

WATSON PHARMACEUTICALS INC
 Form 4
 March 28, 2006

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 CHAO ALLEN

2. Issuer Name and Ticker or Trading Symbol
 WATSON PHARMACEUTICALS INC [WPI]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)
 03/24/2006

Director 10% Owner
 Officer (give title below) Other (specify below)
 Chairman, President & CEO

C/O WATSON PHARMACEUTICALS, INC., 311 BONNIE CIRCLE

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

CORONA, CA 92880

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) | | |
|--|--------------------------------------|--|--------------------------------|---|---|--|---|---|----------------|
| | | | | (A) or (D) | Price | | | | |
| | | | | Code | V | Amount | | | |
| Common Stock - Restricted Stock ⁽¹⁾ | 03/24/2006 | | A | 48,000 | A | \$ 0 | 468,833 | D | |
| Common Stock, par value \$0.0033 | | | | | | | 883,468 | I | by Trust |
| Common Stock, par | | | | | | | 959,083 | I | by Corporation |

value
\$0.0033

Common
Stock, par
value
\$0.0033

1,418,661 I

by
Partnership

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474
(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Security (Instr. 3 and 4) | | |
|---|--|--------------------------------------|--|--------------------------------|---|--|---|---------|--------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount |
| Stock Options to Purchase Common Stock ⁽²⁾ | \$ 28.77 | 03/24/2006 | | A | 100,000 | 03/24/2007 ⁽³⁾ 03/24/2016 | Common Stock, par value \$0.0033 | 100,000 | |

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

CHAO ALLEN
C/O WATSON PHARMACEUTICALS, INC.
311 BONNIE CIRCLE
CORONA, CA 92880

X

Chairman, President & CEO

Signatures

/s/ALLEN
CHAO

03/27/2006

**Signature of
Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The restricted stock shall vest as follows: 24,000 shares shall vest on March 24, 2008 and 24,000 shares shall vest on March 24, 2010.

(2) The options are to be incentive stock options to the extent permitted by law, and thereafter to be non-statutory stock options.

(3) These stock options shall become exercisable in four equal annual installments of 25,000 options commencing on March 24, 2007.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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