



EXHIBIT 2

GENERAL TERMS AND CONDITIONS FOR CONSTRUCTION AND REPAIR

1. DEFINITIONS AND INTENT OF PURCHASE ORDER

Except as otherwise provided in this Purchase Order, (a) "Buyer" means Watson Laboratories, Inc ("Watson") or any designated affiliate or subsidiary of Watson described on the Purchase Order, (b) "Contractor" means the company to which this Purchase Order is addressed; (c) Purchase Order means Buyer's order sheet, and (d) "Work" means all construction and services required by Buyer's specifications, scope of work, drawings, plans terms and conditions set forth herein or incorporated herein by reference and all printed, stamped or written material affixed or attached by Buyer to the Purchase Order (all such items, the "Specifications"). Contractor, in accepting this Purchase Order, agrees to be bound by and comply with all Terms and Conditions set forth.

It is the intention of this Purchase Order for the Contractor to include all labor, materials, tools, equipment, and all things necessary for the proper execution of the Work described on the face of the Purchase Order and by reference and/or attachment.

2. EXAMINATION OF SITE

Contractor is required to examine and to familiarize itself thoroughly with the site of Work and adjacent premises from the standpoint of access and facilities for receiving and storage of materials and equipment. Site should be explored with regard to installing and operating the necessary equipment, and evaluating any difficulties that might be encountered in complete execution of the Work in accordance with the Specifications.

3. MATERIAL HANDLING AND RECEIVING

Contractor and each subcontractor must transport to the site of Work, receive, handle, and store all material for Contractor's use at Contractor's expense. A representative of Contractor or subcontractor should be present to sign all receiving documents, but in said representative's absence, materials may be accepted by Buyer employees on behalf of Contractor or subcontractor, and materials so received will be held at Contractor's or subcontractor's sole risk. Except for gross negligence on the part of Buyer, Buyer shall not be responsible for loss or damage to Contractor's or subcontractor's materials and/or equipment.

4. SUPERINTENDENCE AND LABOR

Contractor shall furnish the services of an experienced superintendent who shall be in charge of the Work and shall efficiently supervise and coordinate the various parts of the Work. Contractor shall furnish all the skilled and common labor, tools and equipment required properly to deliver, unload, and install the Work contracted for by Contractor. Contractor and each subcontractor shall agree to accept the decisions and execute the instructions of Buyer regarding the time at which Contractor or subcontractor shall perform the Work to be done. Each Contractor shall cooperate with other contractors on the job to avoid controversy between their workers as a part of said contractors' responsibility to expedite the Work.

The labor employed by Contractor and each subcontractor shall be subject to the approval of the Buyer's representative who shall have the power to require the removal from the job of any of Contractor's or subcontractor's employees who in the representative's opinion are incompetent or otherwise unsatisfactory.

5. PERMITS, LICENSES, AND TAXES

Unless otherwise provided in the Specifications, Contractor shall procure and pay for all necessary permits and shall pay all occupational, sales, and use taxes required by state and municipal authorities for the prosecution of the Work contracted for by Contractor, including the license of Contractor to do the Work within the confines of the municipality and the state where the Work is located. Unless otherwise provided in the Specifications, Contractor shall secure and pay for any special or general permits required for Contractor's particular branch of Work, such as plumbing, sewers, electrical work, etc. Contractor shall pay all Social Security taxes and taxes of a similar nature in connection with the employment of Contractor's employees.

6. WAIVERS OF LIEN

Contractor shall submit, at the time of and covering the full value of any invoice for payment, a sworn Contractor's affidavit and waivers of lien in form satisfactory to Buyer from Contractor and from any subcontractor and/or material person as requested by Buyer. The acceptance of final payment shall constitute a waiver and final release in favor of Owner of any and all claims of Contractor, all subcontractors, and all derivative claims of subcontractors at all tiers, and vendors to the Project, except those claims previously made in writing and submitted to Owner specifically identified by Contractor as unsettled at the time of final Application for Payment. Contractor shall keep the Work and Buyer's property lien-free at all times. Should any subcontractor, supplier or other person make, record or file, or maintain any action on, a mechanic's lien, stop notice or lis pendens, Contractor shall immediately and at its sole expense furnish and record an appropriate release bond to extinguish or expunge said claim, stop notice or lis pendens, or settle such claim, stop notice or lis pendens so as to extinguish or expunge same.



7. MATERIALS

All materials to be provided by Contractor as a part of permanent construction shall be new material. Where a certain make or type of material is specified, only such make and type shall be furnished. Where a certain make or equal is specified, the decision as to the acceptability of non-specified material shall rest with Buyer. Submittals must include details of non-specified materials.

8. INSPECTION AND TESTS

Unless otherwise provided in the Specifications, Contractor shall arrange and pay for any and all inspections and tests required on Contractor's Work by the Specifications; by the municipality, county, and/or state where the Work is located; by the National Board of Fire Underwriters; and by the insurance companies under which the Work may be insured.

Materials and workmanship shall at all times be open to the inspection, acceptance, or rejection of Buyer. Any omission or failure on the part of Buyer to disapprove or reject any workmanship or materials at the time of a monthly or other payment, or during any inspection, shall not be considered as acceptance of any defective workmanship or materials.

9. DEFECTIVE WORK AND REMEDY

If any Work shall be unacceptable to Buyer because it is defective or improperly done, such defective or improper Work immediately shall be taken down and rebuilt, at the Contractor's expense, or the defects otherwise remedied as Buyer may direct. If Contractor fails to correct such defects within the time required by Buyer, or fails to carry out the Work in accordance with the Specifications, the Buyer may, without waiving its other remedies, correct such defects, and the cost of same shall be borne by Contractor.

10. LINES AND LEVELS

All reference lines and levels required for the Work covered by the Purchase Order will be established and marked by Buyer or a contractor selected by Buyer. Each Contractor involved in the Work will be held responsible for the agreement of final lines and levels in said Contractor's portion of the Work with overall reference lines and levels established above.

11. BUILDING LAWS

Contractor and all subcontractors shall conform in every respect to the Federal laws, to the statutes of the state and the ordinances of the municipality where the Work is located, and to the requirements of other duly constituted authorities, including all building codes, rules and regulations, environmental mental regulations, and all other applicable laws, statutes, rules, codes and orders, with respect to the Work including without limitation the method of erection, the requirements for foundations, superstructure, and equipment; and the precautions to be taken for the protection and safety of their employees, the public, and of all persons in and about the site of the Work.

12. INSURANCE AND INDEMNITY

A. It is expressly understood and agreed that Contractor shall be responsible for any and all damage to property and any and all injury and/or damage to, and/or disease or death of any person arising directly or indirectly from or in connection with Work performed or to be performed under this Purchase Order, including extra, additional, and subcontracted Work, unless due to the sole negligence of Buyer, and Contractor shall indemnify, defend, and hold harmless Buyer which term includes Buyer's agents, officers, employees, representatives, affiliates and directors from and against any and all claims, loss, suits, demands, actions damages, costs, and expenses, including attorneys' fees, arising out of, in connection with, or based upon such injury, damage, disease, or death. In addition, and without limiting the effect of the foregoing sentence, it is agreed that the responsibility of Contractor shall extend to any such injury, damage, disease, or death, and Contractor shall indemnify, defend, and hold harmless Buyer from any such claims, which are made against Buyer under the provisions under any applicable law(s) providing in general for the protection and safety of persons in and about the construction, repairing, alteration, or removal of buildings and other structures, regardless of whether such injury, damage, disease, or death or said claims, etc., resulting therefrom are alleged to arise in whole or in part out of the action or failure to act of Buyer or its employees. This indemnity shall survive the completion of the Work and/or termination of this Purchase Order.

B. Before proceeding with the operations specified in this Purchase Order and for the duration of the Work covered, Contractor shall, at Contractor's own cost and expense, procure and keep in force and effect at least the following kinds and amounts of insurance coverage:

1. Workers Compensation and Occupational Diseases Insurance with statutory limits and Employer's Liability coverage with a limit of \$1,000,000.
2. Comprehensive General Liability Insurance with bodily injury limits of \$1,000,000 each occurrence and \$1,000,000 aggregate and property damage limits of \$1,000,000 each occurrence and \$1,000,000 aggregate covering:
 - a) Premises Operations, including coverage for explosion, collapse, or damage to underground property; also elevators, if any;
 - b) Products and Completed Operations coverage;



- c) Contractual Liability coverage for the indemnity/ hold harmless clauses contained in paragraphs (12)(A) and (28) hereof; and
- d) Contractor's Protective Liability coverage for all operations sublet to others on Work performed for Buyer.

3. Automobile Liability insurance with bodily injury limits of \$50,000 per occurrence and property damage limits of \$250,000 per occurrence covering all owned, non-owned, and hired vehicles used by Contractor while performing operations in connection with this Purchase Order.

C. Before commencing the Work, Contractor shall furnish to Buyer a Certificate of Insurance signed by an authorized representative of Contractor's insurance underwriter, giving evidence of such insurance in a form acceptable to Buyer, naming Buyer as additional insured, it being understood, however, that Contractor will, upon request of Buyer, furnish a copy of each insurance policy certified by an authorized agent of the insurance company; and it being further understood that if such policies are canceled or changed so as to reduce the insurance coverage, written notice by Registered Mail of such cancellation or change shall be delivered to Buyer at least thirty (30) days prior to the effective date of such change or cancellation. The products and Completed Operations insurance referred to in Paragraph (12) (B) (2) (b), above, shall be maintained in effect for at least one (1) year following the completion of the Work. All other insurance coverage shall be maintained in full force and effect until the Work has been completed and accepted by Buyer.

If Contractor fails to procure any such insurance, Buyer may, at its option, without being required to do so, procure and maintain such insurance at Contractor's expense, and charge and collect the premium therefore from Contractor.

The Contractor shall require all subcontractors to carry the same types of insurance set forth above, with limits of liability reasonably adjusted to reflect the Work each is to provide, such coverage to be in force while such subcontractor is employed on the Work, and evidenced by certificates or policies naming Buyer as additional insured (the Contractor to submit same to Buyer before such subcontractor's Work commences.) The acceptance by Buyer of Certificates of Insurance or other suitable evidence of Contractor's financial responsibility if Contractor is accorded the privilege of being a self-insurer, providing for other or different coverage than herein required to be furnished, shall, in no event, be deemed to be a waiver of any other provisions of this Purchase Order. It is further understood that the indemnities granted by Contractor under Paragraphs (12) (A) and (28) hereof shall not be restricted by the limits of insurance coverage required under Paragraph (12) (B).

13. SECURITY / WATCH SERVICE

To the extent that the Work is within the present limits of Buyer property, it is subject to such protection as is afforded by the regular operations of Buyer. Such additional watch service as may be required for Contractor's protection shall be provided by Contractor.

14. TERMINATION

Buyer may terminate this Purchase Order if Contractor (1) fails timely to pay subcontractors or suppliers, (2) violates or disregards any laws, ordinances, rules, regulations or orders applicable to the Work, (3) refuses or fails to provide enough properly skilled workers or proper materials, or (4) otherwise breaches its obligations under this Purchase Order. If Buyer so terminates this Purchase Order, Buyer may take possession of the premises and all of Contractor's materials thereon and complete the Work by any reasonable method Buyer may choose. In such event, Contractor shall receive no further payment until the Work is finished, and if the unpaid sum due Contractor under this Purchase Order exceeds the cost of finishing the Work, Contractor shall be paid such excess. If the cost of finishing the Work exceeds the unpaid sum, Contractor shall pay the difference to Buyer, such payment obligation to survive the termination of this Purchase Order.

15. BOND

If requested by Buyer, Contractor shall furnish a good and sufficient bond of indemnity in a form acceptable to Buyer and in an amount equal to the total price of the Work Contractor undertakes, as security for the faithful performance of the Work and the payment of all obligations arising thereunder. The issuer of such bond of indemnity shall be a properly organized surety corporation, and such bond and the surety shall be acceptable to and approved by Buyer. The cost of this bond will be added to the cost of the Work undertaken.

16. WATER AND ELECTRICITY

Water at city pressure and electricity will be provided and made available at Buyer's expense if shown in the Specifications, but Contractor shall furnish, place, and maintain the necessary temporary connections for same, without interference with the operation of Buyer's processes, roads, passages, doors, or windows.

17. TEMPORARY HEAT

Any temporary heat required during construction for protection of Work or materials shall be provided by Contractor.



18. TEMPORARY WORK / PROTECTION OF WORK

- a) Contractor shall furnish all temporary work of any nature whatsoever required for the Work included under this Purchase Order. This will include all requisite lights, guards, temporary scaffolds, sidewalks, fences, and other safeguards for the protection of the Work and the premises and the safety of Buyer's and Contractor's employees, the public, and persons in and around the Work.
- b) During times of inclement weather, Contractor shall take all necessary measures to protect the Work from damage, or damage and/or harm to other work or personnel as a result of Contractor's failure to protect.

19. REMOVAL OF RUBBISH

All surplus or rejected material, excavated earth, staging, false work, refuse, tools, and debris that may accumulate on or about the Work and premises occupied by Contractor during the course of the Work shall be removed every week or as may be directed by Buyer, and on completion of the Work all debris shall be removed and the premises thoroughly cleaned.

Each subcontractor shall remove all rubbish occasioned by such subcontractor's Work, as set forth above, and in the event, any subcontractor fails to remove properly all rubbish and clean the premises Contractor shall do this work and be held responsible for same. If Contractor does not attend to such cleaning immediately upon request, Buyer may cause such cleaning to be done by others and charge the cost of same to Contractor.

20. INTERFERENCE

During the progress of the work, Contractor shall conduct its operations in such a manner as to minimize interference with Buyer's normal operations in the existing plant, adjacent passageways, and roadways.

Where connections between new and existing work are made requiring the shutting down of any existing facilities, these connections shall be made only at such times and in such manner as Buyer shall direct, and so as to cause the least possible interference with normal operations.

21. OVERTIME

Where Buyer decides that part of the Work covered by this Purchase Order needs to be done on overtime, the cost of such overtime will be paid for by Buyer if ordered in writing by Buyer; provided, however, that the cost of overtime shall be borne solely by Contractor if Buyer reasonably determines that the Work will not timely be completed without overtime and Buyer did not cause the delay which has resulted in the need to incur such overtime. The overtime costs as herein used shall be understood to be only the difference between straight time hourly wage rates and overtime hourly wage rates plus the difference in other direct labor costs, such as Social Security, welfare payments, and insurance premiums, applied to the number of hours of overtime actually expended on orders of Buyer, all as approved by Buyer in writing in advance. Overtime charges shall include no overhead or profit.

22. CONTIGUOUS WORK

All work performed by Contractor shall be prosecuted so that contiguous work shall not be damaged or its progress unnecessarily delayed.

23. CUTTING AND PATCHING

Except where otherwise provided in the Specifications, Contractor and each subcontractor shall do all necessary cutting for Contractor's own Work and shall do all patching of the Work to make it come together with that of any other contractor. All such cutting and patching shall be done in a professional manner by skilled workers of the trades involved and to the satisfaction of Buyer.

24. ADDITIONAL WORK

No additional Work or changes to the Work will be allowed or paid for unless Contractor has been notified in writing to perform such additional work by a written change order to the original Purchase Order. The basis of payment for such Work shall be specifically set forth therein. No additional Work shall be done by Contractor before receipt of said written change order.

25. GUARANTEE

Contractor shall guarantee the workmanship and materials of the Work furnished and installed pursuant to this Purchase Order to be free from defects, and neither the final certificate, nor payment, nor any provision in the Purchase Order documents shall relieve Contractor of responsibility for faulty materials or workmanship. Contractor shall remedy any defects due to faulty workmanship and/or materials and shall pay for any damage to Buyer property or other work resulting therefrom which shall appear within a period of one (1) year after Buyer's final acceptance of the Work hereunder, unless a different period of guarantee is specifically provided in the Purchase Order documents as to a part or all of the Work, in which event said different period of guarantee shall apply.



26. SAFETY

Since the Work to be done under this Purchase Order may be carried on in a location where explosive, flammable, and/or toxic materials are manufactured and/or used, and in a location where Buyer employees may have cause to continue their assigned work, it is necessary that all Contractor's operations be carried on with strict attention to the life and health of all concerned, by strict adherence to existing state and municipal health and safety codes, accepted safe practices, and such additional specified precautions as are established by Buyer's Safety Department or by applicable law, all of these to be enforced by Contractor.

27. SUBLETTING AND TRANSFER OF WORK

Contractor shall not assign this Purchase Order nor subcontract work covered by this Purchase Order in total or in any part, except for the delivery of material, which is not worked to a specific design pursuant to the drawings or specifications, without first obtaining the consent and approval in writing of Buyer. As soon as possible, and before signing any subcontracts, Contractor shall notify Buyer in writing of the subcontractors Contractor proposes to employ. No subcontractor shall in any circumstance relieve Contractor of Contractor's liability under this Purchase Order.

28. ROYALTIES AND PATENTS

Contractor shall pay all license fees and royalties arising on account of the Work performed or installed under this Purchase Order, and shall defend, indemnify, and save Buyer and Buyer's representatives harmless from all suits or claims alleging infringement of any patent rights arising on account of said Work, except when the process or product which is alleged to be infringing is expressly specified by Buyer in the Specifications, in which event such alleged infringement shall be the responsibility of Buyer. Contractor's indemnity shall survive the completion of the Work and/or termination of this Purchase Order.

29. UTILIZATION OF SMALL BUSINESS CONCERNS

As a prime supplier to the federal government, Watson Pharmaceuticals, Inc. adheres to and encourages its prime suppliers to adhere to the Utilization of Small Business Concerns as outlined in the Code of Federal Regulations, Title 48, 52.219-9, and as stated below.

It is the policy of the United States that small business concerns, small business concerns owned and controlled by socially and economically disadvantaged individuals (i.e., minorities), women, veterans, or service-disabled veterans, and HUBZone small business concerns shall have the maximum practicable opportunity to participate in performing contracts let by any Federal agency, including contracts and subcontracts for subsystems, assemblies, components and related services for major systems. It is further the policy of the United States that its prime contractors establish procedures to ensure the timely payment of amounts due pursuant to the terms of their subcontracts with the small business concerns referenced herein.

The Contractor hereby agrees to carry out this policy in the awarding of subcontracts to the fullest extent consistent with efficient contract performance. The Contractor further agrees to cooperate in any studies or surveys as may be conducted by the United States Small Business Administration or the awarding agency of the United States as may be necessary to determine the extent of the Contractor's compliance with this clause.

As stated in 15 U.S.C. 645 (d), any person who misrepresents a firm's status as a small, small disadvantaged, or women owned small business in order to obtain a contract to be awarded under the preference programs established pursuant to section 8(a), 8(d), 9, or 15 of the Small Business Act or any other provision of Federal law that specifically references section 8(d) for a definition of program eligibility, shall—

- (i) Be punished by imposition of fine, imprisonment, or both;
- (ii) Be subject to administrative remedies, including suspension and debarment; and
- (iii) Be ineligible for participation in programs conducted under the authority of the Act.

30. MISCELLANEOUS

This Purchase Order shall be governed by the laws of the state in which the Work is to be performed. Should any party hereto engage an attorney or institute any action or proceeding at law or in equity, or in connection with an arbitration, to enforce any provision of this Purchase Order, including an action for declaratory relief, or for damages by reason of any alleged breach of any provision hereof or otherwise in connection with this Purchase Order, the prevailing party shall be entitled to recover from the losing party or parties reasonable attorney's fees and costs for services rendered to the prevailing party in such action or proceeding. If any provision of this Purchase Order shall be determined to be invalid, illegal, or unenforceable by an arbitrator or court of competent jurisdiction, the validity and enforceability of the other provisions hereof shall not be affected thereby.

Time is of the essence of the Work and of every provision hereof. This Purchase Order constitutes the entire understanding and agreement of the parties with respect to its subject matter. Any and all prior agreements, understandings or representations with respect to its subject matter are hereby terminated and canceled in their entirety and are of no further force or effect. Each of the parties and signatories to this Purchase Order represents and warrants that he or she has the full right, power, legal capacity and authority to enter into and perform the parties' respective obligations hereunder, and that such obligations shall be binding upon such party without the requirement of the approval or consent of any other person or entity in connection herewith. Each person signing this Purchase Order on behalf of any entity represents and warrants that he or she has the full right, power, legal capacity and authority to sign this Purchase Order on behalf of such entity. All notices provided by one party to another party under this Purchase Order shall be in writing, and provided to the address listed for each party on the first page of this Purchase Order.