WATSON PHARMACEUTICALS INC
Form 424B5
September 28, 2012
Table of Contents

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities Offered	Maximum Aggregate Offering Price	Amount of Registration Fee(1)
1.875% Notes due 2017	$1,200,000,000	$137,520.00
3.250% Notes due 2022	$1,700,000,000	$194,820.00
4.625% Notes due 2042	$1,000,000,000	$114,600.00

(1) Calculated in accordance with Rule 457(r) of the Securities Act of 1933, as amended.

Table of Contents

Filed Pursuant to Rule 424(b)(5)
Registration File No. 333-184122

PROSPECTUS SUPPLEMENT

(To prospectus dated September 27, 2012)

$3,900,000,000

Watson Pharmaceuticals, Inc.

$1,200,000,000 1.875% Notes due 2017

$1,700,000,000 3.250% Notes due 2022

$1,000,000,000 4.625% Notes due 2042

The 1.875% notes due 2017, which we refer to as the 2017 notes, will mature on October 1, 2017. The 3.250% notes due 2022, which we refer to as the 2022 notes, will mature on October 1, 2022. The 4.625% notes due 2042, which we refer to as the 2042 notes, will mature on October 1, 2042. We refer to the 2017 notes, the 2022 notes and the 2042 notes, collectively, as the notes. We will pay interest on the notes on April 1 and October 1 of each year, beginning April 1, 2013. We may redeem the notes of each series, as a whole at any time or in part from time to time, at the applicable redemption prices described under the caption Description of Notes Optional Redemption. In the event that we do not consummate the Acquisition (as defined herein) on or prior to February 28, 2013 or the Purchase Agreement (as defined herein) is terminated at any time prior to such date, we will be required to redeem all of the notes on a special mandatory redemption date at a redemption price described under the caption Description of Notes Special Mandatory Redemption. If we experience a change of control triggering event and have not otherwise elected to redeem the notes, we will be required to offer to purchase the notes from holders as described under the caption Description of Notes Repurchase Upon a Change of Control.

The notes will be our unsecured and unsubordinated obligations and will rank equally with our other unsecured and unsubordinated indebtedness from time to time outstanding. The notes will be effectively subordinated to our secured indebtedness to the extent of the value of the assets securing such indebtedness and to all liabilities of our subsidiaries. The notes are new issues of securities with no established trading market. Currently, there is no public market for the notes. We do not intend to apply for listing of the notes on a national securities exchange or for inclusion of the notes on any automated dealer quotation system. The notes will be issued in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.

Investing in the notes involves risks that are described in the Risk Factors section beginning on page S-15 of this prospectus supplement.

	2017 Notes		2022 Notes		2042 Notes	
	Per Note	Total	Per Note	Total	Per Note	Total
Public offering price (1)	99.541%	$ 1,194,492,000	99.165%	$ 1,685,805,000	98.516%	$ 985,160,000
Underwriting discount	0.600%	$ 7,200,000	0.650%	$ 11,050,000	0.875%	$ 8,750,000
Proceeds, before expenses, to us	98.941%	$ 1,187,292,000	98.515%	$ 1,674,755,000	97.641%	$ 976,410,000

(1) Plus accrued interest, if any, from October 2, 2012, if settlement occurs after that date.

None of the Securities and Exchange Commission, any state securities commission or other regulatory authority has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The notes will be ready for delivery in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants, including Clearstream Banking, *société anonyme*, and Euroclear Bank S.A./N.V., as operator of the Euroclear System, on or about October 2, 2012.

Joint Book-Running Managers

BofA Merrill Lynch **Wells Fargo Securities** **Barclays** **J.P. Morgan**

(2022 Notes)

Deutsche Bank Securities

(2017 Notes)

Mitsubishi UFJ Securities

(2042 Notes)

Mizuho Securities

Co-Managers

DNB Markets

RBS

HSBC

US Bancorp

The date of this prospectus supplement is September 27, 2012

Table of Contents

You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any related free writing prospectus we authorize that supplements this prospectus supplement. We have not, and the underwriters have not, authorized any person to provide you with different information. If any person other than us provides you with different or inconsistent information, you should not rely on it. We and the underwriters are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, any related free writing prospectus and the documents incorporated by reference is accurate only as of their respective dates. Our business, properties, financial condition, results of operations and prospects may have changed since those dates.

TABLE OF CONTENTS

Prospectus Supplement

Prospectus

Table of Contents

ABOUT THIS PROSPECTUS

This document consists of two parts. The first part is this prospectus supplement, which describes the specific terms of the offering of the notes. The second part is the accompanying prospectus, which provides more general information, some of which may not be applicable to the offering of the notes. This prospectus supplement and the accompanying prospectus include important information about us, the notes and other information you should review before investing in the notes. This prospectus supplement also adds, updates and changes information contained in the accompanying prospectus. If there is any inconsistency between the information in this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement. Before investing in the notes, you should carefully read both this prospectus supplement and the accompanying prospectus, together with the additional information about us described under Where You Can Find More Information in the accompanying prospectus.

Unless otherwise stated or the context otherwise requires, references in this prospectus supplement and accompanying prospectus to Watson, we, us and our are to Watson Pharmaceuticals, Inc., a Nevada corporation, and its consolidated subsidiaries.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Any statements contained in this prospectus supplement, the accompanying prospectus and the information incorporated herein and therein by reference that refer to Watson s estimated or anticipated future results or other non-historical facts are forward-looking statements that reflect Watson s current perspective of existing trends and information as of the date of this filing. For instance, the statements in this prospectus supplement, the accompanying prospectus and the information incorporated herein and therein by reference relating to expected or anticipated benefits of the Actavis acquisition, the future financial performance of the combined company, cost synergies, future tax rates, the pay-down of debt obligations, and the closing of the transaction are forward-looking statements. It is important to note that Watson s goals and expectations are not predictions of actual performance. Actual results may differ materially from Watson s current expectations depending upon a number of factors affecting Watson s business, Actavis business and risks associated with acquisition transactions. These factors include, among others, the inherent uncertainty associated with financial projections; risks and uncertainties relating to our ability to successfully close our acquisition of and subsequently integrate the Actavis business and the ability to recognize the anticipated synergies and benefits of the Actavis acquisition; the anticipated size of the markets and continued demand for Watson s and Actavis products; the impact of competitive products and pricing; the receipt of required regulatory approvals for the transaction (including the approval of antitrust authorities necessary to complete the acquisition); access to available financing (including financing for the acquisition) on a timely basis and on reasonable terms; risks of fluctuations in foreign currency exchange rates; the risks and uncertainties normally incident to the pharmaceutical industry, including product liability claims and the availability of product liability insurance; the difficulty of predicting the timing or outcome of pending or future litigation or government investigations; 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; the timing and success of product launches; the difficulty of predicting the timing or outcome of product development efforts and regulatory agency approvals or actions, if any; costs and efforts to defend or enforce intellectual property rights; difficulties or delays in manufacturing; the availability and pricing of third party sourced products and materials; successful compliance with governmental regulations applicable to Watson s, Actavis and their respective third party providers facilities, products and/or businesses; changes in the laws and regulations, affecting among other things, pricing and reimbursement of pharmaceutical products; and such other risks and uncertainties detailed in Watson s periodic public filings with the Securities and Exchange Commission (SEC), including but not limited to Watson s Quarterly Report on Form 10-Q for the quarter ended June 30, 2012 and Watson s Annual Report on Form 10-K for the fiscal year ended December 31, 2011. Without limiting the generality of the foregoing, words such as *may, will, expect, believe, anticipate, plan, intend, could, would, should,*

Table of Contents

estimate, continue, or pursue, or the negative or other variations thereof or comparable terminology, are intended to identify forward-looking statements. The statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. We caution the reader that these statements are based on certain assumptions, risks and uncertainties, many of which are beyond our control. In addition, certain important factors may affect our actual operating results and could cause such results to differ materially from those expressed or implied by forward-looking statements. We believe the risks and uncertainties discussed under the section entitled Risks Related to Our Business in Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, other risks and uncertainties discussed herein and from time to time in our filings with the SEC, may cause our actual results to vary materially from those anticipated in any forward-looking statement.

For a more detailed discussion of these and other risk factors, see Part I, Item 1A. Risk Factors and Part II, Item 7. Management s Discussion and Analysis of Results of Operations and Financial Condition in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011. The forward-looking statements included in this prospectus supplement and the accompanying prospectus and the documents that we incorporate by reference herein and therein are made only as of their respective dates, and we undertake no obligation to update the forward-looking statements to reflect subsequent events or circumstances, except as required by law. This discussion is provided as permitted by the Private Securities Litigation Reform Act of 1995.

Table of Contents

PROSPECTUS SUPPLEMENT SUMMARY

This summary contains basic information about us and this offering. Because it is a summary, it does not contain all the information that you should consider before investing. You should carefully read the entire prospectus supplement and accompanying prospectus, including the sections entitled Risk Factors herein and therein and the documents incorporated by reference herein, including our consolidated financial statements and accompanying notes, before making an investment decision.

Watson Pharmaceuticals, Inc.

Watson is a leading integrated global pharmaceutical company engaged in the development, manufacturing, marketing, sale and distribution of generic and brand pharmaceutical products. We operate in the United States of America (U.S.), our primary commercial market, and in key international markets including Europe, Canada, Australia, Southeast Asia, Latin America and South Africa. As of June 30, 2012, we marketed approximately 160 generic pharmaceutical product families and approximately 30 brand pharmaceutical product families in the U.S. and a significant number of product families internationally through our Global Generics and Global Brands Segments, respectively, and distributed approximately 9,960 stock-keeping units (SKUs) through our Distribution Segment.

Prescription pharmaceutical products in the U.S. are generally marketed as either generic or brand pharmaceuticals. Generic pharmaceutical products are bioequivalents of their respective brand products, or in cases of protein-based biologic therapies, biosimilar, and provide a cost-efficient alternative to brand products. Brand pharmaceutical products are marketed under brand names through programs that are designed to generate physician and consumer loyalty. Through our Distribution Segment, we distribute pharmaceutical products, primarily generics, which have been commercialized by us and others, to pharmacies and physicians offices. As a result of the differences between the types of products we market and/or distribute and the methods we use to distribute these products, we operate and manage our business as three distinct operating segments: Global Generics, Global Brands and Distribution. Outside the U.S., our operations are primarily in Western Europe, Canada and Australia. In many of these markets, there is limited generic substitution by pharmacists and, as a result, products are often promoted to pharmacies. Therefore, physician and pharmacist loyalty to a specific company s generic product can be a significant factor in obtaining market share.

Business Segments

Global Generics Segment. Watson is a leader in the development, manufacturing and sale of generic pharmaceutical products. In certain cases where patents or other regulatory exclusivity no longer protect a brand product, or other opportunities might exist, Watson seeks to introduce generic counterparts to the brand product. These generic products are bioequivalent or biosimilar to their brand name counterparts, as applicable, and are generally sold at significantly lower prices than the brand product. As such, generic pharmaceuticals provide an effective and cost-efficient alternative to brand products. Our portfolio of generic products includes products we have developed internally, in-license and distribute for third parties. Net revenues in our Global Generics segment were $2.1 billion (which included revenue from sales of a generic version of Lipitor which we launched in November 2011) for the six months ended June 30, 2012 and $3.4 billion for the fiscal year ended December 31, 2011.

In the U.S., we predominantly market our generic products to various drug wholesalers, mail order, government and national retail drug and food store chains utilizing approximately 20 sales and marketing professionals. We sell our generic prescription products primarily under the Watson Laboratories and Watson Pharma labels.

Table of Contents

Global Brands Segment. Newly developed pharmaceutical products are normally patented and, as a result, are generally offered by a single provider when first introduced to the market. We currently market a number of branded products to physicians, hospitals and other markets that we serve. We classify these patented and off-patent trademarked products as our brand pharmaceutical products. During 2011, we launched Generess® Fe, an oral contraceptive licensed from Warner Chilcott Ltd., and two new strengths of Androderm®. Net revenues in our Global Brands segment were $228.9 million for the six months ended June 30, 2012 and $441.0 million for the fiscal year ended December 31, 2011. Typically, our brand products realize higher profit margins than our generic products.

Our portfolio of over 30 brand pharmaceutical product families includes the following products, which accounted for 74% of total Global Brands segment net revenues in 2011:

Watson Brand Product	Active Ingredient	Therapeutic Classification
Androderm®	Testosterone (transdermal patch)	Male testosterone replacement
Crinone®	Progesterone gel	Progesterone supplementation
Gelnique®	Oxybutnin Chloride (gel 10%)	Overactive bladder
INFeD®	Iron dextran	Hematinic
Oxytrol®	Oxybutnin (transdermal patch)	Overactive bladder
Rapaflo®	Silodosin	Benign prostatic hyperplasia
Trelstar®	Triptorelin pamoate injection	Prostate cancer

We market our brand products through approximately 400 sales professionals within our specialized sales and marketing groups. Our sales and marketing efforts focus on physicians, specifically urologists, obstetricians and gynecologists, who specialize in the diagnosis and treatment of particular medical conditions. Each group offers products to satisfy the unique needs of these physicians. Fifty-four of these sales professionals are strategic account specialists who focus on institutions and clinics. We believe this focused sales and marketing approach enables us to foster close professional relationships with specialty physicians, as well as cover the primary care physicians who also prescribe in selected therapeutic areas. We generally sell our brand products under the Watson Pharma label. We believe that the current structure of sales professionals is very adaptable to the additional products we plan to add to our brand portfolio, particularly in the therapeutic category of women s health.

Distribution Segment. Our Distribution business, which consists of our Anda, Anda Pharmaceuticals and Valmed (also known as VIP) subsidiaries (collectively Anda), primarily distributes generic and selected brand pharmaceutical products, vaccines, injectables and over-the-counter medicines to independent pharmacies, alternate care providers (hospitals, nursing homes and mail order pharmacies), pharmacy chains and physicians offices. Additionally, we sell to members of buying groups, which are independent pharmacies that join together to enhance their buying power. We believe that we are able to effectively compete in the distribution market, and therefore optimize our market share, based on three critical elements: (i) competitive pricing, (ii) high levels of inventory for approximately 9,960 SKUs for responsive customer service that includes, among other things, next day delivery to the entire U.S., and (iii) well established telemarketing relationships with our customers, supplemented by our electronic ordering capabilities. While we purchase most of the approximate 9,960 SKUs in our Distribution operations from third party manufacturers, we also distribute our own products and our collaborative partners products. We believe that we are the only U.S. pharmaceutical company that has meaningful distribution operations with direct access to independent pharmacies and we believe that our Distribution operation is a strategic asset in the national distribution of generic and brand pharmaceuticals.

Net revenues in our Distribution segment were $539.5 million for the six months ended June 30, 2012 and $776.2 million for the fiscal year ended December 31, 2011. Revenue growth in our Distribution operations will primarily be dependent on the launch of new products, offset by the overall level of net price and unit

Table of Contents

declines on existing distributed products, and will be subject to changes in market share. Anda s operating results exclude sales by Anda of products developed, acquired, or licensed by Watson s Global Generics and Global Brands segments.

Acquisition of Actavis

On April 25, 2012, we entered into a Sale and Purchase Agreement (the Purchase Agreement) to acquire (the Acquisition) the entire issued share capital of Actavis, Inc., a Delaware corporation, Actavis Pharma Holding 4 ehf., a company incorporated in Iceland, and Actavis S.à r.l., a company incorporated in Luxembourg (collectively, the Companies or Actavis), and rights in respect of certain indebtedness owed by the Companies. The purchase price consists of 4.15 billion in cash, assumption of the obligation to pay up to 100 million of certain indebtedness and certain contingent payments. For more information on the terms of the Purchase Agreement, see the discussion under the heading The Purchase Agreement, below.

We believe that the key benefits of the Acquisition will be:

Dramatic Enhancement of Watson s International Presence. The Acquisition will combine two growing companies into a stronger global organization that will benefit from sustainable revenue and earnings growth, and strong cash flow.

Expanded Global Market Presence. As measured by overall market share, the combined company would hold a top 3 position in 12 markets and a top 5 market position in 15 markets. The combined company would have commercial operations in more than 40 countries. Actavis exceptional global strength, including leading market positions in key established commercial markets and emerging markets in Central and Eastern Europe and Russia, will complement Watson s position in established markets including the United Kingdom (the U.K.), France and Australia.

Expanded Portfolio and Pipeline. The Acquisition will expand Watson s core leadership position in modified release, solid oral dosage and transdermal products into semi-solids, liquids and injectables. The result will be a broader and more diversified global product portfolio, and an expanded development pipeline. The combined company will have 45 first-to-file ANDAs (that is, the first company to have filed a substantially complete abbreviated new drug application (ANDA) for those 45 products containing a Paragraph IV certification with the U.S. Food and Drug Administration (FDA)), 30 of which are potential exclusive first-to-file ANDAs pending FDA approval in the U.S.

Combined with Actavis, Watson will have more than 17,000 employees globally. Upon the closing of the Acquisition, the combined company would have approximately 20 manufacturing facilities and more than a dozen R&D centers. With enhanced size and scale, we believe the combined company will be well positioned to capitalize on its commercial, R&D, manufacturing and customer service capabilities. We anticipate that the closing of the Acquisition will occur during the fourth quarter of 2012.

The Purchase Agreement

On April 25, 2012, Watson and Watson Pharma S.à r.l., a company incorporated in Luxembourg and wholly-owned subsidiary of Watson (the Purchaser), entered into the Purchase Agreement with Actavis Acquisition Debt S.à r.l., a company incorporated in Luxembourg (the Vendor), Nitrogen DS Limited, a company incorporated in the British Virgin Islands (Nitrogen), Landsbanki Islands hf., a company incorporated in Iceland (Landsbanki), ALMC Eignarhaldsfélag ehf., a company incorporated in Iceland (ALMC , together with Nitrogen and Landsbanki, the Indirect Equity Holders), ALMC hf., a company incorporated in Iceland, Argon Management S.à r.l., a company incorporated in Luxembourg, the Managers party thereto, Deutsche Bank

Table of Contents

AG, London Branch, a branch of a company incorporated under the laws of the Federal Republic of Germany (DB , together with Landsbanki, the Debt Holders and the Debt Holders together with the Indirect Equity Holders and the Managers, the Indirect Interest Holders).

Pursuant to the Purchase Agreement, the Purchaser will acquire (i) the entire issued share capital of the Companies and (ii) all the rights of the Vendor in certain indebtedness of the Companies (the Intra Group Debt and, together with the shares of the Companies, the Interests), in exchange for the following consideration:

- a cash payment of 4.15 billion, payable at completion of the purchase of the Interests (Completion), as adjusted based upon, among other things, the net working capital of the Companies at Completion;
- assumption of the obligation to pay at Completion up to 100 million of indebtedness of the Vendor; and
- the potential right to receive contingent consideration payable in the form of up to 5.5 million newly issued shares of common stock, $0.0033 par value per share, of Watson (the Restricted Common Stock) or, under certain circumstances, in cash, based on the Companies financial performance in 2012 as described in the Purchase Agreement.

Warranties and Indemnities. Each of the parties has made customary warranties in the Purchase Agreement. The warranties made by the Vendor and the Managers regarding the Companies generally survive until March 31, 2014. Watson will have recourse against a 35 million warranty escrow for losses relating to breaches of these warranties, subject to certain limitations. Watson has also obtained a warranty and indemnity insurance policy from Chartis Europe Limited to provide for additional protection against breaches of these warranties (up to an aggregate value of 200 million), subject to customary limitations.

Covenants. The Vendor and the Indirect Interest Holders have agreed to procure that the Companies and their respective subsidiaries conduct their respective businesses in the ordinary course, consistent with past practice, cooperate with Watson in Watson s efforts to obtain financing for the Acquisition and not take certain specified actions through Completion. Watson will have recourse against a 75 million covenant escrow for losses relating to breaches of these covenants, subject to certain limitations. This escrow will also be available to cover Watson s losses relating to certain other matters, including certain uninsured warranty breaches and fraud-related claims. The Indirect Interest Holders are also responsible for reimbursing Watson for certain payments made by the Companies and their subsidiaries to the Vendor or the Indirect Interest Holders between January 1, 2012 and Completion.

Each of Watson, the Vendor, and the Indirect Interest Holders has agreed to other customary covenants, including to use reasonable endeavors to cause the conditions to Completion to be satisfied. Certain of DB s covenants under the Purchase Agreement are qualified by its ability to enforce its rights under its debt agreements with the Companies and their subsidiaries. In the case of a full enforcement of DB s rights under those debt agreements, the Purchase Agreement will automatically terminate and Watson will have the right to exclusively negotiate with DB for a specified period to enter into an alternative transaction.

Conditions. Each party s obligation to complete the sale of the Interests is subject to several conditions, including (i) clearance from relevant competition authorities; (ii) the accuracy of the warranties made in the Purchase Agreement; (iii) compliance with covenants made in the Purchase Agreement; (iv) the absence of a material adverse effect on the business of the Companies and their respective subsidiaries, taken as a whole; (v) the completion of certain restructuring steps by the Companies; (vi) not exceeding a 150 million cap on certain purchase price adjustments; and (vii) the absence of a material adverse effect on Watson s business.

Table of Contents

Several of these conditions may be waived by the parties. Watson may unilaterally waive the condition relating to a material adverse effect on Watson s business by substituting contingent cash consideration for the Restricted Common Stock.

Contingent Consideration. If the Restricted Common Stock is issued, approximately 90% of the Restricted Common Stock will be subject to a two year restriction on transfer and Watson will be obligated to register the resale of the remaining 10% of the Restricted Common Stock pursuant to the Securities Act of 1933, as amended (the Securities Act). Certain of the Restricted Common Stock will be held in an escrow account to support claims by the Purchaser against the Indirect Interest Holders who own the escrowed Restricted Common Stock.

Adequacy of Funds. Watson is obligated under the Purchase Agreement to obtain financing for the purchase of the Interests.

As of the date hereof, Watson has entered into derivative transactions in order to hedge Watson s exchange rate risk associated with converting the U.S. Dollar proceeds from the financing for the Acquisition into Euros, which will be required in order to fund the acquisition of the Interests at Completion and may enter into derivative transactions to hedge the interest rate risk associated with the debt.

Board Approval. The Purchase Agreement has been approved by each of the parties thereto and no further board or shareholder approvals are necessary in order to effectuate the acquisition.

The foregoing summary of the Purchase Agreement does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Purchase Agreement, which is included in our Current Report on Form 8-K filed with the SEC on April 30, 2012. See Incorporation of Certain Documents by Reference, in this prospectus supplement and the accompanying prospectus. The Purchase Agreement provides information regarding its terms only. It is not intended to provide any other factual information about Actavis or Watson. The Purchase Agreement contains representations and warranties of the parties thereto made to and solely for the benefit of each other. Moreover, certain representations and warranties in the Purchase Agreement were used for the purpose of allocating risk rather than establishing matters of fact. Accordingly, you should not rely on the warranties as characterizations of the actual state of facts.

Financing for the Acquisition

The purchase price for the Acquisition includes 4.15 billion in cash consideration. We intend to fund the cash consideration portion of the Acquisition with the net proceeds from this offering, the net proceeds of the term loan facility that we entered into on June 22, 2012, cash on hand and borrowings as necessary under our senior revolving credit facility.

We refer to the Acquisition, this offering, the application of the net proceeds of this offering, the borrowings under our term loan facility, the application of the net proceeds of the borrowings under our term loan facility, the borrowings, if any, to the extent necessary, under our senior revolving credit facility and the application of the net proceeds of such borrowings under our senior revolving credit facility in connection therewith as the Transactions. For more information on the estimated sources and uses of funds in connection with the Transactions, see Use of Proceeds, in this prospectus supplement.

Table of Contents

Recent Developments

Amendment to Revolving Credit Agreement. On May 21, 2012, we entered into an amendment to our senior revolving credit agreement. The amendment provides for, among other things, the following:

- an increase in the aggregate commitments thereunder from $500.0 million to $750.0 million;
- the exclusion from the restrictions on Indebtedness for certain indebtedness expected to be assumed in connection with Acquisition; and
- certain modifications to the test levels for the consolidated leverage ratio financial covenant.

The foregoing summary of the amendment to our senior revolving credit agreement does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the amendment, which is included in our Current Report on Form 8-K filed with the SEC on May 23, 2012. See Incorporation of Certain Documents by Reference.

Entry into a new Term Loan Facility. On June 22, 2012, we entered into a senior unsecured Term Loan Credit Agreement (the Credit Agreement) with Bank of America, N.A., as Administrative Agent and a syndicate of banks participating as lenders pursuant to which the lenders party to the Credit Agreement will provide us with a senior unsecured term facility in an aggregate amount not to exceed $1.8 billion. The proceeds from borrowings under the credit facility may be used only (i) to finance, in part, if consummated, the Acquisition and (ii) to pay fees and expenses incurred in connection with the Acquisition and related financing transactions.

Borrowings under the Credit Agreement are subject to several conditions, including (i) no Target Material Adverse Effect having occurred (as defined in the Credit Agreement), (ii) receipt of certain financial statements as more fully set forth in the Credit Agreement, (iii) receipt of customary closing documents and (iv) other customary closing conditions more fully set forth in the Credit Agreement.

The Credit Agreement has several customary provisions, including:

Interest Rates. Borrowings under the Credit Agreement will bear interest at the Company s choice of a per annum rate equal to either a base rate or Eurodollar rate, plus an applicable margin. The base rate is the higher of (a) the Federal Funds Rate plus 0.50%, (b) the prime rate as publicly announced by the Administrative Agent or (c) the one-month London Interbank Offered Rate plus 1.00%. The applicable margin is a percentage determined in accordance with a pricing grid based on the Company s credit rating and is initially set at 0.50% for base rate loans and 1.50% for Eurodollar rate loans.

Maturity and Amortization. Borrowings under the Credit Agreement will mature on the fifth anniversary of the closing date of the Acquisition. The outstanding principal amount under the Credit Agreement is payable in equal quarterly amounts of 2.50% per quarter prior to the fifth anniversary of the closing date (beginning with the quarter ending March 31, 2013) of the Acquisition, with the remaining balance payable on the maturity date.

Financial Covenants. The Credit Agreement contains financial covenants that are substantially similar to those in the Company s revolving credit agreement.

Events of Default. The Credit Agreement contains standard events of default (the occurrence of which may trigger an acceleration of amounts outstanding under the credit facilities).

Table of Contents

The foregoing summary of the Credit Agreement does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Credit Agreement, which is included in our Current Report on Form 8-K filed with the SEC on June 26, 2012. See Incorporation of Certain Documents by Reference.

Corporate Information

We were incorporated in Nevada in January 1985. Our principal executive offices are located at Morris Corporate Center III, 400 Interpace Parkway, Parsippany, NJ 07054 and our telephone number is (862) 261-7000. Our Internet website address is www.watson.com. We do not intend this website address to be an active link or to otherwise incorporate by reference the contents of the website into this prospectus supplement or the accompanying prospectus.

Table of Contents

The Offering

The summary below describes the principal terms of the notes. It does not contain all the information that may be important to you. Certain of the terms and conditions described below are subject to important limitations and exceptions. You should carefully read the Description of Notes section of this prospectus supplement for a more detailed description of the notes offered hereby.

Issuer	Watson Pharmaceuticals, Inc.
Securities Offered	$1,200,000,000 aggregate principal amount of 1.875% notes due 2017. $1,700,000,000 aggregate principal amount of 3.250% notes due 2022. $1,000,000,000 aggregate principal amount of 4.625% notes due 2042.
Maturity Date	For the 2017 notes: October 1, 2017. For the 2022 notes: October 1, 2022. For the 2042 notes: October 1, 2042.
Interest Payment Dates	April 1 and October 1 of each year, commencing April 1, 2013.
Optional Redemption	We may redeem the 2017 notes, the 2022 notes and the 2042 notes, in each case, in whole at any time or in part from time to time, at our option, at a redemption price equal to the greater of (1) 100% of the principal amount of the notes to be redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest in respect of the notes being redeemed (not including any portion of the payments of interest accrued but unpaid as of the date of redemption) discounted on a semi-annual basis (assuming a 360-day year of twelve 30-day months), at the Treasury Rate plus 20 basis points, in the case of the 2017 notes, 25 basis points, in the case of the 2022 notes, and 30 basis points, in the case of the 2042 notes plus, in each case, accrued and unpaid interest, if any, to, but excluding, the date of redemption. In addition, we may redeem the 2022 notes on or after July 1, 2022 (three months prior to their maturity date) and the 2042 notes on or after April 1, 2042 (six months prior to their maturity date), in each case, in whole at any time or in part from time to time, at our option, at a redemption price equal to 100% of the aggregate principal amount of the notes being redeemed, plus, in each case, accrued and unpaid interest, if any, to, but excluding, the date of redemption. See Description of Notes Optional Redemption.
Special Mandatory Redemption	The offering is not conditioned upon the completion of the Acquisition but, in the event that we do not consummate the Acquisition on or prior to February 28, 2013 or the Purchase Agreement is terminated at any time prior to such date, we will be required to redeem all of the notes on a special mandatory redemption date at a redemption price equal to 101% of the aggregate principal amount of the notes, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption. See Description of Notes Special Mandatory Redemption.

Table of Contents

Repurchase Upon Change of Control	Upon the occurrence of a change of control of us and a downgrade of the notes below an investment grade rating by each of Moody s Investors Service, Inc. and Standard & Poor s Ratings Services, we will, in certain circumstances, be required to make an offer to purchase each of the notes at a price equal to 101% of the principal amount of the notes to be repurchased, respectively, plus any accrued and unpaid interest, if any, to, but excluding, the date of repurchase. See Description of Notes Repurchase Upon a Change of Control.
Ranking	The notes will be: • general unsecured obligations of ours; • effectively subordinated in right of payment to any existing and future secured indebtedness of ours, to the extent of the value of the assets securing such indebtedness, and to all existing and any future liabilities of our subsidiaries; • equal in right of payment with all existing and any future unsecured, unsubordinated indebtedness of ours; and • senior in right of payment to all existing and any future subordinated indebtedness of ours. After giving effect to an offering of the notes in an assumed amount of $3,764.0 million, borrowings under our term loan facility, and borrowings, if any, to the extent necessary, under our senior revolving credit facility, and the Acquisition, we would have had, on a pro forma basis, approximately $6.9 billion of consolidated indebtedness outstanding (including mandatorily redeemable preferred stock and amounts outstanding under our revolving credit facility), approximately $1.5 million of which would have been secured indebtedness as of, in each case, June 30, 2012. Substantially all of our operations are conducted through our subsidiaries and, therefore, we depend on the cash flow of our subsidiaries to meet our obligations, including our obligations under the notes. Our right to receive assets of any of our subsidiaries upon a subsidiary s liquidation or reorganization (and the consequent right of the holders of the notes to participate in those assets) will be effectively subordinated to the claims of the subsidiary s creditors, except to the extent that we are recognized as a creditor of the subsidiary, in which case our claims would still be subordinate in right of payment to any security in the assets of the subsidiary and any indebtedness of the subsidiary senior to that held by us. Watson s assets generally are held by, and its operations are conducted through, its subsidiaries. The total outstanding indebtedness of our consolidated subsidiaries was approximately $1.5 million as of June 30, 2012.
Form and Denomination of Notes	The notes of each series will initially be represented by one or more global notes which will be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust

Table of Contents

	Company (DTC). The notes of each series will be issued in denominations of $2,000 and integral multiples of $1,000 in excess thereof. Indirect holders trading their beneficial interests in the global notes through DTC must trade in DTC s same-day funds settlement system and pay in immediately available funds. The notes may only be withdrawn from DTC in the limited situations described in Description of Notes Book-Entry System Certificated Notes.
Use of Proceeds	We estimate that the net proceeds from the sale of notes will be approximately $3,833 million after deducting the underwriting discount and estimated offering expenses payable by us. We intend to use the net proceeds from this offering and the net proceeds of our term loan facility, along with a combination of cash on hand and borrowings as necessary under our senior revolving credit facility, to consummate the Acquisition. See Use of Proceeds in this prospectus supplement.
Further Issues	We may from time to time, without the consent of the holders of the notes, create and issue additional securities having the same terms and conditions (except for the issue date, the public offering price, and if applicable, the first interest payment date) as the 2017 notes, the 2022 notes or the 2042 notes, in each case, so that such issue shall be consolidated and form a single series with the outstanding 2017 notes, 2022 notes or 2042 notes, as the case may be.
Trustee	Wells Fargo Bank, National Association
Risk Factors	You should carefully consider all information contained or incorporated by reference in this prospectus supplement and accompanying prospectus and, in particular, should carefully read the sections entitled Risk Factors herein and therein before considering an investment in the notes.

Table of Contents

SUMMARY HISTORICAL FINANCIAL INFORMATION AND OTHER DATA

Watson

The following summary historical consolidated financial information and other data as of and for the years ended December 31, 2011, 2010 and 2009 is based upon and derived from our audited consolidated financial statements for such years, which are incorporated by reference in this prospectus supplement and the accompanying prospectus. The following summary historical financial consolidated condensed financial information as of and for the six months ended June 30, 2012 and 2011 is derived from our unaudited condensed consolidated financial statements for such periods, which are incorporated by reference in this prospectus supplement and the accompanying prospectus. These unaudited condensed consolidated financial statements have been prepared on a basis consistent with our audited consolidated financial statements, and in the opinion of management, the unaudited financial information includes all adjustments, consisting only of normal recurring adjustments, that are necessary for a fair presentation of our financial position and results of operations for these periods. The operating results for the six months ended June 30, 2012 are not necessarily indicative of the results that may be expected for the full year. This summary financial information is qualified by reference to, and should be read in conjunction with, our historical consolidated financial statements, including notes thereto, and the section entitled Management s Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, which are incorporated by reference herein.

	Six Months Ended June 30		Year Ended December 31,		
	2012	2011	2011	2010	2009
	(unaudited)				
	(in millions, except per share and ratio data)				
Statement of Operations Data					
Net revenues	$ 2,879.5	$ 1,958.2	$ 4,584.4	$ 3,566.9	$ 2,793.0
Operating income	$ 213.1	$ 229.1	$ 536.2	$ 305.4	$ 383.9
Basic earnings (loss) per share	$ (0.06)	$ 0.79	$ 2.10	$ 1.51	$ 2.11
Diluted earnings (loss) per share	$ (0.06)	$ 0.78	$ 2.06		