



## NEWS RELEASE

### **PALADIN ENTERS INTO LICENSING AGREEMENT WITH WATSON FOR OXYTROL® IN CANADA**

**Montreal, Canada, January 8, 2004** – Paladin Labs Inc. (TSX: PLB), a leading Canadian specialty pharmaceutical company, today announced that they have entered into a Canadian licensing agreement with Watson Pharmaceuticals, Inc. (NYSE: WPI) to market OXYTROL®, (oxybutynin transdermal system), Watson's novel transdermal patch for the treatment of overactive bladder, with symptoms of urge urinary incontinence, urgency, and frequency. According to the Canadian Continence Foundation, approximately 1.5 million Canadians suffer from overactive bladder and, according to IMS Canada, the total Canadian market for overactive bladder is estimated to exceed \$42 million in 2003. Terms of the agreement were not disclosed.

"This is a great opportunity to offer Canadians a novel treatment for overactive bladder. OXYTROL® is the first and only transdermal therapy for the treatment of overactive bladder. We are pleased to leverage our existing urology franchise and expand our partnership with Watson from whom we licensed Androderm®, the only transdermal testosterone patch in Canada," said Jonathan Ross Goodman, President and CEO of Paladin Labs.

"We are delighted to be partnering again with Paladin, whose well established commercial presence with Canadian urologists will provide Watson with an outstanding strategic marketing partner for OXYTROL®," said Allen Chao, Watson's chairman and CEO. "Overactive bladder can have a significant impact on the lives of those who suffer from it, and we are confident that through this partnership, an important new treatment option will be made available to Canadians."

#### **Proven Efficacy, with Anticholinergic Side Effects Not Significantly Different from Placebo**

Clinical trials involving approximately 1,000 subjects at more than 50 U.S. centers demonstrated that Watson's OXYTROL® product, with its unique transdermal delivery system, provides effective control of overactive bladder symptoms over a three to four day period. Data also shows that OXYTROL® is well tolerated, with an anticholinergic side effect profile, including dry mouth, constipation and dizziness, not significantly different from placebo.

OXYTROL® was accepted for regulatory review by the Therapeutic Products Directorate of Health Canada in May 2003, and was launched in the U.S. by Watson in April 2003.

#### **About OXYTROL®**

OXYTROL® is a thin, flexible, clear patch that should be applied to the abdomen, hip or buttock twice weekly. The active ingredient in OXYTROL® is oxybutynin, a medication widely accepted and prescribed in oral formulation for the past 25 years. The OXYTROL® transdermal delivery system delivers 3.9 milligrams per day of oxybutynin consistently and continuously through the skin into the bloodstream, bypassing initial metabolism in the liver and the gastrointestinal tract that occurs with oral medications, providing relief of overactive bladder symptoms for up to four days.

For more information about OXYTROL®, a detailed product profile is available at [www.oxytrol.com](http://www.oxytrol.com).

**About Paladin Labs**

Paladin Labs Inc., headquartered in Montreal, Canada, is a leading specialty pharmaceutical company focused on acquiring or in-licensing innovative pharmaceutical products for the Canadian market. With this strategy, a focused national sales team and proven marketing expertise, Paladin has evolved into one of Canada’s leading specialty pharmaceutical companies. Paladin’s shares trade on the Toronto Stock Exchange under the symbol *PLB*. For more information about Paladin, please visit the Paladin Web Site at [www.paladinlabs.com](http://www.paladinlabs.com).

**About Watson Pharmaceuticals, Inc.**

Watson Pharmaceuticals Inc., headquartered in Corona, California, is a leading specialty pharmaceutical company that develops, manufactures, markets, sells and distributes branded and generic pharmaceutical products. Watson pursues a growth strategy combining internal product development, strategic alliances and collaborations and synergistic acquisitions of products and businesses. For further information about Watson Pharmaceuticals, visit Watson Pharmaceuticals’ Web site at [www.watsonpharm.com](http://www.watsonpharm.com).

*This news release may contain forward-looking statements or predictions. These statements represent our judgment as of this date and are subject to risks and uncertainties that could cause actual results or events to differ materially from those expressed in such forward-looking statements. Potential risks and uncertainties include, without limitation, those associated with product development, clinical trials, future revenues and profitability, and obtaining marketing approval and other factors that are discussed in the Management Discussion and Analysis published in the Company's annual report.*

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