



Watson Pharma, Inc.
Terms and Conditions of Sale*

This document outlines Watson Pharma, Inc.'s ("Watson") terms and conditions of sale that shall govern all direct purchases made by Watson customers. In the event of a conflict between this document and any subsequent individual written agreement between Watson and one of its customers, the terms and conditions of that individual written agreement shall supersede the terms and conditions contained in this document.

Prices

Watson reserves the right, without prior notification, to implement price changes and to limit purchases at any time. All Purchase Orders shall be FOB destination. Watson reserves the right to price back-orders, unfilled current orders, and holding orders at the price prevailing at the time shipment is made.

Compliance

Any discounts provided may be subject to the reporting requirements under state and federal Medicaid and Medicare laws. The customer represents that it is aware of its obligations to report discounts to the appropriate reimbursing agencies and authorities and other entities in accordance with applicable laws and regulations.

Warranty

Watson does hereby guaranty to customer that as of the date of shipment, the Product will not be adulterated or misbranded within the meaning of the Federal Food, Drug and Cosmetic Act, 21 U.S.C. 301 et seq., as amended, and in effect the time of such shipment ("the Act") or within the meaning of any applicable state or municipal law in which the definitions of the adulteration or misbranding are substantially the same as those contained in the Act; and such Product is not, at the time of such shipment, merchandise which may not be introduced into interstate commerce under the provisions of §404 or §405 of the Act (21 U.S.C. §344 and §355). WATSON HEREBY EXPRESSLY DISCLAIMS AND EXCLUDES ALL OTHER WARRANTIES, WHETHER EXPRESS, IMPLIED OR BY OPERATION OF LAW OR OTHERWISE OR STATED IN ANY PURCHASE ORDER, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WHICH ARE NOT EXPRESSLY SET FORTH IN THIS DOCUMENT. IN NO EVENT SHALL WATSON BE RESPONSIBLE OR LIABLE FOR CONSEQUENTIAL, INCIDENTAL OR OTHER INDIRECT DAMAGES OF ANY KIND (WHETHER ARISING UNDER CONTRACT, TORT, OR OTHERWISE) INCLUDING BUT NOT LIMITED TO LOST PROFITS, OR LOSS OF BUSINESS OPPORTUNITY, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL WATSON BE LIABLE FOR ANY PUNITIVE OR EXEMPLARY DAMAGES.

Direct Order Placement

Purchase Orders for Products ("Purchase Orders") shall be submitted as follows or via EDI:

Mailing Address: Watson Pharma, Inc., 311 Bonnie Circle, Corona, CA 92880, Attn: Customer Support Services
Telephone: (951) 493-5657
Fax: (951) 493-5841

Shortage

All shipments are checked before being packed. Before reporting shortages in shipments, examine packing carefully. No claim for shortages, damages, or incorrect shipments will be allowed unless made within thirty (30) days from receipt of goods. All claims for shortages, damages, or incorrect shipments must be reported to Watson's Customer Service Department at (800) 272-5525. Failure to so notify Watson within such period shall be deemed a waiver of all claims for shortages, damages, or incorrect shipments.

Payment Terms

Customer payment terms are Net 30 days. Payments for Products are payable pursuant to the terms set forth in the applicable invoice, calculated from the date of invoice. In no event will a discount (if any) be greater than the stated terms on the invoice.

All terms of sale are subject to acceptance by the Watson Credit Department. Watson reserves the right to require payment in advance of shipment.

Any statement contained on any purchase order or similar document, which is not specifically approved or acknowledged in writing by Watson, will not be considered an agreement between the parties.

Repacking

Watson is not responsible for Product not labeled under our supervision; therefore, new labels or empty cartons or containers or additional physician inserts will not be forwarded for any purpose.

The use of Watson's NDC number on repackaged materials requires the prior written consent of Watson and is subject to auditing and additional contractual requirements.

Force Majeure

Neither party shall be liable for any failure to deliver or receive or any delay in delivery or receipt of Products when such failure or delay shall be caused (directly or indirectly) by: fire; flood; accident; explosion; equipment or machinery breakdown; sabotage; strike, or any labor disturbance (regardless of the reasonableness of the demands of labor); civil commotions; riots; invasions; wars (present or future); acts, restraints, requisitions, regulations, or directions of any governmental entity; voluntary or mandatory compliance with any request of any governmental entity; facility shut down; voluntary or mandatory compliance with any request for material represented to be for purposes of (directly or indirectly) producing articles for national defense or national defense facilities; shortage of labor, fuel, power or raw materials; inability to obtain raw materials or supplies; failures of normal sources of supplies; inability to obtain or delays of transportation facilities; any act of God; any act of the other party; or any cause (whether similar or dissimilar to the foregoing) beyond the reasonable control of such party and/or such party's normal sources of supply of any Products purchased for resale affecting the production and/or delivery of Product. If by reason of such causes Watson's supply of Product shall be limited, Watson shall have the exclusive right to satisfy its own internal needs and the needs of Watson's customers, in such manner as shall be determined by Watson, in its sole discretion.

In the event that either of the parties shall be delayed in the performance of any obligation under any provision of this Agreement for any of the reasons set forth in Section 7.1 herein, the time for the performance of said obligations shall be extended for the period required by reason of such delay. The party claiming force majeure shall inform the other party of the beginning of and, if possible, the anticipated ending date of the above causes and the circumstances thereof in writing within fifteen (15) days after the occurrence of such causes. In any event neither Watson nor Customer shall be liable in any way for loss or damage arising directly or indirectly through or in consequence of any such events or happenings.

Expiration Dating

Expiration dates are assigned to all Watson Products at the time of manufacture. Products maintain labeled potency through the expiration date shown on packaging (e.g., Exp. 5/02 – 5/31/02).

Returns

Returns will be evaluated in accordance with Watson's Return Goods Policy.

Recall

In the event Supplier believes it may be necessary to conduct a recall, field correction, market withdrawal, stock recovery, or other similar action with respect to the Products (a "Recall"), Supplier and Customer shall consult with each other as to how best to proceed, it being understood and agreed that the final decision as to and control of the handling of any Recall shall be in Supplier's sole discretion. Customer shall provide all reasonable assistance requested by Supplier in the conduct of a Recall. If a Recall arises from the manufacture of the Product or Supplier's breach of its express representations, warranties, or obligations hereunder, Supplier shall reimburse Customer for the cost of goods sold, and out-of-pocket expenses incurred by Customer in connection with the Recall. If a Recall arises from any other reason, including Customer's acts or omissions in the marketing, distribution, storage or handling of such Product, the costs of the Recall shall be borne by Customer. Customer shall maintain records of all sales of Product and Customers sufficient to adequately administer a Recall for the period required by applicable law. The party who is responsible for Recall costs shall also indemnify and hold the other party harmless from any claims, damages, losses, costs or expenses (including reasonable attorneys' fees) incurred by the other party in connection with such Recall. In the event of a Recall, Customer shall not make any statement to the press or public concerning the Recall without first notifying Supplier and obtaining Supplier's prior approval of any such statement, which approval shall not be unreasonably withheld.

Confidentiality

Any pricing, terms and conditions offered by Watson to a customer are considered proprietary and confidential and each party will maintain in confidence and not disclose to third parties any confidential and/or proprietary information of the other party, which may come as a result of the relationship between the parties, without the prior written consent of the non-disclosing party. The obligations of confidentiality set forth in this Section shall not apply to information which (i) is or becomes generally available to the public or the pharmaceutical industry other than as a result of the parties hereto; (ii) was available on a non-confidential basis prior to the disclosure by either party hereto; or (iii) becomes available to either party on a non-confidential basis from a person other than the parties hereto, provided that such disclosing party is not subject to a confidentiality agreement that would prohibit the disclosure of such information. The obligations of confidentiality in this Agreement shall survive the expiration or any termination of the agreement between the parties for a period of five (5) years thereafter.

Acceptance

The placement of an order by customer, if accepted by Watson, shall be deemed to be acceptance of the terms and conditions herein. Additional or inconsistent terms contained in any other form, including without limitation, customer's purchase order, are rejected and shall not become part of any terms and conditions of sale unless embodied in writing signed by Watson.

Manufacture and Distribution

Nothing contained herein shall be construed to limit or restrict Watson's right, in its sole discretion, to discontinue the manufacture, sale or distribution of any of its Products at any time without penalty or liability to customer.

Legal

IN NO EVENT SHALL EITHER PARTY HERETO BE RESPONSIBLE OR LIABLE FOR CONSEQUENTIAL, INCIDENTAL OR OTHER INDIRECT DAMAGES OF ANY KIND (WHETHER ARISING UNDER CONTRACT, TORT, OR OTHERWISE) INCLUDING, BUT NOT LIMITED TO, LOST PROFITS OR LOSS OF BUSINESS OPPORTUNITY, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL ANY PARTY HERETO BE LIABLE FOR ANY PUNITIVE OR EXEMPLARY DAMAGES.

These terms and conditions shall be governed by and interpreted in accordance with the laws of the State of Delaware without regard to the conflict of law provisions.

*Terms and Conditions are subject to change at any time without prior notice.

April 2008