



2011

EXCEPTIONAL by ANY MEASURE

Watson Pharmaceuticals 

Watson Pharmaceuticals, Inc. is a leading integrated global pharmaceutical company. We are engaged in the development, manufacture and distribution of generic pharmaceuticals and specialized branded pharmaceutical products focused on Urology and Women's Health. We are also developing biosimilar products in Women's Health and Oncology. Additionally, we distribute generic and branded pharmaceuticals through our Anda Distribution business.

The largest commercial market for our Global Generics and Global Brands Divisions is the United States. In 2011, we were the third largest generic pharmaceutical company in the United States. We also have commercial operations in key international markets including Western Europe, Canada, Asia/Pacific, South America and South Africa. In addition, we distribute approximately 8,500 stock-keeping units in the U.S. directly to more than 62,000 customers through our Anda Distribution Division.

OUR WINNING BEHAVIORS ●●●

In 2011, we launched Our Winning Behaviors, an exciting global cultural evolution for our Company. Our Winning Behaviors serve as a powerful foundation for aligning the more than 7,000 people of Watson around a common set of powerful action words that sharpen our individual and team focus; more effectively harness the collective talents of our teams; and will ensure Watson's continued unprecedented global success.

Challenge

- We are committed to finding new ways to do things faster and smarter.
- We are uncompromising in our quest for quality.
- We nurture commitment among every employee to make the difference.

Connect

- We work together as ONE Watson to share best practices and unite local knowledge with global resources.
- We seek to be the partner of choice with all of our customers.
- We are committed to communication that builds these partnerships and sense of team, internally and externally.

Commit

- We always deliver what we promise.
- We go the extra distance in all that we do to earn our customers' trust.
- We embrace our social responsibility as a global company and our commitment to being environmentally responsible.

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2011 Business Highlights

29%

Increase in Net Revenue

Increase in Non-GAAP
Diluted EPS

39%

Gx KADIAN®

Gx CONCERTA®

Gx LIPITOR®

Generics launched
in US

Generess® Fe

Androderm® 2mg, 4mg

brands launched in US

252

global generic product approvals

189

global generic launches

Acquired Specifar Pharmaceuticals

Announced collaboration with Amgen for biosimilar mAb oncology products

2011 Summary of Operating Results

Twelve months ended December 31,
(In millions, except per share amounts)

	2011	2010	2009
Summary of Operations			
Net revenue	\$4,584	\$3,567	\$2,793
Operating income	\$536	\$305	\$384
Net income	\$261	\$184	\$222
GAAP earnings per share (diluted)	\$2.06	\$1.48	\$1.96
Weighted average shares outstanding (diluted)	127	124	116
Financial Position			
Cash and marketable securities	\$224	\$294	\$215
Total assets	\$6,698	\$5,687	\$5,904
Long-term debt	\$849	\$1,016	\$1,150
Total stockholder's equity	\$3,563	\$3,283	\$3,023
Cash from operations	\$632	\$571	\$377

NET REVENUE

2011 : \$4,6 Billion

2010 : \$3,6 Billion

2009 : \$2,8 Billion

● ● ● Fellow Shareholders, Employees and Friends

By every measure, 2011 was an extraordinary year for Watson.

Our performance was driven by the relentless execution of our balanced business strategy that focuses on delivering results across our Global Generics, Global Brands and Anda Distribution businesses. These three businesses are supported by our industry-leading Global Operations function, which ensures execution across markets and businesses. And Watson is led by an exceptional management team of results-driven leaders who work every day to identify and capitalize on opportunities presented in our global markets.

Our commitment to succeed, and our track record of delivering on that commitment over the past several years, has established an even stronger foundation for continued success in the future. And while we focused day-to-day on delivering strong results in each business segment, we continued to explore strategic opportunities where we could use our strong cash flow and balance sheet to invest in Research and Development and business expansion through licensing, collaborations and acquisitions.



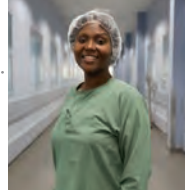
We launched key generic products in the U.S., including

the generic
versions of

CONCERTA[®],

LIPITOR[®] and KADIAN[®]

and we had solid generic performance in key international markets.



Exceptional 2011 Financial Performance

We delivered a 29% increase in net revenues in 2011, reporting \$4.6 billion, culminating in three consecutive quarters of billion dollar sales and our first-ever year exceeding \$1 billion adjusted EBITDA. We delivered a 39% increase in non-GAAP diluted earnings per share, to a record level of \$4.77. We launched key generic products in the U.S., including the generic versions of CONCERTA®, LIPITOR® and KADIAN® and we had solid generic performance in key international markets. We added two new products to our growing Global Brands portfolio in the U.S., positioned ourselves for brand expansion in Canada, Brazil and Mexico, and defined our expansion in biosimilars with the announcement of our collaboration with Amgen. And, we maximized the capabilities of our Anda Distribution business to support historic product launches, particularly the launches of generic versions of CONCERTA® and LIPITOR®.

We also executed business development initiatives that complemented our business strategies. In May, we acquired Specifar Pharmaceuticals, strengthening our international generics product portfolio, and expanding our international business into the sale of new generic products to third-parties. The acquisition of Specifar also helped us continue to reduce our cost-of-goods to enhance our profitability and competitive position in critical markets.

On January 23, 2012, we continued our global expansion with the acquisition of Ascent Pharmahealth Ltd. The Ascent transaction vaulted Watson into the number five position in the Australian generic pharmaceutical marketplace and provided us with a strong commercial presence in other key markets in Southeast Asia. We also forged agreements that will bring new products into our Global Brands development pipeline, and began implementing strategies to expand Anda Distribution into specialty and biologic medicines.

We remain committed to driving internal growth through focused Research and Development, spending approximately \$295 million during 2011. We filed 30 Abbreviated New Drug Applications (ANDAs) in the United States, bringing the number of applications on file with the U.S. Food and Drug Administration to more than 130. Of the total applications pending, approximately 26% represent applications where we hold first-to-file status on generic versions of brand products with combined annual sales in excess of \$22 billion. Outside the United States, we filed approximately 175 dossiers, and currently have more than 500 dossiers pending approval in key markets. Approximately 13% of total brand and generic net revenues are invested in Research and Development, placing Watson on par with our pharmaceutical industry peers.



Paul M. Bisaro, President and CEO

Finally, we maximized the strengths of our Global Operations capabilities to improve costs, enhance our customer service, more efficiently manage inventories and monetize market opportunities created by challenges faced by our competitors. Over the last few years, we have enhanced our focus on creating a distinct competitive advantage by ensuring the reliable supply of products to our customers and maintaining the highest levels of customer service. That focus is clearly driving results and recognition from leading industry associations, customers and suppliers. We also made significant capital investments, including the expansion of our manufacturing capacity in Goa, India to more than 4.5 billion doses and undertaking a \$44 million expansion of our transdermal manufacturing facility in Salt Lake City, Utah, USA.

Global Generics Highlights

For the full-year 2011, Global Generics net revenues increased 44% to \$3.37 billion. Our Global Generics business currently accounts for about 73% of Company total net revenues and we ended 2011 as the third-largest generic company in the U.S. and the fourth-largest worldwide, in terms of total prescriptions. We are committed to expanding our

Globally, we received 252 generic product approvals in 2011 and recorded 189 product launches. In the United States, key launches included generic versions of CONCERTA®, KADIAN® and LIPITOR®. Certainly, the launch of generic competition for brand LIPITOR®, the largest generic launch in the history of the U.S. generic pharmaceutical industry, dominated the headlines. But the attention to this product overshadowed the continued strong performance of our extensive product portfolio.

Global Brands and Biosimilars Highlights

Net revenues in our Global Brands segment were \$441.0 million, or approximately 10% of our total net revenues in 2011. During the year, we launched Generess® Fe, a novel oral contraceptive, and two new strengths of Androderm® testosterone replacement therapy. We also invested approximately \$68 million in the ongoing development of products for our Global Brands business.

We continued to focus on Urology and Women's Health, where our leading marketed products included RAPAFLO®, Gelnique®, Trelstar®, Androderm®, Crinone® and Generess® Fe. During the year, we added approximately



we ended 2011 as the **third-largest** generic company in the **U.S.** and the **fourth-largest worldwide**

commercial offerings and marketing presence, enhancing our capabilities to launch on-time and deliver the highest levels of customer service.

Product sales increased during the year due to the contribution of key U.S. launches and continued strong performance of our modified release and oral contraceptive portfolios; continued performance of our ex-U.S. operations, particularly strong prescription growth in Canada that included the launch of 10 products in that country, and the UK launch of the authorized generic version of AstraZeneca's Nexium® (Esomeprazole) tablets.

40 new sales representatives to our U.S. sales and marketing team, bringing the total to approximately 400 representatives. These additions further strengthen our coverage of urologists and obstetricians and gynecologists. Approximately 50 members of our sales team focus on institutions and clinics.

We also made significant progress in expanding our Global Brands business beyond the U.S. during the year, establishing the commercial infrastructure necessary to support expansion into Canada. In early 2012, we launched RAPAFLO®, Gelnique® and Oxytrol® into the Canadian

branded marketplace, and expect to add Androderm® to the portfolio at mid-year. We already have a team of 25 field representatives in place in Canada, who began promoting our brand products in January 2012. We are also actively working to accelerate the filing of additional products, including our Generess® Fe oral contraceptive and Esmya® for uterine fibroids.

Near the end of the year, we announced an exciting development within our Global Brands business that further solidified our position as an emerging player in biosimilars. On December 19th, we announced a collaboration with Amgen to develop and commercialize several oncology biosimilar products. This collaboration reflects our shared belief that biosimilars are an important product segment for future growth and will require significant expertise, infrastructure and investment to ensure safe, reliable therapies for patients. Products that may result from this collaboration are expected to be sold under a joint Watson/Amgen label.

During the year, Watson, in conjunction with Columbia Laboratories, continued to pursue the approval of progesterone vaginal gel 8% for the prevention of pre-term birth in women with a short cervix. The FDA's Division of Reproductive and Urologic Products issued a complete response letter for the New Drug Application (NDA) on February 24, 2012. Watson continues to work with FDA to determine if a viable path forward can be established for this application.

Anda Distribution

Despite fewer third-party launches in 2011, Anda Distribution had net revenues of approximately \$776 million. Anda, which is the fourth-largest distributor of generic pharmaceuticals in the U.S, is a unique asset for our Company. It provides Watson with the ability to directly reach more than 62,000 pharmacies and physicians' offices.

The power of Anda's capabilities and business flexibility in rapidly and seamlessly delivering products to market was clearly demonstrated with our launch of the only generic version of CONCERTA® in May, and then again with the historic launch of generic LIPITOR® on November 30th. As a result of Anda's capabilities, consumers in key U.S. markets who filled their prescriptions for LIPITOR® on the morning of November 30th had access to a lower cost generic alternative just hours after its initial availability.



Sigurdur Oli Olafsson,
Executive Vice President, Global Generics



G. Frederick Wilkinson,
Executive Vice President, Global Brands



Robert A. Stewart,
Executive Vice President, Global Operations

Generic Drug and Biosimilar User Fees

During much of 2011, members of Watson's generics team were actively involved in working with the Generic Pharmaceutical Association (GPhA) and industry colleagues to negotiate the Generic Drug User Fee Act (GDUFA). Completed in early September, this comprehensive program, to be supplemental to appropriated funding, is focused on:

- ensuring that industry participants, foreign or domestic, are held to consistent high quality standards and are inspected biennially;
- expediting the availability of low-cost, high quality generic drugs by bringing greater predictability to the review times;
- requiring the identification of facilities involved in the manufacture of generic drugs and associated active pharmaceutical ingredients; and,
- improving FDA's communications and feedback with the industry.

Watson will continue to work with industry colleagues, as well as independently, to support Congressional implementation of this landmark legislation.

While GDUFA was being negotiated, members of Watson's biologics teams were also participating in the definition of a user fee program to support the process for the review of biosimilar biological products. Establishing a viable and robust pathway toward FDA approval of biosimilars is critical to the future of this industry, and the biosimilar user fee program should help FDA define and implement a process, in close cooperation with industry, that will ensure appropriate communications throughout the application and review process.

One Watson, One Global Culture

During the past two years, Watson has been transformed from a U.S.-centric company to one with operations in leading markets around the world. In just the past 12 months, we have added nearly 1,000 new employees from Specifar and Ascent to the global team that included Watson and former Arrow Group employees.

We recognize that the best, most successful companies in the world are powered by employees who are united around a shared vision and mission, and understand how they each contribute to the overall success of the organization. As our Company continues to grow and evolve, it is important that we unify our global employee culture. During 2011, we initiated a revolution in Watson's global corporate culture, introducing Our Winning Behaviors – Challenge, Connect, Commit – three powerful, yet exceptionally simple words





that define the actions we take individually, and as a team, in pursuing our global mission and vision. Our Winning Behaviors serve as a powerful foundation for unifying, motivating and engaging the Watson team.

Throughout our Company, these Behaviors have been enthusiastically adopted by our employees, and today drive everything we do. They continue to inspire our organization, and appear on everything we do, from internal memos to the shipping labels attached to the truckloads of generic LIPITOR® that left our distribution center on November 30th. These simple action words, universal in meaning regardless of the language they are translated into, are forging One Watson and driving enhanced success around the world.

Our Winning Behaviors are also driving an enhanced commitment to corporate responsibility. While we have a number of programs in place to support organizations in the communities where we have operations, the March of Dimes annual March for Babies is a core corporate focus. In 2011, Watson joined in support of the March for Babies as a multi-market U.S. corporate sponsor.

In late 2011, we expanded our partnership with March for Babies, joining such well-known companies as Kmart, FedEx, Famous Footwear, United Airlines and Farmers Insurance as one of the National Sponsors of this extraordinary fund raising event. Late this spring, hundreds of Watson U.S. employees, along with their families and friends, will participate in walks throughout the country to raise awareness and provide vital funding to help March of Dimes prevent birth defects, premature birth and infant mortality.

Strategies for Growth in 2012 and Beyond

As I have noted, our balanced business strategies delivered an exceptional year in 2011. I would like to thank each of the more than 7,000 people of Watson for their contribution to this success. I want to recognize our Board of Directors for supporting management's strategic vision, and encouraging excellence in our tactical implementation of that vision. And I want to recognize the confidence that our investors and shareholders have placed in our Company, and in our commitment to generate long-term value for their investment.

Our goal is to maintain a double-digit growth rate by maximizing the value-creation capabilities of our Global Generics, Global Brands and Anda Distribution businesses. We have strategic goals for the growth of each

of these business segments, and tactics in place to realize those goals.

In our Global Generics business we are driving strategies to:

- Maximize the global value of generic R&D investments;
- Enhance our competitive position in current ex-U.S. markets while capitalizing on opportunities to expand into new markets; and
- Maximize the power of our leading global supply chain to deliver the highest levels of customer service and effectively manage cost-of-goods to enhance our competitive position.

Our strategies for success in our Global Brands and Biosimilars business focus on:

- Continuing to enhance our Urology/Women's Health business through the introduction of new products and emphasis on efficient and effective sales and marketing;
- Expanding our Global Brands footprint throughout North and South America; and
- Investing the resources necessary, both financial and management focus, to achieve a position as a major player in biosimilars.

For our Anda Distribution business, we continue to:

- Maximize the unique capabilities provided by Anda to support launches of Watson products;
- Participate fully in third-party new product launches; and
- Focus on strategies necessary to successfully expand the Anda model into specialty pharmaceutical and biologic product distribution.

These strategies are supported by the commitment of our global Shared Service teams. We are also fully committed to deploying our strong balance sheet to supplement internally driven growth through business development activities that will expand our product portfolios and our global footprint in ways that generate long-term shareholder value.

In summary, I believe that Watson is well positioned to drive long-term growth and we're very excited about the future.

Sincerely,

Paul M. Bisaro
President and CEO



2011 HIGHLIGHTS

Global Generics



Launched **189** products globally ; Launched **18** US generic products, including authorized generics of CONCERTA® and LIPITOR®

Global Generics net revenues: **\$3.4 billion** ; Leading U.S. market position in generic oral contraceptives: **30+** products; **36%** market share

Top U.S. position in modified release **16+** products and **12%** market share ; Global Generics R&D investment of **\$228 million**

Filed **30** ANDAs in U.S. ; **175+** applications globally ; **130+** ANDAs pending in U.S. ; **500+** dossiers internationally



2011 was a record year for Watson's Global Generics business. For the full-year 2011, Global Generics net revenue increased 44% to \$3.37 billion. International net revenues for the full-year were \$501 million. We launched 189 generic products globally, with significant revenue contributions from the U.S. launches of generic **CONCERTA®**, **KADIAN®** and **LIPITOR®**.

The benefit of overall volume increases exceeded price declines in many of our key markets. In the U.S., pricing remained favorable and we saw between 3% and 5% year-over-year price declines. In 2011, governments in Europe further tightened health care budget expenditures and many governments mandated lower generic pricing as a method of cost savings for their annual health care expenditures. We expect pricing pressures to continue in many of our key international markets, although we believe that the relatively low levels of generic utilization in key markets offer significant opportunity for government health care savings. As the value offered by generics in reducing health care costs becomes increasingly apparent, we expect utilization of generic drugs in many ex-U.S. markets will increase.

R&D

In 2011, we invested approximately \$227.7 million in generic Research and Development activities. As a result, we filed 30 new Abbreviated New Drug Applications (ANDAs) in the U.S. and more than 175 applications globally. Of the 130 total pending applications in the U.S., approximately 26% of the products filed represent first-to-file patent challenge opportunities. The ANDAs on file represent products with annual brand sales in excess of \$95 billion.

We are focused on maximizing the product development capabilities that we gained through the acquisition of Specifar Pharmaceuticals in May 2011.

US Highlights

As of December 31, 2011, our Global Generics business in the U.S. remains the dominant source of revenue for the Company with approximately 84% of total generic net revenue coming from our U.S. businesses.

In 2011, we expanded our U.S. generic product line with the launch of 18 generic products. In addition to the generic versions of **CONCERTA®** and **LIPITOR®**, we launched generics of **Famvir®**, **KADIAN®**, **Keppra XR®**, **AMRIX®**, and new oral contraceptives including **Amethia™** (a generic version of **SEASONIQUE®**), **Amethia®Lo** (a generic version of **Lo SEASONIQUE®**), and **Amethyst™** (a generic version of **Lybrel®**). In 2011, we had 36% share in the U.S. market in generic oral contraceptives with more than 30 product formulations.

During the year, we announced the initiation of a number of patent challenges, including challenges to **OxyContin®**, **Vigamox®**, **Welchol®**, **Viagra®**, **Pataday™**, **AVODART®**, **Vyvanse®**, **JALYN™**, **EMBEDA®**, **Daytrana®**, **Atelvia™**, and **Exelon®**.



International Highlights

Approximately 16% of our Global Generics net revenue is derived outside the U.S. and our key markets include Canada, the United Kingdom, France, the Nordics and Greece. To support future growth, we filed approximately 175 dossiers in key markets and currently have more than 500 dossiers pending. In many of these international markets, there is limited generic substitution by pharmacists and as a result, products are often promoted to pharmacies through a sales force. Therefore, physician and pharmacist loyalty to a specific company's generic product can be a significant factor in obtaining market share.

CANADA

In Canada, our business had the highest growth rate in prescriptions in the Canadian market. We launched 10 products in Canada, including Clopidogrel, Levonorgestrel, Latanoprost and Candesartan. Additionally, our targeted portfolio expansion resulted in the filing of 20 carefully selected applications during the year. And we launched a new sales organization in Quebec, which accounts for approximately 22% of the Canadian market.

EUROPE

Watson's presence in Europe was strengthened in 2011 with strong launch activity and the acquisition of Specifar. Our Company now commercializes its own-label products in nearly a dozen countries in the region in addition to the 36 markets where Specifar distributes its out-licensed products.

UNITED KINGDOM

Watson's UK business, which operates under the Arrow Generics name, ranks as the fifth largest generic player in the market. Arrow Generics launched 10 new products in 2011, the most significant of which was Esomeprazole, an authorized generic version of Astra Zeneca's Nexium®. The product was launched two months ahead of other generic competition. At the end of 2011, Arrow Generics commercialized around 100 molecules in 220 presentations.

FRANCE

Based in Lyon, France, Arrow Generiques ranks as the sixth largest generics player. In 2011, the Company launched a record 36 products and 10 medical devices. Arrow Generiques currently markets approximately 155 molecules in approximately 470 presentations and 26 medical devices. A sales team of approximately 70 representatives calls on individual customers in pharmacies, retail, wholesale and hospitals. The Company made its entry into the hospitals market in 2011 and quickly captured significant market share, driving Arrow Generiques to the position of third largest generics hospitals player based on volume.

OUR BUSINESS TODAY

Markets and Sales Ranks



OTHER EUROPEAN MARKETS

Watson operates under the Arrow label in the Nordics markets of Sweden, Finland and Denmark. Watson's strategy in these markets is to market niche products with less price competition and fewer competitors.

The Company's business in Germany was restructured during 2011 to better align it for enhanced competitiveness and profitability, in a market where competition remains fierce and price erosion is high.

In Poland, a branded generics market where pharmacy substitution is not as high as in many of the Western European markets, we are focused on capitalizing on market opportunities by increasing the depth and breadth of our sales team. In 2011, we bolstered our market reach by hiring 10 additional reps, bringing the total number to 40.

GREECE

Following the acquisition of Specifar in May 2011, our Company became the sixth largest player in the \$1.3 billion Greek generics market, where generic utilization is estimated at around 17%, but is expected to increase as a result of the challenged Greek economy. During the year, our Greece business created a new oncology department to support further expansion in this market.

OTHER MARKETS

AUSTRALIA/NEW ZEALAND

In Australia, Watson acquired the Ascent Pharmahealth, Ltd, business in early 2012. Ascent, and Watson's Willow Pharmaceuticals subsidiary which develops, sources and markets products primarily to the hospital market, with an emphasis on injectables, are being combined in 2012 under a new Australian company, Watson Pharma Proprietary, Ltd. Watson's Spirit Pharmaceuticals, which supplies products to third parties and has a successful development track record and robust pipeline of products, will continue to operate independently. During 2011, Watson's operations in Australia launched 11 products including the Fentanyl patch, Venlafaxine and Leflunomide.

The Company has been aggressively expanding its portfolio in New Zealand with 22 new products launched in 2011, including Venlafaxine XR, Sumatriptan injection and Paracetamol for the tender market. The Company was awarded 18 tenders in 2011, including eight products that were up for re-tendering.

BRAZIL

Watson operates as Erowlabs in Brazil, where we manufacture and commercialize generic products primarily in Brazil. Erowlabs sales and marketing activities are focused on the hospitals segment, tender business and retail. The Company launched six new products in 2011 including Quietapine, Memantine and Clopidogrel.

2011 TOP GENERIC PRODUCTS BY MARKET





Specifar Acquisition – May 2011

On May 15, 2011, we announced the acquisition of Specifar Pharmaceuticals, a leading product development and manufacturing business based in Athens, Greece for approximately EU 400m (\$562 million). With the addition of Specifar to the Watson family, we gained a successful pan-European generic product development company that develops and out-licenses products for more than 80 customers in 36 countries with its key markets being – France, Germany, Poland and Italy. The Specifar development business is well regarded within the European pharmaceutical community for its strong R&D and regulatory expertise across Europe, including its successful track record of being prepared to launch at patent expiry, and its highly reliable supply and product quality.

The addition of Specifar's high quality R&D and regulatory team, with knowledge of many markets around the globe, created the foundation for Specifar to become the R&D and regulatory center of excellence for the EU region for Watson. Their capabilities also enhanced Watson's ability to develop more of our own U.S. products for ex-U.S. markets, including for out-licensing to third parties.

Ascent Acquisition – January 2012

On January 24, 2012, Watson acquired Ascent Pharmahealth Limited, the Australia and Southeast Asia generic pharmaceutical business of Strides Arcolab Limited, for approximately AU\$375 million (approximately U.S. \$393 million). The acquisition of Ascent added more than 300 employees in Australia and Southeast Asia to Watson's growing global team.

As a result of the acquisition, we became the fifth largest generic pharmaceutical company in Australia. We also became the largest generic company in Singapore, and gained an established commercial base in Malaysia, Hong Kong, Vietnam and Thailand.

Ascent markets a broad portfolio of in-licensed generics, distributed brands, over-the-counter (OTC) dermatology and skin care products in Australia with approximately 14% market share. In the Southeast Asia market, Ascent markets generics, in-licensed generics and OTC products, and its Singapore business is supported by a sales force of approximately 45 representatives. Ascent will be integrated into Watson's Australia-based business.



GLOBAL GENERICS SUMMARY

Our global generics business is focused on maintaining a leadership position in the U.S. generics market and strengthening our commercial position in key international markets by offering a consistent and reliable supply of quality products. We are leveraging our broad product line by expanding commercial

operations outside of the U.S. and will continue to focus on investing in products that support long-term value creation, and strategic acquisitions that support our continued global growth, particularly into markets that represent opportunities for increased generic utilization.



2011 HIGHLIGHTS

Global Brands



Global Brands net revenues: **\$441 million** ∴ 30+ brand pharmaceuticals; **9** promoted products;

Launched **Generess® Fe**, an oral contraceptive, **Androderm® 2/4** ∴ Global Brands R&D investment of **\$68 million** in 2011

Brand pipeline includes **Esmya®** and two novel long-acting contraceptives

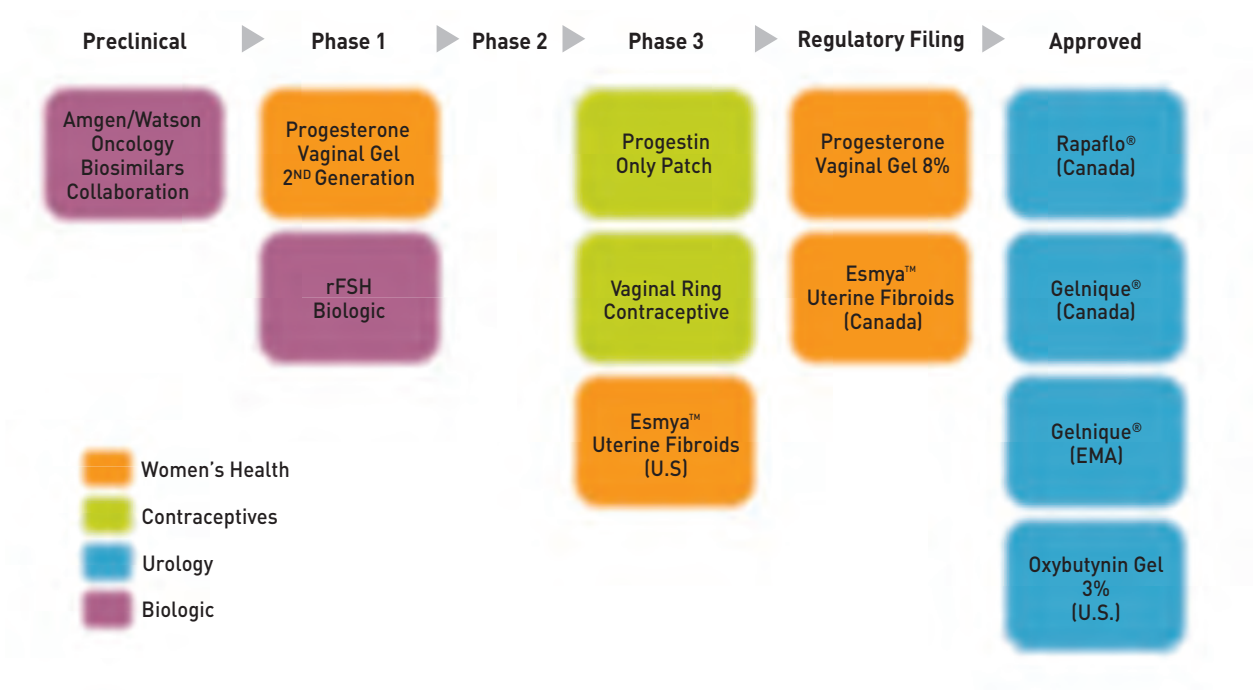
Licensing agreement with Antares Pharma, Inc. to commercialize **oxybutynin gel** in U.S., Canada.

Collaboration with **Amgen** to develop and commercialize, on a worldwide basis, oncology mAbs





GLOBAL BRANDS R&D PIPELINE



FOR our Global Brands business, 2011 represented a year of continued progress as we experienced growth of existing products and added new products to both our portfolio and our pipeline. We experienced growth in U.S. sales of RAPAFLOR[®], Gelnique[®], Crinone[®] and Androderm[®]; we launched both Generess[®] Fe and Androderm[®] 2mg/4mg in the U.S.; and we focused on the long-term future of this business, announcing a collaboration with Amgen to develop a portfolio of biosimilar monoclonal antibody oncology products.

Net revenues in our Global Brands segment were \$441.0 million or approximately 10% of our total net revenues in 2011. We invested approximately \$68 million in brand Research and Development, some of which utilize novel drug-delivery systems, through a combination of internal and collaborative programs. We also invested in expanding our sales force in the United States, and established a commercial business in Canada that began promoting products in January 2012.

New Products Expand U.S. Portfolio

During 2011 we launched two new key products: Generess[®] Fe, an oral contraceptive acquired from Warner Chilcott Ltd., and two new strengths of Androderm[®].

Launched in May 2011, Generess[®] Fe (norethindrone and ethinyl estradiol chewable tablets and ferrous fumarate chewable tablets) 0.8 mg/25 mcg, is a new low-dose oral contraceptive option that is highly effective at preventing pregnancy and proven to provide users with short, lighter, predictable periods. By year end, Generess[®] Fe was the fifth-largest promoted branded OC in the marketplace. The program supporting the launch of Generess[®] Fe is unique and was recognized by *Medical Marketing and Media* (MM&M), one of the pharmaceutical industry's leading trade publications, during its Annual Awards program in October. Generess earned three awards – Gold for Best Brand Website (www.Generess.com); Silver for Best Online Patient/Support Program (www.IAmGeneress.com); and Silver for Best Individual Consumer Print Ad.

Generess is marketed with a unique “I am Generess” program where participants can donate \$5 in the patient's name to their choice of certain women's charities. The charities currently in the “I am Generess” program include: The Rape, Abuse & Incest National Network (RAINN); The National Coalition Against Domestic Violence (NCADV); and The Society for Women's Health Research (SWHR).

In October, the U.S. FDA approved our new Androderm[®] (testosterone transdermal system) 2 mg and 4 mg formulation. The lower-dose testosterone patches provide highly effective testosterone administration with a 20% reduction in the active ingredient from the original strength, all in a smaller patch size. The product was launched in November.

Approval of the lower-dose formulation was based on a trial that demonstrated that 97% of the subjects achieved testosterone concentrations within the normal range after 28 days of daily therapy. This new low-dose testosterone patch offers millions of men a reliable and convenient transdermal option for what continues to be an under-diagnosed and undertreated condition. In addition, the patch helps minimize the risk that the testosterone may be transferred from patients to children or women, unlike testosterone gel preparations.



TOP 5 MARKETED PRODUCTS



2011 NEW MARKETED PRODUCTS



Also during 2011, our Global Brands team announced an exclusive licensing agreement to commercialize Antares' topical oxybutynin gel product in the U.S. and Canada for the treatment of overactive bladder (OAB) with symptoms of urge urinary incontinence, urgency and frequency. The oxybutynin gel product was approved in December, and will be launched by the U.S. Brand team in early 2012, with the launch in Canada planned for mid-year.

A clear, odorless topical gel in a convenient, metered-dose pump, topical oxybutynin gel 3% was demonstrated to be an effective and safe treatment for overactive bladder (OAB). Because the active ingredient is delivered transdermally, it is not metabolized by the liver in the same way as orally administered oxybutynin. This may result in a low level of side effects, such as dry mouth and constipation. The oxybutynin gel product will strategically enhance our OAB portfolio, which currently includes Gelnique® (oxybutynin chloride) Gel 10%, and Oxytrol® oxybutynin transdermal system.

Expanding Internationally

In conjunction with our strategy to grow and expand our Global Brands business in the Americas, in 2011 we established a commercial presence in Canada.

The first three products in the new Canadian portfolio include RAPAFLO®, Gelnique®, and Oxytrol®, which began shipping to customers in January 2012. The Androderm® product will be launched at mid-year, and the team is working to accelerate the filing of the application to support commercialization of Esmya™ (ulipristal acetate), a product licensed from Gedeon Richter Plc, which is being developed for the treatment of uterine fibroids. The product Marketing Authorization Application (MAA) was recently approved in Europe and Watson expects to initiate U.S. Phase 3 clinical studies in the U.S. in early 2012. The Canadian team is also working to file an application to market Generess® Fe oral contraceptive.

Additionally, we expanded our RAPAFLO® arrangement to include Latin America and this product is expected to serve as the springboard for our Brands business in the region. Watson is currently in preparations to file three products in Mexico and Brazil.

Brands Pipeline

In addition to the Esmya® product, our Global Brands product development pipeline includes progesterone vaginal gel 8% for reducing the risk of pre-term birth in women with a short uterine cervical length, as well as two novel long-acting contraceptives in late stage development,

a progestin-only patch and a vaginal ring. We also have a number of products in development that build upon our existing product portfolio.

The clinical development and FDA review of the New Drug Application (NDA) to support the approval of the progesterone vaginal gel 8% product dominated news during the year. The rights to market the progesterone vaginal gel 8% once approved, and Crinone®, the vaginal gel treatment for infertility already on the market, were acquired from Columbia Laboratories, Inc. in 2010. Watson collaborated with Columbia on the filing of the NDA for the progesterone vaginal gel 8%, which was submitted for approval in 2011.

In mid-year, the results from the PREGNANT Study, a large, global Phase 3 clinical trial evaluating progesterone vaginal gel 8% were published in *Ultrasound in Obstetrics & Gynecology*, the leading peer-reviewed journal of the International Society of Ultrasound in Obstetrics & Gynecology. The published results indicated that administration of vaginal progesterone from the mid-trimester of pregnancy until term in women with a premature cervical shortening, as confirmed by transvaginal ultrasound, significantly reduced the rate of pre-term birth before 33 weeks gestation. Use of progesterone vaginal gel 8% was associated with a 45% reduction in the incidence of pre-term birth before 33 weeks gestation. Further, improvement in infant outcome was noted. Data published in the study also demonstrated that self-administered progesterone vaginal gel 8% associated with a significant reduction in the risk of pre-term birth before 28 and before 35 weeks of gestation. Adverse events were comparable with those who received placebo.

During 2011, significant momentum grew within the medical community that short cervical length is a powerful predictor of pre-term delivery and that transvaginal screening of women in the mid-trimester to identify patients at risk can be coupled with progesterone to reduce the frequency of pre-term birth.

Despite the presentation of the published data, and supporting scientific studies, on January 20, 2012, the Advisory Committee for Reproductive Health Drugs of the FDA voted to not recommend approval of the new drug application (NDA) and stated that more information was needed to support approval. FDA subsequently issued a complete response letter on February 24, 2012 seeking additional clinical support for the approval of the product. Watson continues to work with FDA to determine if a viable path forward can be established for this product.



Momentum in Our Biosimilars Strategy

One of the pillars of Watson's strategy to drive long-term growth is based upon building a leadership position in the emerging global biosimilars market. We believe that biosimilars are the next frontier in the evolution of the healthcare market.

This strategy, which is supported by our Eden Biodesign biosimilars team, was expanded in December 2011 when we announced a collaboration with Amgen to develop and commercialize, on a worldwide basis, several oncology antibody biosimilar medicines. The collaboration will not pursue biosimilars of Amgen's proprietary products.

Under the terms of this collaboration, Amgen assumes primary responsibility for developing, manufacturing and initially commercializing the oncology antibody products. Watson will contribute up to \$400 million in co-development costs, including the provision of development support, and will share product development risks. In addition, we will contribute our significant expertise in the commercialization and marketing of products in highly competitive specialty and generic markets, including helping to effectively manage the lifecycle of the biosimilar products. We will receive a portion of product revenues.

This collaboration places Amgen and Watson in an unparalleled position in the global biosimilars market by capitalizing on best-in-class capabilities in both innovative biologics and specialty pharmaceuticals and generics. It delivers on Watson's promise to be a leader in the field of biosimilars, and does so in a way that helps manage the substantial financial investment, operational capabilities and broad commercial skills required to bring safe, high-quality and cost-effective biosimilar therapies to patients.

The Amgen/Watson collaboration is in addition to Watson's ongoing efforts to develop and commercialize Itero's recombinant follicle stimulating hormone (rFSH) product which was licensed from Itero Biopharmaceuticals, Inc. In 2012, the product will enter clinical development as a biosimilar molecule for the treatment of female infertility. Under the terms of the agreement with Itero, Watson assumed responsibility for all future development, manufacturing, and commercial expenses related to the rFSH product.

The licensing of rFSH and the Amgen biosimilars collaboration are examples of how we are continuing to expand our presence in the biologics space, with products that will complement our existing business.



GLOBAL BRANDS SUMMARY

With its strong portfolio of products in Urology and Women's Health, and with a broad pipeline of mid- and long-term products in development, Watson's Global Brands business is poised for continued growth in the United States, and is taking steps to

expand into Canada and Latin America. The group is also focused on identifying and executing additional business development initiatives to expand both its portfolio of marketed and development products.



2011 HIGHLIGHTS

Global Operations



Anda net revenues: **\$776 million** : **\$44 million** expansion of Salt Lake City facility

Distribution for **8,500 + SKUs to 62,000 +** customers across the U.S.

234,000 square foot distribution facility being constructed in Olive Branch, MS.

Expanding into **specialty/biologic** product distribution



OUR 2011 and long-term success is predicated on our commitment to providing the highest levels of customer service around the world, and our industry-leading, integrated supply chain is focused on realizing this commitment, from product development through on-time launch and delivery of commercial supply in all our markets.

A clear example of the strength of our supply chain, and the commitment of our Global Operations employees, was the launch of generic LIPITOR®. When product was released on November 30th, Watson's Gurnee, Illinois distribution center immediately loaded and shipped more than 24 dedicated truckloads of product. In addition, they coordinated with customers to ensure delivery, by three chartered airplanes, in time for the product to be available to consumers the next morning. In total, more than 1 million bottles of product left Gurnee bound for more than 100 locations in 36 states and Puerto Rico, all within hours of the launch.

During the past several years, we have announced steps to improve our operating cost structure and achieve operating excellence and efficiencies through our Global Supply Chain Initiative. In 2010, the Company announced the planned closure of our Canadian manufacturing facility and the discontinuation of R&D activities in Canada and Australia. Products from our Canadian plant, which is scheduled to cease operations in 2012, are actively being transferred to our Malta and Goa, India sites. The transfer of development activities to the remaining R&D sites is expected to be completed by late 2012. In January 2011, the Company announced the planned discontinuation of R&D activities in Corona, California, which was completed at the end of 2011.

We have development and manufacturing capabilities for raw material and active pharmaceutical ingredients ("API") and intermediates to support our internal product development efforts in our Coleraine, Northern Ireland, Changzhou, China and Ambernath, India facilities. During 2011, our API capabilities resulted in the development of more than a dozen new APIs, including critical raw materials that are part of first-to-file patent challenge products.

Watson manufactures finished dosage form products at plants in Athens, Greece; Birzebuga, Malta; Copiague, New York; Corona, California; Davie, Florida; Goa, India; Mississauga, Canada; Rio de Janeiro, Brazil and Salt Lake City, Utah. We conduct R&D in Ambernath and Mumbai, India; Athens, Greece; Davie and Weston, Florida; and Salt Lake City, Utah. Our teams posted record levels of production at our Canada, Corona, Florida and Goa manufacturing facilities during the year.

In 2011, all of our key manufacturing facilities satisfactorily completed FDA, EMA as well as other regulatory inspections and all maintained a satisfactory GMP status. We continue to invest in the optimization of our facilities, expanding our Goa, India facility to support manufacturing of up to 4.5 billion doses per year. We also invested in expansion at our Malta facility to increase laboratory testing capacity, enlarge office space and provide enhanced working conditions for employees.



We also announced an approximately \$44 million expansion of our Salt Lake City, Utah, facility which is Watson's state-of-the-art pharmaceutical research, development and manufacturing facility for transdermal patches and topical gels. The Salt Lake City expansion includes retrofitting approximately 20,000 square feet of existing space and the construction of approximately 17,000 square feet of future manufacturing space. The Company anticipates the expansion could ultimately result in the addition of approximately 300 employees within the next 3-5 years. The expansion supports a potential tripling in annual manufacturing batch capacity to support future products including transdermals and topical gels. This expansion positions us to more efficiently meet anticipated future consumer demand for products that are currently in various stages of development.

Controlling costs is critical to enhancing our ability to compete across all markets, particularly international markets where government activities have resulted in challenging price environments. During 2011, the Global Operations team initiated a number of programs to lower overall cost-of-goods (COGs), while continuing to emphasize that all products are manufactured to the

highest global quality standards. We also simultaneously focused on ensuring the highest levels of on-time launches, another critical component to maximizing competitive opportunities.

We continue to globalize our quality system. We have incorporated Quality-by-Design into our overall operations and we have implemented a very sophisticated pharmaceutical technology structure that supports not only our ongoing operations, but also the efficient movement of products from R&D to manufacturing, to ensure that product transfer is seamless and results in on-time launches.

Portfolio Management and R&D

Ensuring that we select products with the highest potential for generating value is critical to our long-term success. As a result, we continue to maximize the talent and focus of our portfolio management team to ensure that we pursue products with barriers-to-entry that maximize our unique development and manufacturing expertise and capabilities.

The development and commercialization of more complex products, including moving beyond modified release solid dosage products into complex transdermals, topicals,



ophthalmics, semi-solid, inhalation and complex injectable products is a key focus of the portfolio management and product development teams. Many of these products require additional expertise and capabilities, but have the potential to offer limited competition upon commercialization. Watson has a number of products either under review or in active development to expand its portfolio into these areas, and will seek opportunities to complement internal resources with appropriate external resources as necessary, through such initiatives as licensing and strategic collaborations. The goal is to leverage the investment in these complex products across as many of Watson's markets as possible.

Early in 2012, we announced a significant step in expanding our focus on complex products. Watson announced that it would create a new Global R&D Technology Center in New Jersey that will focus on developing generic pharmaceutical products, in particular inhalation technology and respiratory products. In addition, in line with Watson's commitment to Quality-by-Design of pharmaceutical products, this center will focus on process analytical technology, packaging development, pharmaceutical technology, inhalation technology and new technology evaluation.

We signed a lease for a 32,000-square-foot facility at the New Jersey Economic Development Authority's Technology Centre of New Jersey, a 50-acre complex consisting of

lab, production and office space. Initially, we will invest approximately \$4.5 million to outfit for product development and analytical laboratories. The facility, which is expected to be completed in the spring of 2012, will employ approximately 50 scientists, chemists, engineers and support staff.

The location of the facility will enable Watson to leverage its proximity to such educational centers of excellence as Rutgers University, and to establish collaborations with University departments including pharmaceuticals, chemistry and engineering as well as to benefit from the talent pool in the heart of the pharmaceutical industry of New Jersey.

Anda Distribution and Global Operations

Anda Distribution is a unique strategic asset in the national distribution of generic and brand pharmaceuticals. Through Anda, Watson is the only U.S. pharmaceutical company that directly owns meaningful distribution operations with direct access to independent pharmacies.

Net revenues from Anda Distribution were \$776 million for 2011. Sales are principally generated through an in-house telemarketing staff and through internally developed ordering systems. Anda distributes most of the approximate 8,500 SKUs from third party manufacturers, but also distributes Watson's products, although operating results include only sales from third-parties.



Anda played a key role in the May launch of the generic version of CONCERTA®, as well as in the November 30th launch of generic LIPITOR®. Anda shipped Watson's generic version of LIPITOR® to more than 30,000 locations ensuring that key customers, including retail chain pharmacies in key markets had product in their stores when they opened for business on November 30th.

Anda primarily distributes generic and selected brand pharmaceutical products, vaccines, injectables and over-the-counter medicines. Products are distributed to more than 62,000 customers, including physician accounts, independent pharmacies, and chain locations as well as alternate care providers (hospitals, nursing homes and mail order pharmacies). Additionally, we sell to members of buying groups, which are independent pharmacies that join together to enhance their buying power.

Anda presently distributes products from facilities in Weston, Florida and Groveport, Ohio. During 2011, the company announced that it had initiated construction of a 234,000 square foot, \$23 million, state-of-the-art pharmaceutical distribution facility in Olive Branch, Mississippi, which is in close proximity to Memphis, Tennessee. The new facility is expected to become operational during the second quarter of 2012 and will employ approximately 70 people.

Celebrating its **20th**
anniversary in **2012.**

Anda Distribution

is a unique strategic asset.



The new Mississippi facility will replace the facility in Groveport, Ohio. When the Groveport facility was constructed nearly a decade ago, it was originally outfitted to support Andia, as well as the brand and generics business of the then Andrx Corporation, which was acquired by Watson in 2006. After the Andrx acquisition, those components of the business were migrated to our Gurnee, Illinois, facility. In addition, the site was strategically located in Ohio to be in close proximity and to serve as a hub induct center with DHL, which was our primary shipper. DHL exited the U.S. market in 2008. As a result, we have determined that Groveport is no longer appropriately sized, or geographically positioned, to support Andia's evolved mission.

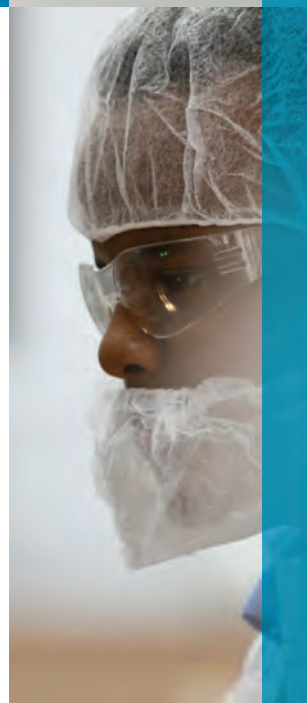
The decision to relocate to the Memphis area will enable us to maximize our proximity to and business relationship with FedEx, our current primary shipper. It will also eliminate the current Groveport practice which requires an additional air shipment to a FedEx hub; enable a later cut-off for shipment; and enhance our ability to support our customers more efficiently and cost-effectively. The new facility, as planned, will be more appropriately sized, resulting in significant efficiencies that will further streamline Andia's operations.

As Andia celebrates its 20th anniversary in 2012, we are focused on maximizing Andia's ability to support Watson product launches, as well as expanding Andia's unique capabilities into distribution of specialty products, and ultimately, biopharmaceutical products.

GLOBAL OPERATIONS SUMMARY

Our Global Operations team is focused on maximizing the strengths of our global manufacturing network and capabilities to improve costs, enhance our customer service, more efficiently manage inventories, continue expansion into key global markets and monetize market opportunities created by challenges faced

by our competitors. We are enhancing our focus on ensuring the reliable supply of products to our customers and maintaining the highest levels of customer service. And we are committed to strengthening our global supply chain, making significant capital investments as necessary, to support our ongoing global growth and expansion.



CFO REPORT

Financially, it was another great year for Watson. We have seen consistent quarterly earnings growth throughout the year and we have launched two important products in 2011 - generic versions of CONCERTA® and LIPITOR® - which contributed to a record year of both sales and earnings. Net revenues grew 29% to \$4.58 billion and non-GAAP earnings grew 39% to approximately \$4.77 per diluted share.

All of our global businesses performed well in 2011. Growth of 44% in our Global Generics net revenues was driven by the launch of new products and the strength of our base business including strong sales of extended release products and oral contraceptives in the U.S. New product launches offset the impact of price erosion from competition and our ex-U.S. revenues increased as a result of the acquisition and successful integration of Specifar in the middle of the year. Our Global Brands division also grew in 2011, with revenues up 11% year-over-year. RAPAFLO® and Crinone® continued to grow and our launch of Generess® Fe contributed to the year-over-year earnings



We were able to increase our investment in research and development for both our brand and generic divisions. Our internal R&D spending has increased approximately 24% on a compounded annual growth rate basis since 2009 and we continue to invest heavily in our pipeline, as we position the Company to achieve our long-term growth objectives. We ended the year in a great position from a liquidity standpoint with \$224 million of cash and marketable securities. Since year-end, we borrowed \$375 million U.S. dollars to fund the acquisition of Ascent Pharmahealth LTD.



performance. On the distribution side, our Anda business played a key role in the successful launches of generic versions of LIPITOR® and CONCERTA® during the year, and these sales of Watson products are not reflected in the reported sales for this segment of the business.

Watson also continued to benefit from our Operational Excellence program, which includes plant consolidation in the U.S. and expansion of our manufacturing facilities in India and in Malta. In 2011, these initiatives resulted in sustainable improvements in our gross profit contribution within our generic business.

Including this item, our proforma debt to adjusted EBITDA is roughly 1.3x so we are beginning 2012 very well positioned from a balance sheet perspective to continue to invest in the growth of the business.

A handwritten signature in black ink, appearing to read 'R. Todd Joyce'.

R. Todd Joyce
Executive Vice President and
Chief Financial Officer

Adjusted EBITDA

Twelve months ended December 31, (in millions)	2011	2010	2009
GAAP net income	\$260.9	\$184.4	\$222.0
Plus:			
Interest expense	81.8	84.1	34.2
Interest income	(2.1)	(1.6)	(5.0)
Provision for income taxes	196.9	67.3	140.6
Depreciation (includes accelerated depreciation)	93.6	101.9	96.4
Amortization ⁽¹⁾	355.5	180.0	92.6
EBITDA	986.6	616.1	580.8
Adjusted for:			
Global supply chain initiative	11.0	29.7	25.2
Acquisition and licensing charges	37.7	28.5	34.2
Non-cash impairment charges	44.3	32.6	2.2
Non-recurring (gains) losses	(13.2)	(25.1)	3.1
Legal settlements	5.0	132.9	24.7
Accretion income	(0.3)	-	-
Share-based compensation	39.8	23.5	19.1
Adjusted EBITDA	\$1,110.9	\$838.2	\$689.3

(1) Includes amortization of excess purchase price equity method investment.

GAAP to Non-GAAP Net Income Calculation

Twelve months ended December 31, (in millions)	2011	2010	2009
Reported GAAP net income attributable to common shareholders	\$260.9	\$184.4	\$222.0
Adjusted for:			
Amortization	355.5	180.0	92.6
Global supply chain initiative ⁽¹⁾	16.3	41.5	32.5
Acquisition and licensing charges	29.5	28.5	36.4
Internet accretion on contingent liabilities	37.5	29.9	-
Non-cash impairment/asset sales	44.3	32.6	2.2
Non-recurring (gains) losses	(13.2)	(25.1)	3.1
Legal settlements	5.0	132.9	24.7
Income taxes on items above	(132.0)	(179.3)	(64.7)
Non-GAAP net income attributable to common shareholders	603.8	425.4	348.8
Add: Interest expense on CODES, net of tax	-	-	5.5
Non-GAAP net income adjusted for interest on CODES	603.8	425.4	354.3
Diluted earnings per share			
Diluted earnings per share – GAAP	\$2.06	\$1.48	\$1.91
Diluted earnings per share – Non-GAAP	\$4.77	\$3.42	\$3.04
Basic weighted average common shares outstanding	124.5	122.4	105.0
Effect of dilutive securities:			
Conversion of CODES	-	-	10.1
Dilutive share-based compensation arrangements	2.0	1.8	1.3
Diluted weighted average common shares outstanding	126.5	124.2	116.4

(1) Includes accelerated depreciation charges.

Management Team

BOARD OF DIRECTORS

Paul M. Bisaro
President and
Chief Executive Officer

Christopher W. Bodine
Former President, Health Care Services for
CVS Caremark Corporation

Michael J. Fedida
Registered Pharmacist,
Consultant and Owner of Several
Retail Pharmacies

Michel J. Feldman
Member, Seyfarth Shaw LLP

Albert F. Hummel
President & CEO,
Cobrek Pharmaceuticals, Inc.;
CEO, Obagi Medical Products, Inc.

Catherine M. Klema
President, Nettleton Advisors LLC

Jack Michelson
Retired Corporate Vice President
and President, Technical Operations,
G.D. Searle

Anthony Tabatznick
Co-Founder Arrow Group

Ronald R. Taylor
President,
Tamarack Bay LLC

Andrew L. Turner
Chairman of the Board;
Manager, Trinity Health Systems

Fred G. Weiss
Managing Director,
FGW Associates, Inc.

SENIOR MANAGEMENT

Paul M. Bisaro
President and
Chief Executive Officer

Sigurdur Oli Olafsson
Executive Vice President,
Global Generics

G. Frederick Wilkinson
Executive Vice President,
Global Brands

Albert Paonessa III
Executive Vice President,
Chief Operating Officer, Anda

Robert A. Stewart
Executive Vice President, Global
Operations

R. Todd Joyce
Executive Vice President and
Chief Financial Officer

David A. Buchen
Executive Vice President,
General Counsel and Secretary

Charles M. Mayr
Senior Vice President,
Corporate Affairs

Corporate Information

GLOBAL HEADQUARTERS

Morris Corporate Center III
400 Interpace Parkway
Parsippany, NJ 07054

COMMON STOCK

Stock Symbol: WPI
Listed: New York Stock Exchange

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

PricewaterhouseCoopers LLP
Florham Park, NJ

STOCKHOLDER INFORMATION

Questions concerning stock
ownership may be directed
to Investor Relations at
Corporate Headquarters.
E-mail: investor.relations@watson.com

STOCK TRANSFER AGENT

American Stock Transfer
And Trust Company
59 Maiden Lane
New York, NY 10007
800.937.5449
www.amstock.com

ANNUAL MEETING OF STOCKHOLDERS

The Annual Meeting of Stockholders of
Watson Pharmaceuticals, Inc.
will be held at the Sheraton Parsippany
Hotel On Friday, May 11, 2012
At 9:00 a.m.

PRESS RELEASE INFORMATION

Press releases and other information
are available on Watson's Web site at
www.watson.com

ADDITIONAL INFORMATION

Watson files periodic reports
with the Securities and Exchange
Commission that contain additional
information about the company,
including Watson Pharmaceuticals,
Inc.'s Annual Report on Form 10-K
and its Quarterly Reports on Form
10-Q. Copies are available on Watson's
corporate Web site at www.watson.com
within the Investors section,
or at www.sec.gov, or upon written
request to Investor Relations at the
Corporate Headquarters address. We
have also filed with the New York Stock
Exchange the most recent Annual CEO
Certification as required by Section
303A.12(a) of the New York Stock
Exchange Listed Company Manual.

TRADEMARKS

LIPITOR® is a registered trademark
of Pfizer Inc. CONCERTA® is a
registered trademark of Ortho-
McNeil-Janssen Pharmaceuticals, Inc.
Androderm®, Crinone®, Gelnique®,
Rapaflo® and Generess® Fe are
trademarks of Watson Pharmaceuticals,
Inc. All other trademarks are the
property of their registered owners.

Forward-Looking Statement

Any statement contained in this report that refers to Watson's estimated or anticipated future results, product development efforts, regulatory strategies, strategic initiatives, product launches, prospects for regulatory approval of its products or other non-historical facts are forward-looking statements that reflect Watson's current analysis of existing trends and information. Watson disclaims any intent or obligation to update these forward-looking statements. Any statement in this presentation that refers to Watson's financial results for 2012 and beyond is preliminary and reflects our expected financial results as of the date of this report, and is subject to change. Watson disclaims any intent or obligation to update these statements. Actual results may differ materially from current expectations depending upon a number

of factors affecting Watson's business or estimates. These factors include, among others, the inherent uncertainty associated with financial estimates; the possibility that the financial estimates will change after further review by Watson's management or outside independent accountants or due to the discovery of additional or revised information or subsequent events; variability of revenue mix between the Company's Brand, Generic and Distribution business units; periodic dependence on a small number of products for a material source of net revenue or income; variability of trade buying patterns; changes in generally accepted accounting principles; risks that the carrying values of assets may be negatively impacted by future events and circumstances; timely and successful implementation of strategic initiatives; successful integration of strategic transactions; the difficulty of predicting the timing or outcome of product development efforts and FDA

or other regulatory agency approvals or actions, if any, market acceptance of and continued demand for Watson's products; the impact of competitive products and pricing; fluctuations in foreign currency exchange rates; the availability and pricing of third party sourced products and materials; successful compliance with governmental regulations; uncertainties related to the timing and outcome of litigation; changes in laws and regulations, including Medicare and Medicaid and similar laws in foreign countries affecting, among other things, pricing and reimbursement of pharmaceutical products; and such other risks and uncertainties detailed in Watson's Annual Report on Form 10-K for the year ending December 31, 2011 and other company filings with the Securities and Exchange Commission.

