

**Endo International plc**

**Q3 2014 Earnings Report**

November 5, 2014



# Additional Information

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## **ADDITIONAL INFORMATION**

This communication does not constitute an offer to buy or solicitation of an offer to sell any securities. This communication relates to a proposed business combination transaction between Endo International plc ("Endo") and Auxilium Pharmaceuticals, Inc. ("Auxilium"). In furtherance of this proposed transaction, Endo and Auxilium intend to file one or more registration statements, prospectuses, proxy statements or other documents with the U.S. Securities and Exchange Commission ("SEC"). This communication is not a substitute for any registration statement, prospectus, proxy statement or other document Endo and/or Auxilium file with the SEC in connection with the proposed transaction. INVESTORS AND SECURITY HOLDERS OF AUXILIUM ARE URGED TO READ THE REGISTRATION STATEMENT, PROSPECTUS, PROXY STATEMENT AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE AS THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. The definitive proxy statement (when available) will be mailed to stockholders of Auxilium. Investors and security holders will be able to obtain free copies of these documents (when available) and other documents filed with the SEC by Endo through the web site maintained by the SEC at <http://www.sec.gov>.

## **CERTAIN INFORMATION REGARDING PARTICIPANTS**

Endo and Auxilium and certain of their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from Auxilium stockholders with respect to the proposed transaction under the rules of the SEC. Security holders may obtain information regarding the names and interests of Endo's directors and executive officers in Endo Health Solutions Inc.'s ("EHSI") Annual Report on Form 10-K for the year ended December 31, 2013, which was filed with the SEC on March 3, 2014, and Endo's proxy statement for the 2014 Annual General Meeting of Shareholders, which was filed with the SEC on April 29, 2014. Security holders may obtain information regarding the names and interests of Auxilium's directors and executive officers in Auxilium's Annual Report on Form 10-K for the year ended December 31, 2013, which was filed with the SEC on February 28, 2014, Auxilium's proxy statement for the 2014 Annual Meeting of Stockholders, which was filed with the SEC on April 10, 2014, and the materials that will be filed with the SEC in connection with the proposed transaction. These documents can be obtained free of charge from the sources indicated above. Additional information regarding the interests of these participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will also be included in the proxy statement and other relevant materials to be filed with the SEC when they become available.

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## Forward Looking Statements; Non-GAAP Financial Measures

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This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and Canadian securities legislation. Statements including words such as “believes,” “expects,” “anticipates,” “intends,” “estimates,” “plan,” “will,” “may,” “look forward,” “intend,” “guidance,” “future” or similar expressions are forward-looking statements. Because these statements reflect our current views, expectations and beliefs concerning future events, these forward-looking statements involve risks and uncertainties. Although Endo believes that these forward-looking statements and information are based upon reasonable assumptions and expectations, readers should not place undue reliance on them, or any other forward looking statements or information in this news release. Investors should note that many factors, as more fully described in the documents filed by Endo with securities regulators in the United States and Canada including under the caption “Risk Factors” in Endo’s and EHSI’s Form 10-K, Form 10-Q and Form 8-K filings, as applicable, with the Securities and Exchange Commission and with securities regulators in Canada on System for Electronic Document Analysis and Retrieval (“SEDAR”) and as otherwise enumerated herein or therein, could affect Endo’s future financial results and could cause Endo’s actual results to differ materially from those expressed in forward-looking statements contained in EHSI’s Annual Report on Form 10-K. The forward-looking statements in this presentation are qualified by these risk factors. These are factors that, individually or in the aggregate, could cause our actual results to differ materially from expected and historical results. Endo assumes no obligation to publicly update any forward-looking statements, whether as a result of new information, future developments or otherwise, except as may be required under applicable securities law.

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This presentation may refer to non-GAAP financial measures, including adjusted diluted EPS, that are not prepared in accordance with accounting principles generally accepted in the United States and that may be different from non-GAAP financial measures used by other companies. Investors are encouraged to review Endo’s current report on Form 8-K filed with the SEC for Endo’s reasons for including those non-GAAP financial measures in this presentation. Reconciliation of non-GAAP financial measures to the nearest comparable GAAP amounts have been provided within the appendix at the end of this presentation.

## Today's Agenda

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- Review of Recent Accomplishments
- Review of Q3 2014 Financial Results
- Update to 2014 Financial Guidance
- Q&A

## Progress on Near-Term Strategic Priorities

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- **Deploying capital to accretive, value-creating opportunities**
  - Announced agreement to acquire Auxilium Pharmaceuticals
  - Closed acquisitions of Grupo Farmaceutico Somar and DAVA Pharmaceuticals
- **Enhancing operational focus on organic growth drivers**
  - Delivering double-digit organic growth in U.S. Generics
  - Voltaren® Gel prescription demand trends remain strong
  - Launched Travelan® and Veregen® in Canada
  - Fortesta® Gel AG launch driving increased franchise sales
- **Sharpening R&D focus on near-term opportunities**
  - Focused on filing NDA for BEMA buprenorphine by late-2014 or early-2015
  - Completed full-year objective of 8 ANDA filings by U.S. Generics business
  - AMS announced positive top-line results for the investigational TOPAS™ system
- **Meeting our Financial Targets**
  - Raising 2014 Revenue and Adjusted EPS Financial Guidance based on solid operating results and progress on near-term priorities

## *Endo to Acquire Auxilium - Transaction Summary*

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- Creates leading specialty healthcare company with expanded platform for future growth
- Significant opportunity for value creation
  - Expected to be immediately accretive post-close and substantially accretive long-term
  - Base-case exceeds key M&A model hurdle rates
  - Auxilium products expected to produce sustained double-digit revenue growth for Auxilium
- Expected annual run rate synergies of up to \$175 million by the first year after closing
  - Synergies inclusive of Auxilium's previously announced \$75 million reduction in annual operating expenses
- Expected closing in the first half of 2015, subject to regulatory approval, Auxilium stockholder approval and other customary closing conditions

## Compelling Strategic and Financial Rationale

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- Expected to significantly enhance Endo's branded pharmaceutical business with the addition of Auxilium's leading men's health products and development portfolio
- Designed to accelerate growth and maximize value of Auxilium's products by leveraging strengths of combined company
  - Enhances the long-term organic growth for combined branded pharmaceutical business
  - Expands R&D capabilities and development programs
- Generates significant synergy opportunities in addition to Auxilium's announced restructuring
- Creates company with enhanced financial flexibility, proven M&A platform and established corporate structure
- Aligned with Endo's strategy of pursuing accretive, value-creating growth opportunities

*Creating benefits for both Endo and Auxilium shareholders,  
as well as for patients, customers and employees*

# Summary of Q3 2014 Financial Results and Organic Growth

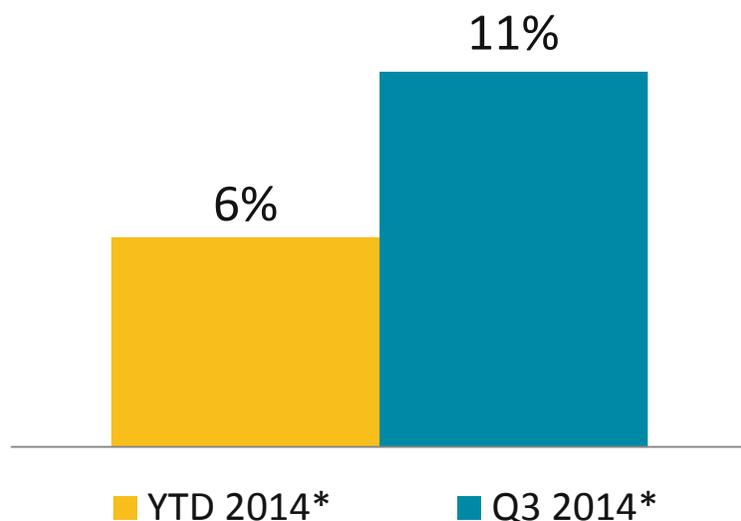


## Q3 and YTD 2014 Financial Performance

(US \$M except EPS)	Q3 2014	Y/Y Growth %	YTD 2014	Y/Y Growth %
Revenue	\$764	16%	\$2,077	2%
Reported (GAAP) EPS	(\$1.64)	NM	(\$4.62)	NM
Adjusted Net Income	\$182	13%	\$490	9%
Adjusted Diluted EPS	\$1.15	(14%)	\$3.14	(18%)

# Drive Organic Growth – U.S. Branded Pharmaceuticals

## U.S. Branded Pharmaceuticals Core Revenue Growth vs. PY



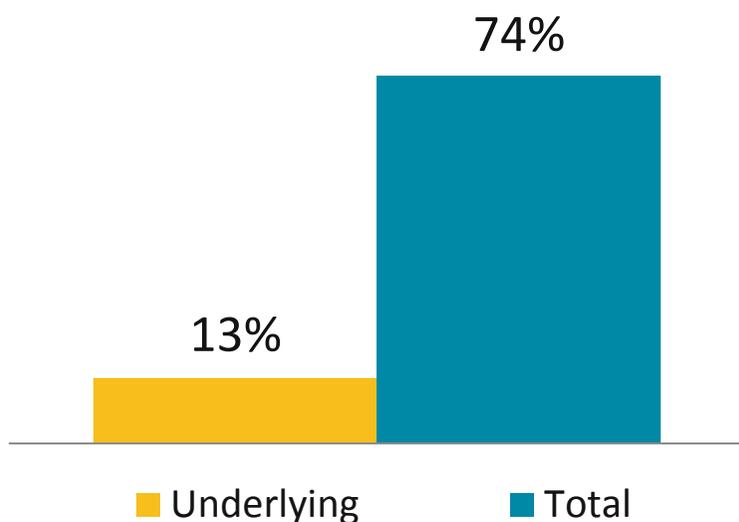
Core Excludes LIDODERM<sup>®</sup>,  
Actavis Royalty, OPANA<sup>®</sup> ER

\* Sumavel<sup>®</sup> DosePro<sup>®</sup> is excluded for comparison purposes

- Core portfolio of products on-track to deliver 2014 objective for growth
- Expect to submit NDA for BEMA<sup>®</sup> buprenorphine by end of 2014 or early 2015
- Successful management of LIDODERM LOE
- Fortesta<sup>®</sup> Gel AG launch exceeding expectations

## Drive Organic Growth – U.S. Generic Pharmaceuticals

### U.S. Generic Pharmaceuticals Q3 Core Revenue Growth vs. PY

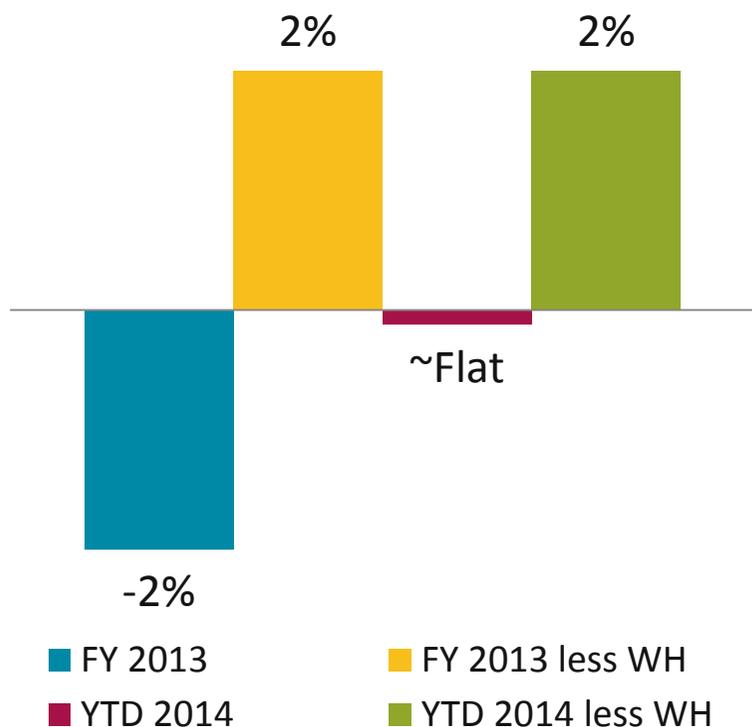


Underlying excludes sales of Lidoderm AG, Boca Pharmacal and DAVA Pharmaceuticals products

- Base business growth of 13% in Q3 2014
- \$111m of new revenues in Q3 2014 drive total revenue growth of 74% for U.S. Generics
- Continued success for Lidoderm AG launch
- Acquisitions of Boca and DAVA add to significant growth

## Drive Organic Growth - Devices

Devices Revenue Growth  
Versus Prior Year



- On-track to return to organic revenue growth and expand operating margins
- BPH Therapy business leading growth as sales of GreenLight™ fiber continue to increase
- Men's Health business provides stable/growing core
- Managing impact of market decline in Women's Health (WH)

## *Drive Organic Growth – International Pharmaceuticals*

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- 2014 performance on-track with internal expectations
- Paladin business development continues to add future growth drivers
  - Launches of Travelan® and Veregen® in Canada
  - Base Paladin business delivering solid performance
- Integration of Somar on-track
  - Norbert Oppitz, Regional President, Latin America, Africa and Export Markets, joined on October 1, 2014
  - Expansion opportunities for Somar product portfolio being explored
  - Financial and IT system consolidation successfully completed
- Initiated process to acquire outstanding shares of Litha

# Q3 2014 Financial Update and Full-Year Guidance



## Q3 and YTD 2014 Segment Revenues

<i>(US \$M)</i>	<b>Q3 2014</b>	<b>Y/Y Growth %</b>	<b>YTD 2014</b>	<b>Y/Y Growth %</b>
<b>U.S. Branded Pharmaceuticals</b>	\$241	(34%)	\$724	(36%)
<b>U.S. Generic Pharmaceuticals</b>	\$319	74%	\$803	51%
<b>Devices</b>	\$110	(1%)	\$359	~Flat
<b>International Pharmaceuticals</b>	\$94	NM	\$191	NM
<b>Total</b>	<b>\$764</b>	<b>16%</b>	<b>\$2,077</b>	<b>2%</b>

## Q3 and YTD 2014 Income Statement (Adjusted)

(\$M except Shares and EPS)

	Q3 2013	Q3 2014	Y/Y Change Favorable / (Unfavorable)	YTD 2013	YTD 2014	Y/Y Change Favorable / (Unfavorable)
<b>Revenues</b>	\$661	\$764	16%	\$2,032	\$2,077	2%
<b>Gross Margin</b>	\$448	\$479	7%	\$1,389	\$1,336	(4%)
<i>% of Revenues</i>	67.7%	62.8%		68.4%	64.3%	
<b>Operating Expenses</b>	\$190	\$187	2%	\$639	\$552	14%
<i>% of Revenues</i>	28.7%	24.4%		31.5%	26.6%	
<b>Operating Income</b>	\$258	\$293	14%	\$750	\$784	5%
<i>% of Revenues</i>	39.0%	38.3%		36.9%	37.7%	
<b>Tax Rate (Continuing Ops)</b>	27.8%	21.6%	620 bps	29.5%	22.7%	670 bps
<b>Adjusted Net Income</b>	\$161	\$182	13%	\$450	\$490	9%
<b>Adjusted EPS</b>	\$1.34	\$1.15	(14%)	\$3.85	\$3.14	(18%)
<b>Adjusted Diluted Shares (M)</b>	120.3	159.0		116.9	155.9	
<b>Reported (GAAP) EPS</b>	\$0.33	(\$1.64)	NM	\$0.77	(\$4.62)	NM

# 2014 Financial Guidance

Measure	Prior Guidance	Updated 2014 Guidance
Revenues	\$2.78B - \$2.86B	\$2.80B - \$2.88B
Adjusted Gross Margin	63% to 65%	63.5% to 64.5%
Adjusted Operating Expenses	Year-over-year mid-to-high digit percentage decrease	Year-over-year mid-to-high digit percentage decrease
Adjusted Interest Expenses	~\$220M	~\$220M
Reported (GAAP) Loss per share	\$1.56 to \$1.36	\$3.95 to \$3.80
Adjusted Diluted EPS	\$4.00 to \$4.20	\$4.10 to \$4.25
Adjusted Effective Tax Rate	23% to 24%	Approximately 23%
Weighted Average Diluted Shares Outstanding	Approximately 157M	Approximately 157M

## Progress on Near-Term Strategic Priorities

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- **Enhancing operational focus on organic growth drivers**
  - Delivering double-digit organic growth in U.S. Generics
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  - Fortesta® Gel AG launch driving increased franchise sales
- **Sharpening R&D focus on near-term opportunities**
  - Focused on filing NDA for BEMA buprenorphine by late-2014 or early-2015
  - Completed full-year objective of 8 ANDA filings by U.S. Generics business
  - AMS announced positive top-line results for the investigational TOPAS™ system
- **Meeting our Financial Targets**
  - Raising 2014 Revenue and Adjusted EPS Financial Guidance based on solid operating results and progress on near-term priorities

# Appendix



# Reconciliation of Non-GAAP Measures

Three Months Ended September 30, 2014 (unaudited)	Actual Reported (GAAP)	Adjustments	Non-GAAP Adjusted	Notes to reconciliation of our GAAP statements of operations to our adjusted statements of operations:
REVENUES	\$ 763,938	\$ —	\$ 763,938	1. To exclude amortization of commercial intangible assets related to developed technology of \$68,293 and a fair value step-up in inventory of \$17,364 and accruals for milestone payments to partners of \$9,094.
COSTS AND EXPENSES:				
Cost of revenues	379,199	(94,751) (1)	284,448	2. To exclude certain separation benefits and other costs incurred in connection with continued efforts to enhance the company's operations of \$8,284, amortization of intangible assets of \$2,513, mesh litigation-related defense costs of \$10,588, a charge for an additional year of the branded prescription drug fee in accordance with IRS regulations issued in the third quarter of 2014 of \$24,972 and an adjustment to the accrual for excise tax payments of \$(1,000).
Selling, general and administrative	205,260	(45,357) (2)	159,903	3. To exclude milestone payments to partners of \$4,354 and adjustments to accruals for other costs incurred in connection with continued efforts to enhance the company's operations of \$(54).
Research and development	30,918	(4,300) (3)	26,618	4. To exclude the impact of net charges primarily for mesh-related product liability.
Litigation-related and other contingencies, net	473,338	(473,338) (4)	—	5. To exclude acquisition and integration costs of \$6,932 associated with the Paladin, Boca and other acquisitions.
Acquisition-related and integration items	6,932	(6,932) (5)	—	6. To exclude additional non-cash interest expense related to our 1.75% Convertible Senior Subordinated Notes.
OPERATING (LOSS) INCOME	\$ (331,709)	\$ 624,678	\$ 292,969	7. To exclude the net loss on extinguishment of debt in connection with various refinancing and note repurchase activity.
INTEREST EXPENSE, NET	61,949	(1,992) (6)	59,957	8. To exclude adjustments to the gain on sale of certain early-stage drug discovery and development assets of \$(150), foreign currency impact related to the remeasurement of intercompany debt instruments of \$(5,740) and other miscellaneous expense of \$161.
LOSS ON EXTINGUISHMENT OF DEBT	2,027	(2,027) (7)	—	9. Primarily to reflect the cash tax savings from acquired tax attributes and the tax effect of the pre-tax adjustments above at applicable tax rates.
OTHER (INCOME) EXPENSE, NET	(4,871)	5,729 (8)	858	10. To exclude the impact of the portion of certain of the above adjustments attributable to noncontrolling interests.
(LOSS) INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAX	\$ (390,814)	\$ 622,968	\$ 232,154	
INCOME TAX	(138,765)	188,986 (9)	50,221	
(LOSS) INCOME FROM CONTINUING OPERATIONS DISCONTINUED OPERATIONS, NET OF TAX	\$ (252,049)	\$ 433,982	\$ 181,933	
CONSOLIDATED NET (LOSS) INCOME	\$ (252,049)	\$ 433,982	\$ 181,933	
Less: Net income (loss) attributable to noncontrolling interests	35	(369) (10)	(334)	
NET (LOSS) INCOME ATTRIBUTABLE TO ENDO INTERNATIONAL PLC	\$ (252,084)	\$ 434,351	\$ 182,267	
DILUTED EARNINGS PER SHARE DATA ATTRIBUTABLE TO ENDO INTERNATIONAL PLC ORDINARY SHAREHOLDERS:				
Continuing operations	\$ (1.64)		\$ 1.15	
Discontinued operations	—		—	
DILUTED (LOSS) EARNINGS PER SHARE	\$ (1.64)		\$ 1.15	
DILUTED WEIGHTED AVERAGE SHARES	153,309		158,975	

# Reconciliation of Non-GAAP Measures

## Three Months Ended September 30, 2013 (unaudited)

	Actual Reported (GAAP)	Adjustments	Non-GAAP Adjusted
REVENUES	\$ 661,319	\$ —	\$ 661,319
COSTS AND EXPENSES:			
Cost of revenues	257,836	(44,458) (1)	213,378
Selling, general and administrative	191,362	(27,994) (2)	163,368
Research and development	36,687	(10,005) (3)	26,682
Litigation-related and other contingencies	30,895	(30,895) (4)	—
Asset impairment charges	807	(807) (5)	—
Acquisition-related and integration items	1,493	(1,493) (6)	—
OPERATING INCOME	\$ 142,239	\$ 115,652	\$ 257,891
INTEREST EXPENSE, NET	43,081	(5,704) (7)	37,377
OTHER INCOME, NET	(14,672)	14,628 (8)	(44)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAX	\$ 113,830	\$ 106,728	\$ 220,558
INCOME TAX	44,655	16,744 (9)	61,399
INCOME FROM CONTINUING OPERATIONS	\$ 69,175	\$ 89,984	\$ 159,159
DISCONTINUED OPERATIONS, NET OF TAX	(14,560)	30,506 (10)	15,946
CONSOLIDATED NET INCOME	\$ 54,615	\$ 120,490	\$ 175,105
Less: Net income attributable to noncontrolling interests	14,392	—	14,392
NET INCOME ATTRIBUTABLE TO ENDO INTERNATIONAL PLC	\$ 40,223	\$ 120,490	\$ 160,713
DILUTED EARNINGS PER SHARE DATA ATTRIBUTABLE TO ENDO INTERNATIONAL PLC ORDINARY SHAREHOLDERS:			
Continuing operations	\$ 0.58		\$ 1.32
Discontinued operations	(0.25)		0.02
DILUTED EARNINGS PER SHARE	\$ 0.33		\$ 1.34
DILUTED WEIGHTED AVERAGE SHARES	120,261		120,261

Notes to reconciliation of our GAAP statements of operations to our adjusted statements of operations:

- To exclude amortization of commercial intangible assets related to marketed products of \$42,482, certain separation benefits and other costs incurred in connection with continued efforts to enhance the company's operations of \$(24) and accruals for milestone payments to partners of \$2,000.
- To exclude certain separation benefits and other costs incurred in connection with continued efforts to enhance the company's operations of \$11,784, amortization of customer relationships of \$2,505 and mesh litigation-related defense costs of \$13,705.
- To exclude milestone payments to partners of \$1,092 and certain separation benefits and other costs incurred in connection with continued efforts to enhance the company's operations of \$8,913.
- To exclude the impact of charges primarily for mesh-related product liability.
- To exclude asset impairment charges.
- To exclude acquisition and integration costs.
- To exclude additional non-cash interest expense related to our 1.75% Convertible Senior Subordinated Notes.
- To exclude \$(14,628) related to patent litigation settlement income.
- Primarily to reflect the cash tax savings from acquired tax attributes and the tax effect of the pre-tax adjustments above at applicable tax rates.
- To exclude certain items related to the HealthTronics business, which is reported as Discontinued operations, net of tax.

# Reconciliation of Non-GAAP Measures

## Nine Months Ended September 30, 2014 (unaudited)

	Actual Reported (GAAP)	Adjustments	Non-GAAP Adjusted
REVENUES	\$ 2,077,231	\$ —	\$ 2,077,231
COSTS AND EXPENSES:			
Cost of revenues	976,899	(236,065) (1)	740,834
Selling, general and administrative	603,573	(139,912) (2)	463,661
Research and development	113,772	(25,022) (3)	88,750
Litigation-related and other contingencies, net	1,135,443	(1,135,443) (4)	—
Acquisition-related and integration items	71,819	(71,819) (5)	—
OPERATING (LOSS) INCOME	\$ (824,275)	\$ 1,608,261	\$ 783,986
INTEREST EXPENSE, NET	167,528	(11,307) (6)	156,221
LOSS ON EXTINGUISHMENT OF DEBT	31,712	(31,712) (7)	—
OTHER INCOME, NET	(17,731)	9,579 (8)	(8,152)
(LOSS) INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAX	\$ (1,005,784)	\$ 1,641,701	\$ 635,917
INCOME TAX	(338,592)	482,970 (9)	144,378
(LOSS) INCOME FROM CONTINUING OPERATIONS	\$ (667,192)	\$ 1,158,731	\$ 491,539
DISCONTINUED OPERATIONS, NET OF TAX	2,251	694 (10)	2,945
CONSOLIDATED NET (LOSS) INCOME	\$ (664,941)	\$ 1,159,425	\$ 494,484
Less: Net income attributable to noncontrolling interests	2,895	1,575 (11)	4,470
NET (LOSS) INCOME ATTRIBUTABLE TO ENDO INTERNATIONAL PLC	\$ (667,836)	\$ 1,157,850	\$ 490,014
DILUTED EARNINGS PER SHARE DATA ATTRIBUTABLE TO ENDO INTERNATIONAL PLC ORDINARY SHAREHOLDERS:			
Continuing operations	\$ (4.61)		\$ 3.15
Discontinued operations	(0.01)		(0.01)
DILUTED (LOSS) EARNINGS PER SHARE	\$ (4.62)		\$ 3.14
DILUTED WEIGHTED AVERAGE SHARES	144,604		155,902

Notes to reconciliation of our GAAP statements of operations to our adjusted statements of operations:

- To exclude amortization of commercial intangible assets related to developed technology of \$186,727, a fair value step-up in inventory of \$40,089 and accruals for milestone payments to partners of \$9,249.
- To exclude certain separation benefits and other costs incurred in connection with continued efforts to enhance the company's operations of \$20,652, amortization of intangible assets of \$7,546, mesh litigation-related defense costs of \$44,442, offset by insurance recoveries of \$(22,000), a charge for an additional year of the branded prescription drug fee in accordance with IRS regulations issued in the third quarter of 2014 of \$24,972, accruals for excise tax payments of \$54,300 and a charge of \$10,000 related to the non-recoverability of certain non-trade receivables that did not relate to our core operating activities.
- To exclude milestone payments to partners of \$25,704 and adjustments to accruals for other costs incurred in connection with continued efforts to enhance the company's operations of \$(682).
- To exclude the impact of net charges primarily for mesh-related product liability.
- To exclude acquisition and integration costs of \$71,819 associated with the Paladin, Boca and other acquisitions.
- To exclude additional non-cash interest expense related to our 1.75% Convertible Senior Subordinated Notes.
- To exclude the net loss on extinguishment of debt in connection with various refinancing and note repurchase activity.
- To exclude the net gain on sale of certain early-stage drug discovery and development assets of \$(4,000), foreign currency impact related to the remeasurement of intercompany debt instruments of \$(5,740) and other miscellaneous expense of \$161.
- Primarily to reflect the cash tax savings from acquired tax attributes and the tax effect of the pre-tax adjustments above at applicable tax rates.
- To exclude the after-tax adjustment to the previously recorded gain on sale of the HealthTronics business and certain other sale-related costs.
- To exclude the impact of the portion of certain of the above adjustments attributable to noncontrolling interests.

# Reconciliation of Non-GAAP Measures

## Nine Months Ended September 30, 2013 (unaudited)

	Actual Reported (GAAP)	Adjustments	Non-GAAP Adjusted
REVENUES	\$ 2,031,961	\$ —	\$ 2,031,961
COSTS AND EXPENSES:			
Cost of revenues	785,630	(142,923) (1)	642,707
Selling, general and administrative	662,896	(113,080) (2)	549,816
Research and development	108,849	(19,187) (3)	89,662
Litigation-related and other contingencies	159,098	(159,098) (4)	—
Asset impairment charges	4,756	(4,756) (5)	—
Acquisition-related and integration items	3,876	(3,876) (6)	—
OPERATING INCOME	\$ 306,856	\$ 442,920	\$ 749,776
INTEREST EXPENSE, NET	129,691	(16,816) (7)	112,875
LOSS ON EXTINGUISHMENT OF DEBT	11,312	(11,312) (8)	—
OTHER (INCOME) EXPENSE, NET	(49,641)	51,448 (9)	1,807
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAX	\$ 215,494	\$ 419,600	\$ 635,094
INCOME TAX	82,917	104,136 (10)	187,053
INCOME FROM CONTINUING OPERATIONS	\$ 132,577	\$ 315,464	\$ 448,041
DISCONTINUED OPERATIONS, NET OF TAX	(3,248)	44,264 (11)	41,016
CONSOLIDATED NET INCOME	\$ 129,329	\$ 359,728	\$ 489,057
Less: Net income attributable to noncontrolling interests	38,758	—	38,758
NET INCOME ATTRIBUTABLE TO ENDO INTERNATIONAL PLC	\$ 90,571	\$ 359,728	\$ 450,299
DILUTED EARNINGS PER SHARE DATA ATTRIBUTABLE TO ENDO INTERNATIONAL PLC ORDINARY SHAREHOLDERS:			
Continuing operations	\$ 1.13		\$ 3.83
Discontinued operations	(0.36)		0.02
DILUTED EARNINGS PER SHARE	\$ 0.77		\$ 3.85
DILUTED WEIGHTED AVERAGE SHARES	116,890		116,890

Notes to reconciliation of our GAAP statements of operations to our adjusted statements of operations:

- To exclude amortization of commercial intangible assets related to marketed products of \$135,805, certain separation benefits and other costs incurred in connection with continued efforts to enhance the company's operations of \$1,118 and accruals for milestone payments to partners of \$6,000.
- To exclude certain separation benefits and other costs incurred in connection with continued efforts to enhance the company's operations of \$70,688, amortization of customer relationships of \$7,521 and mesh litigation-related defense costs of \$34,871.
- To exclude milestone payments to partners of \$5,064 and certain separation benefits and other costs incurred in connection with continued efforts to enhance the company's operations of \$14,123.
- To exclude the impact of charges primarily for mesh-related product liability.
- To exclude asset impairment charges.
- To exclude acquisition and integration costs.
- To exclude additional non-cash interest expense related to our 1.75% Convertible Senior Subordinated Notes.
- To exclude the unamortized debt issuance costs written off and recorded as a loss on extinguishment of debt upon our March 2013 prepayment on our Term Loan indebtedness as well as upon the amendment and restatement of our existing credit facility.
- To exclude \$(50,400) related to patent litigation settlement income and other income of \$(1,048).
- Primarily to reflect the cash tax savings from acquired tax attributes and the tax effect of the pre-tax adjustments above at applicable tax rates.
- To exclude certain items related to the HealthTronics business, which is reported as Discontinued operations, net of tax.

# Reconciliation of Non-GAAP Measures

For an explanation of Endo's reasons for using non-GAAP measures, see Endo's Current Report on Form 8-K filed today with the Securities and Exchange Commission

Reconciliation of Projected GAAP Diluted Earnings Per Share to Adjusted Diluted Earnings Per Share Guidance for the Year Ending December 31, 2014

	Lower End of Range	Upper End of Range
Projected GAAP diluted income per common share	<b>(\$3.95)</b>	<b>(\$3.80)</b>
Upfront and milestone-related payments to partners	\$0.22	\$0.22
Amortization of commercial intangible assets and fair value inventory step-up	\$1.89	\$1.89
Acquisition Related, Integration and Restructuring Charges	\$1.35	\$1.35
Basic to Diluted weighted average share count effect	\$0.24	\$0.24
Charges for Litigation and other legal matters	\$7.48	\$7.48
Interest expense adjustment for non-cash interest related to our 1.75% Convertible Senior Subordinated Notes and other treasury items	\$0.08	\$0.08
Tax effect of pre-tax adjustments at the applicable tax rates and certain other expected cash tax savings as a result of recent acquisitions	(\$3.21)	(\$3.21)
Diluted adjusted income per common share guidance	<b>\$4.10</b>	<b>\$4.25</b>

The company's guidance is being issued based on certain assumptions including:

- Certain of the above amounts are based on estimates and there can be no assurance that Endo will achieve these results
- Includes all completed business development transactions as of November 5, 2014

**Endo International plc**

**Q3 2014 Earnings Report**

November 5, 2014

