

WATSON PHARMACEUTICALS, INC.
REGULATORY COMPLIANCE COMMITTEE
OF
THE BOARD OF DIRECTORS

CHARTER

I. PURPOSE

The primary purpose of the Regulatory Compliance Committee (the “Committee”) is to assist the Board of Directors (the “Board”) of Watson Pharmaceuticals, Inc. (the “Company”) with the Board’s oversight responsibilities regarding the Company’s compliance with legal and regulatory requirements related to product safety and quality and environmental, health and safety matters. By way of example, such legal and regulatory requirements include any and all laws or regulations applicable to the Company, its facilities, products and/or employees related to (i) the import, export, development, manufacturing, marketing, distribution and sale of the Company’s products (including the federal Food, Drug and Cosmetic Act and the regulations promulgated thereunder), (ii) the health or safety of the Company’s employees or other persons at the Company’s facilities (including the federal Occupational, Safety and Health Act and the regulations promulgated thereunder) or (iii) the treatment, storage, disposal, generation, handling and transportation of hazardous wastes or substances or the release of such wastes or substances into the environment. The Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Section V of this Charter.

In addition to the powers and responsibilities expressly delegated to the Committee in this Charter, the Committee may exercise any other powers and carry out any other responsibilities delegated to it by the Board from time to time consistent with the Company’s bylaws. The powers and responsibilities delegated by the Board to the Committee in this Charter or otherwise shall be exercised and carried out by the Committee as it deems appropriate without requirement of Board approval, and any decision made by the Committee (including any decision to exercise or refrain from exercising any of the powers delegated to the Committee hereunder) shall be at the Committee’s sole discretion. While acting within the scope of the powers and responsibilities delegated to it, the Committee shall have and may exercise all the powers and authority of the Board. To the fullest extent permitted by law, the Committee shall have the power to determine which matters are within the scope of the powers and responsibilities delegated to it.

II. COMPOSITION

The Committee shall be comprised of three or more directors as determined by the Board. Each member of the Committee shall be a non-employee director of the Company and shall be free of any relationship that, in the opinion of the Board, would interfere with the member’s individual exercise of his or her judgment. All members of the Committee shall have a general understanding of current good manufacturing practices and applicable compliance and quality standards in the pharmaceutical industry. Such understanding may be obtained through formal education and training or prior relevant work experience within the pharmaceutical industry. Committee members may enhance their understanding and knowledge of the areas the Committee oversees by attending relevant educational programs.

III. MEETINGS

The Committee shall meet at least two times annually, or more frequently as circumstances dictate. The agenda for each meeting shall be prepared by the Secretary of the Committee and, whenever reasonably practicable, circulated to each member prior to the meeting date.

IV. PROCEDURAL MATTERS

A majority of the members of the Committee shall constitute a quorum. A majority of the members present at any meeting at which a quorum is present may act on behalf of the Committee. Unless the Board elects a Chairperson, the members of the Committee may designate a Chairperson by majority vote. The Committee will meet at such times as shall be determined by its Chairperson, or upon the request of any two of its members. The Chairperson will preside, when present, at all meetings of the Committee. The Committee will keep a record of its meetings and report on them to the Board. The Committee may meet by telephone or video conference and may take action by unanimous written consent.

V. RESPONSIBILITIES AND DUTIES

The Committee's responsibility is oversight. The Committee relies on the expertise and knowledge of management and counsel in carrying out its oversight responsibilities. Management of the Company is responsible for conforming the Company's conduct to the dictates of legal and regulatory requirements and the Company's internal policies and procedures. Management is also responsible for developing and supervising the Company's internal programs and monitoring the Company's compliance with applicable laws, regulations, policies and procedures. Thus, it is not the duty of the Committee to plan or conduct compliance audits, to conduct investigations, or to assure compliance with such laws or regulations, or the Company's internal policies, procedures and controls. Rather, the Committee will oversee the work of the Company's senior compliance executives and other relevant members of senior management and will receive reports from such officers about matters related to the Company's compliance with such laws and regulations. From time to time, as appropriate, the Committee will give guidance to management and will report any material findings of the Committee to the Board.

To fulfill its responsibilities and duties, and subject to the foregoing, the Committee shall:

1. Meet periodically with each of the senior compliance executives of the Company to receive reports from such executives and review the adequacy of the Company's internal controls, policies, procedures and programs for ensuring compliance with the legal and regulatory requirements related to product safety and quality and environmental, health and safety matters. The Committee may ask other members of the Company's management, legal counsel and others (as appropriate) to attend the Committee's meetings and provide pertinent information as necessary. In its discretion, the Committee may meet with any senior compliance executive or other member of management in executive session to discuss any matters that the Committee or such officer believes should be discussed privately with the Committee.

2. Discuss with the Company's senior compliance executives, legal counsel, and other members of management (as deemed appropriate by the Committee in its discretion) any correspondence with regulators or governmental agencies and any employee complaints or reports

which raise material issues regarding the Company's compliance with legal and regulatory requirements related to product safety and quality and environmental, health and safety matters.

3. Advise the Board with respect to the Committee's assessment as to the adequacy of the Company's internal controls, policies, procedures and programs for ensuring compliance with the legal and regulatory requirements related to product safety and quality and environmental, health and safety matters.

4. Review with the applicable senior compliance executive of the Company and such other members of management (as deemed appropriate by the Committee in its discretion) any significant findings with respect to the Company's compliance and management's response to any such findings.

5. Conduct or authorize the conduct of further inquiry into matters under its oversight or otherwise reported to it for the purpose of discharging its duties and responsibilities and ensuring the adequacy of the Company's policies, procedures and programs for fulfilling its obligations under the laws and regulations pertaining to product safety and quality and environmental, health and safety matters.

6. Verify that its members are free of any relationship that, in the opinion of the Board, would interfere with the member's individual exercise of his or her judgment.

7. Periodically review the Company's organizational structure and qualifications of key personnel in the supply chain, regulatory compliance, environmental, health and safety, and quality functions.

8. Periodically (but no less frequently than once every three years) review the Charter of the Committee and recommend to the Board any proposed changes or amendments.

9. Review and approval of appropriate Compliance Program Plans submitted by the Company's senior management.

10. Perform such other functions as assigned by law, the Company's charter or bylaws, or the Board.

VI. AUTHORITY

The Committee will have the resources and authority necessary to discharge its duties and responsibilities, including the authority to retain outside counsel or other experts or consultants, as it deems appropriate. The Company shall provide appropriate funding, as determined by the Committee, for payment of compensation to any advisors engaged by the Committee, including fees of outside legal counsel. Any communications between the Committee and legal counsel in the course of obtaining legal advice will be considered privileged communications of the Company and the Committee will take all necessary steps to preserve the privileged nature of those communications.

VII. DELEGATION OF DUTIES

The Committee may delegate its responsibilities under this Charter to a subcommittee comprised of one or more members of the Committee. The creation of such a subcommittee, as well

as its purpose, will be reported to the Board. The Committee will also carry out such duties that may be delegated to it by the Board.

VIII. MISCELLANEOUS

Nothing contained in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.