a decision beyond 60 days after the receipt of the request, the claimant shall be notified in writing of the extension of time prior to the beginning of such extension. The Administrator's decision

on review shall state in writing the specific reasons and references to the Plan provisions on which it is based. Such decision shall be promptly provided to the claimant.

6.3 Legal Fees. In the event that a Participant's denial of a claim for benefits leads to the Participant seeking legal remedies, and such legal remedies result in a reward of the denied claim in whole or in part, the Employer shall promptly reimburse the Participant for all reasonable legal fees and related expenses.

ARTICLE VII. MISCELLANEOUS

7.1 No Effect on Employment Rights. Nothing contained herein will confer upon any Participant the right to be retained in the service of the Employer nor limit the right of the Employer to discharge or otherwise deal with any Participant without regard to the existence of the Plan.

7.2 Funding. The Employer shall establish a grantor trust for the purpose of

funding Supplemental Retirement Benefits. The Employer may make contributions to the trust from time to time. At a minimum, the Employer shall make annual contributions to the trust equal to the amount expensed by the Employer for accounting purposes for the Plan, adjusted for earnings in the trust, as determined by the Plan's actuarial consultants. Upon the occurrence of a Change of Control or Plan Termination, the Employer will immediately accelerate the funding such that the trust assets will be sufficient to pay all Accrued Benefits as of the Change of Control or Plan Termination. The trust shall conform to the terms of the model trust provided by the Internal Revenue Service as described in Revenue Procedure 92-64. Notwithstanding the establishment of such trust, it is the intention of the Employer and the Participants that the Plan shall be unfunded for tax purposes and for purposes of Title I of ERISA. The Plan constitutes a promise by the Employer to pay benefits in the future. To the extent that any Participant or any other person acquires a right to receive benefits under this Plan, such right shall be no greater than the right of any unsecured general creditor of the Employer.

7.3 Spendthrift Provisions. No benefit payable under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge prior to actual receipt thereof by the payee; and any attempt so to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge prior to such receipt shall be void; and the Employer shall not be liable in any manner for or subject to the debts, contracts, liabilities, engagements or torts of any person entitled to any benefit under the Plan.

7.4 Governing Law. The Plan is established under and will be construed according to the laws of the State of New Jersey, to the extent that such laws are not preempted by ERISA and valid regulations promulgated thereunder.

7.5 Incapacity of Recipient. In the event a Participant is declared incompetent and a conservator or other person legally charged with the care of the person or the estate of such Participant is appointed, any benefits under the Plan to which such Participant is entitled shall be paid to the conservator or other person legally charged with the care of such Participant. Except as provided in the preceding sentence, should the Administrator, in its discretion, determine that a Participant is unable to manage his or her personal affairs, the Administrator may make distributions to any person for the benefit of such Participant, provided the Administrator makes a reasonable good faith judgment that such person shall expend the funds so distributed for the benefit of such Participant.

7.6 Amendment or Termination. The Employer reserves the right to amend or terminate the Plan by or pursuant to action of the Board of Directors when, in the sole opinion of the Employer, an amendment or termination is advisable. Any

amendment or termination shall be made pursuant to a resolution of the Board of Directors and shall be effective as of the date of the resolution or as specified therein. No amendment or termination of the Plan shall adversely affect the rights of any Participant under the Plan.

7.7 Withholding. The Employer reserves the right, notwithstanding any other provision of the Plan, to withhold applicable federal, state and local taxes from payments under the Plan.

7.8 Construction. The masculine gender includes the feminine and the singular includes the plural, unless the context clearly indicates otherwise.

To record its adoption of the Plan, Roberts Pharmaceutical Corporation has caused its authorized officers to affix its corporate name and seal this 3rd day of June, 1998.

[CORPORATE SEAL] Roberts Pharmaceutical Corporation

APPENDIX A. PLAN PARTICIPANTS

<TABLE>
<CAPTION>

Participant	Date of Hire	Date of Participation
<S>	<C>	<C>
Louis Berardi	11/3/97	1/1/98
Robert Loy	8/31/92	1/1/98
John Morris	3/13/89	1/1/98
Anthony Rascio	1/19/87	1/1/98
Peter Rogalin	2/5/96	1/1/98
John Spitznagel	3/4/96	1/1/98
David Tierney	4/8/97	1/1/98
Robert Vukovich	1/1/83	1/1/98

</TABLE>

EXHIBIT 10.87

MANUFACTURING SUPPLY AGREEMENT

This MANUFACTURING SUPPLY AGREEMENT (the "Agreement") is entered into as of March 24, 1998, by and between Hydro Med Sciences ("Hydro Med"), a division of GP Strategies Corp., a Delaware corporation, and Roberts Laboratories Inc., a New Jersey corporation ("Roberts").

RECITALS

WHEREAS, Hydro Med has developed a sealed, hollow cartridge containing the luteinizing hormone releasing hormone (LHRH), histrelin, for the subcutaneous release of said hormone, which may be useful in the treatment of human prostatic carcinoma and other indications (the "Product") and Roberts has agreed to license from Hydro Med certain rights of Hydro Med to the Product and to pursue development and commercialization of the Product pursuant to the terms of a License Agreement, dated as of the date hereof (the "License Agreement"), between Hydro Med and Roberts; and

WHEREAS, subject to the terms and conditions set forth in this Agreement, Roberts wishes to have Hydro Med manufacture the Product at its manufacturing facility in Cranbury, New Jersey and Hydro Med has agreed to manufacture such Product for Roberts at such facility.

NOW, THEREFORE, the parties hereto, intending to be legally bound, hereby agree as follows:

SECTION 1
DEFINITIONS

For purposes of this Agreement, the following terms shall have the meanings set forth below:

"AFFILIATES" shall mean, with respect to any Person, any Person directly or indirectly controlling, controlled by, or under common control with, such other Person. For purposes hereof, the term "controlled" (including the terms "controlled by" and "under common control with"), as used with respect to any Person, shall mean the direct or indirect ability or power to direct or cause the direction of management policies of such Person, whether through the ownership of voting securities or otherwise.

"AGREEMENT" shall mean this Manufacturing Supply Agreement, as the same may hereafter be amended, modified or restated, including all of the exhibits annexed hereto.

"ANNUAL FORECAST" shall have the meaning ascribed to such term in Section 2.2 hereof.

"APPLICABLE LAWS" shall mean all applicable United States federal, state and local laws, ordinances, rules and regulations of any kind whatsoever, including, without limitation, the United States Federal Food, Drug and Cosmetic Act.

"BUSINESS DAY" shall mean a day on which banks are open for the transaction of business required for this Agreement in the State of New Jersey.

"CAPITAL IMPROVEMENTS" shall mean items of any nature incorporated into the Plant which are not expensed but rather are capitalized in accordance with Hydro Med's policies.

"DEFECT" shall mean one or more defects or characteristics in any Product which causes the Product to fail to conform to the Specifications.

"DEFECTIVE PRODUCT" shall mean a Product containing one or more Defects which causes the Product to fail to conform to the labeled indications for its use which have been established by the FDA.

"DISPUTED PRODUCT" shall have the meaning ascribed to such term in Section 4.3(b) hereof.

"DISPUTED ROBERTS MATERIALS" shall have the meaning ascribed to such term in Section 5.4 hereof.

"FDA" shall mean the United States Food and Drug Administration.

"FORCE MAJEURE CONDITIONS" shall have the meaning ascribed to such term in Section 9.13 hereof.

"HYDRO MED GROUP" shall have the meaning ascribed to such term in Section 5.5 hereof.

"HYDRO MED PRODUCT DEFECT" shall mean any Defect in any Product which is attributable to Hydro Med, rather than to Roberts, including, without limitation, in the design, workmanship, in the manufacture of, in the Materials (other than in the Roberts Materials) comprising, or in the packaging of, any Product, and which causes the Product to be a Defective Product.

"LICENSING AGREEMENT" shall have the meaning ascribed to such term in the Recitals set forth above.

"MATERIALS" shall mean all materials, goods and ingredients (including, without limitation, the Roberts Materials) necessary for the manufacture, production, labeling, packaging and storage of the Product.

"MINIMUM ANNUAL UNIT AMOUNTS" shall have the meaning ascribed to such term in Section 2.3 hereof.

"PERSON" shall mean a natural person, a corporation, a partnership, a trust, a joint venture, a limited liability company, any governmental authority or any other entity or organization.

"PLANT" shall mean Hydro Med's manufacturing facility at 8 Cedar Brook Drive, Cranbury, New Jersey 08512 or any other manufacturing premises where Hydro Med moves its operations in accordance with the terms of this Agreement.

"PRODUCT" shall have the meaning ascribed to such term in the Recitals set forth above.

"PURCHASE ORDER" shall mean a purchase order from Roberts to Hydro Med for the Products which is issued in accordance with the provisions of Section 2.2 of this Agreement.

"ROBERTS GROUP" shall have the meaning ascribed to such term in Section 5.6 hereof.

"ROBERTS MATERIALS" shall mean the luteinizing hormone releasing hormone

(LHRH) histrelin and all other materials, goods and ingredients supplied by Roberts to Hydro Med in connection with the manufacturing, production and processing of the Product at the Plant pursuant to the terms hereof.

"ROBERTS PRODUCT DEFECT" shall mean any Defect in any Product which is attributable to Roberts, rather than to Hydro Med, including, without limitation, in the design, workmanship, in the manufacture of, in the Roberts Materials comprising, or in the labeling or packaging of, any Product, and which causes the Product to be a Defective Product.

"SPECIFICATIONS" shall mean the specifications for the Product which are established by Hydro Med and are approved by the FDA.

"TECHNICAL AGREEMENT" shall mean the Technical Agreement, substantially in the form attached hereto as Exhibit A, to be entered into between Roberts and Hydro Med on the date hereof, as the same may hereafter be amended, modified or restated.

"TOTAL COST PER UNIT" shall mean the aggregate amount of all direct and indirect costs, fees and expenses incurred by Hydro Med in order to manufacture and produce each unit of the Product at the Plant.

SECTION 2
MANUFACTURING, PRICING, AND PAYMENT

2.1. MANUFACTURING. (a) During the term of this Agreement, Hydro Med will manufacture, package, produce and provide to Roberts, Roberts' total requirements of Product on an exclusive basis. Subject to the provisions of Section 2.2(e) hereof, Roberts shall not permit any party other than Hydro Med to manufacture and produce the Product. Such manufacturing shall be performed to the best of Hydro Med's ability in accordance with the terms hereof and in accordance in all material respects with the terms and conditions described in the Technical Agreement attached hereto as Exhibit A.

(b) All Roberts Materials required in connection with the production and manufacture of the Product shall be supplied to Hydro Med by Roberts at Roberts' sole cost and expense and shall comply with the Specifications. Once the parties hereto have obtained all necessary approvals from the FDA to market and sell the Product in the United States, Roberts shall, during the term hereof, deliver to Hydro Med, on a semi-annual basis, a sufficient volume of Roberts Materials to enable Hydro Med following each such delivery to produce the Product at the Plant in an amount necessary to satisfy Roberts' then current volume requirements for the Product for at least a six (6) month period in accordance with the most recent Purchase Order furnished by Roberts to Hydro Med pursuant to Section 2.2 (c) hereof . Title to all Roberts Materials furnished by Roberts to Hydro Med shall remain in Roberts and the materials shall be segregated in Hydro Med's Plant and clearly and conspicuously labeled as Roberts' property until such time as such Roberts Materials are used in the production of the Product.

(c) Product produced hereunder shall be manufactured by Hydro Med in accordance with Applicable Laws (including current Good Manufacturing Practices (cGMP)) and Hydro Med's current production standards and practices at the Plant. Either party hereto may, from time to time, during the term of this Agreement, request the approval of the other party to a change in such standards or practices, which approval shall not be unreasonably withheld; provided that if any such requested change is not agreed to, the standards and practices in effect immediately prior to the time of such request shall remain valid and in effect. Any and all changes to such practices and standards shall be made only

pursuant to the written agreement of the parties hereto, or, if required in order for Hydro Med to remain in compliance with Applicable Laws following the date hereof, upon written notice from Hydro Med to Roberts, such notice to specify in reasonable detail the basis for such changes; provided that Hydro Med shall be entitled to increase its standards costs of production to the extent of any increase in production costs resulting from any change in production standards or practices pursuant to this Section 2.1(c) from those in effect on the date hereof. In the event that the production standards or practices of Hydro Med are changed pursuant

to the provisions of this Section 2.1(c), Hydro Med shall thereafter manufacture the Product hereunder in compliance with such changed production practices and standards.

(d) Nothing contained herein shall limit, restrict or prohibit Hydro Med during the term of this Agreement from soliciting for manufacture or manufacturing other products, goods and items in addition to the Products so long as Hydro Med is able to satisfy all of its manufacturing obligations to Roberts hereunder. In such case, Hydro Med agrees not to favor such other products, goods or items by manufacturing such products, goods or items at the Plant in a manner which has a material adverse effect on Hydro Med's ability to manufacture the Product at the Plant.

2.2. PRODUCTION REQUIREMENTS; PURCHASE ORDERS. (a) Once the parties hereto have obtained all necessary approvals from the FDA to market and sell the Product in the United States, Roberts shall, by September 1 of each year during the term hereof, provide Hydro Med with an annual written forecast (the "Annual Forecast") for the following calendar year describing in specific detail and on a quarterly basis its volume requirements for the Product during such year, which Annual Forecast shall be updated quarterly and shall include written notice of any significant changes in Roberts' volume requirements. It is understood and agreed, however, that within thirty (30) days of the date on which the parties hereto have obtained all necessary approvals from the FDA to market and sell the Product in the United States, Roberts shall provide Hydro Med with an Annual Forecast for the relevant calendar year in which all such approvals have been obtained, such Annual Forecast to describe in specific detail Roberts' volume requirements for the Product for the remainder of such calendar year. Any such Annual Forecast (and any quarterly update thereto) shall constitute the best estimate of Roberts as of the date of such Annual Forecast (or as of the date of any such quarterly update) of Roberts' then current volume requirements for the Products, but nothing contained in any such Annual Forecast (or in any quarterly update thereto) shall constitute a Purchase Order or an undertaking or obligation on the part of Roberts to purchase the quantities of Products set forth therein during the periods specified therein.

(b) On a regular and frequent basis, which may be quarterly, Hydro Med and Roberts (i) shall review the inventory of Product and anticipated sales of the Product; and (ii) agree upon a production schedule which will provide Roberts with sufficient amounts of Product to maintain appropriate customer service levels.

(c) During the term of this Agreement, Roberts shall on a quarterly basis provide Hydro Med with Purchase Orders for the Product with each such Purchase Order to specify Roberts' volume requirements for the Product for at least a six (6) month period and to be provided to Hydro Med at least one hundred eighty (180) days in advance of the date that any such Products must first be delivered by Hydro Med to Roberts. Each Purchase Order shall be governed by the terms of this Agreement and none of the terms or conditions of Roberts's Purchase Orders, Hydro Med's acknowledgment forms or any other forms shall be applicable, except those specifying quantity ordered, delivery

locations and delivery schedule and invoice information. Each Purchase Order

shall constitute a valid, binding and irrevocable obligation upon Roberts to accept the quantities of Products ordered therein if, and to the extent that, such Products do not contain any Hydro Med Product Defects. Roberts shall make reasonable efforts to order reasonable quantities of the Products per Purchase Order and to spread out the deliveries of the Products over the course of the year to the extent practicable. Hydro Med hereby covenants that it shall use reasonable efforts to ensure that all of the shipments of Products ordered by Roberts pursuant to a Purchase Order are shipped timely in accordance with the directions contained in such Purchase Order; provided, however, that nothing contained herein shall require Hydro Med, during any six (6) month period, to supply to Roberts more than 150% of the quantity of Products which Roberts anticipated ordering from Hydro Med during such six (6) month period pursuant to the most recent Annual Forecast which Roberts previously furnished to Hydro Med.

(d) In the event Hydro Med, within ninety (90) Business Days after its receipt of a Purchase Order, notifies Roberts of its inability to meet the requirements of such Purchase Order, including the specified delivery dates, the parties shall attempt to arrange a substitute delivery schedule by mutual agreement. Such notice shall include a statement of the reasons for Hydro Med's inability to produce such volume of the Product and the amount of Product affected.

(e) Except in the case of a force majeure condition (in which case the provisions of Section 9.13 hereof shall apply), in the event the parties are unable to agree on a substitute delivery schedule, Roberts shall have the right to have the Product manufactured by parties other than Hydro Med or to undertake such manufacture itself, but only if Product can be obtained more expeditiously from an alternative source and only in such amounts and for such periods necessary to make up the difference between the amounts required by Roberts hereunder and the amounts Hydro Med is capable of manufacturing at the Plant during such periods and only for such periods in which Hydro Med is unable to supply the Product to Roberts on a timely basis. In that event, Hydro Med agrees to provide Roberts or its designee with all technical assistance reasonably necessary for the manufacture of Product, so long as any such designee signs a confidentiality agreement in form and substance reasonably satisfactory to Hydro Med, whereby such designee agrees to be bound by all of the confidentiality obligations to which Roberts is subject in accordance with the provisions of Section 8.1 hereof.

2.3. MINIMUM UNITS. (a) Roberts and Hydro Med hereby agree that once the parties hereto have obtained all necessary approvals from the FDA to market and sell the Product in the United States, Roberts will be required to make minimum annual purchases of the Product in the following amounts (such amounts are the "Minimum Annual Unit Amounts"):

<TABLE>
<CAPTION>

Period of Time	Minimum Annual Unit Amount During Applicable Period
<S>	<C>
The first one-year period following the date of receipt by the parties hereto of all necessary FDA approvals	10,000
The second one-year period following the date of receipt by	

the parties hereto of all necessary FDA approvals	20,000
The third one-year period following the receipt by the parties hereto of all necessary FDA approvals	40,000
The fourth one-year period following the receipt by the parties hereto of all necessary FDA approvals and each one-year period thereafter during the term of this Agreement	60,000

(b) In the event of the failure of Roberts, other than for causes solely attributable to a Force Majeure Condition (as defined pursuant to Section 9.13 hereof), during any applicable one-year period described above, to order the applicable Minimum Annual Unit Amounts of the Products set forth above, Roberts and Hydro Med agree that Hydro Med will have the option, in its sole discretion, to either (i) immediately terminate this Agreement and the License Agreement or (ii) demand and receive liquidated damages from Roberts in an amount equal to the product of the Total Cost Per Unit times the aggregate number of units of the Product which Roberts failed to order from Hydro Med in accordance with the applicable Minimum Annual Unit Amount requirements set forth above.

2.4. REIMBURSEMENT OF EXPENSES.

(a) The parties hereto hereby agree that Hydro Med shall not receive any fees or other compensation or consideration from Roberts for the performance of the manufacturing services it is providing for Roberts pursuant to the terms of this Agreement. The parties hereto hereby acknowledge and agree, however, that Hydro Med will incur substantial ongoing operating costs, fees and expenses in order to manufacture the Product at the Plant. In order to reimburse Hydro Med for such costs, fees and expenses which have previously been or will be incurred by Hydro Med in connection with the commercial operation of the Plant and the manufacture of the Product at the Plant (including, without limitation, any costs and expenses related to product development, production scale-up, Capital Improvements, labor, overhead and regulatory compliance), Roberts hereby agrees to provide the following reimbursement payments to Hydro Med in the following manner:

(i) On the date of the signing of this Agreement	[]	$250,000
(ii) On the date which is six (6) months from the date of the signing of this Agreement	[]	$250,000

(iii) On the date which is twelve (12) months from the date of the signing of this Agreement	[]	$250,000
(iv) On the date which is eighteen (18) months from the date of the signing of this Agreement	[]	$250,000

(b) Roberts has also agreed during the term of this Agreement to, subject to the terms and conditions of this Section 2, reimburse Hydro Med for all direct and indirect costs, fees and expenses incurred by Hydro Med in connection with the production and manufacture of the Product at the Plant pursuant to the terms hereof. In connection therewith, the parties hereto hereby agree that for the purposes of this Agreement the Total Cost Per Unit shall be fixed at thirty-five dollars ($35.00) during the entire term of this Agreement .

2.5. INVOICES. Within thirty (30) days after the shipment of Product to Roberts pursuant to a Purchase Order, Hydro Med shall provide Roberts with an

invoice for the total number of units of the Product manufactured at the Plant and shipped to Roberts in accordance with such Purchase Order. Each such invoice shall include a computation of the Total Cost Per Unit multiplied by the total number of units of the Product covered by such invoice. All payments due and payable to Hydro Med by Roberts in accordance with any such invoice shall be provided by Roberts to Hydro Med within thirty (30) days of Roberts' receipt of such invoice.

2.6. TERMS OF PAYMENT. All payments to be made to Hydro Med in accordance with Sections 2.4 and 2.5 hereof shall be made by check or bank draft to the following address and shall indicate to which invoice(s) payment applies:

Hydro Med Sciences
8 Cedar Brook Drive
Cranbury, New Jersey 08512
Attention: Mr. Robert Feinberg
President and Chief Executive Officer

SECTION 3
OBLIGATIONS OF HYDRO MED

3.1. MANUFACTURING REQUIREMENTS (a) Hydro Med shall manufacture, package, label, test, prepare for shipment and ship Products to Roberts, or to locations designated in writing by Roberts, at and from Hydro Med's Plant at the times and in the quantities set forth by Roberts in the Purchase Orders.

3.2. QUALITY CONTROL AND ASSURANCE. (a) Hydro Med shall manufacture the Products in accordance with all Applicable Laws (including, without limitation, current Good Manufacturing Practices (cGMP)), its customary standards and practices at the Plant and in accordance with the Specifications for the Product.

(b) Personnel from Roberts shall, upon reasonable advance written notice to Hydro Med, have access to the Plant no more than once a month (except in the event that any Force Majeure Condition has occurred at the Plant, in which case Roberts and its representatives shall be entitled to have access to the Plant upon reasonable advance notice to Hydro Med) during normal business hours in order to observe and inspect the manufacturing, quality control and testing processes for, and the records of all production and quality assurance data related to, the Products.

3.3. RECORDS AND ACCOUNTING. Hydro Med shall, with respect to each lot of the Products produced by it hereunder, keep accurate records during the term of this Agreement of the manufacture and testing of the Products produced by it hereunder, including, without limitation, all such records which are required under Applicable Laws. Access to such records shall be made available by Hydro Med to representatives of Roberts up to four (4) times during any calendar year during normal business hours at the Plant upon Roberts's prior written request.

3.4. TECHNICAL AGREEMENT. The parties hereto shall on the date hereof enter into a Technical Agreement, substantially in the form attached hereto as Exhibit A and made a part hereof.

SECTION 4
LABELING AND TESTING PRODUCTS

4.1. LABELING AND PACKING. The Products shall be labeled, prepared and packed for shipment in full compliance with all Applicable Laws, the

Specifications and Hydro Med's customary practice.

4.2. LOT NUMBERING. Lot numbers shall be affixed on the containers for the Products and on each shipping carton in accordance with Applicable Laws, the Specifications and Hydro Med's customary practice.

4.3. TESTING AND REJECTION OF DELIVERED PRODUCTS. (a) Roberts shall be entitled, at its sole cost and expense, to test any and all Products delivered to it hereunder to determine whether any such Products are Defective Products. Such testing of the Products shall be conducted in accordance with procedures and requirements to be mutually agreed upon by Roberts and Hydro Med. Roberts shall notify Hydro Med in writing promptly, and in any event not later than thirty (30) days after its receipt thereof, if it rejects any Products delivered to it because Roberts believes that such Products are Defective Products. Products not rejected within such thirty (30) day period by Roberts shall be deemed accepted by Roberts. Hydro Med shall use reasonable efforts to

replace any Defective Products with Products which are not Defective Products within the shortest possible time and shall deliver such replacement Products to Roberts. In addition, Hydro Med shall arrange for all such Defective Products to be picked up promptly in accordance with all Applicable Laws.

(b) Notwithstanding subsection 4.3(a) above, if Roberts and Hydro Med disagree on whether any Products are Defective Products or on the methods for or results of testing of any of the Products, an independent laboratory which is acceptable to both parties shall be asked to test the Products in dispute ("Disputed Products"). To the extent such laboratory finds that the Disputed Products are not Defective Products or that the Disputed Products are Defective Products due to any Roberts Product Defects, Roberts shall promptly pay all of the fees, costs and expenses of such laboratory related to such testing and shall promptly pay for all of the Disputed Products. To the extent that such laboratory finds that the Disputed Products are Defective Products due to any Hydro Med Product Defects, Hydro Med shall promptly pay all of the costs, expenses and fees of such laboratory related to such testing and shall replace the Disputed Products in accordance with the preceding subsection 4.3(a). Both parties hereby agree to accept and be bound by the findings of such independent laboratory.

SECTION 5
DEFECTIVE PRODUCTS; INDEMNIFICATION

5.1. Roberts shall be solely responsible for the quality of all Roberts Materials provided to Hydro Med hereunder. Hydro Med shall be responsible for any loss or damage to the Roberts Materials which is solely attributable to the gross negligence or willful misconduct of Hydro Med.

5.2. In the event that any Roberts Materials provided by Roberts to Hydro Med pursuant hereto are deemed by Hydro Med to contain a Roberts Product Defect within forty-five (45) days of the date of delivery of such Roberts Materials to Hydro Med's Plant, after routine testing of such Roberts Materials by Hydro Med, Roberts shall, at its sole cost and expense, replace such Roberts Materials as soon as possible.

5.3. Any nondefective Roberts Materials used by Hydro Med in the manufacture, packaging and production of a Product which is deemed to be a Defective Product in accordance with Section 4.3 hereof due to a Hydro Med Product Defect shall be replaced by Roberts as soon as possible at the sole cost and expense of Hydro Med.

5.4. Notwithstanding anything herein to the contrary, if Roberts and Hydro Med disagree on whether any Roberts Materials contain any Roberts Product Defects or on the methods for or results of testing of any of the Roberts Materials, an independent laboratory which is acceptable to both parties shall be asked to test the Roberts Materials in dispute ("Disputed Roberts Materials"). To the extent such laboratory finds that the Disputed Roberts Materials do not contain any Roberts Products Defects, Hydro Med shall promptly pay all of the fees, costs and expenses of such

laboratory related to such testing. To the extent such laboratory finds that the Disputed Roberts Materials contain any Roberts Product Defects, Roberts shall promptly pay all of the fees, costs and expenses of such laboratory related to such testing and shall, at its sole cost and expense, promptly replace the Disputed Roberts Materials in accordance with this Agreement. Both parties hereby agree to accept and be bound by the findings of such independent laboratory.

5.5. Roberts agrees to indemnify and hold harmless Hydro Med and its employees, officers, directors, shareholders, representatives, agents and Affiliates (collectively, the "Hydro Med Group") from and against and in respect of any liabilities, fees, costs, obligations, damages, judgments, penalties, losses or expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred by any or all of the Hydro Med Group as a result of any demand, suit, action, proceeding or claim asserted or brought against the Roberts Group or the Hydro Med Group by any Person for any death, actual bodily injury or physical property damage arising out of or attributable to (i) any Roberts Product Defect (including, without limitation, any misleading or inaccurate label or instruction form or information affixed to or included with any Product), or (ii) any inaccurate, misleading, or false claim or representation relating to the Product made by Roberts or any of its employees, officers, directors, representatives or agents.

5.6. Hydro Med agrees to indemnify and hold harmless Roberts and its employees, officers, directors, shareholders, representatives, agents and Affiliates (collectively, the "Roberts Group") harmless from and against and in respect of any liabilities, fees, costs, losses, expenses (including, without limitation, reasonable attorneys' fees and expenses), obligations, damages, judgments and penalties incurred by any or all of the Roberts Group as a result of any demand, suit, action, proceeding or claim asserted or brought against the Hydro Med Group or the Roberts Group by any Person for any death, actual bodily injury or physical property damage arising out of or attributable to (i) any Hydro Med Product Defect or (ii) any inaccurate, misleading, or false claim or representation relating to the Product made by Hydro Med or any of its employees, officers, directors, representatives or agents.

5.7. The Hydro Med Group on the one hand, and the Roberts Group, on the other, shall each give prompt written notice to the other of any claim against the party giving notice which might give rise to a claim by it against the other party based upon any indemnity contained herein. The notice shall set forth in reasonable detail the nature and basis of the claim and the actual or estimated amount thereof. In the event any action, suit or proceeding is brought against the Hydro Med Group or the Roberts Group, or the Hydro Med Group or the Roberts Group is a party thereto, with respect to which the other party hereto may have liability under any indemnity contained herein, the indemnifying party shall have the right, at its sole cost and expense, to defend such action in the name and on behalf of the indemnified party and in connection with any such action, suit or proceeding the parties hereto agree to render to each other such assistance as may reasonably be required in order to ensure the proper and adequate defense of any such action, suit or proceeding. The indemnified party shall have the right to participate, at its own expense and with counsel of its

choosing, in the defense of any claim against which it is indemnified hereunder and it shall be kept fully informed with respect thereto. The party seeking indemnification hereunder shall not make any

settlement of any claim which might give rise to liability of the other party under any indemnity contained herein without the prior written consent of the other party, which consent shall not be unreasonably withheld.

SECTION 6
TERM OF AGREEMENT; TERMINATION

6.1 TERM OF AGREEMENT. Unless sooner terminated in accordance with this Section 6, this Agreement shall take effect and commence on the date hereof and shall continue in full force and effect until the date of termination of the License Agreement, at which time this Agreement shall terminate in accordance with the provisions of this Section 6.

6.2 TERMINATION FOR INSOLVENCY. If either Roberts or Hydro Med (or any Affiliate of Hydro Med to which this Agreement has been assigned in accordance with Section 9.1 hereof) (i) makes a general assignment for the benefit of its creditors or becomes insolvent; (ii) files an insolvency petition in bankruptcy; (iii) petitions for or acquiesces in the appointment of any receiver, trustee or similar official to liquidate or conserve its business or any substantial part of its assets; (iv) commences under the laws of any jurisdiction any proceeding involving its insolvency, bankruptcy, reorganization, adjustment of debt, dissolution, liquidation or any other similar proceeding for the release of financially distressed debtors; or (v) becomes a party to any proceeding or action of the type described in clauses (iii) or (iv) of this Section 6.2 and such proceeding or action remains undismissed or unstayed for a period of more than sixty (60) consecutive days, then the other party hereto may by written notice terminate this Agreement in its entirety with immediate effect.

6.3 TERMINATION FOR DEFAULT. Roberts and Hydro Med shall each have the right to terminate this Agreement if the other party hereto fails to comply in any material respect with any of the material terms and conditions of this Agreement. At least thirty (30) days prior to any such termination for default, the party seeking to so terminate shall give the other party hereto written notice of its intention to terminate this Agreement in accordance with the provisions of this Section 6.3, which notice shall set forth the default(s) which forms the basis for such termination in reasonable detail. If the defaulting party fails to correct such default(s) within thirty (30) days after the receipt of such notification, or if the same reasonably cannot be corrected or remedied within thirty (30) days, then the other party hereto may terminate this Agreement upon the expiration of any such thirty (30) day period. In addition, any default by a party under the Licensing Agreement shall be deemed to be a default by such party hereunder. Notwithstanding any provision to the contrary contained herein, in the event of a default by Roberts of its obligations set forth in Section 2.3 hereof, Hydro Med shall be entitled to immediately terminate this Agreement without providing thirty (30) days prior notice of such termination to Roberts.

6.4 CONTINUING OBLIGATIONS. Termination of this Agreement for any reason shall not relieve the parties of any obligation accruing prior thereto with respect to the Product and shall

be without prejudice to the rights and remedies of either party with respect to

any antecedent breach of the provisions of this Agreement. Without limiting the generality of the foregoing, no termination of this Agreement, whether by lapse of time or otherwise, shall serve to terminate the obligations of the parties hereto under Sections 2.3, 2.4, 2.5, 5, 8, 9.14, 9.15 or 9.17 hereof, and such obligations shall survive any such termination.

SECTION 7
COMPLIANCE WITH APPLICABLE LAWS

7.1 COMPLIANCE WITH APPLICABLE LAWS. (a) Hydro Med shall manufacture, store and load for shipment Product, maintain the Plant and dispose of waste and other by-products of manufacture at the Plant, and package the Product in conformity in all material respects with all Applicable Laws and the Specifications; provided, however, that Roberts shall be solely responsible for designing and maintaining labels that comply with all Applicable Laws.

(b) Hydro Med shall, within seventy-two (72) hours, notify Roberts of any inspection of the Plant by the FDA or any other federal, state or local governmental agency or authority and shall furnish Roberts with copies of all reports and analyses relating to such inspections where the inspections involve Product, its ingredients or the Plant used to manufacture Product; provided that any failure to so notify or furnish shall not constitute a breach or default of this Agreement. If such inspections are scheduled or conducted with advance notice, Hydro Med shall advise Roberts and Roberts shall have the option to be present at the Plant at the time of such inspection. Duplicate samples of Product given to government agents will be provided to Roberts, as will duplicates of photographs, if any, taken during the inspection.

SECTION 8
CONFIDENTIALITY

8.1 CONFIDENTIALITY. The parties hereto hereby acknowledge and agree that each party hereto possesses certain confidential and proprietary information, patent rights and trade secrets relating to, among other things, the Roberts Materials and the Product, in the case of Roberts, and the Product and Hydro Med's manufacturing processes, systems and techniques, in the case of Hydro Med, which the other party hereto will have access to by virtue of this Agreement. The parties hereto hereby agree to maintain said confidential and proprietary information, patent rights and trade secrets in the strictest confidence and not to disclose any such information to anyone, except to their respective consultants, representatives, directors, officers and employees on a "need to know" basis, and only after they have made them aware of all of the restrictions contained herein regarding the limitations imposed by this Section 8.1 and not to use any such confidential or proprietary information, patent rights or trade secrets for any purposes other than the discharge of their respective duties and obligations under this Agreement. This prohibition includes, but is not limited to, press releases, educational and scientific conferences, promotional materials, governmental filings, and discussions with lenders, investment bankers, potential investors, shareholders, public officials, and the media. The parties hereto also agree to cause their respective consultants, representatives, directors, officers and employees to execute, from time to time, such confidentiality agreements that the other party hereto shall reasonably require in respect of such confidential or proprietary information, patent rights and trade secrets. Notwithstanding any provision to the contrary contained herein, Hydro Med may provide a copy of this Agreement, and any information and records concerning any payments provided to it by Roberts pursuant to Section 2 hereof, to The Population Council, Inc. as may be required by Hydro Med's agreement with The Population Council, Inc.

SECTION 9

9.1 SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that Roberts may not assign any of its rights, duties or obligations hereunder to any party other than any Affiliate thereof, without the prior written consent of Hydro Med, which consent shall not be unreasonably withheld. In the event of any such assignment by Roberts to an Affiliate thereof, Roberts agrees to guarantee the due payment and performance of all of such Affiliate's obligations hereunder. Hydro Med may freely assign its rights, duties and obligations hereunder to any other Person; provided, however, that if Hydro Med assigns its rights, duties and obligations hereunder to an Affiliate thereof, it will guarantee the due payment and performance of all of such Affiliate's obligations hereunder.

9.2 NOTICES. All notices, claims or other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given if delivered by

hand, sent by facsimile transmission or mailed postage prepaid, by registered or certified mail, return receipt requested, or by reputable overnight delivery service as follows:

If to Hydro Med:

Hydro Med Sciences, a Division of GP Strategies Corp.
8 Cedar Brook Drive
Cranbury, NJ 08512
Telecopier No.: (609) 409-1650
Attention: Mr. Robert Feinberg
President and Chief Executive Officer

With a copy to:

GP Strategies Corp.
9 West 57th Street, 41st Floor
New York, NY 10019
Telecopier No.: (212) 230-9545
Attention: General Counsel

If to Roberts:

Roberts Pharmaceutical Corporation
4 Industrial Way West
Eatontown, New Jersey 07724
Telecopier No.: (732) 389-1014
Attention: Anthony A. Rascio
Vice President and General Counsel

Any party named in this Section 9.2 may change its address or telecopier number for the receipt of notices by sending a notice provided in accordance with this Section 9.2 to the other parties named in this Section 9.2. All notices and other communications hereunder shall be deemed to have been duly given when transmitted by telecopier, in each case addressed as aforesaid or personally delivered or, in the case of a mailed notice, when actually received by the intended recipient.

9.3 WAIVER; REMEDIES. No delay on the part of Hydro Med or Roberts in

exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of either Hydro Med or Roberts of any right, power or privilege hereunder operate as a waiver of any other right, power or privilege hereunder nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.

9.4 ENTIRE AGREEMENT. This Agreement, together with the Licensing Agreement, constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements or understandings between the parties relating thereto.

9.5 AMENDMENT. This Agreement may be modified or amended only by written agreement of the parties hereto.

9.6 COUNTERPARTS. This Agreement may be executed in any number of separate counterparts, each of which shall be deemed an original, but all of which taken together shall constitute a single instrument.

9.7 GOVERNING LAW; SUBMISSION TO JURISDICTION. This Agreement shall be governed and construed in accordance with the laws of the State of New York excluding any choice of law rules which may direct the application of the law of another state. The parties hereto hereby agree that any action, suit or proceeding initiated by either party hereto arising directly or indirectly out of the transactions contemplated hereby shall be heard or litigated in the Supreme Court of the State of New York, New York County or in the United States District Court for the Southern District of New York. The parties hereto hereby agree that final judgment in such suit, action or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by Applicable Laws.

9.8 CAPTIONS. All section titles or captions contained in this Agreement are for convenience only, shall not be deemed a part of this Agreement and shall not affect the meaning or interpretation of this Agreement.

9.9 NO THIRD PARTY RIGHTS. No provision of this Agreement shall be deemed or construed in any way to result in the creation of any rights or obligation in any Person not a party to this Agreement.

9.10 CONSTRUCTION. This Agreement shall be deemed to have been drafted by both Hydro Med and Roberts and shall not be construed against either party as the draftsperson hereof.

9.11 NO JOINT VENTURE. Nothing contained herein shall be deemed to create any joint venture or partnership between the parties hereto, and, except as is expressly set forth herein, neither party shall have any right by virtue of this Agreement to bind the other party in any manner whatsoever.

9.12 SEVERABILITY. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future laws effective while this Agreement remains in effect, the legality, validity and enforceability of the remaining provisions shall not be affected thereby.

9.13 FORCE MAJEURE. If either party is prevented from complying, either totally or in part, with any of the terms or provisions set forth herein with respect to the Product by reason of a

force majeure condition, including, by way of example and not of limitation, fire, flood, explosion, storm, strike, lockout or other labor dispute, riot, war, rebellion, accidents, acts of God, acts of governmental agencies or instrumentalities, failure of suppliers or any other cause or externally induced casualty beyond its reasonable control (any such event is a "Force Majeure Condition"), whether similar to the foregoing contingencies or not, said party shall provide written notice of same to the other party. Said notice shall describe any such Force Majeure Condition in reasonable detail and shall be provided within five (5) days of the occurrence of such event and shall identify the requirements of this Agreement or such of its obligations hereunder as may be adversely affected by such Force Majeure Condition, and to the extent so affected, said obligations shall be suspended during the period of such disability. The party prevented from performing hereunder as a result of any such Force Majeure Condition, shall use reasonable efforts to remove such condition, and shall continue performance whenever such Force Majeure Conditions are removed. The party so affected shall give to the other party a good faith estimate of the continuing effect of the Force Majeure Condition and nonperformance. If the period of any previous actual nonperformance by Hydro Med because of Hydro Med Force Majeure Conditions plus the anticipated future period of Hydro Med nonperformance because of any Force Majeure Conditions will exceed an aggregate of one hundred fifty (150) days within any twenty-four (24) month period, Roberts may terminate this Agreement by written notice to Hydro Med. If the period of any previous actual nonperformance of Roberts because of Roberts Force Majeure Conditions plus the anticipated future period of Roberts nonperformance because of any Force Majeure Conditions will exceed an aggregate of one hundred fifty (150) days within any twenty-four (24) month period, Hydro Med may terminate this Agreement by written notice to Roberts. When such circumstances as those contemplated herein arise, the parties shall discuss in good faith, what, if any, modification of the terms set forth herein may be required in order to arrive at an equitable solution.

9.14 REPRESENTATIONS. Each of the parties hereto hereby represents and warrants that it has the full corporate power and authority to execute, deliver and perform all of its obligations under this Agreement and that it is not a party to any other agreement, understanding or arrangement which conflicts with, violates or constitutes a breach of any of its duties and obligations under this Agreement. Roberts hereby represents and warrants that it is the sole owner of or is duly licensed to provide all of the Roberts Materials to Hydro Med in accordance with the terms hereof for use in the production and manufacture of the Product. Nothing contained in this Agreement is intended to limit, restrict, modify or otherwise affect any representation, warranty, obligation or covenant of Hydro Med or Roberts which is set forth in the Licensing Agreement and all of such representations, warranties, obligations and covenants are hereby incorporated herein by reference as if such representations, warranties, obligations and covenants had been expressly stated herein.

9.15 INSURANCE. Hydro Med shall, at its sole cost and expense, procure and maintain insurance coverage in the amount of at least $1,000,000 for fire, theft, fidelity and such other insurance which is reasonably necessary so as to protect the Product and perform its obligations hereunder. At its sole cost and expense, Hydro Med shall also obtain and maintain in full force and effect during the term of this Agreement insurance to cover its property and operations, and worker's compensation insurance in the amount required by law. Roberts shall, at its sole cost and expense, procure and maintain product liability insurance coverage in the amount of $5,000,000 in relation to the Product and shall name Hydro Med as an additional loss payee on any such insurance policies.

9.16 CHANGE OF PLANT. Hydro Med hereby agrees that it must provide at

least forty-five (45) days prior written notice to Roberts of any relocation of its Plant but in no event, however, shall Hydro Med relocate its Plant without the prior consent of any and all necessary governmental authorities.

9.17 GUARANTY. By its execution of this Agreement in the space provided for its signature below, Roberts Pharmaceutical Corporation, a New Jersey corporation, which owns all of the issued and outstanding shares of capital stock of Roberts, hereby guarantees Roberts' full and prompt payment and the performance of all of Roberts' obligations and liabilities under this Agreement and all of the agreements, instruments and documents executed by Roberts in connection herewith and hereby agrees to pay or perform all of such liabilities and obligations to the extent that Roberts fails to do so.

IN WITNESS WHEREOF, the parties hereto have executed this Manufacturing Supply Agreement as of the date first above written.

GP STRATEGIES CORP.

By: _____
Name:
Title:

ROBERTS LABORATORIES INC.

By: _____
Name:
Title:

ACCEPTED AND AGREED WITH
RESPECT TO SECTION 9.17 HEREOF ONLY:

ROBERTS PHARMACEUTICAL CORPORATION

By:_____
Name:
Title:

FIRST AMENDMENT TO MANUFACTURING SUPPLY AGREEMENT

FIRST AMENDMENT (the "Amendment"), dated as of September 25, 1998, to the Manufacturing Supply Agreement (the "Agreement"), dated as of March 24, 1998, by and among HYDRO MED SCIENCES ("Hydro Med"), a division of GP STRATEGIES CORP., a Delaware corporation, and ROBERTS LABORATORIES INC., a New Jersey corporation ("Roberts").

W I T N E S S E T H:

WHEREAS, Hydro Med has developed a sealed, hollow cartridge containing the luteinizing hormone releasing hormone (LHRH), histrelin, for the subcutaneous release of said hormone, which may be useful in the treatment of human prostatic carcinoma and other indications (the "Product") and Roberts has agreed to license from Hydro Med certain rights of Hydro Med to the Product and to pursue development and commercialization of the Product pursuant to the terms of a License Agreement, dated as of March 24, 1998 (the "License Agreement"), between

Hydro Med and Roberts;

WHEREAS, pursuant to the terms and conditions of the Agreement, Roberts and Hydro Med have agreed that Hydro Med shall manufacture the Product at its manufacturing facility in Cranbury, New Jersey (the "Plant") and that Roberts shall reimburse Hydro Med for all of the costs, fees and expenses incurred by Hydro Med in connection with the commercial operation of the Plant and the production of the Product at the Plant;

WHEREAS, in order to reimburse Hydro Med for such costs, fees and expenses, Roberts provided Hydro Med with a $250,000 payment following the execution and delivery of the Agreement and agreed to provide Hydro Med with three additional $250,000 payments to reimburse Hydro Med for all of the costs, fees and expenses it may incur during the eighteen (18) month period following the date of execution of the License Agreement in connection with the performance of its obligations under the License Agreement; and

WHEREAS, Hydro Med and Roberts have mutually agreed to extend by four (4) months the date on which these three separate $250,000 payments shall be provided by Roberts to Hydro Med.

NOW, THEREFORE, the parties hereto hereby agree as follows:

1. Definitions. All capitalized terms used herein, unless otherwise defined herein, shall have the meanings ascribed to such terms in the Agreement.

2. Amendment to Agreement. The Agreement is hereby amended as follows as of the date hereof:

Clauses (ii), (iii) and (iv) of Section 2.4(a) of the Agreement are hereby deleted in their entirety and the following provisions are hereby inserted in place thereof:

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<S>	<C>	<C>
"(ii)	In order to reimburse Hydro Med for the costs, fees and expenses it incurs during the period commencing March 24, 1998 and ending September 30, 1998	$250,000 to be provided by Roberts to Hydro Med no later than January 24, 1999
(iii)	In order to reimburse Hydro Med for the costs, fees and expenses it incurs during the period commencing October 1, 1998 and ending March 31, 1999	$250,000 to be provided by Roberts to Hydro Med no later than July 24, 1999
(iv)	In order to reimburse Hydro Med for the costs, fees and expenses it incurs during the period commencing April 1, 1999 and ending September 30, 1999	$250,000 to be provided by Roberts to Hydro Med no later than January 24, 2000"

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3. Miscellaneous.

(a) Each of Roberts and Hydro Med hereby acknowledges and agrees that it continues to be bound by and subject to all of its covenants, undertakings,

agreements, liabilities and obligations under the Agreement and the License Agreement and hereby repeats and reaffirms all of its covenants, undertakings, agreements, liabilities and obligations under the Agreement and the License Agreement.

(b) Except as expressly amended hereby, the Agreement shall remain in full force and effect following the execution and delivery of this Amendment by the parties hereto.

(c) This Amendment may be executed in any number of separate counterparts, all of which taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Amendment by signing any such counterpart.

(d) This Amendment shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts executed in and to be wholly performed therein.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to the Manufacturing Supply Agreement to be duly executed as of the day and year first above written.

GP STRATEGIES CORP.

By:

Name:
Title:

ROBERTS LABORATORIES INC.

By:

Name:
Title:

ACCEPTED AND AGREED TO IN ALL RESPECTS:

ROBERTS PHARMACEUTICAL CORPORATION

By:

Name:
Title:

LICENSE AGREEMENT

This License Agreement ("Agreement") is made as of the 24th day of March, 1998, by and between Hydro Med Sciences, a division of GP Strategies Corp., a Delaware corporation ("Hydro Med") and Roberts Laboratories Inc., a New Jersey corporation ("Roberts").

RECITALS
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1. Hydro Med is in the business of discovering, developing and marketing drug delivery technologies. Roberts is in the business of developing and marketing pharmaceutical products.

2. Hydro Med has developed a sealed, hollow cartridge containing the luteinizing hormone releasing hormone (LHRH), histrelin, for the subcutaneous release of said hormone, which may be useful in the treatment of human prostatic carcinoma and other indications (as defined in Section 1.02, the "Licensed Product"). Hydro Med has previously engaged in certain research and development efforts, including limited clinical trials, with respect to the Licensed Product, but has concluded that future development efforts could best be conducted in conjunction with Roberts.

3. Roberts desires to license from Hydro Med certain rights of Hydro Med to the Licensed Product and to pursue development and commercialization of the Licensed Product within the Territory (as defined below), and Hydro Med is willing to grant such license, all upon the terms and conditions set forth in this Agreement.

AGREEMENT

In consideration of the Recitals and the mutual covenants and agreements set forth below, the parties agree as follows:

ARTICLE 1

DEFINITIONS

When used in this Agreement, each of the following terms shall have the meanings set forth below.

Section 1.01. "Affiliate" of a party hereto means, with respect to any Person, any Person directly or indirectly controlling, controlled by, or under common control with, such other

Person. For purposes hereof, the term, "controlled" (including the terms "controlled by" and "under common control with"), as used with respect to any Person, shall mean the direct or indirect ability or power to direct or cause the direction or management policies of such Person, whether through the ownership of voting securities or otherwise.

Section 1.02. "Licensed Product" means a sealed, hollow cartridge containing the luteinizing hormone releasing hormone (LHRH), histrelin, a synthetic nonapeptide agonist of naturally occurring luteinizing hormone releasing hormone, which cartridge is constructed from biocompatible hydrogel copolymers, consisting of hydrophilic monomers such as 2-hydroxyethylmethacrylate (HEMA) and hydroxypropylmethacrylate (HPMA). Any product for use as a therapeutic or diagnostic product that incorporates a Licensed Product (as defined above) shall also be deemed a Licensed Product.

Section 1.03. "End User" means a wholesaler, distributor, pharmacy, hospital, health care organization, physician or patient.

Section 1.04. "Know-How" means the items described in the attached Appendix A (i) which are now owned by or licensed to Hydro Med or (ii) which may subsequently be owned by or licensed to Hydro Med with a right to sublicense to Roberts.

Section 1.05. "Hydro Med Intellectual Property Rights" means all patent rights, trade secret rights, and Know-How rights which are now owned by or licensed to Hydro Med or which may subsequently be owned by or licensed to Hydro Med with a right to sublicense to Roberts and which encompass the Licensed Product and are effective in the Territory, including all patent divisions, continuations, continuations-in-part, reissuances, reexaminations, extensions, Supplementary Protection Certificates, and any similar intellectual property rights, and all

counterparts thereof in the Territory. A list of all such patent rights owned or licensed to Hydro Med as of the date hereof and which are licensed hereunder is attached as Appendix B.

Section 1.06. "Net Sales" means with respect to a Licensed Product, the gross amounts invoiced by Roberts, any Affiliate of Roberts and/or any sublicensee hereunder, less only the following deductions:

(a) Customary trade, quantity and cash discounts actually given or allowed;

(b) Amounts repaid or credited for returned goods or rejections of Licensed Product which is unsalable;

(c) Reasonable chargebacks, allowances and rebates, Medicaid and Medicare reimbursements, and similar deductions; and

(d) Any taxes, customs duties, and the like levied on the on the sale, delivery, importation or use of the Licensed Product (other than taxes on income or similar taxes) and paid by or on behalf of Roberts.

Section 1.07. "Territory" means the United States of America, its territories and possessions, Canada and the following countries: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom, Switzerland, Norway, Andorra, Cyprus, Malta, San Marino, Liechtenstein, Australia, South Africa, New Zealand, Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Moldova, Poland, Romania, Serbia, Slovakia, Slovenia, Turkey, Russia, Armenia, Azerbaijan, Belarus, Georgia, Kazakstan, Kyrgystan, Mongolia, Tajikistan, Turkmenistan, Ukraine, Uzbekistan, Bahrain, Egypt, Iran, Iraq, Israel,

Jordan, Kuwait, Lebanon, Oman, Palestine, Qatar, Saudi Arabia, Syria, Turkey, United Arab Emirates, and Yemen.

Section 1.08. "Person" means a natural person, a corporation, a partnership, a trust, a joint venture, a limited liability company, any governmental authority or any other entity or organization.

ARTICLE II

LICENSE

Section 2.01. License Grant. Hydro Med grants to Roberts an exclusive license to use and sell the Licensed Product to End Users within the Territory under the Hydro Med Intellectual Property Rights solely and only for the treatment of human prostatic carcinoma (the "Field of Use"). With respect to any patent rights licensed hereunder, such license shall be limited solely to those patent claims necessary to provide Roberts with the ability to use and sell the Licensed Product to End Users for the Field of Use within the Territory and shall, further, be limited solely to the right to use and sell the Licensed Product to End Users for the Field of Use within the Territory. Such license shall include the right of Roberts to sublicense consistent with the terms of this Agreement; provided, however, that Roberts shall not grant any such sublicense without first obtaining the written approval of Hydro Med therefor, which approval shall not be unreasonably withheld. All terms and provisions of this Agreement shall apply to each sublicense to the same extent as they apply to Roberts, and Roberts shall, and hereby does, guarantee the performance by any sublicensee of any and all obligations imposed by the terms and provisions of this Agreement, including, without limitation, the payment of royalties. The foregoing license shall be subject to the Supply Agreement between the parties being entered into

by Hydro Med and Roberts contemporaneously with the signing of this Agreement (the "Supply Agreement").

Section 2.02. Exclusivity. Except as is necessary for Hydro Med to fulfill its obligations under the Supply Agreement, during the Term of this Agreement (as defined below), Hydro Med will not sell the Licensed Product for the Field of Use within the Territory nor will it license any Person other than Roberts to do so.

Section 2.03. Reserved Rights. Notwithstanding the foregoing, Hydro Med retains and reserves all rights respecting the Licensed Product and/or under the Hydro Med Intellectual Property Rights for all human and veterinary indications other than the treatment of human prostatic carcinoma; provided, however, that Hydro Med hereby grants to Roberts an exclusive option a period of two (2) years after the date first written (the "Option Period") to negotiate a license agreement to use and sell the Licensed Product in the Territory for the treatment, in humans, of endometriosis, benign prostatic hyperplasia and central precocious puberty (the "Additional Indications"). The parties shall negotiate in good faith during the Option Period with a view towards entering into such a license agreement. During the Option Period, Roberts may provide a written offer to Hydro Med (the "Offer Notice") to enter into such a license agreement, such Offer Notice to specify in reasonable detail all of the material terms and conditions (including, without limitation, the royalty payments to be paid by Roberts to Hydro Med in connection therewith and the territory to be covered by such license agreement), upon which Roberts desires to enter into such a license agreement. Such Offer Notice shall constitute an irrevocable, binding offer on

the part of Roberts to enter into such a license agreement with

Hydro Med on the terms and conditions contained in such Offer Notice. Hydro Med may elect, in its sole discretion, to accept or reject the offer provided by Roberts to Hydro Med pursuant to such Offer Notice. If, during the Option Period, Hydro Med does not accept an offer provided to it by Roberts pursuant to an Offer Notice to enter into such a license agreement, it may not accept an offer from any other Person to enter into such a license agreement for a period of three (3) months following the expiration of such Option Period, unless in the reasonable estimation of Hydro Med, the terms of any such offer are more favorable to Hydro Med than the terms contained in the Offer Notice furnished to Hydro Med by Roberts, in which case Hydro Med may accept any such offer upon the expiration of the Option Period. In the event that the parties are unable to reach final agreement on such a license agreement, Hydro Med shall be free to use and sell the Licensed Product for the Additional Indications and to negotiate and enter into a license agreement therefor with any other Person. Hydro Med further reserves and retains a non-exclusive right respecting the Licensed Products and/or under the Hydro Med Intellectual Property Rights to make, have made, use and sell the Licensed Products for the Field of Use and for the Additional Indications for research purposes only. Nothing in this Agreement shall be deemed to license or grant to or otherwise confer upon Roberts any rights, under the Hydro-Med Intellectual Property Rights or otherwise, to make, use or sell any cartridge described in Section 1.02 containing any hormone, enzyme, drug, medicine, medication, compound, mixture or solution other than histrelin, all of which rights are hereby expressly reserved and retained by Hydro-Med.

Section 2.04. Transfer of IND. Promptly after the signing of this
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Agreement, Hydro Med shall transfer to Roberts, and Roberts shall assume, all of the responsibilities and expenses of the

sponsor of the Investigational New Drug application ("IND") respecting the Licensed Product; provided, however, that Hydro Med shall retain the right to review, comment and approve (such approval not to be unreasonably withheld) those actions of Roberts respecting such IND that directly or indirectly affect Hydro Med or its rights or this Agreement. All of the data generated from clinical trials of the Licensed Product in connection with such IND which are sponsored and paid for solely by Roberts shall be the sole and exclusive property of Roberts, and Hydro Med may not use or authorize any Person to use such data without Roberts' prior consent, which consent may not be unreasonably withheld, except that Hydro Med may use such data for or in connection with internal research purposes and/or academic papers, presentations, conferences and seminars. Furthermore, after the signing of this Agreement, Roberts shall be responsible for all adverse event reporting, annual reporting and any other reporting responsibilities to regulatory agencies in the Territory relating to the Licensed Product.

2.05. Improvements. In the event that Hydro Med shall make any
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improvements in the Licensed Products that have application in the Field of Use, said improvements and any patent applications and patents therefor shall come under this Agreement and be subject to all of the terms and provisions hereof.

ARTICLE III

Section 3.01. Costs of Clinical Development. From and after the date first written, Roberts shall assume the responsibility for obtaining, and shall use its best efforts to obtain, approval to market and sell the Licensed Product under the United States Federal Food, Drug and Cosmetic Act and under other similar laws in Canada and elsewhere in the Territory as defined by the Medicinal Product Directives of the European Economic Community (Council Directive 93/39 EEC dated January 14, 1993), and Roberts shall also assume the responsibility for all of the costs of obtaining such approvals and the clinical development of the Licensed Product, including, without limitation, all of the costs of any clinical supplies of the Licensed Product necessary to obtain such approvals. Without limiting the foregoing, Roberts shall also assume responsibility for, and the costs associated with, the New Drug Application ("NDA") for the Licensed Product according to the provisions of 21 CFR (S)314. The parties agree that such approval process and development shall be undertaken under the joint supervision and control of Hydro Med and Roberts. The parties further agree that Hydro Med has engaged Precision Research, Inc. to compile and review the data generated to date from the multi-center dose range study for the Licensed Product that has heretofore been conducted by or for Hydro Med and to assist in the preparation of a protocol as required by 21 CFR (S)312.21. The parties further agree that Hydro Med or Roberts will engage one or more contract research organizations to satisfy the protocol as required by 21 CFR (S)312.21. Accordingly, in addition to being responsible for the costs of obtaining regulatory approvals and all clinical development of the Licensed Product, Roberts shall pay Hydro Med by wire transfer to an account designated by Hydro Med the following amounts at the following times:

(i)	Upon submission of a New Drug Application to the United States Food and Drug Administration (the "FDA") to market and sell the Licensed Product for the Field of Use in the United States	$250,000 (U.S.)
(ii)	Upon approval by the FDA of a NDA to market and sell the Licensed Product for the Field of Use in the United States	$500,000 (U.S.)
(iii)	Upon approval by any authorized or competent regulatory authority equivalent to the FDA of the equivalent of a NDA to market and sell the Licensed Product for the Field of Use in (a) the European Union market or (b) any of the following countries: (1) France, (2) the United Kingdom, (3) Germany or (4) Italy	$250,000 (U.S.)

Section 3.02 Late Payment. All payments described above shall be made within ten (10) days of the stated event, except for the payment described in Section 3.01(i), which shall be made upon the signing of this Agreement.

Without limiting any of Hydro Med's rights or remedies hereunder or otherwise, any payment not made when due as above shall bear interest at the United States prime rate on the due date as published in the Wall Street Journal.

ARTICLE IV

ROYALTIES

Section 4.01. Royalty. As consideration for the licenses granted hereunder, Roberts shall pay to Hydro Med a royalty equal to twenty seven percent (27%) of all Net Sales. On sales for resale between Roberts and an Affiliate of Roberts or a sublicensee hereunder, the royalty shall be calculated on the resale price.

Section 4.02. Timing of Payments. The payments due under Section 4.01 shall be paid and reported as set forth in Article VIII below.

Section 4.03. Certain Minimum Payments. In the event that within three (3) years after the date first above written Roberts fails to submit to the FDA a completed NDA for the Licensed Product, Roberts shall be obligated to pay to Hydro Med, as non-refundable advances against the percentage royalties, the sum of $41,666.66 (the AAdvance Amount@) on the first day of each calendar month beginning after the expiration of such three (3) year period (such three (3) year period as the same may be extended pursuant to this Section 4.03 is the ANDA Submission Period@) and continuing until such NDA is submitted to the FDA, after which submission this obligation shall cease. All amounts paid to Hydro Med under this Section 4.03 shall be credited against the amounts due under Section 4.01 above. If the FDA requires two or more phase III clinical studies, or two or more treatment cycles of one or more phase III studies, with respect to the Licensed Product the NDA Submission Period shall be extended from three (3) years to four (4) years and Roberts shall not be obligated to pay any Advance Amount to Hydro Med until the first day of each calendar month beginning after the expiration of such four (4) year period. Any payment to be made by Roberts to Hydro Med pursuant to this Section 4.03 shall be conditioned

upon Hydro Med having supplied Roberts with a completed Chemistry, Pharmacy and Controls Section of the NDA which can be submitted to the FDA as part of the aforesaid completed NDA. Notwithstanding any provision to the contrary contained herein, if the FDA requires substantial additional studies to be conducted with respect to the Licensed Product prior to authorizing the commencement of a phase III clinical study for the Licensed Product, the NDA Submission Period shall not be deemed to commence for the purposes of this Section 4.03 until the date on which the FDA authorizes the commencement of such phase III clinical study.

ARTICLE V

PROSECUTION AND INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS

Section 5.01. Patent Term Extensions and Supplementary Protection

Certificates. Hydro Med, upon request of Roberts, shall apply for and grant Roberts a license under any patent term extensions, Supplementary Protection Certificates or functional equivalents thereof, in any jurisdiction within the Territory where such items are permissible, for and to the extent of any Hydro Med Intellectual Property Rights licensed to Roberts hereunder. Roberts will provide Hydro Med with all material and information as may be necessary to obtain any of the aforesaid rights.

Section 5.02. Prosecution and Maintenance of Licensed Patents.

(a) Appendix B attached hereto identifies all pending patent applications and patents in the Territory which are encompassed in the Hydro Med Intellectual Property Rights. In the event that Hydro Med applies for or maintains additional patents relating to the Hydro Med Intellectual Property Rights anywhere in the Territory or elsewhere, any costs, fees and expenses

incurred by Hydro Med in connection therewith shall be shared equally by Hydro Med and Roberts.

(b) Hydro Med shall use reasonable efforts to prosecute any pending patent applications of which it is the owner that are encompassed in the Hydro Med Intellectual Property Rights in the Territory and maintain any patents that have issued or will issue thereon in full force and effect for the term of such patent. Should, during the course of prosecution of any pending claims, an official action rejecting the claims require that an amendment be made or action be taken which would limit or substantially change the scope of any license hereunder, Hydro Med will timely inform Roberts in writing. Hydro Med shall consult Roberts before responding to any such official action, and allow Roberts to assist in the prosecution of such claims or, at Hydro Med's option, allow Roberts the opportunity at its time and expense to prosecute such claims to Roberts' satisfaction.

Section 5.03. Costs of Prosecution and Maintenance of Patents. Hydro Med shall bear all costs incurred in filing, prosecuting and maintaining all patents and patent applications encompassed within the Hydro Med Intellectual Property Rights.

Section 5.04. Infringement. Each party shall give prompt notice to the other of any infringement, potential infringement or suspected infringement in the Territory of the rights to Hydro Med Intellectual Property Rights exclusively licensed to Roberts hereunder that may come to such party's attention. Promptly thereafter, the parties shall consult and cooperate fully to determine a course of action, including, but not limited to, the commencement of legal action by one or both parties, to cause such infringement, potential infringement, or suspected infringement to be terminated. Each party, at its option, may elect to participate in or commence such a legal

action. In the event of a joint action in which both parties agree to participate, the parties will share in the costs and the recovery thereof and therefrom in a manner to be agreed upon. Failing agreement on a course of action to abate such infringement, potential infringement or suspected infringement within sixty (60) days of the time such infringement, potential infringement or suspected infringement becomes known to both parties, either party shall have

the right, at its own expense, to initiate and prosecute an action against the infringer and shall retain whatever damages are recovered. Neither party will enter into any settlement of any action referred to in this Section 5.04 without the other party's prior consent, which consent shall not be unreasonably withheld. In the event that a declaratory judgment action is commenced or a defense is raised alleging the invalidity of any of the Hydro Med Intellectual Property Rights licensed hereunder, Hydro Med, at its sole option, shall have the right to take over and control the defense of such action and/or the response to such defense.

Section 5.05. Reexamination and Reissue. Hydro Med shall defend in a reasonable manner any patent encompassed within the Hydro Med Intellectual Property Rights in any reexamination or reissue proceeding in the United States Patent and Trademark Office and the applicable foreign equivalent. Before Hydro Med initiates a reissue proceeding, or before either party initiates a reexamination proceeding, the parties shall consult as to the desirability or necessity of such a proceeding. Such proceedings will not be abandoned prior to a final decision of the Patent Office Board of Appeals or Patent Office Board of Interferences and the applicable foreign equivalent without the consent of Roberts, which consent will not be unreasonably withheld taking into consideration, inter alia, the merits of the action of the Patent and Trademark Office and the applicable foreign equivalent, priority dates provable by any

interference party (should an interference be involved), and the technological and commercial importance of the subject matter of the claims of the application or patent involved. All expenses of any proceedings set described in this Section 5.05 shall be shared equally by Roberts and Hydro Med.

ARTICLE VI

DISCLOSURE OF AGREEMENT

Section 6.01. Disclosure of Agreement. Except as provided below, neither Roberts nor Hydro Med shall release any information to any third party with respect to the existence and terms of this Agreement or with respect to any confidential information or trade secrets concerning the parties, the Licensed Product or the Hydro Med Intellectual Property Rights, without the prior written consent of the other party to this Agreement, which consent shall not be unreasonably withheld, except that Hydro Med may provide a copy of this Agreement and information and records concerning the royalties and other payments received by Hydro Med hereunder and the Net Sales of the Licensed Product hereunder to the Population Council ("PC") as may be required by Hydro Med's agreement with PC. This prohibition includes, but is not limited to, press releases, educational and scientific conferences, promotional materials, governmental filings, and discussions with lenders, investment bankers, public officials, and the media.

Section 6.02. Releases Required by Law. If either party determines a release of information is required by law or governmental regulation, it shall notify the other in writing at least ten (10) days (or such shorter period where legally required) before the time of the proposed release. The notice shall include the exact text of the proposed release, the time and manner of

the release, and the basis for such party's belief that disclosure is required. At the other party's request and before the release, the party desiring to release information shall consult with the other party on the necessity for the disclosure and the text of the proposed release. In no event shall a release include information regarding the existence or terms of this Agreement that is not required by law or governmental regulation without the consent of the other party. Notwithstanding any other terms of this Agreement, either party shall be permitted and allowed to provide a copy of this Agreement or any terms hereof or otherwise provide any information with respect to the existence and terms of this Agreement to appropriate governmental taxing or regulatory authorities, without advance written notice or approval of the other party.

ARTICLE VII

CERTAIN UNDERTAKINGS

Section 7.01. Hydro Med Warranties. Hydro Med hereby warrants that, to the best of its knowledge, the patents listed in Appendix B hereto are valid and that Hydro Med is the sole owner of or is duly licensed under the Hydro Med Intellectual Property Rights licensed to Roberts hereunder and has the authority to grant licenses under such Rights.

Section 7.02. Roberts Efforts. Roberts hereby agrees to use its best efforts to develop and commercialize the Licensed Product for the Field of Use and to make a determination as to the Additional Indications throughout the Territory.

Section 7.03. Sublicensing. All sublicenses granted by Roberts hereunder shall be in writing and shall include a requirement that the sublicensee use its best efforts to commercialize the Licensed Product as quickly as is reasonably possible and shall bind the sublicensee to meet all of Roberts= obligations to Hydro Med under this Agreement, and a copy of this Agreement

shall be attached to such sublicense agreement. In the event that Roberts is unable or unreasonably refuses to consent to the granting of sublicenses, either as suggested by Hydro Med or a potential sublicensee or otherwise, Hydro Med may directly license such potential sublicensee unless Roberts reasonably satisfies Hydro Med that such sublicense would not materially increase the Net Sales of the Licensed Products.

Section 7.04. Hydro Med Name. Roberts shall not use Hydro Med's name or any adaptation of it in any packaging, advertising, promotional, sales literature or other material without the prior written consent of Hydro Med.

Section 7.05. Comply With Law. Roberts agrees to comply with all applicable laws and regulations relating to the Licensed Product. In particular, it is understood and acknowledged that the transfer of certain commodities and technical data is subject to United States laws and regulations controlling the export of such commodities and technical data, including all Export Administration Regulations of the United States Department of Commerce. These laws and regulations among other things prohibit or require a license for the export of certain types of technical data to certain specified countries.

Roberts hereby agrees and gives written assurance that it will comply with all United States laws and regulations controlling the export of commodities and technical data, that it will be solely responsible for any violation of such by Roberts or its Affiliates or any sublicensees hereunder, and that it will defend and hold Hydro Med harmless in the event of any legal action of any nature occasioned by such violation.

ARTICLE VIII

ACCOUNTING

Section 8.01. Sales and Royalty Reports. Roberts shall deliver to Hydro Med within forty-five (45) days after the end of each calendar quarter a written report setting forth an accounting of Roberts= Net Sales and the royalty payment due to Hydro Med for such quarter. Such quarterly reports shall be in English and shall set forth for such calendar quarter (a) the number of Licensed Products sold by Roberts, any Affiliates of Roberts and/or any sublicensees hereunder, separately by each country in the Territory, (b) the total billings or invoice prices for such Licensed Products, separately by each country in the Territory, (c) a detailed specification of the deductions from such amounts to determine Net Sales, (d) the amount of royalties due pursuant to Section 4.01, and (e) such other information as Hydro Med may from time to time reasonably request. Such reports shall be certified as correct by an officer of Roberts. If no royalties are due Hydro Med for such quarter, the report shall so state. Annually, by October 1, Roberts shall deliver to Hydro Med a sales forecast, by quarter, for the subsequent calendar year. All sales and royalty reports shall be directed to Robert Feinberg, President and CEO of Hydro Med Sciences, c/o GP Strategies Corp., 9 West 57th Street, 41st Floor, New York, New York 10019. In the event Roberts makes sales of the Licensed Product to Persons other than End Users, Roberts shall require such Persons to provide Roberts with such information as Hydro Med may reasonably request to permit Hydro Med to calculate and verify Net Sales and Royalties due.

Section 8.02. Delivery of Royalty. When Roberts delivers the written reports to Hydro Med under Section 8.01 or forty-five (45) days after the end of each calendar quarter, whichever is earlier, Roberts shall pay by wire transfer or other method acceptable to Hydro Med, the payments due to Hydro Med for the preceding calendar quarter under Section 4.01 hereof. Without limiting any of Hydro Med's rights or remedies hereunder or otherwise, any payment

not made when due shall bear interest at the United States prime rate on the due date as published in the Wall Street Journal.

Section 8.03. Audits. Roberts shall keep, and shall require its Affiliates to keep, accurate records in sufficient form and detail to enable the amounts due to Hydro Med hereunder to be determined. During the term of this Agreement and for two (2) years after its termination, Hydro Med shall, not more than once each year and upon written notice, have the right, at its expense, to audit (or have audited) the books and records of Roberts and its Affiliates only for the purpose of determining the accuracy of payments made to Hydro Med hereunder. If Roberts has underpaid the amounts due Hydro Med under this

Agreement by more than five percent (5%) for any twelve (12) month period, Roberts shall, in addition to paying any royalties due plus interest, also reimburse Hydro Med for the cost of such audit.

Section 8.04. Exchange Rates and Currency Translation. All payments to be made by Roberts to Hydro Med under this Agreement shall be made and reported in United States dollars. Conversion of foreign currency to U.S. dollars shall be made at the conversion rate existing in the United States (as reported in the Wall Street Journal) on the last business day of the calendar quarter for which the payments are due. Such payments shall be made to Hydro Med in accordance with this Agreement.

Section 8.05. Withholding Taxes. Roberts shall have no liability for any income taxes levied against Hydro Med on account of royalties paid hereunder. If any law regulations require that any such taxes be withheld by Roberts, Roberts shall deduct such taxes from the payment due Hydro Med, pay the taxes so withheld to the proper taxing authority, and send proof of payment to Hydro Med annually within sixty (60) days after the first day of the year following

such payment. If Hydro Med desires to obtain a refund of any taxes so withheld and paid from a taxing authority, Roberts shall cooperate reasonably in the pursuit of such refund.

ARTICLE IX

TERM AND TERMINATION

Section 9.01. Term. This Agreement shall become effective on the date hereof, and shall remain in effect until the later of either: (i) the life of the last to expire of the patents encompassed in the Hydro Med Intellectual Property, or (ii) fifteen (15) years from the date hereof. Upon termination of this Agreement as set forth in this Section 9.01, the licenses granted to Roberts hereunder shall be deemed to be paid up in full.

Section 9.02. Termination by Default. If either party is in default of any of its material obligations under this Agreement, or fails to remedy such default within sixty (60) days (thirty (30) days in the case of a default in making a payment hereunder) after the other party sends written notice detailing the substance of the default to the defaulting party, the injured party may terminate this Agreement by written notice. In the event of the termination of this Agreement, the licenses granted hereunder shall terminate. Without limiting the meaning of the term default hereunder, it is agreed that Roberts' failure to pay to Hydro Med the amounts due under Articles III and IV as and when due as set forth in this Agreement shall constitute a default of a material obligation under this Agreement. In the event that this Agreement is terminated by reason of a default by Roberts or Roberts' failure to make the minimum purchases as set forth in Section 9.03 below, Roberts shall forthwith transfer to Hydro Med all rights to the NDA for the Licensed Product and shall execute and deliver to Hydro Med any and all documents reasonably necessary to effectuate or confirm such transfer.

Section 9.03. Minimum Purchases. In the event that in any year after the NDA for the Licensed Product is approved by the FDA, Roberts fails to make the minimum purchases of the Licensed Product required under Section 2.3 of the Supply Agreement, Hydro Med shall have the right to immediately terminate this Agreement upon written notice to Roberts.

Section 9.04. Sublicenses. All sublicenses granted hereunder shall provide that, upon termination of this Agreement, such sublicenses shall immediately terminate or, at Hydro Med's option, Roberts' interest therein shall immediately be assigned to Hydro Med.

Section 9.05. Insolvency. In the event that any party (or an Affiliate of such party to which this Agreement or any material rights or obligations hereunder has been assigned) (a) shall become insolvent, (b) shall make an assignment for the benefit of creditors or shall file a petition in bankruptcy, or (c) shall have a petition in bankruptcy filed against it, the other party shall have the right to terminate this Agreement, immediately upon giving written notice of such termination.

Section 9.06. Residual Obligation Upon Termination. Termination of this Agreement for any reason whatsoever will not release or discharge Hydro Med or Roberts from the performance of any obligation or the payment of any amount or debt which may have previously accrued and remains to be performed, paid or discharged, as of the date of such termination.

Section 9.07. Survive Termination. Sections 6.01, 7.01, 7.04, 7.05, 8.03, 9.02, 9.05, 9.06 and 10.12 of this Agreement shall survive the termination of this Agreement.

ARTICLE X

MISCELLANEOUS PROVISIONS

Section 10.01. Amendment. This Agreement may not be amended, supplemented or otherwise modified except by an instrument in writing signed by an authorized representative of both parties.

Section 10.02. Entire Agreement. This Agreement and the Supply Agreement constitute the complete and definitive agreement of the parties on the subject matter hereof and supersede, cancel and annul all prior or subsequent agreements, understandings and undertakings relating to the subject matter hereof including, but, without limiting the generality of the foregoing, any documents used by the parties in making or accepting any offer. There are no verbal agreements, warranties, representations or understandings affecting this Agreement, and all previous or other negotiations, representations and understandings between Hydro Med and Roberts are merged herein.

Section 10.03. Severability. Each party agrees that, should any provision of this Agreement be determined by a court of competent jurisdiction to violate

or contravene any applicable law or policy, such provision will be severed or modified by the court to the extent necessary to comply with the applicable law or policy, and such modified provision and the remainder of the provisions hereof will continue in full force and effect. The parties specifically agree that nothing in this Agreement is intended to require either party to take, or not take, any action which would constitute a violation of any applicable law or regulation.

Section 10.04. Notices. Any notice required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been sufficiently given for all purposes if mailed by first class certified or registered mail, postage prepaid, or sent by national

overnight delivery service, or by acknowledged facsimile. Unless otherwise specified in writing, the mailing addresses of the parties shall be as follows:

For Roberts:

Roberts Laboratories Inc.
4 Industrial Way West
Eatontown, New Jersey 07724
Attention: Anthony A. Rascio, Vice President and General Counsel

For Hydro Med:

GP Strategies Corp.
9 West 57th St., 41st Floor
New York, New York 10019
Attention: Robert Feinberg, President and CEO of Hydro Med Sciences

Section 10.05. Governing Law. This Agreement shall be governed by, and construed in accordance with, the Laws of the State of New York, excluding any choice of law rules which may direct the application of the law of any other jurisdiction.

Section 10.06. Assignment. Except as expressly provided herein, neither party may assign or sublicense this Agreement or its rights or obligations under this Agreement (other than to an Affiliate) without the prior written consent of the other party, except that either party may make such an assignment without the consent of the other in connection with any merger or sale of all or substantially all of such party=s assets. In the event of any such assignment to an Affiliate, the assignor shall guarantee the due payment and performance of all the Affiliate=s obligations under this Agreement. This Agreement shall be binding upon and inure to the benefit of the parties and their respective permitted successors and permitted assignees.

Section 10.7. Consents Not To Be Unreasonably Withheld. Whenever provision is made in this Agreement for either party to secure the consent or approval of the other, that consent or

approval shall not unreasonably be withheld, and whenever in this Agreement provisions are made for one party to object to or disapprove a matter, such objection or disapproval shall not unreasonably be exercised.

Section 10.8. No Strict Construction. This Agreement has been prepared jointly and shall not be strictly construed against either party.

Section 10.9. Captions. The captions or headings of the Sections or other subdivisions hereof are inserted only as a matter of convenience or for reference and shall have no effect on the meaning of the provisions hereof.

Section 10.10. Force Majeure. Any delay or failure in the performance of any of the duties or obligations of any party hereto caused by an event outside the affected party's reasonable control shall not be considered a breach of this Agreement, and the time required for such party's performance shall be extended for a period equal to the period of such delay. Such events shall include, without limitation, any labor strike or lockout, act of God, war, fire, flood, embargo, act of any governmental authority, riot, or any other unforeseeable cause or causes beyond the reasonable control and without the fault or negligence of the party so affected. The party so affected shall give prompt notice to the other party of such cause, and shall take whatever reasonable steps are appropriate in the party's discretion to relieve the effect of such cause as rapidly as possible.

Section 10.11. Currency. All references to "$" or "dollars" in this Agreement shall refer to United States dollars.

Section 10.12. Guaranty. By its execution of this Agreement in the space provided for its signature below, Roberts Pharmaceutical Corporation, a New Jersey corporation, which owns all

of the issued and outstanding shares of capital stock of Roberts, hereby guarantees Roberts' full and prompt payment and the performance of all of Roberts' obligations and liabilities under this Agreement and all of the agreements, instruments and documents executed by Roberts in connection herewith and hereby agrees to pay or perform all of such liabilities and obligations to the extent that Roberts fails to do so.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their respective officers thereunto duly authorized.

ROBERTS LABORATORIES, INC.

By: _____
Name:_____
Title: _____

GP STRATEGIES CORP.

By: _____
Name:_____
Title: _____

ACCEPTED AND AGREED WITH
RESPECT TO SECTION 10.12 HEREOF ONLY:

ROBERTS PHARMACEUTICAL CORPORATION

By:

Name:
Title:

Appendix A

Hydro Med Know-How

Know-How shall mean all written information in the possession of Hydro Med regarding the Licensed Product reasonably useful to Roberts in exploiting the rights granted to Roberts hereunder. Hydro Med shall use its reasonable efforts to locate and furnish to Roberts all material documents representing Know-How. Provided that Hydro Med has used its reasonable efforts to locate such documents, Hydro Med shall have no further obligation to Roberts with respect to such documents.

Appendix B

Hydro Med Patents and Patent Applications in the Territory

Country	Patent No.	Issue Date	Title
U.S.	5,266,325	11/30/93	Preparation of Homogeneous Hydrogel Copolymers ("Preparation")
U.S.	5,292,515	03/08/94	Manufacture of Water Soluble Hydrophilic Articles and Drug Delivery Devices ("Manufacture")
Canada	2,059,377	08/27/96	Manufacture

Canada	2,059,406	05/28/96	Preparation
Europe (France, Germany, Italy, Switzerland, UK)	0,551,699	07/10/96	Preparation
Europe (Austria, Belgium,	0,551,698	03/05/97	Manufacture

Denmark, France, Germany,

Italy, Netherlands, Sweden,

Switzerland, UK)

</TABLE>

Exhibit 10.88(A)

SUBLICENSE AND ASSIGNMENT AGREEMENT

THIS AGREEMENT ENTERED INTO AS OF THE 1st DAY OF APRIL, 1998

BETWEEN: HOECHST MARION ROUSSEL, INC., a Delaware corporation having its principal place of business at 10236 Marion Park Drive, P.O. Box 9627, Kansas City, Missouri 64134 ("HMRI")

AND: ROBERTS LABORATORIES INC., a New Jersey corporation having its principal place of business at 4 Industrial Way West, Eatontown, New Jersey 07724 (ROBERTS)

WHEREAS, by a License Agreement dated April 25, 1983, Ferring A/S granted to Marion Laboratories, Inc. (now Hoechst Marion Roussel, Inc.) the right and license to make, have made, use and sell products containing Licensed Compound (as defined therein) in the United States and its territories and possessions and in Canada, with the right to sublicense its rights as provided therein (the "1983 Agreement"); and

WHEREAS, HMRI currently markets Pentasa(R) (mesalamine) in the United States and Canada pursuant to the 1983 Agreement; and

WHEREAS, Ferring A/S and HMRI entered into a Development, Supply and Distribution Agreement on November 7, 1997 which provides for the development and commercialization of additional dosage forms of Pentasa (the "1997 Agreement"); and

WHEREAS, ROBERTS desires to obtain from HMRI the rights to market Pentasa in the United States and its territories and possessions and certain rights granted HMRI in the 1997 Agreement;

NOW, THEREFORE, in consideration of the premises and of the mutual promises herein made and the mutual benefits to be derived from this Agreement, the parties covenant and agree as follows:

ARTICLE I - DEFINITIONS

1.01 FDA means the Food and Drug Administration
1.02 NDA means New Drug Application for the PRODUCT

1.03 PATENTS means any and all patents maturing or issuing out of United States Patent Service No. 270,517 filed May 29, 1981 and any valid divisions, continuations, continuations-in-part, additions or reissues thereof, including United States Patent Service No. 4,496,553, United States Patent Service No. 4,880,794, and United States Patent Service No. 4,980,173.

1.04 PRODUCT means, Pentasa, a pharmaceutical product for oral administration, containing in a controlled-release form of 5-aminosalicylic acid (5-ASA) useful and for use in the treatment of ulcerative colitis and Crohn's disease in humans, all as more fully described in the PATENTS and in specifications agreed to in writing by the parties.

1.05 SACHETS means a granular formulation packaged in unit dose sachets of 5-aminosalicylic acid useful and for use in the treatment of ulcerative colitis and Crohn's disease in humans, all as more fully described in the PATENTS and in accordance with the formulation currently manufactured by Ferring and sold in territories other than the United States.

1.06 TABLETS means a 500 milligram tablet dosage form of 5-aminosalicylic acid, in a dosing regimen of two (2) grams to be taken twice daily, useful and for use in the treatment of ulcerative colitis and Crohn's disease in humans, all as more fully described in the PATENTS and in accordance with the formulation currently manufactured by Ferring and sold in territories other than the United States.

1.07 TERRITORY means the United States and its territories and possessions.

1.08 TRADEMARK means Ferring's mark Pentasa, conferred by United States Registration Serial No. 365,906 dated May 21, 1982.

ARTICLE II - SUBLICENSE

2.01 Subject to the terms and conditions of this Agreement, HMRI hereby grants to ROBERTS an exclusive sublicense under the 1983 Agreement to make, have made, use and sell the PRODUCT throughout the United States its territories and possessions and to exclusively use and apply the TRADEMARKS in connection therewith.

ARTICLE III - ASSIGNMENT

3.01 Subject to the terms and conditions of the Agreement, HMRI hereby assigns to ROBERTS its rights and obligations under the 1997 Agreement, except the payment obligations set forth in Article III of the 1997 Agreement.

3.02 Under the 1997 Agreement, Ferring will perform all development work required for TABLETS. HMRI hereby assigns to ROBERTS its rights to ownership of the TABLETS NDA, whether filed as a supplement to the Pentasa NDA or as a new NDA.

3.03 Under the 1997 Agreement, Ferring will perform all development work required for SACHETS. HMRI hereby assigns to ROBERTS its obligation to grant Ferring a right of reference to the Pentasa NDA for the purpose of gaining approval of SACHETS.

3.04 HMRI hereby assigns to ROBERTS its obligations to commercialize and sell TABLETS, as more fully set forth in Article VI of the 1997 Agreement.

3.05 HMRI hereby assigns to ROBERTS its obligation to distribute SACHETS, as more fully set forth in Article VIII of the 1997 Agreement.

ARTICLE IV - ASSET TRANSFER

4.01 HMRI hereby transfers the NDA to Roberts and will undertake all regulatory filings necessary to effect the transfer of the NDA to ROBERTS.

4.02 HMRI will transfer to ROBERTS its existing supply of PRODUCT samples, available sales training and promotional materials related to PRODUCT, and PRODUCT customer lists.

ARTICLE V - PAYMENT

5.01 As consideration for the rights sublicensed and assigned and the assets transferred herein ROBERTS shall pay to HMRI the sum of one hundred and thirty six million dollars ($136,000,000) no later than July 1, 1998.

ARTICLE VI - TERMS AND TERMINATION

6.01 This Agreement shall be coextensive with the 1983 Agreement.

6.02 HMRI may terminate this Agreement in the event that ROBERTS fails to make payments that are due, or if bankruptcy or insolvency proceedings are instituted against ROBERTS, provided that HMRI has given ROBERTS written notice of such default or disability and provided further that the default is not corrected within 60 days.

6.03 In the event that any of the terms or provisions of this Agreement are incurably breached, the non-breaching party may terminate the Agreement by written notice. In the event of any other breach, the non-breaching party may terminate this Agreement by the giving of written notice to the breaching party that the Agreement will terminate on the 60th day from notice unless cure is sooner effected.

ARTICLE VII - REPRESENTATIONS AND WARRANTIES

HMRI hereby represents and warrants:

7.01 To the best of HMRI's knowledge, the TRADEMARK is valid and in full force and effect;

7.02 To the best of HMRI's knowledge, the PATENTS are valid and in full force and effect;

7.03 HMRI is manufacturing and selling the PRODUCT without any notice or knowledge that the PRODUCT is infringing or alleged to be infringing the patent or trademark rights of any third party;

7.04 HMRI is in full compliance with all its obligations under the 1983 Agreement and the 1997 Agreement and has no notice or knowledge that it is in default under any of its obligations under either or both of the aforesaid agreements;

7.05 HMRI is not in material violation of any law, regulation, order, decree or ruling of or restriction imposed by an judicial, governmental or regulatory body or agency, whether local, state or federal relating to the Product. HMRI is not aware of any significant pending or threatened regulatory activity specifically with respect to the Product and HMRI has received no notices from the FDA or any other government agency claiming that the Product or related advertising are in any way not currently in full compliance with the requirements of the FDA;

7.06 There are non (i) outstanding orders, judgments, injunctions, awards or decrees or any court or arbitrator or (to Seller's knowledge) other governmental regulatory body, or (ii) actions, suits, personal injury or product liability claims, legal, administrative or arbitral proceedings or (to Seller's knowledge) investigations, whether or not the defense thereof or liabilities in respect thereto are either pending, in effect or to HMRI's knowledge threatened against or relating to the product;

7.07 To HMRI's knowledge, there are no official decisions by any U.S. governmental or regulatory body stating that the Product is defective, unsafe for normal use or fails to meet applicable standards promulgated by said governmental or regulatory body. There have been no recalls ordered by any such governmental or regulatory body with respect to the Product within the five (5) years prior to the date hereof.

7.08 The parties hereto recognize that, pursuant to the 1983 Agreement and the 1997 Agreement, HMRI is required to obtain approval from Ferring A/S of the sublicense and assignment referred to herein. It is further understood that HMRI anticipates that approval from Ferring is forthcoming. In the event that said approval is not obtained and Ferring institutes legal action to enforce provisions of the 1983 Agreement and/or the 1997 Agreement, ROBERTS will undertake the cost of its defense against such action. In the event Ferring is successful in contesting the validity of this Agreement, the rights, obligations, and assets transferred to ROBERTS pursuant to this Agreement will revert back to HMRI.

ARTICLE VIII - RETURNS, CHARGEBACK AND REBATES

8.01 Returns of Product

(a) Returns will be the financial responsibility of the party that originally sold the returned Product. Returns shall be tracked by lot number. Returned Product with lot numbers sold exclusively by HMRI will be the financial responsibility of HMRI, returned Product with lots numbers sold exclusively by Roberts will be the responsibility of Roberts; financial responsibility for returned Product from lots where each party sold a portion of the lot will be prorated based on the portion of the shared lot that each party sold.

(b) Both parties agree to enforce preauthorized return or scan and destroy procedures in an attempt to have customer return the Product and obtain credit from the party who originally sold the Product to them. Both parties agree to accept returns from the prorated lot. However, either party may accept Product returns for which it is not financially responsible in order to maintain its reputation and good will in the marketplace and the financially responsible party will reimburse the party processing the return. In these cases, reimbursement will be at the current Net Wholesale Price.

8.02 Chargebacks and Rebates

(a) HMRI will be financially responsible for all chargeback claims related to Product sold by a wholesaler to a chargeback contract customer received by HMRI prior to, on and after the date hereof and for a period of six (6) months thereafter.

(b) HMRI will be financially responsible for all managed care rebates related to Product dispensed by a pharmacist received by HMRI prior to, on and after the date hereof and for a period of six (6) months hereafter;

(c) In general, ROBERTS will forward to HMRI for payment any claims received related to Section 8.02(a) and (b) above for which HMRI is financially responsible. However, for the purpose of administrative convenience or at the specific request of a customer, ROBERTS may elect to pay the claim for which HMRI is financially responsible and HMRI will reimburse ROBERTS with respect to such claim;

(d) HMRI will assign ROBERTS, effective July 1, 1998, any then effective rebate or chargeback contracts covering PRODUCT. It is understood that ROBERTS is accepting contractual obligations only as they relate to PRODUCT. ROBERTS will continue to provide PRODUCT and services as required by those contracts until such time as ROBERTS negotiates new PRODUCT pricing. During the period between the effective date of this Agreement and July 1, 1998, all PRODUCT sales under contract will be credited to ROBERTS. Payment to ROBERTS for sales during this period will be made by August 15, 1998. After the expiration of the period described in paragraph 8.02(a) and (b), HMRI will forward to ROBERTS for payment any claims for chargebacks or rebates for which ROBERTS is financially responsible or HMRI may elect to pay the claim for which ROBERTS is responsible and ROBERTS will reimburse HMRI with respect to such claim;

(e) HMRI will be financially responsible for all Medicaid rebates related to Product dispensed by a pharmacist received by HMRI prior to, on and after the date hereof and for a period of six (6) months thereafter. For administrative convenience, HMRI will continue to pay all future Medicaid rebate claims it receives. Roberts will reimburse HMRI for any rebate claims paid by HMRI but which relate to Product dispensed by a pharmacist after the aforesaid six month period.

ARTICLE IX - SPECIAL SERVICES

9.01 From and after the date hereof and until July 1, 1998, HMRI shall,

(a) in written form and substance satisfactory to Roberts, notify all customers and formularies under contracts existing as of the date of this Agreement that as of July 1, 1998 Roberts shall be the seller of the Product (providing Roberts with a duplicate set of mailing labels for its use);

(b) invoice, book sale and ship Product on behalf of Roberts and use all reasonable efforts (short of instituting third party collection or legal proceedings) to collect amounts due for Product so shipped and remit such amounts due to ROBERTS.

(c) handle and report adverse events and product quality complaints. HMRI will promptly notify ROBERTS of any action taken pursuant to this paragraph.

9.02 For the first two quarters of 1998, HMRI shall calculate the appropriate Federal Ceiling price and shall be responsible for Federal Supply Schedule contract compliance and reporting. Beginning July 1, 1998, ROBERTS will assume full responsibility for the calculation of Federal Ceiling Price and Federal Supply Schedule contract compliance and reporting. By July 31, 1998,

HMRI will provide ROBERTS with information concerning its 1997 and January 1 to June 30, 1998 pricing and sale of PRODUCT.

ARTICLE X - COMPETITION

10.01 For a period of two (2) years from the date hereof, neither HMRI nor its subsidiaries will Engage (as defined herein) in the Restricted Business (as defined herein).

(a) Engage. As used herein, the term "Engage" (together with any and all variations thereof) means taking part in or participating in, whether such taking part or participating is direct or indirect or alone or in combination with others.

(b) The Restricted Business. As used herein, the term "Restricted Business" means manufacturing, distributing or selling any prescription human pharmaceutical product, anywhere in the Territory containing mesalamine or any ester or salt thereof as an active ingredient, either alone or in combination with other active ingredients.

10.02 Acquisition and Mergers. If, at any time during the aforesaid two (2) year period, HMRI acquires a product, product range, business or entity, or merges with an entity, which causes HMRI to Engage in the Restricted Business, HMRI will give Roberts the right to acquire that product which would be considered Restricted Business hereunder at fair market value.

ARTICLE XI - SUCCESSION AND ASSIGNMENT

11.01 Neither party hereto may assign, cede or transfer its rights arising from this Agreement except to a person controlling, controlled by or under common control with the assignor without the written consent of the other party, which consent may not be unreasonably withheld; provided that without such consent either party may assign the Agreement in connection with the transfer or sale of all or substantially all of its business or its merger of consolidation with another company.

11.02 This Agreement shall inure to the benefit of and be binding upon each party signatory hereto, its successors and permitted assigns. No assignment shall relieve either party of the performance of any accrued obligation which such party may then have under this Agreement.

ARTICLE XII - EXECUTION OF ADDITIONAL DOCUMENTS

12.01 Each party signatory hereto agrees to execute such further papers or documents or agreements as may be reasonably necessary to effect the purposes of the Agreement and carry out its provisions.

ARTICLE XIII - NOTICE

13.01 Any notice required or permitted to be given under this Agreement shall be in writing and shall deemed to have been fully given if sent by registered or certified mail or by facsimile confirmed by registered or certified mail,

addressed as follows:

If to HMRI: Hoechst Marion Roussel, Inc.
10236 Marion Park Drive
Kansas City, Missouri 4137-1405
Attention: General Counsel

If to ROBERTS: Roberts Laboratories Inc.
4 Industrial Way West
Eatontown, New Jersey 07724
Attention: General Counsel

ARTICLE XIV - ENTIRE AGREEMENT

14.01 This Agreement constitutes the whole agreement between the parties and supersedes all written or oral understandings or agreements in variation of its terms. No amendment, verification, or modification of this Agreement shall be valid unless in writing and signed by both parties hereto.

ARTICLE XV - GOVERNING LAW

15.01 This Agreement shall be governed and construed in accordance with the laws of the state of Missouri.

ARTICLE XVI - FORCE MAJEURE

16.01 Neither party shall be responsible or liable, in any way, for any default in performance of this Agreement arising, directly or indirectly, from any cause beyond such Party's control, including, without limiting the generalities of this provision, fire, flood, tornado, cyclone, war, enemy action, embargo, strike, lockout, labor trouble, transportation difficulties, governmental order, proclamation or regulation.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on this 1st day of April, 1998.

HOECHST MARION ROUSSEL, INC.

BY: /s/ Gerald P. Belle

NAME: Gerald P. Belle

TITLE: President, Hoechst Marion Roussel

ROBERTS LABORATORIES INC.

BY: /s/ John T. Spitznagel

NAME: John T. Spitznagel

TITLE: President & CEO

North America

Exhibit 10.88(B)

AMENDMENT TO SUBLICENSE AND ASSIGNMENT AGREEMENT

THIS AGREEMENT ENTERED INTO AS OF THE 24th DAY OF JUNE, 1998

BETWEEN: HOECHST MARION ROUSSEL, INC., a Delaware corporation having its principal place of business at 10236 Marion Park Drive, P.O. Box 9627, Kansas City, Missouri 64134 ("HMRI")

AND ROBERTS LABORATORIES INC., a New Jersey corporation having its principal place of business at 4 Industrial Way West, Eatontown, New Jersey 07724 (ROBERTS)

WHEREAS, HMRI and ROBERTS entered into a Sublicense and Assignment Agreement on April 1, 1998; and

WHEREAS, the parties now desire to amend that agreement;

NOW, THEREFORE, it is hereby agreed that the Sublicense and Assignment Agreement is amended to read as follows:

ARTICLE V PAYMENT

5.01 As consideration for the rights sublicensed and assigned and the assets transferred herein ROBERTS shall pay to HMRI the sum of one hundred and forty one million dollars ($141,000,000) no later than July 1, 1998.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed on this 24th day of June, 1998.

HOECHST MARION ROUSSEL, INC.	ROBERTS LABORATORIES INC.
By: /s/ Gerald P. Belle	By: /s/ John T. Spitznagel
NAME: Gerald P. Belle	NAME: John T. Spitznagel
TITLE: President, Hoechst Marion Roussel North America	TITLE: President and CEO

June 24, 1998

Hoechst Marion Roussel, Inc.
10236 Marion Park Drive
Kansas City, MO 64134

Re: PENTASA

Gentlemen:

This letter will confirm our understanding regarding the payment for our acquisition of PENTASA from you. It is understood and agreed as follows:

1. We shall pay you the sum of $141,000,000 no later than July 1, 1998, pursuant to the terms of a Sublicense and Assignment Agreement executed by our respective firms:

2. You shall pay us interest on the aforesaid sum at the rate of 4.92% per annum according to the attached schedule.

If you are in accord with the foregoing, please so indicate by signing and returning to us the enclosed copy of this letter.

Sincerely,

/s/ Peter M. Rogalin

Peter M. Rogalin
VP Finance, Treasurer
and Chief Financial Officer

PMR/mer

Attachments

cc: A. Rascio
W. Shusko

Agreed to and accepted:

HOECHST MARION ROUSSEL, INC.

By: /s/ Gerald P. Belle

AMORTIZATION OF INTEREST

Date of Principal Payment: June 25, 1998
Rate of Interest: 4.92% per annum

<TABLE>
<CAPTION>

Interest Payment Date	Amount	Principal Remaining Balance
<S>	<C>	<C>
July 1, 1998	$ 114,036	$123,375,000
October 1, 1998	1,529,985	105,750,000
January 1, 1999	1,311,416	88,125,000
April 1, 1999	1,069,089	70,500,000
July 1, 1999	864,774	52,875,000
October 1, 1999	655,708	35,250,000
January 1, 2000	437,139	17,625,000
April 1, 2000	216,194	0

	$6,198,341

</TABLE>

Exhibit 10.88(C)

SUPPLY AGREEMENT

This agreement entered into AS OF the 1st day of APRIL, 1998

between: HOECHST MARION ROUSSEL INC., a Delaware corporation , having its principal place of business at 10236 Marion Park Drive, P.O. Box 9627, Kansas City, Missouri 64134,

(hereinafter referred to as "HMRI")

and: ROBERTS LABORATORIES INC., a New Jersey corporation, having its principal place of business at 4 Industrial Way West, Eatontown, New Jersey 07724,

(hereinafter referred to as "ROBERTS")

WHEREAS FERRING A/S and Marion Laboratories, Inc. (now Hoechst Marion Roussel, Inc.) (hereinafter referred to as "Marion") have entered into a License Agreement on April 25, 1983 pursuant to which FERRING has licensed to HMRI commercial rights related to PRODUCT (as hereinafter defined) in the United States and its territories and possessions and Canada (hereinafter referred to as the "Marion Agreement");

WHEREAS HMRI and ROBERTS have entered into an agreement on April 1, 1998 pursuant to which HMRI has transferred to ROBERTS its rights related to the PRODUCT in the United States and its territories and possessions (hereinafter referred to as the "Roberts Agreement");

WHEREAS pursuant to the Roberts Agreement, HMRI agreed to provide ROBERTS its requirements of the PRODUCT under a separate Supply Agreement; and

WHEREAS HMRI and ROBERTS wish to enter into this Supply Agreement in order to set out in writing the terms and conditions of the supply of the PRODUCT, effective as of the date of this Agreement.

Now, therefore, in consideration of the mutual benefits in furthering the interests of the parties, it is hereby agreed as follows:

ARTICLE I
DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement, the following words shall have the meanings set out hereunder:

1.1.1 DEFECTS means any defect as determined according to quality assurance standards recognized by the pharmaceutical industry.

1.1.2 FDA means the Food and Drug Administration.

1.1.3 NET WHOLESALE PRICE means the invoice amount charged to wholesalers by HMRI for sales pursuant to the Marion agreement.

1.1.4 Patents means any and all patents maturing or issuing out of United States Patent Service No. 270,517 filed May 29, 1981 and any valid divisions, continuations, continuations-in-part, additions or reissues thereof, including United States Patent Service No. 4,496,553, United States Patent Service No. 4,880,794, and United States Patent Service No. 4,980,173.

1.1.5 PRODUCT means the pharmaceutical product, in a packaged finished form, for oral administration, containing a controlled-release form, and method of use, of 5-aminosalicylic acid (5-ASA) useful and for use in the treatment of ulcerative colitis and Crohn's disease in humans, all as more fully described in the Patents and in specifications agreed to in writing by the parties.

1.1.6 QUARTER means a three-month period starting on the first date of January, April, July or September of any year of the TERM.

1.1.7 STANDARD COST means the projected actual cost incurred by HMRI in the manufacture of PRODUCT.

1.1.8 TERM means the term of this Agreement as set out in Section 4.1 shortened by any early termination pursuant to Section 4.2.

1.1.9 Territory means the United States and its territories and possessions.

1.2 Interpretation

This Agreement shall be governed by the following provisions:

1.2.1 This Agreement shall be governed and construed in accordance with the laws of the State of Missouri.

1.2.2 Should any provision of this Agreement be null or without effect or deemed unwritten under any applicable law, it or they shall not render the other provisions, terms and conditions hereof invalid as this Agreement is not an indivisible whole.

1.2.3 The division of this Agreement into Articles, Sections, Subsections and subdivisions and the insertions of headings are for convenience of reference only and shall not affect or be utilized in the construction or the interpretation hereof.

1.2.4 Where required herein, the singular shall comprise the plural and vice versa, the masculine shall include the feminine and vice versa while the neuter shall comprise both the masculine and the feminine.

ARTICLE II
SUPPLY OF PRODUCT

2.1 HMRI shall supply exclusively to ROBERTS and ROBERTS shall purchase exclusively from HMRI, subject to all of the terms and conditions of this Agreement, all of ROBERTS' requirements of PRODUCT for sale in the TERRITORY.

2.2 All quantities of the PRODUCT required under this Agreement shall be manufactured by HMRI according to the specifications and quality control requirements agreed upon by the parties hereto and fit for its approved use; provided, however, that such specifications and requirements meet with the approval of appropriate governmental regulatory bodies in the TERRITORY. PRODUCT will be available in 240 count 250 mg capsule packages, 80 count 250mg capsule packages, and 25 count 250 mg sample packs, each such pack referred to hereafter as SKU. All quantities of the PRODUCT received by ROBERTS shall be accompanied by a certificate of analysis and certification of manufacturing.

2.3 Forecasts

(a) Long-Range Forecasts. Within ninety (90) days from the execution of this Agreement, and at least one hundred and twenty (120) days prior to the beginning of each Calendar Year for the term of this Agreement, ROBERTS shall furnish HMRI with a rolling quarterly forecast of the quantities of PRODUCT that ROBERTS intends to order during the remaining term of the Agreement. Such forecasts shall represent the most current estimates for planning purposes, but not be purchase commitments. Such forecasts shall not exceed HMRI's maximum annual capacity as set forth in Section 2.7(a), unless a forecast in excess of HMRI's capacity is agreed to by the parties.

(b) Short-Term Forecasts. Within thirty (30) days from the execution of the Agreement and, at least ninety (90) days prior to the first day of each succeeding calendar quarter, ROBERTS shall furnish HMRI with a rolling forecast of the quantities of PRODUCT by SKU that ROBERTS intends to order by month, during the eighteen (18) month period commencing with that calendar quarter. Such forecasts shall constitute binding commitments of ROBERTS to purchase the percentages of PRODUCT set forth below pursuant to firm orders issued in accordance with Section 2.4. Such forecasts shall not exceed HMRI's maximum annual capacity as set forth in Section 2.7(a). However, HMRI will use its best efforts to fill orders by ROBERTS in excess of such forecasts. ROBERTS shall be required to purchase that percentage of the quantity of PRODUCT specified in

the forecast for successive quarters as follows:

Period of the Forecast	Percentage of PRODUCT by SKU that ROBERTS is Required to Purchase
Immediate Three Month Period	100%
Second Three Month Period	75%
Third Three Month Period	25%
Fourth Three Month Period	0%

2.4 Firm Orders. ROBERTS shall place each purchase order with HMRI for PRODUCT to be delivered hereunder at least ninety (90) days prior to the delivery date specified in each respective order. Such orders shall be in Units, full lots and minimum order quantities and shall specify for each three month period an aggregate quantity of PRODUCT (by Unit) required to be purchased by ROBERTS pursuant to Section 2.3. In addition, the number of such purchase orders shall not exceed one (1) per month, unless a greater monthly number is agreed to by HMRI, and, to the extent possible, be delivered to HMRI on or about the fifteenth (15) of such month. HMRI shall confirm in writing each such purchase order within ten (10) business days of receipt thereof. HMRI shall deliver against each such order in accordance with Section 2.5. ROBERTS shall be obligated to purchase all such PRODUCT ordered and delivered by the delivery date specified in ROBERTS' purchase order, provided that such PRODUCT meets the Specifications.

2.5 Delivery. Delivery terms shall be F.O.B. the Kansas City manufacturing facility or such other facility mutually agreed to by the parties. HMRI shall ship PRODUCT on a carrier or carriers specified by ROBERTS in accordance with HMRI's purchase order form or as otherwise directed by ROBERTS in writing. Title to and risk of loss as to any PRODUCT purchased by ROBERTS shall pass to ROBERTS upon the earlier of (i) a common carrier accepting possession or control of such PRODUCT, or (ii) the passage of such PRODUCT from the loading dock of HMRI's facility to or any employee, agent or contractor of ROBERTS or such common carrier.

2.6 Rejected Goods/Shortages

(a) Notice; Replacement. ROBERTS shall notify HMRI in writing of any claim relating to PRODUCT that fails to meet the Specifications, arising from defective manufacture, storage or handling of such PRODUCT by HMRI prior to shipment or any shortage in quantity of any shipment of PRODUCT within thirty (30) days of receipt of such PRODUCT.

Provided the parties agree that the PRODUCT is defective or that there is a shortage, HMRI shall replace the defective PRODUCT or make up the shortage as soon as reasonably possible after receiving such notice,

at no additional cost to ROBERTS. ROBERTS shall make arrangements with HMRI for the return or disposal of any rejected PRODUCT; the costs of such return or disposal shall be paid by HMRI. In the event that only a limited supply of PRODUCT is available at the time of such rejection or shortage, then HMRI shall ship to ROBERTS such quantities of PRODUCT as are available and ROBERTS will be promptly reimbursed or credited against future orders, at ROBERTS' option, for amounts paid for the remaining quantity of rejected PRODUCT.

(b) Disputes. If HMRI disagrees with ROBERTS' claim that the PRODUCT fails to meet the Specifications, HMRI and ROBERTS representatives shall attempt to resolve such dispute. If the representatives cannot resolve such dispute, a sample of such PRODUCT shall be submitted by HMRI to a mutually agreed-to qualified laboratory for testing against the Specifications and the test results obtained by such laboratory shall be final and controlling. The fees and expenses of such laboratory testing shall be borne entirely by the party whose PRODUCT analysis was in error. In the event the test results indicate that the PRODUCT in question does not conform to the Specifications, HMRI shall replace such PRODUCT at no additional cost to ROBERTS as soon as reasonably possible after receipt of such results. In the event the test results indicate that the PRODUCT in question does conform to the Specifications, ROBERTS shall pay all additional costs incurred as a result of the disagreement.

2.7 Failure to Supply; Capacity Allocation

(a) Capacity. HMRI's current maximum annual capacity to manufacturer PRODUCT is 165 bulk capsule batches. HMRI anticipates that annual capacity will increase to 200 bulk capsule batches beginning in July of 1999.

(b) HMRI Notice. In the event that HMRI, upon receiving a forecast under Section 2.3 or a firm order under Section 2.4, is, or anticipates that it will be, unable to meet such forecast or firm order, either in whole or in part, due to any reason, HMRI shall give written notice of such inability to ROBERTS within ten (10) days of receipt of such forecast or firm order or upon HMRI's reasonable belief that it cannot fulfill the forecast or firm order, if such date is after such ten (10) day period. If such inability is partial, HMRI shall fulfill firm orders with such quantities of PRODUCT as are available.

(c) Supply Alternatives. HMRI and ROBERTS shall meet within thirty (30) days of such written notice to consider and, if appropriate, pursue alternative arrangements for meeting ROBERTS' requirements for PRODUCT. Any such alternative pursued shall be subject to all required regulatory approvals and HMRI's approval. Any alternative arrangements entered into pursuant to this Section 2.7 shall act in no way as a waiver of any other rights or remedies which ROBERTS or HMRI may have

under this Agreement or otherwise.

(d) Capacity Allocation. In the event that HMRI's inability to meet firm orders or forecasts is due to a shortage of production capacity at HMRI's facility, in addition to the requirements of Section 2.7(a) and Section 2.7(b) above, HMRI shall promptly notify ROBERTS of such shortage of production capacity, and, if possible, the date such shortage of production capacity is expected to end. In such event, HMRI shall allocate its available production capacity to the production of PRODUCT in such proportion as the production capacity actually utilized to meet orders for the PRODUCT over the previous twelve (12) month period bears to total production capacity in such HMRI facility(ies) over the same period.

(e) Supply Resumption. HMRI shall notify ROBERTS as soon as possible of the date upon which such shortage of production capacity will cease. Upon resumption of production of PRODUCT ROBERTS shall resume obtaining its requirements for PRODUCT from HMRI to the extent such resumption is consistent with any contractual arrangements entered into with third parties pursuant to Section 2.7(b).

2.9 Manufacturing Changes.

(a) Required Manufacturing Changes. For changes to the Specifications or manufacturing process that are required by applicable law, rule or regulation or by action (or inaction) by any legally competent government or other regulatory body of authority or by medical or scientific concerns as to the toxicity, safety and/or efficiency of the PRODUCT (collectively "Required Manufacturing Changes"), the Parties shall cooperate in making such changes promptly.

(b) Discretionary Manufacturing Changes. For changes to the Specifications or Manufacturing process that are not Required Manufacturing changes (collectively "Discretionary Manufacturing Changes") the Parties must both agree to such Discretionary Manufacturing Changes and shall, to the extent commercially reasonable under the circumstances, cooperate in making such changes. Notwithstanding the foregoing, HMRI's standard change control procedures shall be utilized in reviewing such changes.

(c) Manufacturing Changes. Notwithstanding the foregoing, all costs associated with Required Manufacturing Changes, (including, without limitation obsolete raw materials, work-in-process and finished product inventories) shall be shared equally. Discretionary Manufacturing Changes shall be borne by the party initiating such change, except that should such changes that result in cost savings, such savings shall be shared equally.

ARTICLE III
PRICE

3.1 HMRI's 1998 standard costs for the manufacturer of PRODUCT are $18.214 for the 240 count 250mg pack; $6.868 for the 80 count blister pack; and $2.916 for the 25 count sample pack. HMRI's 1998 Net Wholesale Price for PRODUCT is $75.70 for the 240 count 250mg pack and $25.15 for the 80 count blister pack.

3.2 During the term of this Acquisition, the cost of goods paid by ROBERTS to HMRI for its requirements of 240 count 250mg. capsules packages shall be 22% of net wholesale price, an amount equal to $16.654 per 240 count 250mg package.

3.4 HMRI's existing product inventory as of the date of this Agreement will be sold to ROBERTS at 22% of net wholesale price. HMRI's existing inventory of 25 count sample packs will be sold to ROBERTS at HMRI's standard cost.

3.5 In the event that ROBERTS takes over packaging responsibilities, the parties will negotiate a revised cost of goods to appropriately reflect HMRI's reduced costs, but in no event shall the reduction be less than $1.0126 per 240 count 250 mg capsules.

3.6 Payments shall be made not later than thirty (30) days after date of invoice, which invoice shall be issued when PRODUCT is delivered pursuant to Section 2.5 hereof.

ARTICLE IV
TERM AND TERMINATION

4.1 This Agreement shall be for a two year term commencing on April 1, 1998 or such later date upon which the Roberts Agreement shall be executed. Upon termination of this agreement, HMRI will use its best efforts in cooperation with ROBERTS to transfer the PRODUCT manufacturing responsibilities to ROBERTS. In the event that this transfer cannot be accomplished, the parties will negotiate in good faith for an agreement to continue the supply of PRODUCT.

4.2 Either party hereto may terminate this Agreement upon the substantial or material breach of any of the terms hereof by the other party on sixty (60) days' prior written notice; provided, however, that if, during the said sixty (60) days, the party notified of its breach cures said breach, then the Agreement shall continue in full force and effect; and, provided further, should either party hereto be dissolved or liquidated or become insolvent or if any proceeding is filed or commenced by or against either party under bankruptcy, insolvency or debtor relief law, the other party may terminate this Agreement immediately by giving written notice of such termination to the other party. The termination upon the breach shall be without prejudice to any remedy which either party may have against the other for such breach.

ARTICLE V

PRODUCT LIABILITY

ROBERTS agrees to save, defend, indemnify and hold harmless HMRI from and against any and all demands, claims, actions, suits, costs, expenses, awards, damages, liabilities, and/or loss resulting or arising out of the, marketing, sale or distribution of the PRODUCT by ROBERTS in the TERRITORY; except, however, HMRI shall be solely liable for, and shall save, defend, indemnify and hold harmless ROBERTS from and against any and all

demands, claims, actions, suits, costs, expenses, awards, damages, liabilities, and/or loss resulting or arising out of the manufacturing, handling or shipment of the PRODUCT by HMRI or any other willful or negligent act of HMRI, its officers, agents and employees.

ARTICLE VI
FINAL PROVISIONS

6.1 This Agreement shall be binding upon and inure to the benefit of the parties hereto, their successors and permitted assigns.

6.2 This Agreement constitutes the entire agreement of the parties with respect to the subject matter of this Agreement and supersedes all prior and contemporaneous agreements and understandings in connection therewith.

6.3 This Agreement may be amended or waived only by a formal written amendment accepted by both parties. In no event will the use of any form of purchase order, shipping document, confirmation, or waybills be effective to vary, alter or modify the terms and provisions of this Agreement. Nor will such use have the effect of substituting the provisions set forth on such form for the provisions contained in an authorized purchase order.

6.4 All notices, requests, orders, consents or approvals required or permitted by this Agreement shall be in writing and sent to the parties at the first above-mentioned addresses. A party may change such address by notice to the other party from time to time. Notices shall be delivered personally or sent by registered or certified mail with postage prepaid or by facsimile. Notices given by mail shall be deemed to have been received five (5) business days after transmission.

6.5 Each of the parties upon the request of the other shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect complete consummation of the transactions contemplated by this Agreement.

6.6 Nothing herein contained shall constitute or create a partnership among, or a joint venture by, all or any of the parties.

6.7 Neither failure nor delay by either party to exercise any right or remedy provided in this Agreement or by statute, or law shall operate as a waiver of such right or remedy, nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise of any other

right or remedy. The rights and remedies set forth in this Agreement are cumulative and enforcement of one right

or remedy shall not preclude subsequent enforcement of the same or other rights and remedies provided in this Agreement or at law.

6.8 This Agreement and all rights and obligations hereunder shall not be assigned in whole or in part by either party to any third party without the prior written consent of the other.

6.9 Neither party shall be responsible or liable, in any way, for default in performance of this Agreement arising, directly or indirectly, from any cause beyond such Party's control, including without limiting the generalities of this provision, fire, flood, tornado, cyclone, war, enemy action, embargo, strike, lockout, labor trouble, transportation difficulties, governmental order, proclamation or regulation.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed in two counterparts by their duly authorized representatives as of the day and year first set forth above.

HOECHST MARION ROUSSEL, INC.

By: /s/ Gerald P. Belle

Name: Gerald P. Belle

Title: President, Hoechst Marion Roussel North America

Signed on April 1, 1998

ROBERTS LABORATOTIES INC.

By: /s/ John T. Spitznagel

Name: John T. Spitznagel

Title: President & CEO

Signed on April 1, 1998

Exhibit 10.88(D)

June 17, 1998

Writer's Direct Dial Number
(914) 631-4489

Edward H. Stratemeier, Esq.
Vice President and General Counsel

Hoechst Marion Roussel, Inc.
9300 Ward Parkway
Kansas City, MO 64114

Re: Stand-Still Agreement

Dear Ed:

This letter agreement is between Ferring A/S ("Ferring"), Hoechst Marion Roussel, Inc. ("HMR"), Roberts Pharmaceutical Corporation and Roberts Laboratories, Inc. (collectively "Roberts"). It sets forth the agreement of the parties by their counsel, who, by signing below, confirm their authority to bind their respective clients to the terms hereof.

This agreement arises out of the parties' mutual desire to provide an opportunity to attempt amicably to resolve without litigation a dispute that has arisen between Ferring, on the one hand, and HMR and Roberts, on the other, concerning HMR's purported sublicense and assignment to Roberts, without Ferring's consent, of rights flowing to HMR from Ferring under a License Agreement, dated April 25, 1983, between Ferring and Marion Laboratories, Inc. and a Development, Supply and Distribution Agreement, dated November 7, 1997, between Ferring and HMR (the "Dispute").

The parties hereby agree as follows:

1. This agreement and any discussions or communications the parties have pursuant thereto represent settlement negotiations and may not be admitted into evidence or otherwise used in any litigation or other proceeding or used in any other way or for any other purpose other than to attempt to settle the Dispute, except that this agreement may be used to enforce its terms by a party not in breach in an action or proceeding commenced in violation of its terms. Moreover, neither the agreement nor any discussions or communications had pursuant to this agreement may be disclosed to any person or entity not a party to the agreement except as required by law, judicial order or applicable regulation.

2. This agreement has been entered into in reliance upon the provisions of Rule 408 of the Federal Rules of Evidence and any similar state provision.

3. Ferring may not commence any action or assert in court or other proceeding any claim or cause of action against HMR or Roberts concerning the Dispute or seek any declaration or other relief with respect thereto until Monday, June 22, 1998.

4. Neither HMR nor Roberts may commence any action or assert in court or other proceeding any claim or cause of action against Ferring concerning the Dispute or seek any declaration or other relief with respect thereto until Tuesday, June 23, 1998, except in an action or other proceeding commenced by Ferring.

5. The terms of this agreement may not be amended or waived except in a writing signed by the party against which the amendment or waiver is being assessed.

6. If any action or other proceeding is ultimately commenced between or among any of the parties hereto concerning the Dispute, the passage of time from the date and time of this letter until the commencement of such action or other proceeding shall not be used by any other party against any other party in any way.

7. The construction and effect of this agreement shall be governed by the laws of the State of New York, and no party shall be entitled to have the agreement construed against any other party by reason of its authorship.

8. This agreement may be executed in counterparts and, when so executed by all of the parties, shall have the same effect as if one original of the agreement had been signed by all of the parties.

Yours truly,

Ferring A/S

By: /s/ Arnold Chase

Arnold Chase
Counsel

Above agreement accepted:

Hoechst Marion Roussel, Inc.

By: /s/ Edward H. Stratemeier

Edward H. Stratemeier
Vice President and General Counsel

Roberts Pharmaceutical Corporation

Roberts Laboratories, Inc.

By: /s/ Anthony Rascio

Anthony Rascio
General Counsel

Exhibit 10.88(E)

Agreement dated June 22, 1998 among Ferring A/S, a Danish corporation with principal offices at Indertoften 10, DK 2720 Vanlose, Denmark ("Ferring"), Hoechst Marion Roussel, Inc. a Delaware corporation with principal offices at 10236 Marion Park Drive, Kansas City, Missouri 64134 ("HMRI"), and Roberts Laboratories, Inc. and Roberts Pharmaceutical Corporation, New Jersey corporations with principal offices at Meridian Center II, Four Industrial Way West, Eatontown, New Jersey 07724 (collectively "Roberts").

The parties agree as follows:

1. Ferring agrees not to file any complaint, cause of action, or other proceeding arising out of or related to the matters described in the draft Complaint dated June 17, 1998 and titled Ferring A/S v. Roberts Laboratories Inc., Roberts Pharmaceutical Corporation and Hoechst Marion Roussel, Inc.

2. HMRI agrees to pay to Ferring the sum of $8,500,000 which amount

shall be paid in two equal payments on December 1, 1998 and January 4, 1999.

3. The parties agree that the Development, Supply and Distribution Agreement dated November 7, 1997 between Ferring and HMRI (the "1997 Agreement") is amended as follows:

(a) Section 8.01(c) is amended by (i) changing the word "approval" in the second line to "review and comment" and (ii) deleting the words "such approval not to be unreasonably withheld."

(b) Section 8.02 is amended by adding at the beginning of such Section the words "At the option of Ferring."

(c) Section 8.03 is amended by adding at the beginning of such Section the words "Subject to Section 8.02."

(d) In all other respects the 1997 Agreement shall remain in full force and effect.

4. Notwithstanding anything to the contrary in the 1997 Agreement or the License Agreement dated April 25, 1983 between Ferring and Marion Laboratories, Inc. (the "1983 Agreement"), Ferring shall have the right to use and apply the trademark Pentasa(R) to products containing 5-aminosalicylic acid ("5-ASA") other than oral formulations. The parties agree to execute such further documents or agreements as may be necessary to carry out this provision.

5. Ferring agrees that it will not grant license rights for the United States to any third party with respect to products containing 5-ASA other than oral formulations without affording to Roberts the first opportunity to negotiate for such rights on such terms as Ferring and Roberts may in good faith negotiations agree. If Ferring and Roberts are unable to agree within 120 days after notice from Ferring, Ferring will be free to grant such rights to a third party.

6. Each party waives any claim which it may have against the others arising under the 1983 Agreement of the 1997 Agreement prior to the date hereof; provided, however, Ferring does not waive any claim for royalties due on sales made prior to the date hereof.

7. This Agreement may not be changed or modified except in writing and shall be governed by and construed in accordance with the laws of the State of New York.

8. Each of the parties agrees to execute such further papers or agreements as may be necessary or desirable to effect the purposes of this Agreement and carry out its provisions.

In witness whereof, the parties have caused this Agreement to be executed on the date stated above.

Ferring A/S	Roberts Laboratories, Inc.
	/s/ Anthony A. Rascio
---	---

Hoechst Marion Roussel, Inc.	Roberts Pharmaceutical Corp.
/s/ Gerald P. Belle	/s/ Anthony A. Rascio
---	---

EXHIBIT 10.90

Option and License Agreement

This Agreement ("Agreement") is entered into as of the 6th day of July, 1998, by and between RiboGene, Inc., a corporation organized under the laws of Delaware ("RiboGene"), and Roberts Pharmaceutical Corporation ("Roberts"), a corporation organized under the laws of New Jersey.

Recitals

Whereas, RiboGene has conducted research and development with an intranasally administered pharmaceutical product containing metoclopramide as an active ingredient for the treatment of delayed onset emesis and other indications, and owns certain patents relating thereto; and

Whereas, Roberts is interested in completing the development of RiboGene's product as a contract research organization for RiboGene, and desires to obtain an exclusive option for obtaining a license to market said product after regulatory approvals have been obtained;

Whereas, RiboGene and Roberts have entered into that certain Series A Preferred Stock Purchase Agreement, dated as of the date hereof, (the "Purchase Agreement"), pursuant to which Roberts will purchase 1,428,572 shares of Series A Convertible Non-voting Preferred Stock of RiboGene (the "Stock Purchase");

Now, Therefore, in consideration of the foregoing and the covenants and promises contained herein, and subject to the Closing of the Stock Purchase, the parties agree as follows:

ARTICLE 1

DEFINITIONS

1.1 "Affiliate" shall mean (i) any corporation or other entity ("Parent") which directly or indirectly owns or controls at least fifty percent (50%) of the outstanding voting securities of a party, (ii) any corporation or other entity in which a party owns or controls at least fifty percent (50%) equity interest, and (iii) any corporation or other entity in which a Parent of a party owns or controls at least a fifty percent (50%) equity interest.

1.2 "Allowable Expenses" shall mean the pre-existing third party commitments and any patent and trademark costs in the Territory incurred by RiboGene relating to the Product, an estimate of which is contained in Exhibit A.

1.3 "Closing" shall have the meaning specified in the Purchase Agreement.

1.4 "Collaboration Know-How" shall mean all inventions, discoveries, materials and information developed by either party relating to the Product during the term of this Agreement. Collaboration Know-How shall not include Collaboration Patents.

1.5 "Collaboration Patents" shall mean any and all patents, including, without limitation, any substitutions, extensions, reissues, renewals, supplementary protection certificates

and inventors' certificates, which have not been held invalid or unenforceable by a non-appealable or non-appealed decision of a court of competent jurisdiction, issuing from patent applications filed in any jurisdiction, including, without limitation, any provisionals, divisionals, continuations, and continuations-in-part, which cover inventions or discoveries made by either party alone or both parties jointly relating to the Product during the term of this Agreement.

1.6 "Collaboration Technology" shall mean all Collaboration Patents and Collaboration Know-How.

1.7 "Confidential Information" shall mean a party's confidential information, including, without limitation, Roberts Know-How, RiboGene Know-How, Collaboration Know-How, Development Programs, engineering designs and drawings, research data, manufacturing processes and techniques, scientific, manufacturing, marketing, and business plans, financial or personnel matters relating to the party, its present or future products, sales, suppliers, customers, employees, investors or business.

1.8 "Development Program" shall mean the program of preclinical and clinical development activities relating to the Product undertaken by Roberts pursuant to this Agreement.

1.9 "Effective Date" shall mean the date on which the Closing occurs, as defined in the Purchase Agreement.

1.10 "FDA" shall mean the United States Food and Drug Administration.

1.11 "Field" shall mean therapeutic treatment of delayed onset emesis and any other conditions or diseases in humans.

1.12 "NDA" shall mean the approval required by the FDA or an equivalent non-U.S. authority required for the marketing and sale of the Product in the Territory.

1.13 "Net Sales" shall mean the gross invoice price of the Product sold in the Territory by Roberts, its Affiliates or sublicensees to an independent third party after deducting, if not already deducted in the amount invoiced (a) trade,

quantity and cash discounts actually taken, (b) returns, rebates, chargebacks and allowances made or granted, and (c) transportation and insurance charges separately billed. With respect to sales of combination products consisting of metoclopramide combined with one or more additional active ingredients, the parties will agree on a method of allocation in the event the situation arises. Sales among Roberts and its Affiliates or sublicensees shall not be deemed Net Sales. The Product shall be considered sold when invoiced by Roberts.

1.14 "Product" shall mean a pharmaceutical product containing metoclopramide as an active ingredient formulated for intranasal delivery.

1.15 "RiboGene Know-How" shall mean all inventions, discoveries, materials and information (i) which RiboGene owns, controls or has a license (with a right to sublicense) as of the Effective Date or which arise outside the Development Program during the term of this Agreement, and (ii) which are necessary or useful for the conduct of the Development Program,

or the manufacture, use or sale of the Product. RiboGene Know-How shall not include RiboGene Patents.

1.16 "RiboGene Patents" shall mean the patents listed in Exhibit B and any and all patents other than Collaboration Patents, including, without limitation, any substitutions, extensions, reissues, renewals, supplementary protection certificates and inventors' certificates, which have not been held invalid or unenforceable by a non-appealable or non-appealed decision of a court of competent jurisdiction, issuing from patent applications filed in any jurisdiction, including, without limitation, any provisionals, divisionals, continuations, continuations-in-part, which (i) RiboGene owns, controls or has a license to (with the right to sublicense) as of the Effective Date, and (ii) would be infringed by the conduct of the Development Program, or the manufacture, use or sale of the Product.

1.17 "RiboGene Technology" shall mean the RiboGene Patents and the RiboGene Know-How.

1.18 "Regulatory Approval(s)" shall mean shall mean all new drug approvals, marketing approvals, applications, licenses, permits, and other authorizations, which are required for manufacturing and selling the Product in compliance with applicable laws in the Territory;

1.19 "Regulatory Authority" shall mean the competent government regulatory authority responsible for granting the Regulatory Approvals in a country of the Territory.

1.20 "Roberts Know-How" shall mean all inventions, discoveries, materials and information (i) which Roberts owns, controls or has a license to (with a right to sublicense) as of the Effective Date or which arise outside of the Development Program from time to time during the term of this Agreement, and

(ii) which are necessary or useful for the conduct of the Development Program, or the manufacture, use or sale of the Product. Roberts Know-How shall not include Roberts Patents.

1.21 "Roberts Patents" shall mean any and all patents other than Collaboration Patents, including, without limitation, any substitutions, extensions, reissues, renewals, supplementary protection certificates and inventors' certificates, which have not been held invalid or unenforceable by a non-appealable or non-appealed decision of a court of competent jurisdiction, issuing from patent applications filed in any jurisdiction, including, without limitation, any provisionals, divisionals, continuations, continuations-in-part, which (i) Roberts owns, controls or has a license to (with the right to sublicense) as of the Effective Date, and (ii) would be infringed by the conduct of the Development Program, or the manufacture, use or sale of the Product.

1.22 "Roberts Technology" shall mean the Roberts Patents and the Roberts Know-How.

1.23 "Steering Committee" shall mean the committee established by the parties pursuant to Section 2.1.

1.24 "Territory" shall mean in the United States, its commonwealth and possessions, Canada and Mexico.

1.25 "Trademark" shall mean Emitasol(R).

ARTICLE 2

PRODUCT DEVELOPMENT

2.1 Steering Committee.

(a) Formation of Steering Committee. Promptly after the Effective Date, the parties shall establish the Steering Committee. The Steering Committee shall consist of an equal number of members from Roberts and RiboGene, appointed and substituted by each party as necessary from time to time. Each member shall have appropriate technical credentials and knowledge and ongoing familiarity with the Development Program. All decisions of the Steering Committee shall be unanimous.

(b) Meetings of Steering Committee. The Steering Committee shall meet quarterly or at such other intervals as shall be agreed between the parties, and at such times as shall be mutually agreed upon by the parties and at a site alternating between RiboGene's and Roberts's place of business, or as otherwise mutually agreed.

(c) Responsibilities of the Steering Committee. The Steering Committee shall establish the Development Program for the Product aimed at

developing and commercializing the Product in all possible indications in all countries of the Territory. The Steering Committee shall monitor the progress of the Development Program and may revise it as necessary to achieve the overall goal of developing the Product as quickly as commercially feasible, and maximizing the commercial potential of the Product.

2.2 Conduct of the Development Program.

(a) Roberts will conduct the Development Program under the direction of the Steering Committee. Roberts shall keep the Steering Committee fully informed on a reasonable basis of the development of the Product, including but not limited to periodic written updates on the progress of each filing with a Regulatory Authority.

(b) In performing the Development Program, Roberts shall devote the same degree of attention, resources and diligence to the preclinical and clinical development of the Product as it devotes to its own high priority compounds and products. In particular, Roberts undertakes to diligently conduct clinical trials and to apply for Regulatory Approval of the Product in each country of the Territory within [*] from the Effective Date. If Roberts has not filed an NDA or its foreign equivalent in a country of the Territory within [*] from the Effective Date, Roberts' option granted under Section 4.1 shall be deemed to

have expired in such country, and such country shall be excluded from the Territory. Should an action of a Regulatory Authority outside of Roberts' control give rise to a reasonable basis to extend the aforesaid [*] period, meaning that it is reasonable to expect that Roberts acting with commercially reasonable diligence shall not have applied for Regulatory Approval as aforesaid, an extension of time will be provided to enable Roberts to complete the Development Plan and the parties shall negotiate in good faith and arrive at a reasonable period of extension.

(c) All regulatory filings shall be made in the name of RiboGene, and any Regulatory Approvals granted thereon shall be transferred to Roberts upon exercise of the option as set forth in Section 4.2.

2.3 Manufacture for Development. Roberts shall be responsible for obtaining supplies of the Product in quantities necessary for performing the preclinical and clinical development activities under the Development Program.

2.4 Access and Use of Information. RiboGene shall have the right to use all data obtained in the studies, all filings made, and all Regulatory Approvals obtained by Roberts in the Territory, and shall have the right to reference any such data, any regulatory filings and Regulatory Approvals for inclusion in regulatory submissions such as filings for Regulatory Approvals for the Product outside of the Territory.

2.5 Development Funding. RiboGene shall fund the preclinical and clinical studies conducted by Roberts under the Development Program, and pay the Allowable Expenses up to an amount of seven million dollars ($7,000,000) ("Development Funds"). Any costs of activities to be performed under the Development Program and any Allowable Expenses in excess of the Development Funds shall be funded by Roberts. Payments by RiboGene shall be made on a contract research basis in accordance with a development budget and schedule established by the Steering Committee in the Development Program.

2.6 [*] If at any time during the term of this Agreement and prior to the exercise of the option by Roberts pursuant to Section 4.2 below [

*

] The [

*

] RiboGene at the time when [*

] or upon the first Regulatory Approval of the Product. If necessary to pay for the preclinical and clinical studies under the Development Program or the Allowable Expenses, [*
] the budget and payment schedule contained in the Development Program or the due date of the payments for Allowable Expenses.

ARTICLE 3

OWNERSHIP OF INTELLECTUAL PROPERTY AND LICENSES

3.1 Roberts Technology. RiboGene acknowledges and agrees that Roberts is and shall remain the sole owner of the Roberts Technology and that RiboGene has no rights in or to any of it other than the license and rights specifically granted herein and the licenses granted pursuant to this Agreement.

3.2 RiboGene Technology. Roberts acknowledges and agrees that RiboGene is and shall remain the sole owner of the RiboGene Technology and that Roberts has no rights in or to any of them other than the rights specifically granted herein and the license to be granted pursuant to this Agreement.

3.3 Collaboration Technology. Collaboration Technology shall be owned by either party alone or jointly with the other party depending on whether such Collaboration Technology was developed by a party alone or jointly with the other party. Inventorship shall be determined in accordance with the rules of inventorship under U.S. patent laws. Neither party shall have rights to such Collaboration Technology owned solely or jointly except as expressly granted under this Agreement.

3.4 License Grants.

(a) License Grant to Roberts. As of the Effective Date, RiboGene hereby grants to Roberts a non-royalty bearing, exclusive license under RiboGene Technology and Collaboration Technology in the Field for the sole purpose of conducting the Development Program. Roberts may not grant sublicenses under the license granted in this subsection (a) except in the context of contract research or contract development by a third party as part of the Development Program, and then only after the prior written approval of RiboGene, which approval shall not be unreasonably withheld. The terms of any sublicense shall conform to the terms of this Agreement in all respects.

(b) License Grant to RiboGene. As of the Effective Date, Roberts hereby grants to RiboGene a non-royalty bearing, non-exclusive license, with the right to sublicense, under Roberts Technology, and a non-royalty bearing, exclusive license, with the right to sublicense, under Collaboration Technology to research, develop, make, have made, use, import, offer for sale and sell the Product outside of the Territory.

3.5 Trademark License. As of the Effective Date, RiboGene hereby grants to Roberts a non-royalty bearing, exclusive license, with the right to sublicense subject to RiboGene's prior written approval, under RiboGene's rights in and to the Trademark for the sole purpose of developing, marketing, and selling the Product in the Territory during the term of this Agreement. Roberts shall use the Trademark in connection with the development, marketing, promotion and selling of the Product. RiboGene shall file and maintain the Trademark in all countries of the Territory. The costs of such filings and maintenance shall be part of Allowable

Expenses until Roberts has exercised its option pursuant to Section 4.2, whereafter such costs shall be borne by Roberts.

ARTICLE 4

OPTION GRANT

4.1 Option for Commercialization License. Roberts shall have the option to obtain an exclusive license, with the right to sublicense subject to RiboGene's prior written approval, under RiboGene Technology and Collaboration Technology in the Field to make, have made, use, import, offer for sale and sell the Product in the Territory. The option shall be in effect in any particular country of the Territory for a period beginning on the Effective Date and ending sixty (60) days after first Regulatory Approval of the Product in that particular country of the Territory ("Option Period").

4.2 Option Exercise. Roberts shall exercise the option by giving RiboGene written notice prior to the expiration of the Option Period.

4.3 Expiry of Option. If the option granted under Section 4.1 expires under the terms of this Agreement, Roberts shall transfer to RiboGene all

information, including, without limitation, data, reports and documentation generated by Roberts in the course of the performance of the Development Program and all rights of Roberts in and to such information.

ARTICLE 5

COMMERCIAL TERMS

5.1 License Fee. Within [*] after exercising the option pursuant to Section 4.2 above, Roberts shall pay to RiboGene a license fee of ten million dollars ($10,000,000) ("License Fee") as follows:

(a) [*] of the License Fee, i.e. [*] if the option is exercised following FDA Regulatory Approval of the Product for delayed onset emesis or for an indication which permits the promotion of the Product for treatment of the symptoms of delayed onset emesis;

(b) [*] of the License Fee, i.e. [*] if the option is exercised following FDA Regulatory Approval of the Product for an indication which does not permit the promotion of the Product for the treatment of the symptoms of delayed onset emesis;

(c) [*] of the License Fee, i.e. [*] if the option is exercised following Regulatory Approval of the Product in Canada or Mexico;

(d) In the event of a partial payment of the License Fee pursuant to subsections (b) through (c) above, Roberts shall make additional payments upon the occurrence of any subsequent Regulatory Approvals for an indication which permits the promotion of the

Product for the treatment of the symptoms of delayed onset emesis described in subsections (a) through (c), up to and until such time as the full amount of the License Fee has been paid;

(e) Notwithstanding the payment events described in subsections (b) through (d) above and license fee payments made by Roberts thereunder, the balance of the License Fee shall be due and payable (i) if gross sales generated with the Product in the first year from the date of first commercial sale reach or exceed [*]; or (ii) if the aggregate gross sales generated with the Product reach or exceed [*]

5.2 Royalties.

(a) Royalty Rate. Roberts shall pay to RiboGene royalties at a rate of [*] of Net Sales of the Product.

(b) Royalty Term.

(i) In any country where the manufacture, use or sale of the Product is covered by a Collaboration Patent or RiboGene Patent, royalties shall be payable in such country until the later of (i) [*] from the first commercial sale of the Product in such country and (ii) the expiration of the last to expire of such Collaboration Patent or RiboGene Patent.

(ii) In any country where the manufacture, use or sale of the Product is not covered by a Collaboration Patent or RiboGene Patent, royalties shall be payable in such country until the expiration of [*] from the date of first commercial sale of the Product in such country.

(c) If, due to restrictions or prohibitions imposed by national or international authority, including but not limited to restrictions on payments of royalties from the Territory, Roberts is unable to make the payments of royalties as aforesaid, the parties shall consult with a view to finding a prompt and acceptable solution and Roberts shall not be relieved of the obligation to make such payments and will from time to time deal with such monies as RiboGene may lawfully direct.

(d) Any and all taxes payable in connection with the payments to be made pursuant to this Section 5.2 shall be for the account of RiboGene. In the event that Roberts shall be required to withhold or pay any taxes in the Territory applicable to RiboGene with respect to any such payments, Roberts shall promptly furnish RiboGene with the respective tax receipts, or other evidence of payment.

(e) Upon request by RiboGene, Roberts shall file on behalf of RiboGene any tax returns which the law of the Territory may require. Such tax returns shall be filed in accordance with RiboGene's instructions and Roberts shall pay such taxes on RiboGene's behalf, deducting the amounts of such tax payments from the royalty payments due pursuant to this Section 5.2.

(f) Roberts shall reasonably assist RiboGene in obtaining a tax credit under the applicable taxation treaties and laws, including by providing appropriate evidence of RiboGene's payment of the withholding tax.

5.3 Due Diligence.

(a) Roberts undertakes to launch and sell the Product in each country of the Territory within [*] from the date of Regulatory Approval, including pricing approval, where applicable, in such country. Roberts shall market and promote the Product as it markets and promotes its own products with similar sales potential.

(b) If Roberts has not launched the Product within the time period required under subsection (a) above, Roberts' license obtained pursuant to the exercise of the option under Section 4.2 shall be deemed to have expired in such country, and such country shall be excluded from the Territory. Upon expiry of the license, Roberts shall transfer to RiboGene all Regulatory Approvals in such country, and information, including, without limitation, data, reports and documentation generated by Roberts in the course of the performance of the development of the Product for such country and all rights of Roberts in and to such information.

5.4 Territorial Limitation. Roberts hereby undertakes to practice the RiboGene Technology and Collaboration Technology licensed hereunder only within the Territory. Roberts shall not sell or distribute the Product outside of the Territory, and shall not sell or supply the Product to any third party of whom it knows or has reason to believe that such third party sells or supplies the Product to customers outside of the Territory.

ARTICLE 6

PAYMENTS; RECORDS; AUDIT

6.1 Royalty Payment and Reports.

(a) Royalty amounts payable to RiboGene under Section 5.2 shall be paid in U.S. Dollars within [*] of the end of each calendar quarter. Each payment of royalties shall be accompanied by a statement of the amount of Net Sales during such period, the amount of aggregate Net Sales to date as of the end of such period, and the amount of royalties due on such Net Sales.

(b) For the purpose of calculating royalties on Net Sales generated in currencies other than U.S. dollars, such Net Sales shall be converted into U.S. dollars at the rate of exchange as quoted in the Wall Street Journal on the last business day of the relevant calendar quarter. All royalty payments owed under this Agreement shall be made by means of wire transfer to RiboGene's account in a bank in the United States to be designated by RiboGene.

6.2 Records and Audit.

(a) During the term of this Agreement and for a period of [*] thereafter, Roberts shall keep complete and accurate records pertaining to the sale or other

disposition of the Product commercialized by it, in sufficient detail to permit RiboGene to confirm the accuracy of all payments due hereunder.

(b) RiboGene shall have the right to cause an independent, certified

public accountant to audit such records to confirm Roberts's Net Sales and royalty payments; provided, however, that such auditor shall not disclose Roberts's confidential information to RiboGene, except to the extent such disclosure is necessary to verify the amount of royalties due under this Agreement.

(c) Such audits may be exercised once a year, within [*] after the royalty period to which such records relate, upon notice to Roberts and during normal business hours.

(d) RiboGene shall bear the full cost of such audit unless such audit discloses a variance of more than [*] from the amount of the Net Sales or royalties previously paid. In such case, Roberts shall bear the full cost of such audit. The terms of this Section 6.2 shall survive any termination or expiration of this Agreement for a period of [*]

(e) Overdue Payments. If RiboGene does not receive payment of any sum payable under this Agreement on the date it is due, simple interest shall thereafter accrue on the sum due to RiboGene until the date of payment at the per annum rate of [*]

ARTICLE 7

PATENT PROSECUTION AND DEFENSE

7.1 Patent Prosecution and Maintenance.

(a) RiboGene shall maintain the RiboGene Patents during the term of this Agreement. The costs of such maintenance shall be part of Allowable Expenses until Roberts has exercised its option pursuant to Section 4.2, whereafter such costs shall be borne by Roberts.

(b) Roberts shall be responsible for filing and prosecuting applications for Collaboration Patents and for maintaining Collaboration Patents owned solely by either party or jointly by the parties in the Territory. Roberts shall consult with RiboGene as to the selection of countries in which to file applications for such Collaboration Patents. Roberts shall be responsible for bearing the cost of filing and prosecuting applications for Collaboration Patents and of maintaining Collaboration Patents in the Territory. In the event that Roberts decides not to proceed with prosecuting an application for a Collaboration Patent, it shall give RiboGene [*] notice before any relevant deadline, and RiboGene shall have the right to pursue, at its own expense, prosecution of such patent application or maintenance of such patent, and such patent shall be excluded from the licenses granted herein or in the License Agreement.

(c) Each party agrees to cooperate with the other and take all reasonable additional actions and execute such agreements, instruments, and documents as may be

reasonably required to prosecute patent applications as provided in this section, and to perfect the other's ownership interest in Collaboration Patents as allocated in Article 3, including, without limitation, the execution of necessary and appropriate instruments of assignment.

7.2 Infringement of Patents by Third Parties.

(a) Notice. Each party shall promptly notify the other in writing of any alleged or threatened infringement of RiboGene Patents, Roberts Patents, or Collaboration Patents which may adversely impact the rights of the parties hereunder.

(b) Roberts Patents and RiboGene Patents.

(i) The party which is the holder of Roberts Patents or RiboGene Patents, respectively, shall have the right, but not the obligation, to bring an appropriate action against any person or entity directly or contributorily infringing its patents. If the patent holder brings an action against an alleged infringer, the other party shall cooperate reasonably with the patent holder in any such efforts.

(ii) Any recovery obtained by the patent holder as a result of such action, whether obtained by settlement or otherwise, shall be disbursed as follows: first, each party shall be reimbursed for any reasonable expenses incurred in bringing or assisting in such action (including counsel fees). If the infringement was made by a third party product which competed with the Product in the Territory, the remaining proceeds shall be added to Net Sales. In the event of any other kind of infringement, the remaining proceeds shall retained by the patent holder.

(iii) No settlement, compromise or other disposition of any such action which compromises a party's rights under this Agreement shall be entered into without such party's prior consent, which shall not be unreasonably withheld.

(c) Collaboration Patents.

(i) If a Collaboration Patent is infringed in the Territory, Roberts shall have the right to bring, at its own expense, an appropriate action against any person or entity directly or contributorily infringing such Collaboration Patent. In such event, RiboGene shall cooperate reasonably with Roberts in any such action, including if required to bring such action, the furnishing of a power of attorney.

(ii) In the event Roberts fails to institute an infringement suit or take other reasonable action to protect the relevant Collaboration Patent, RiboGene shall have the right, upon [*] of notification of

Roberts, to institute such suit or take other appropriate action at its own expense in its own name, the joint owners' name, or both. In such event, Roberts hereby agrees to cooperate reasonably with RiboGene in any such effort, including if required to bring such action, the furnishing of a power of attorney.

(iii) Regardless of which party brings the action, any recovery obtained by settlement or otherwise shall be disbursed as follows: the party bringing such action shall first ensure that any reasonable expenses incurred in assisting in such action (including counsel fees)

by both parties are reimbursed. Thereafter, the party bringing such action shall ensure that the net recovery shall be added to Net Sales.

7.3 Infringement of Third Party Rights.

(i) Joint Strategy. In the event that the Product developed, manufactured or sold hereunder becomes the subject of a claim for patent, copyright or other proprietary right infringement in the Territory ("Product Infringement Claim"), and irrespective of whether Roberts or RiboGene is charged with said infringement, and the venue of such claim, the parties shall promptly confer to discuss the claim. The parties shall agree on how to best defend the Product Infringement Claim and shall designate the party who shall have primary responsibility to conduct the defense of any Product Infringement Claim in the Territory.

(ii) Defense. The party with primary responsibility for the defense of a Product Infringement Claim shall keep the other party informed on the progress and shall provide it with copies of all filings made or received in connection with such claim. The other party shall have the right to participate in any proceedings and to be represented by counsel of its own choice. The costs of such defense shall be shared between the parties. Each party shall reasonably cooperate with the party conducting the defense of the Product Infringement Claim, including if required to conduct such defense, furnishing a power of attorney. Neither party shall enter into any settlement that affects the other party's rights or interests without such other party's written consent, which consent shall not be unreasonably withheld.

7.4 Patent Marking. Roberts shall mark, if necessary, all the Product manufactured, used or sold under the terms of this Agreement, or its containers, in accordance with the applicable patent marking laws, as required.

ARTICLE 8

PUBLICATION; PUBLICITY

8.1 Publication.

(a) Review and Approval. Each party to this Agreement recognizes that the publication of papers, including oral presentations and abstracts, regarding the Collaboration Know-How and the Collaboration Patents, subject to reasonable controls to protect Confidential Information, will be beneficial to both parties. However, each party shall have the right to review and approve any paper proposed for publication by the other party, including oral presentations and abstracts, which utilizes data generated from the Development Program and/or includes Collaboration Know-How or Confidential Information of the reviewing party.

(b) Review and Approval Process. At least [*] before any such paper is presented or submitted for publication, the party proposing publication shall deliver a complete copy to the other party. The receiving party shall review any such paper and give its comments to the publishing party within [*] of the delivery of such paper to the receiving party. With respect to oral presentation materials and abstracts, the parties shall make reasonable efforts to expedite review of such materials and abstracts, and shall return such items

as soon as practicable to the publishing party with appropriate comments, if any, but in no event later than [*] from the delivery date thereof to the receiving party. The publishing party shall comply with the other party's request to delete references to such other party's Confidential Information in any such paper and agrees to withhold publication of same in order to permit the parties to obtain patent protection, if either of the parties deem it necessary, in accordance with the terms of this Agreement.

8.2 Publicity. Except as otherwise provided herein or required by law, no party shall originate any publication, news release or other public announcement, written or oral, whether in the public press, or stockholders' reports, or otherwise, relating to the existence of or the performance under this Agreement, without the prior written approval of the other party, which approval shall not be unreasonably withheld, [*]

8.3 Press Release. Notwithstanding any provision of this Agreement to the contrary, promptly after the date hereof, each party may issue a press release substantially in the form as agreed to by the parties.

ARTICLE 9

REPRESENTATIONS AND WARRANTIES

9.1 Corporate Power, Due Authorization, Binding Agreement. Each party hereby represents and warrants:

(a) That it is duly organized and validly existing under the laws of the state or country of its incorporation and has full corporate power and

authority to enter into this Agreement and to carry out the provisions hereof;

(b) That it is duly authorized to execute and deliver this Agreement and to perform its obligations hereunder;

(c) That this Agreement is a legal and valid obligation binding upon it and is enforceable in accordance with its terms, and that the execution, delivery and performance of this Agreement by such party does not conflict with any agreement, instrument or understanding, oral or written, to which it is a party or by which it may be bound, nor violate any law or regulation of any court, governmental body or administrative or other agency having authority over it.

9.2 Intellectual Property. Each party has the full right to grant the licenses granted by it under this Agreement and is not aware, to the best of its knowledge, of any claims by third parties to a conflicting ownership interest in its solely-owned Patents.

9.3 RiboGene Disclaimer. THE RIBOGENE TECHNOLOGY AND COLLABORATION TECHNOLOGY LICENSED HEREUNDER IS PROVIDED "AS IS" AND RIBOGENE EXPRESSLY DISCLAIMS ANY AND ALL WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION THE WARRANTIES OF DESIGN, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NONINFRINGEMENT OF THE INTELLECTUAL PROPERTY RIGHTS OF

THIRD PARTIES OR ARISING FROM A COURSE OF DEALING, USAGE OR TRADE PRACTICES, IN ALL CASES WITH RESPECT THERETO.

ARTICLE 10

INDEMNIFICATION

10.1 Indemnification by RiboGene. RiboGene shall indemnify Roberts, its Affiliates, and all their officers, directors, employees and agents, for any reasonable out-of-pocket costs and expenses (including court and arbitration costs, witness fees and reasonable attorneys' fees), non-appealed or non-appealable judicial or arbitration damage awards, and settlement payments, payable or owed by Roberts in connection with any demands, law suits and other legal actions of third parties arising from (i) the performance or breach of this Agreement by RiboGene, and (ii) any negligent actions or willful misconduct by RiboGene, its Affiliates, agents or sublicensees.

10.2 Indemnification Undertaking by Roberts. Roberts shall indemnify RiboGene, its Affiliates and sublicensees, and all their officers, directors, employees and agents, for any reasonable out-of-pocket costs and expenses (including court and arbitration costs and reasonable attorneys' fees), non-appealed or non-appealable judicial or arbitration damage awards, and settlement payments agreed with the third party claimants payable or owed by RiboGene in connection with any demands, law suits and other legal actions of third parties

arising from (i) the performance or breach of this Agreement by Roberts, (ii) any negligent actions or willful misconduct by Roberts, its Affiliates, or agents, and (iii) the possession, manufacture, use, marketing, promotion, distribution, sale or administration of the Product.

10.3 Conditions and Limitations of Indemnification Obligation.

(a) In order to maintain the right to be indemnified by the other party ("Indemnitor") for any demands, law suits and other legal actions of third parties ("Third Party Claims") described in Sections 10.1 and 10.2 above, the party claiming indemnification ("Indemnitee") must:

(i) notify the Indemnitor promptly after learning of a Third Party Claim;

(ii) allow the Indemnitor to manage and control (by way of intervention or otherwise) the defense and/or settlement of the Third Party Claim against the Indemnitee;

(iii) cooperate with the Indemnitor in the defense or the settlement negotiations of any Third Party Claims for which indemnification is sought, as reasonable required by the Indemnitor;

(iv) abstain from making any statements or taking any actions which damage the defense against a Third Party Claim (including, without limitation, any statements against the interest of the Indemnitee or admissions of causation or guilt);

(b) The Indemnitor shall not agree to any settlement that adversely affects the Indemnitee's rights or interest without the Indemnitee's prior written approval (which approval shall not be unreasonably withheld).

(c) The Indemnitor shall have no obligation to indemnify the Indemnitee to the extent that a Third Party Claim results from the negligence or willful misconduct of the Indemnitee.

ARTICLE 11

CONFIDENTIALITY

11.1 Disclosure of Confidential Information. Confidential Information disclosed by one party to the other pursuant to and during the term of this Agreement shall be subject to the confidentiality obligations set forth below:

(a) if disclosed in writing and marked "confidential" or "proprietary" by the disclosing party prior to or at the time of the disclosure thereof, or if it would be apparent to a reasonable person, familiar with the disclosing party's business and the industry, that such information is of a

confidential or proprietary nature; and

(b) if [*] after disclosure of Confidential Information, the disclosing party informs the receiving party in writing of the confidential nature of the disclosed information, describing such information and referencing the place and date of the oral, visual or written disclosure and the names of the employees or officers of the receiving party to whom such disclosure was made.

11.2 Confidentiality and Non-Use. Except to the extent expressly authorized by this Agreement or unless otherwise agreed in writing by the parties, each party agrees that, for the combined term of this Agreement and the Development Agreement, and for [*] thereafter, it shall keep confidential and shall not publish or otherwise disclose and shall not use for any purpose other than as provided for in this Agreement any Confidential Information, unless the receiving party can demonstrate by competent proof that such Confidential Information:

(a) was already known to the receiving party, other than under an obligation of confidentiality, at the time of disclosure by the other party;

(b) was generally available to the public or otherwise part of the public domain at the time of its disclosure to the receiving party;

(c) became generally available to the public or otherwise part of the public domain after it disclosure and other than through any act or omission of the receiving party in breach of such Agreements;

(d) was disclosed to the receiving party, other than under an obligation of confidentiality to a third party, by a third party who had no obligation to the disclosing party not to disclose such information to others; or

(e) was independently discovered or developed by the receiving party without the use of Confidential Information belonging to the disclosing party.

11.3 Authorized Disclosure.

(a) Each party may disclose Confidential Information belonging to the other party to Affiliates and sublicensees who agree to be bound by similar terms of confidentiality. In addition, each party may disclose Confidential Information of the other party to the extent such disclosure is reasonably necessary to: (i) comply with applicable securities laws and regulations and other applicable governmental regulations, (ii) file or prosecute patents relating to Collaboration Technology, (iii) prosecute or defend litigation, (iv) file applications for Regulatory Approvals for the Product, and (vi) conduct pre-clinical or clinical trials with the Product.

(b) Notwithstanding the foregoing, in the event a party is required to make a disclosure of the other party's Confidential Information pursuant to subsection (a) above, it will, except where impracticable, give reasonable advance notice to the other party of such disclosure and use best efforts to secure confidential treatment of such information. In any event, the parties agree to take all reasonable action to avoid disclosure of Confidential Information hereunder.

ARTICLE 12

IMPORT AND EXPORT CONTROLS

12.1 United States Laws. The parties understand and acknowledge that each of them is subject to regulation by agencies of the U.S. government, including the U.S. Department of Commerce, which prohibit export, re-export or diversion of the Product and technology to certain countries. Any and all obligations of Roberts or RiboGene to provide access to or license any technology pursuant to this Agreement, as well as any technical assistance shall be subject in all respects to such United States laws and regulations as shall from time to time govern the license and delivery of technology and the Product abroad by persons subject to the jurisdiction of the United States, including the Export Administration Act of 1979, as amended, any successor or interim controlling legislation, and the Export Administration Regulations issued by the Department of Commerce, International Trade Administration, Bureau of Export

Administration. Both parties also agree to comply with the requirements of the U.S. Foreign Corrupt Practices Act (the "Act") and shall refrain from making any payments to third parties which would cause Roberts or RiboGene to violate the Act.

12.2 Non-United States Laws. Roberts and RiboGene shall each provide the other party with such reasonable assistance as may be required for the party requesting such assistance to comply with all non-United States laws, ordinances, rules, regulations and the like of all governmental units or agencies having jurisdiction pertaining to this Agreement, including without limitation, obtaining all import, export and other permits, certificates, licenses or the like required by such non-United States laws, ordinances, rules, regulations and the like, necessary to permit the parties to perform hereunder and to exercise their respective rights hereunder.

ARTICLE 13

TERM AND TERMINATION

13.1 Term. Except as provided under Section 13.2 below, the term of this Agreement shall commence upon the Effective Date and shall expire on the expiration date of the last to expire royalty obligation.

13.2 Termination on Material Breach. If either party materially breaches the Agreement, including without limitation its due diligence obligations under Section 2.2(b) and 5.3, and the breaching party has not cured the breach or initiated good faith efforts to cure such breach to the reasonable satisfaction of the non-breaching party within sixty (60) days of notice of breach from the non-breaching party, the non-breaching party may terminate this Agreement upon expiration of such sixty (60)-day period.

13.3 Licenses upon Expiration or Termination.

(a) Upon expiration or termination of this Agreement, Roberts shall have a fully paid, nonexclusive license under RiboGene Technology and Collaboration Technology in the Field to make, have made, use, import, offer for sale and sell the Product in the Territory.

(b) Notwithstanding subsection (a) above, if this Agreement is terminated by RiboGene based on a material breach by Roberts, then Roberts' license rights shall terminate and RiboGene shall have a perpetual, paid-up, worldwide license under Roberts Technology and Roberts-owned or jointly owned Collaboration Technology to make, have made, use, import, offer for sale and sell the Product.

(c) If this Agreement is terminated by Roberts due to a failure by RiboGene to pay for the performance of the Development Program conducted under this Agreement, Roberts shall have an exclusive license under RiboGene Technology and Collaboration Technology in the Field to make, have made, use, import, offer for sale and sell the Product in the Territory, subject only to the obligation to pay the License Fee (less any amounts of the Development Funds owed but not paid by RiboGene to Roberts hereunder) and royalties as provided in Section 5.2.

13.4 Surviving Rights and Obligations. Termination of this Agreement, for whatever reason, shall not affect any rights or obligations of either party which are intended by the parties to survive termination.

13.5 Accrued Rights. The termination, relinquishment or expiration of the Agreement for any reason shall be without prejudice to any rights which shall have accrued to the benefit of either party prior to such termination, relinquishment or expiration, including any damages arising from any breach hereunder.

ARTICLE 14

MISCELLANEOUS

14.1 Waiver. No waiver by either party hereto of any breach or default of any of the covenants or agreements herein set forth shall be deemed a waiver as to any subsequent or similar breach or default.

14.2 Assignment. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their permitted successors and assigns; provided, however, that neither party shall assign any of its rights and obligations hereunder without the prior written consent of the other; except that RiboGene may assign this Agreement incident to the merger, consolidations, reorganization, or acquisition of stock or assets affecting substantially all of the assets or actual voting control of RiboGene.

14.3 Notices. Any notice or other communication required or permitted to be given to either party hereto shall be in writing and shall be deemed to have been properly given and to be effective on the date of delivery if delivered in person or by facsimile or five (5) days after mailing by registered or certified mail, postage paid, to the other party at the following address:

In the case of RiboGene: RiboGene, Inc.
26118 Research Road
Hayward, CA 94545
Fax: (510) 293-2596
Attention: President

with a copy to: Cooley Godward LLP
Five Palo Alto Square
Palo Alto, CA 94306
Fax: (650) 857-0663
Attention: Brian C. Cunningham, Esq.

In the case of Roberts: Roberts Pharmaceutical Corporation
Meridian Center II
4 Industrial Way West
Eatontown, New Jersey 07724
Fax: (732) 398-1014
Attention: A. A. Rascio, VP and General Counsel

Either party may change its address for communications by a notice to the other party in accordance with this section.

14.4 Headings. The headings of the several sections are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

14.5 Amendment. No amendment or modification hereof shall be valid or binding upon the parties unless made in writing and signed by both parties.

14.6 Choice of Law, Jurisdiction and Venue.

(a) This Agreement and its terms and conditions shall be governed exclusively by and construed according to the laws of California, excluding its

choice of law provisions and also excluding the United Nations Convention on Contracts for the International Sale of Goods.

(b) All disputes which may arise between the parties hereto in relation to the interpretation or administration of this Agreement shall be first referred to the Steering Committee for resolution. Any disputes which the Steering Committee is unable to resolve with a reasonable period of time shall be resolved by the agreement of the Chief Executive Officers of the respective parties or their delegates. Any disputes which cannot be resolved in this manner shall be finally resolved in the courts with jurisdiction and venue at the domicile of the defendant.

14.7 Force Majeure. Any delays in performance by any party under this Agreement shall not be considered a breach of this Agreement if and to the extent caused by occurrences beyond the reasonable control of the party affected, including but not limited to acts of God, embargoes, governmental restrictions, strikes or other concerted acts of workers, fire, flood, explosion, riots, wars, civil disorder, rebellion or sabotage. The party suffering such occurrence shall immediately notify the other party as soon as practicable and any time for performance hereunder shall be extended by the actual time of delay caused by the occurrence.

14.8 Independent Contractors. In making and performing this Agreement, Roberts and RiboGene act and shall act at all times as independent contractors and nothing contained in this Agreement shall be construed or implied to create an agency, partnership or employer and employee relationship between RiboGene and Roberts. At no time shall one party make commitments or incur any charges or expenses for or in the name of the other party.

14.9 Severability. If any term, condition or provision of this Agreement is held to be unenforceable for any reason, it shall, if possible, be interpreted rather than voided, in order to achieve the intent of the parties to this Agreement to the extent possible. In any event, all other terms, conditions and provisions of this Agreement shall be deemed valid and enforceable to the full extent.

14.10 Cumulative Rights. The rights, powers and remedies hereunder shall be in addition to, and not in limitation of, all rights, powers and remedies provided at law or in equity, or under any other agreement between the parties. All of such rights, powers and remedies shall be cumulative, and may be exercised successively or cumulatively.

14.11 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be an original and all of which shall constitute together the same document.

14.12 Entire Agreement. This Agreement and any and all Schedules and Appendices referred to herein embodies the entire understanding of the parties

with respect to the subject matter hereof and shall supersede all previous communications, representations or understandings, either oral or written, between the parties relating to the subject matter hereof.

In Witness Whereof, both Roberts and RiboGene have executed this Agreement, in duplicate originals, by their respective officers hereunto duly authorized, as of the day and year hereinabove written.

RiboGene, Inc.	Roberts Pharmaceutical Corporation
By: /s/ Timothy E. Morris	By: /s/ Anthony A. Rascio
Name: TIMOTHY E. MORRIS	Name: ANTHONY A. RASCIO
Title: Vice President Finance & Administration and Chief Financial Officer	Title: Vice President

Exhibit A

Allowable Expenses

[

*

]

[ ] Estimated costs for patent and trademark prosecution, consisting of approximately [

*

] including the estimated cost of

[*]

[ ] Estimated patent and trademark maintenance costs (subject to increases due to litigation or other unforeseen circumstances).

[ ] These expenses shall [*] once the Product, [*]

Exhibit B

RiboGene Patents

[

*

]

2.

Exhibit 10.91

CONSULTANT AGREEMENT

AGREEMENT made as of this First day of October, 1998, by and between ROBERTS PHARMACEUTICAL CORPORATION, a corporation organized and existing under and by virtue of the laws of the State of New Jersey (hereinafter referred to as Company) and Robert A. Vukovich, Ph.D., residing at 7 Taylor Run, Holmdel, New Jersey (hereinafter referred to as Consultant).

WHEREAS, Consultant has, for many years, been engaged in the research and development of pharmaceutical products and in the identification, evaluation, licensing and acquisition of such products and related businesses; and

WHEREAS, Company desires to retain Consultant with the aforesaid achievements and Consultant desires to be retained as such Consultant under the terms and conditions set forth in this Agreement:

NOW, THEREFORE, THIS AGREEMENT WITNESSETH:

1. Company hereby retains Consultant in the field of research and development of pharmaceutical products and in the identification and evaluation of such products and businesses which could be candidates for licensing or acquisition by Company.

2. Consultant agrees to render the following services to Company:

a) to consult with Company and to render advice and assistance in matters in which such advice is sought concerning the research and development of pharmaceutical products;

b) to render advice concerning and to assist in the design and implementation of clinical trials;

c) to render advice concerning and to assist in the preparation of INDs, NDAs, ANDAs and their foreign equivalents;

d) to render advice and assist Company in the identification of suitable product acquisition and licensing candidates;

e) to render advice and assist in the evaluation of pharmaceutical products which may be candidates for licensing or acquisition by Company;

f) to render advice and assist in the identification and evaluation of suitable businesses for acquisition by Company;

g) to consult with and render advice to Company concerning the

Company's strategic focus;

h) to render such other advice and assistance relating to the research and development of pharmaceutical products and the identification, evaluation, licensing and acquisition of pharmaceutical products and related businesses, as Company may from time to time require;

i) at the request of Company, to render such written reports as may be necessary or useful, in the opinion of Company in order to enable Company to benefit properly from and evaluate the advice and recommendations of Consultant.

3. a) In consideration of all services to be performed by Consultant hereunder, Company shall pay to Consultant an amount equal to Two Hundred Thousand Dollars ($200,000) per annum payable in quarterly installments beginning on the first day of the month immediately succeeding the date of the signing of this Agreement;

b) It is understood and agreed by and between the parties hereto that the compensation set forth in this Agreement constitutes the entire compensation due from Company to Consultant for the services performed by Consultant hereunder and Consultant does not now have nor will in the future have any right to any further compensation whether by way of contingencies or otherwise arising out of the rendering to Company of the services set forth in this Agreement;

c) Any compensation paid to Consultant hereunder shall be payable without deduction for federal or state income taxes or for social security payments.

4. a) This Agreement shall be effective as of the date hereof and shall remain in full force and effect for a period of five (5) years unless sooner terminated as provided herein;

b) Either party shall have the right to terminate this Agreement at any time upon written notice in the event the other party shall commit a breach of any of the terms of this Agreement;

c) Consultant shall have the right to terminate this Agreement at any time upon thirty (30) days written notice to Company.

5. This Agreement may not be assigned by Consultant nor may Consultant's duties hereunder be delegated, the services to be rendered hereunder being of a personal nature.

6. Nothing contained in this Agreement shall be construed as appointing

Consultant as an agent or employee of Company or any of its subsidiary or affiliated companies, it being expressly agreed and understood that in rendering the services hereunder, Consultant shall at all times act as an independent contractor. Company shall carry no Workers' Compensation insurance to cover Consultant. The Company shall not pay any contribution to Social Security, unemployment insurance, federal or state withholding taxes, nor provide any other contributions or benefits which might be expected in an employer-employee relationship. Consultant agrees to report and pay any contributions for taxes, unemployment insurance, Social Security and other benefits for himself. Consultant shall not hold himself out as an agent or employee of the Company or have authority to incur any financial obligations or make other commitments on behalf of the Company.

7. a) It is anticipated that Company will disclose to Consultant certain information, data and/or materials pertaining to Company's strategic focus, products, processes, customers, supplies and services including information relating to research and development, inventions and manufacturing and purchasing. These materials and data are hereinafter collectively referred to as "Data."

b) Consultant hereby agrees to keep, hold and maintain in confidence all such Data and not to disclose, directly or indirectly, to any third party or otherwise make use of the Data without Company's prior written consent, during the term of this Agreement and for a period of five (5) years following the date of termination of this Agreement;

c) The obligation of confidence assumed by Consultant hereunder shall not apply to:

i) Data which at the time of disclosure is in the public domain; or

ii) Data which thereafter lawfully becomes a part of the public domain other than through disclosure by Consultant or through Consultant; or

iii) Data which is lawfully disclosed to Consultant by a third party not under an obligation of confidence to Company with respect to said Data.

8. Consultant shall disclose promptly to Company or its nominee, any and all product and technology opportunities, acquisition opportunities, inventions, discoveries and improvements brought to the attention of or conceived or made by Consultant during the term of this Agreement and related to the business or activities of Company and hereby assigns and agrees to assign all his interest therein to Company or its nominee. Whenever requested to do so by Company, Consultant shall execute any and all applications, assignments or other instruments which Company shall deem necessary to apply for and obtain

Letters Patent of the United States or any foreign country or to protect otherwise Company's interest therein. The obligations in this Section 8 shall be binding upon Consultant's assigns, executors, administrators and other legal representatives.

9. Except as pursuant to the advance written consent of the Company, the Consultant covenants and agrees with the Company that during any period in which the Consultant is engaged by the Company to provide consulting services under this Consulting Agreement, neither the Consultant nor any Controlled Affiliate shall, whether on his or its own behalf or on behalf of any other person, firm, partnership, corporation or other business venture (hereinafter, a "person"), own, manage, control, participate in, consult with, be employed by, rendered services for or otherwise assist in any manner any person that is engaged in, any Competitive Business

Activity (as hereinafter defined). Nothing herein shall prohibit the Consultant or any Controlled Affiliate from being an owner of the equity or debt securities of any public company, so long as said Company does not directly engage in any Competitive Business Activity. As used herein: "Competitive Business Activity," with respect to any person, means the development, marketing or sale of any product which is directly competitive with the products of the Company (both those existing during Consultant's engagement by the Company and those which are planned for the future and of which the Consultant learns during such consulting engagement). Notwithstanding anything herein contained to the contrary, the Consultant shall not be prohibited from serving as a member of the board of directors of any corporation, firm or other business venture.

Consultant and the Company agree that the covenants set forth herein are appropriate and reasonable when considered in light of the nature and extent of the business conducted by the Company and its subsidiaries. Consultant acknowledges that the Company has a legitimate interest in protecting its business and that the restrictive covenants set forth above are not oppressive to Consultant, are reasonable in the limitations as to time, and do not harm in any manner whatsoever the public interest. Consultant acknowledges that he has received substantial consideration for agreeing to such restrictive covenants.

10. As used in this Agreement, the term "Company" means ROBERTS PHARMACEUTICAL CORPORATION, its predecessor and successor companies, subsidiaries, and all affiliated companies.

11. As used in this Agreement, the term "Controlled Affiliate" of the Consultant means any member of the Consultant's immediate family and any other person or entity which, directly

or indirectly, is at any time controlled by the Consultant. For purposes of this definition, "control" of a person or entity means the power, direct or indirect,

to direct or cause the direction of the management and policies of such person, whether by contract or otherwise.

12. This Agreement shall inure to the benefit of Company and its successors and assigns and be binding upon Consultant and/or Consultant's heirs, executors, administrators or other legal representatives;

13. This Agreement constitutes the entire Agreement between the parties and hereby supercedes any and all other arrangements, agreements and understandings between the parties, whether oral or written concerning the subject matter hereof.

14. The validity of this Agreement and the interpretation and performance of all of its terms shall be governed by the substantive laws of the State of New Jersey.

15. Consultant shall be reimbursed for all reasonable business expenses incurred by Consultant during the term of the Agreement on behalf of Company in the performance of services under, upon compliance with the then policies of Company relating to reimbursement of such expenses. Consultant is required to submit itemized requests for reimbursement of such expenditures supported by sufficient documentation of the expenditures and explanation of their purpose.

16. Failure of either party hereto to insist upon strict compliance with any of the terms, covenants and conditions hereof shall not be deemed a waiver or relinquishment of any similar right or power hereunder at any subsequent time or of any other provision hereof.

17. If any term, condition, provision of this Agreement is held to be unenforceable for any reason, it shall, if possible, be interpreted rather than voided, in order to achieve the intent of the parties to this Agreement to the extent possible. In any event, all other terms, conditions, and provisions of this Agreement shall be deemed valid and enforceable to the full extent.

18. Any notice required or permitted to be given hereunder shall be given either by personal delivery or by registered mail, by air if to a different country, return receipt requested, to the appropriate party at the following address or to such other address as the parties may hereafter communicate to each other in writing; it being understood that such notice shall be deemed given as of the date so delivered or mailed:

To Company: Roberts Pharmaceutical Corporation
4 Industrial Way West
Eatontown, New Jersey 07724

To Consultant: Robert A. Vukovich
7 Taylor Run
Holmdel, New Jersey

IN WITNESS WHEREOF, the parties have hereunto set their hands as of this day and year first above written.

ROBERTS PHARMACEUTICAL CORPORATION

By: /s/ Anthony A. Rascio, VP

By: /s/ Robert A. Vukovich

Exhibit 21

Roberts Pharmaceutical Corporation

Subsidiaries	State or Other Jurisdiction of Incorporation
Roberts Laboratories Inc.	New Jersey
Monmouth Pharmaceuticals, Ltd.	United Kingdom
Roberts Pharmaceutical of Canada, Inc.	Canada
Roberts Investments, Inc.	Delaware
Shore Pharmaceuticals, Inc.	New Jersey

EXHIBIT 23.01

We consent to the incorporation by reference in the Registration Statements Form S-8 No. 33-34767 pertaining to the Incentive Stock Option Plan; Form S-8 No. 33-61543 pertaining to the Incentive Stock Option Plan; Form S-8 No. 333-09847 pertaining to the 1996 Equity Incentive Plan; and Form S-8 No. 333-66705 pertaining to the Employees' Savings and Protection Plan of Roberts Pharmaceutical Corporation and in the Registration Statement S-3 No. 333-13729 of Roberts Pharmaceutical Corporation and in the related Prospectus of our report dated February 16, 1999, with respect to the consolidated financial statement and schedule of Roberts Pharmaceutical Corporation included in the Annual Report (From 10-K) for the year ended December 31, 1998.

ERNST & YOUNG LLP

MetroPark, New Jersey
March 26, 1999

EXHIBIT 23.02

We consent to the incorporation by reference in the registration statement of Roberts Pharmaceutical Corporation on (1) Form S-3 (File No. 333-13729) and (2) Forms S-8 (File Nos. 33-34767, 33-61543, 333-09847 and 333-66705) of our report dated February 5, 1998, on our audits of the consolidated financial statements of Roberts Pharmaceutical Corporation and Subsidiaries as of December 31, 1997 and for each of the two years in the periods ended December 31, 1997 and 1996, which report is included in the Corporation's 1998 Annual Report on From 10-K.

PRICEWATERHOUSECOOPERS LLP

Princeton, New Jersey
March 26, 1999

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