



WATSON PHARMACEUTICALS, INC.



**Goldman Sachs  
25<sup>th</sup> Annual Healthcare Conference**



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Laguna Niguel, CA  
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# Note Regarding Projections and Forward-Looking Statements

Any statement contained in this presentation that refers to Watson's estimated or anticipated future results, product development efforts, 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. Actual results may differ materially from current expectations depending upon a number of factors affecting Watson's business. These factors include, among others, the inherent uncertainty associated with financial projections; timely and successful implementation of strategic initiatives (including successful integration of acquisitions); the difficulty of predicting the timing or outcome of product development efforts and FDA or other regulatory agency approvals or actions; market acceptance of and continued demand for Watson's products; the impact of competitive products and pricing; 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; and such other risks and uncertainties detailed in Watson's Annual Report on Form 10-K for the year ended December 31, 2003, Quarterly Report on Form 10-Q for the quarter ended March 31, 2004 and other filings with the Securities and Exchange Commission.



## Watson At A Glance

- Balanced growth strategy between brands and generics
- Unique drug delivery capabilities and technologies
- Three-prong strategy of internal R&D, alliances and acquisitions
- 67% of business consists of exclusive or semi-exclusive opportunities
- #5 in TRxs dispensed in pharmaceutical industry



# A Balanced Business Strategy

**Acquisitions**

**Licensing**

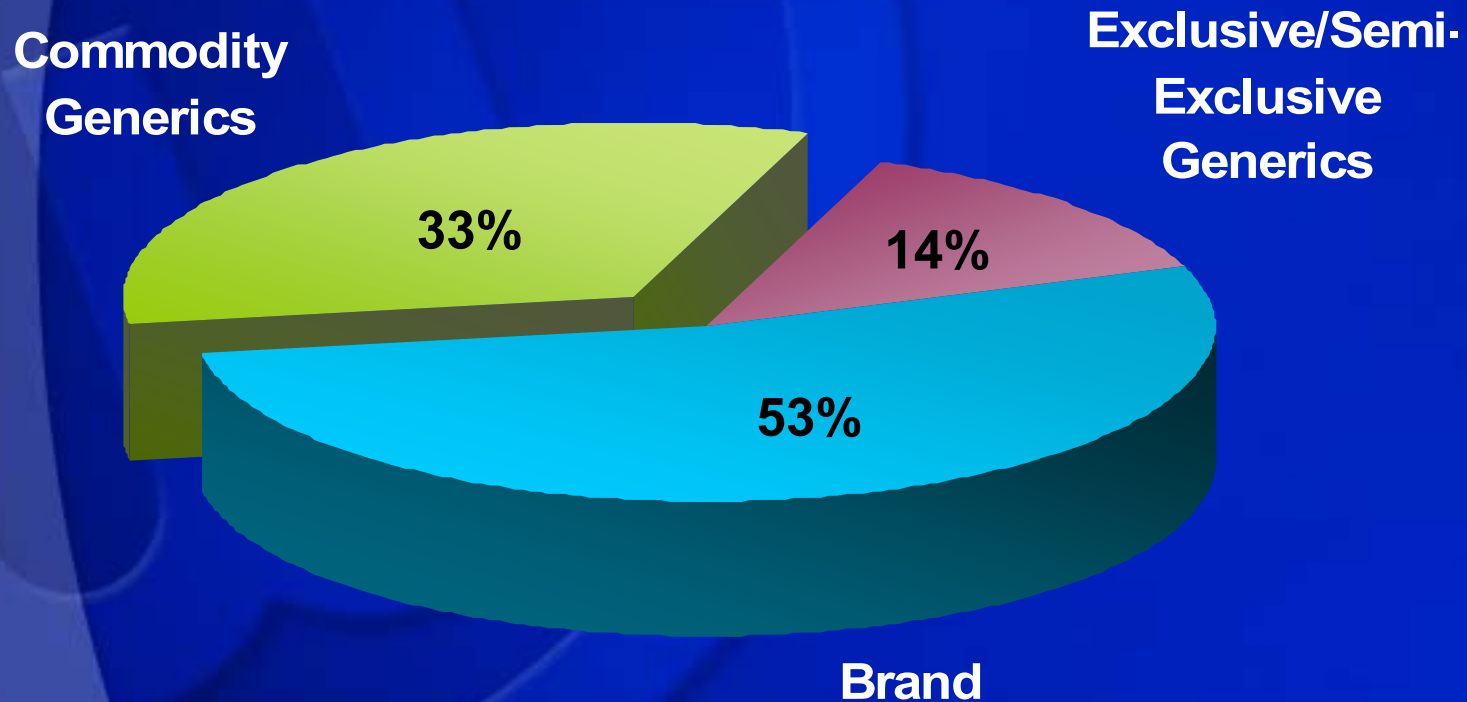
**Partnerships & Alliances**

**Internal Research & Development**



# Watson's Product Portfolio Moving Towards Exclusive Opportunities

2003





# Critical Mass and Leadership Position in Generics

- Largest portfolio of products with over 150 product families
- #3 in TRxs dispensed
- Most generic launches of any major generic pharmaceutical company
- Over 50% of products hold #1 or #2 market share position

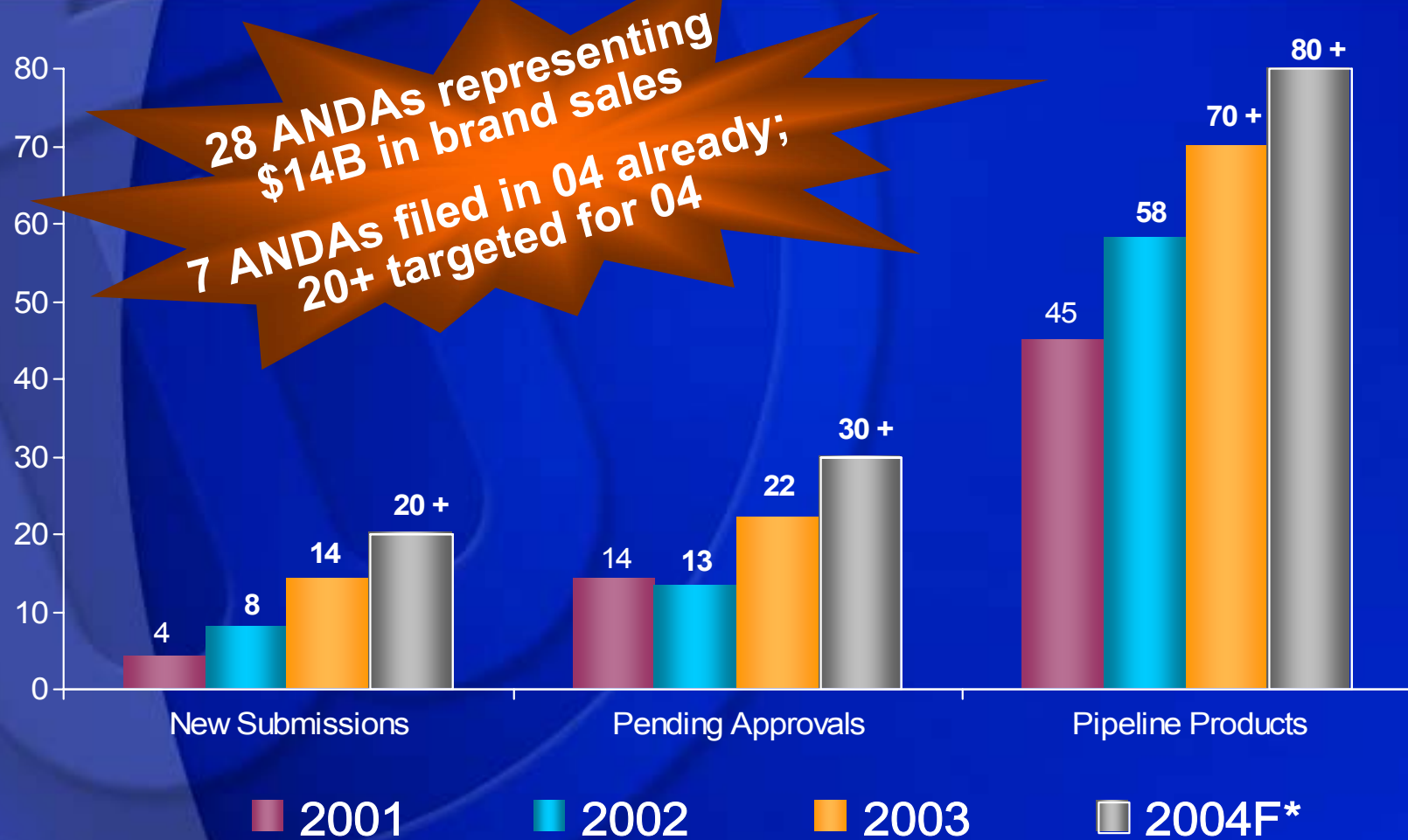


## Generic Business: Key Drivers

- Growth from 15 launches in 03
- Launched 7 generic products YTD
  - Bupropion SR 100 & 150mg – Wellbutrin SR®
  - Bupropion SR 150mg – Zyban®
  - Testosterone cypionate
  - Testosterone enanthate
  - Terconazole 3-day
  - Nitrofurantoin monohydrate/macrocrystals – Macrobid®
  - Nitrofurantoin macrocrystals – Macrochantin®
- Additional 5+ launches expected in 04\*
- Heavy investment and growth in generic pipeline



# Generic Product Pipeline Analysis by Count



\* Forecasted



# Watson's Brand Business





# Watson's Specialty Brand Pharmaceutical Business

- Specialty therapeutic brand pharmaceutical focus
  - Urology
    - Innovative product development through drug delivery technologies
  - Nephrology
    - Leadership position in IV iron with Ferrlecit® and INFeD®
  - General Products
    - Pain management
    - Dermatology
  - Women's Health
    - Leader in contraceptive market with broadest line of OCs
- Focused on developing products that satisfy unmet patient and market needs by utilizing drug delivery technologies



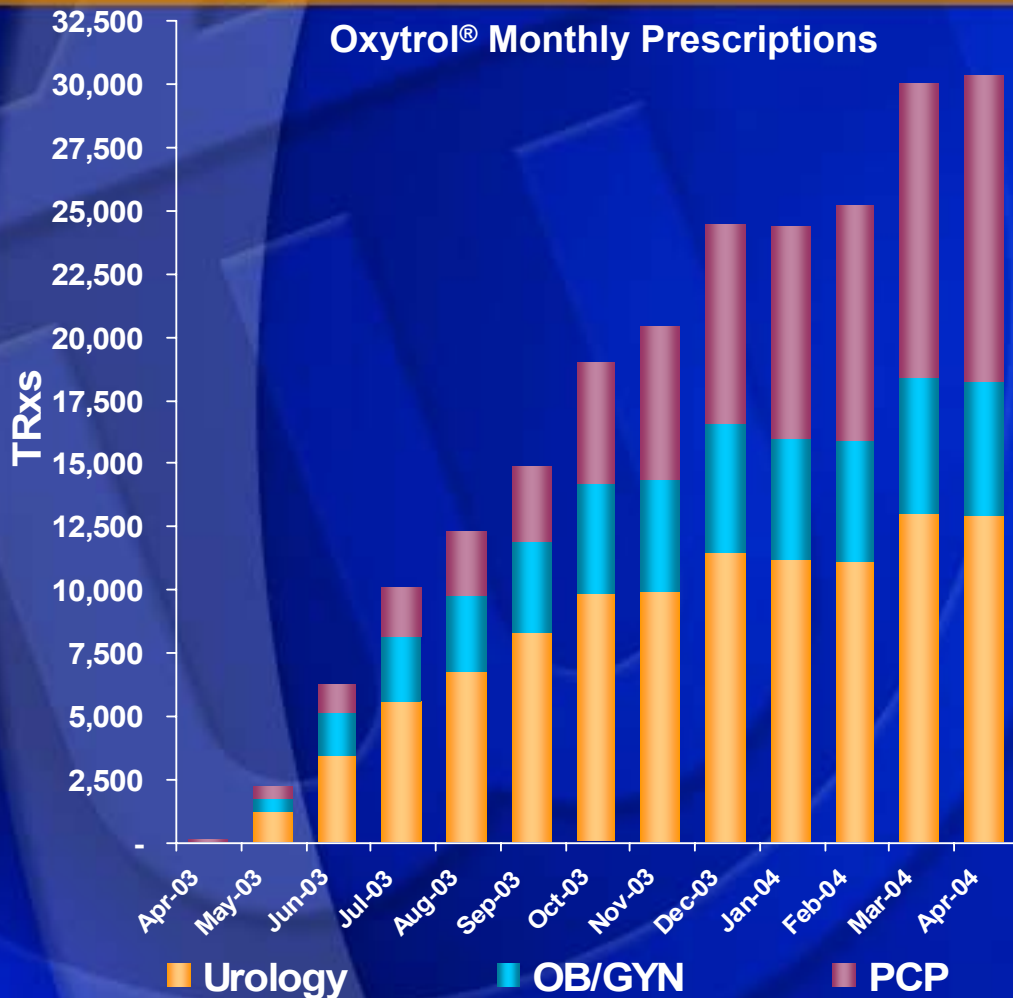
## General Products: Key Drivers



- Oxytrol® sequential quarter script growth of 28%
- Androderm® TRxs up 12% LTM
- Launching one pain product in 04\*
- Initiate KMD – 3213 Phase III clinical trial in late 04\*



# Oxytrol® Monthly Prescription Data



## NRx April 04 Data

- 20,505 Total NRxs\*
- 6.9% NRx share in Urology
- 9.1% NRx share in OB/GYN
- 3.8% NRx share in PCP

## TRx April 04 Data

- 44,321 Total TRxs\*
- 42.6% - TRxs from Urology
- 17.6% - TRxs from OB/GYNs
- 39.8% - TRxs from PCPs

Source: IMS Health's Monthly NPA  
\* Includes LTC and Mail Order Rx's

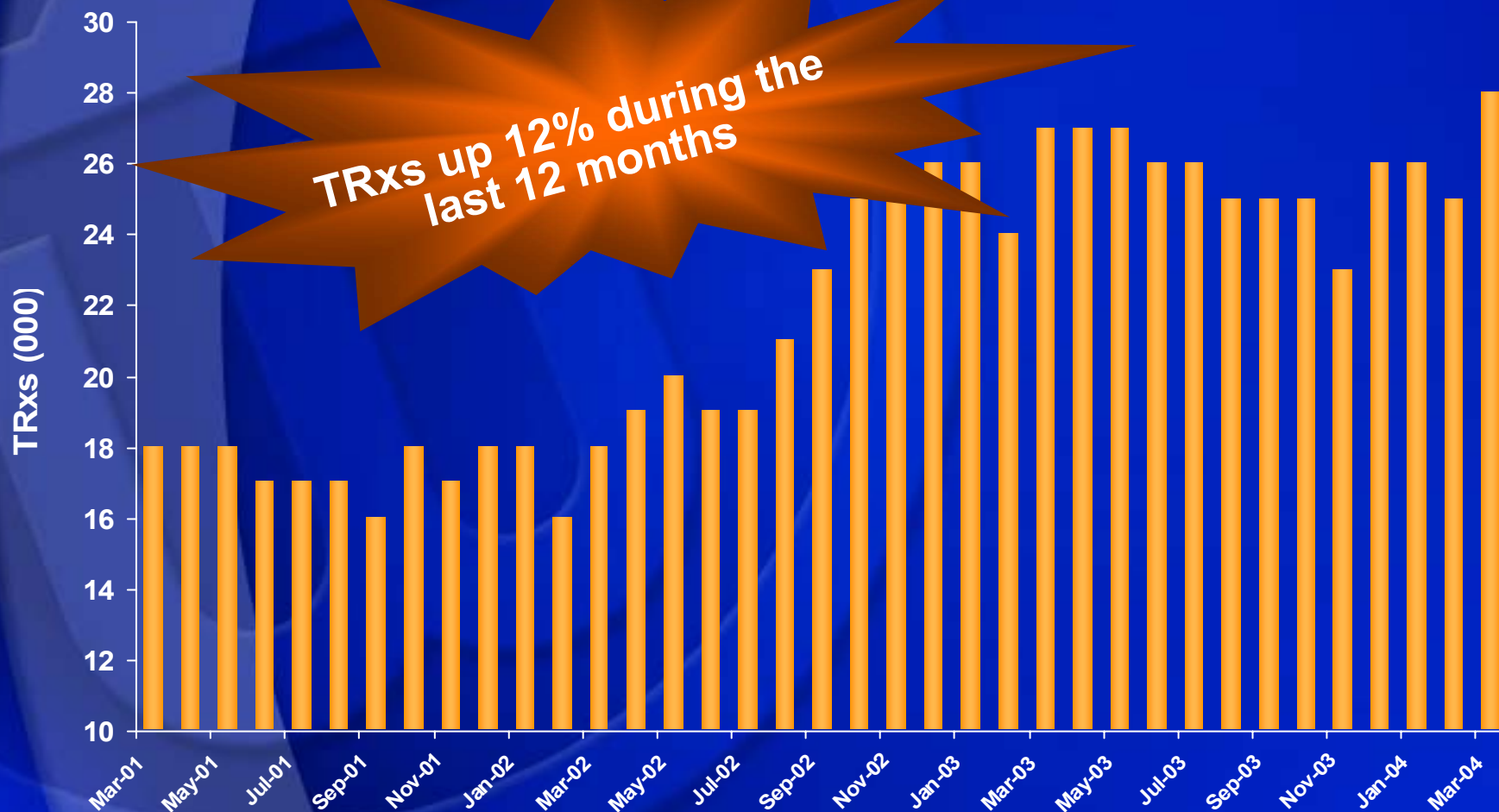


## KMD-3213

- Unique selective BPH product licensed from Kissei
- Completed Phase II in U.S. and Phase III in Japan
- Entering Phase III in the U.S. in late 04\*
- Extended patent life
- Continued therapeutic focus in Urology



# Androderm<sup>®</sup>: Continued Growth YoY







# Pain Franchise Product Pipeline

Preclinical   Phase I   Phase II   Phase III   Submit   Launch

**Hydrocodone**  
(Line Extension)

**Norco™ SR**

**Morphine QD**

**Fioricet®**  
(L.E.)



# Nephrology: Key Drivers



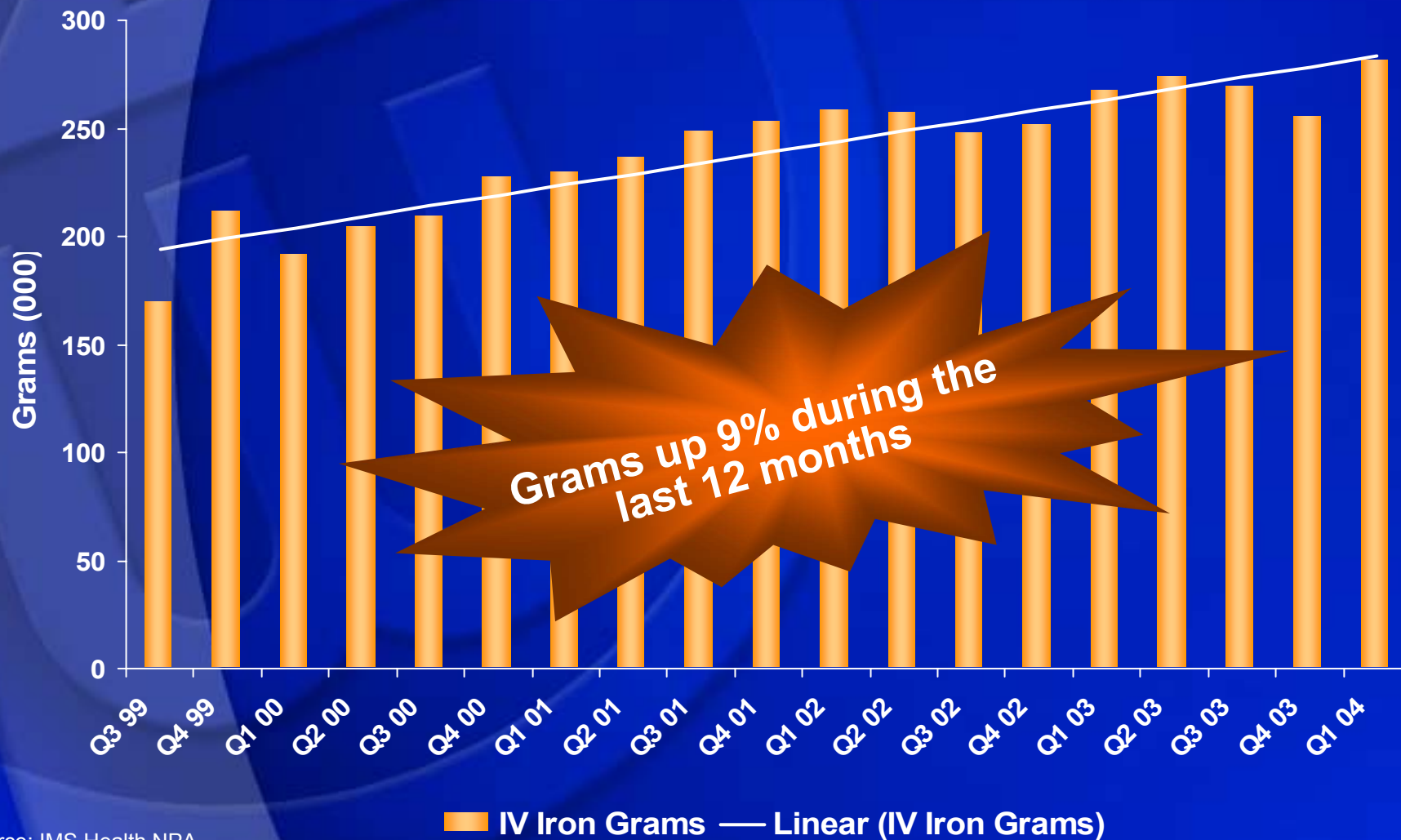
- Ferrlecit<sup>®</sup> and INFeD<sup>®</sup> maintain 57% market share
- Pediatric extension granted until August 04
- Ongoing life-cycle, line-extension management initiatives in place
  - Citizen's Petition filed 1/04
- Oncology trial to begin 2H 04\*

\* Forecasted

Source: IMS Health NPA



# IV Iron: Market Growth Trends





# Iron Franchise Product Pipeline

Preclinical   Phase I   Phase II   Phase III   Submit   Launch

**Ferrlecit<sup>®</sup>**  
(Peritoneal Dialysis)

**Ferrlecit<sup>®</sup>**  
(Oncology)

**Ferrlecit<sup>®</sup>**  
(CKD)



## Women's Health: Key Drivers



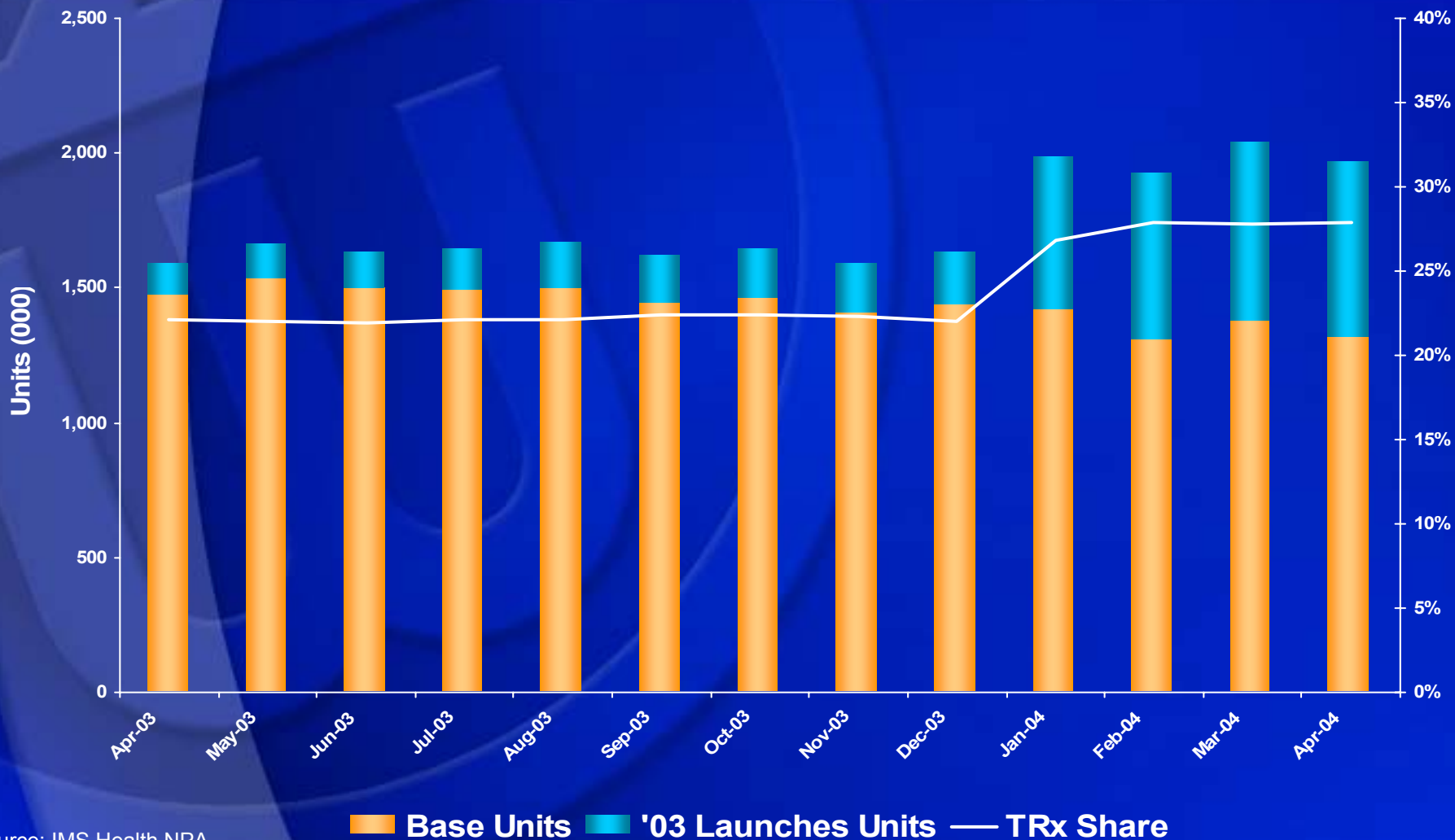
- One of the largest portfolios of OC products
- Overall OC share increased 900 basis points to 29% from 03 to 04
- Strong TriNessa™ contribution for remainder of 04\*
- 2 additional OC launches targeted in 04\*

\* Forecasted

Source: IMS Health NPA



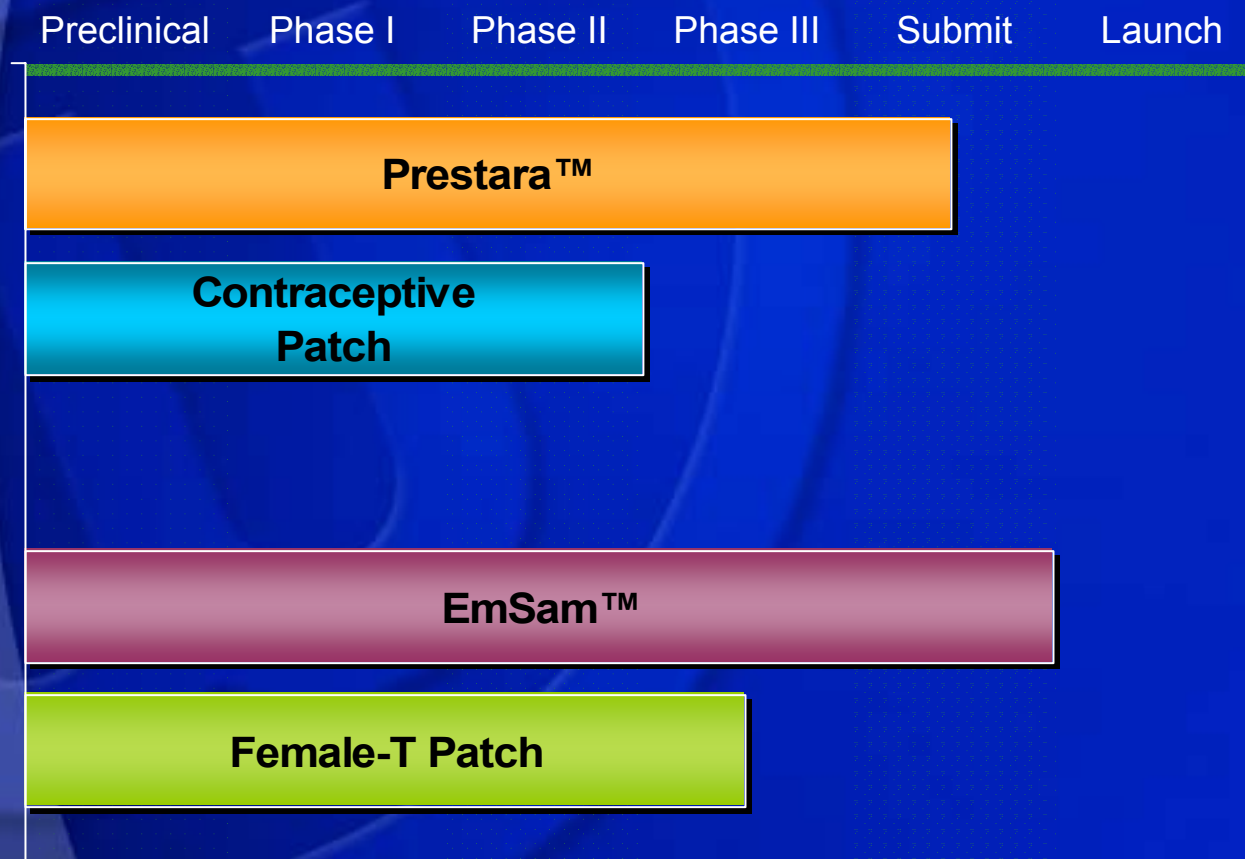
# Watson's OCs Market Share Growth



Source: IMS Health NPA



# Women's Health and Other Products In Development





## Key Growth Drivers

- Generic Growth
  - Momentum from 15 product launches in 03
  - 12+ new product launches expected in 04\*
- Brand Growth
  - Continued growth of Oxytrol<sup>®</sup>, TriNessa<sup>™</sup> and Androderm<sup>®</sup>
  - 2 Oral contraceptive launches in 04\*
  - Hydrocodone line extension launch in 04\*
- R&D investment will drive growth in 05 and beyond
  - Research and Development: ↑ 30%\* in 04



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