

Endo Health Solutions

**3Q 2013 Earnings Report
and**

**A Compelling Combination:
Endo Health Solutions
and
Paladin Labs**

November 5, 2013



Offer Language Disclosures

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Endo Forward Looking Statements; Non-GAAP Financial Measures

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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. These forward-looking statements may include, without limitation, statements regarding the completion of the proposed transaction and other statements that are not historical facts. Although Endo and Paladin each believe its forward-looking statements are reasonable, they are subject to important risks and uncertainties. Those include, without limitation, the failure to receive, on a timely basis or otherwise, the required approvals by Endo and Paladin shareholders, the Superior Court of Québec and applicable government and regulatory authorities, the terms of those approvals, the risk that a condition to closing contemplated by the arrangement agreement may not be satisfied or waived, the inability to realize expected synergies or cost savings or difficulties related to the integration of Endo and Paladin operations, the ability of the combined company to retain and hire key personnel and maintain relationships with customers, suppliers or other business partners, or other adverse events, changes in applicable laws or regulations, competition from other pharmaceutical companies, and other risks disclosed in Endo and Paladin's public filings, any or all of which could cause actual results to differ materially from future results expressed, projected or implied by the forward-looking statements. The forward-looking statements in this presentation are qualified by these risk factors. As a result of these risks and uncertainties, the proposed transaction could be modified, restructured or not be completed, and actual results and events may differ materially from the results and events contemplated in these forward-looking statements and from historical results. Neither Endo nor Paladin assumes any obligation to publicly update any forward-looking statements, except as may be required under applicable securities laws, or to comment on expectations of, or statements made by the other party or third parties in respect of the proposed transaction. These forward-looking statements are not guarantees of future performance, given that they involve risks and uncertainties. Investors should not assume that any lack of update to previously issued forward-looking statement constitutes a reaffirmation of that statement. Continued reliance on forward-looking statements is at investors' own risk.

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. No reconciliation to GAAP amounts has been provided because the majority of the amounts excluded from the comparable GAAP amounts are not currently possible to estimate with a reasonable degree of accuracy.

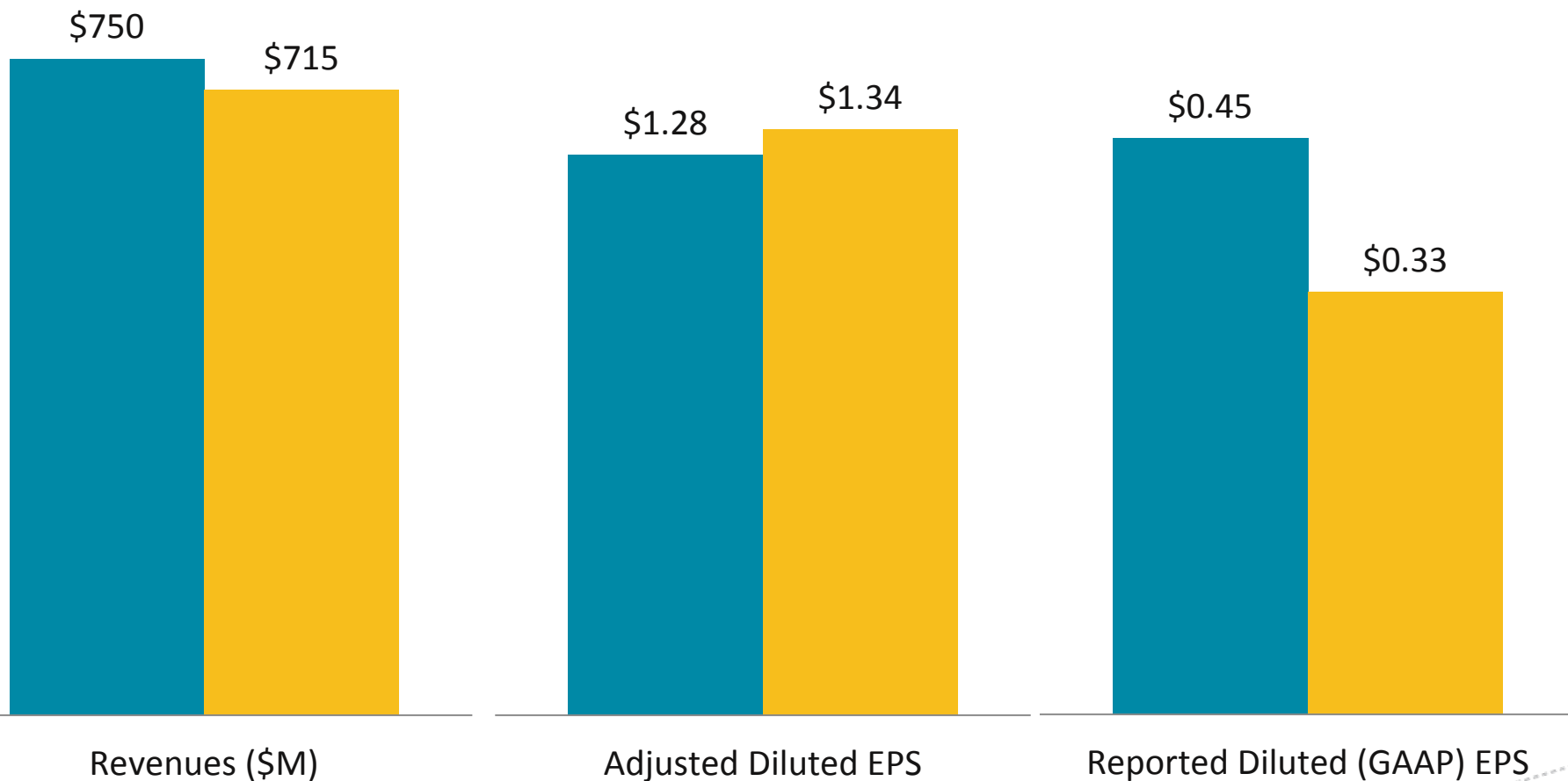
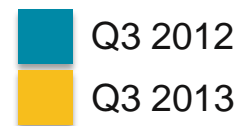
Today's Agenda

- Review of Third Quarter Accomplishments and 2013 Financial Results
- Provide Updated 2013 Financial Guidance
- Overview of Acquisition of Paladin Labs
 - Deal Rationale and Terms
 - Overview of Paladin Business
 - Endo Overview
 - New Endo Operating Model
 - Post Transaction Structure - Domicile as an Irish plc
- Q&A

Third Quarter 2013 Progress on Near-Term Priorities

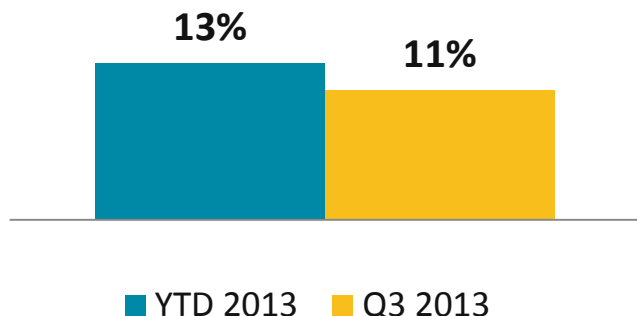
- Enhance operational focus on organic growth drivers
- Pursuing accretive, value-creating M&A opportunities
 - Announced \$225M acquisition of Boca Pharmacal
 - Expected to be immediately accretive to adjusted diluted EPS upon close
 - Value creating
- Exploring strategic alternatives for HealthTronics
- Sharpen R&D focus on near-term opportunities
 - Aved PDUFA date set for February 28, 2014
 - Completed interim analysis of BEMA Buprenorphine
- Strengthen talent and organization
 - Announced new CFO and COO, Pharmaceuticals

Q3 2013 Financial Performance

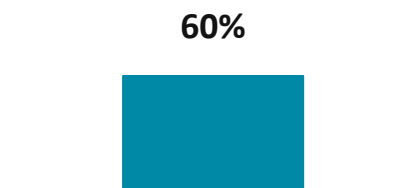


Drive Organic Growth – Qualitest

Total Revenue Growth vs. Same Period 2012



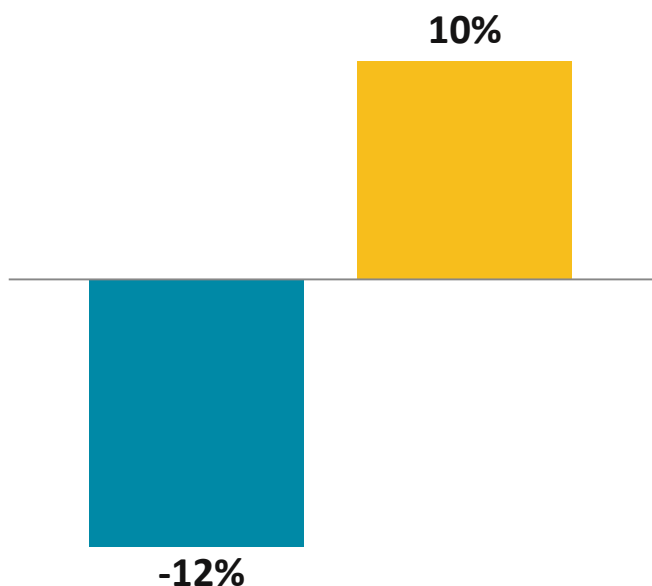
Contribution of New Products to YTD Growth



- On-track for double-digit growth for full-year
- Demand driven growth led by new products and oral contraceptives
- Planning for efficient integration of Boca Pharmacal

Drive Organic Growth – Endo Pharmaceuticals

Q3 2013 Revenue Growth vs. Q3 2012



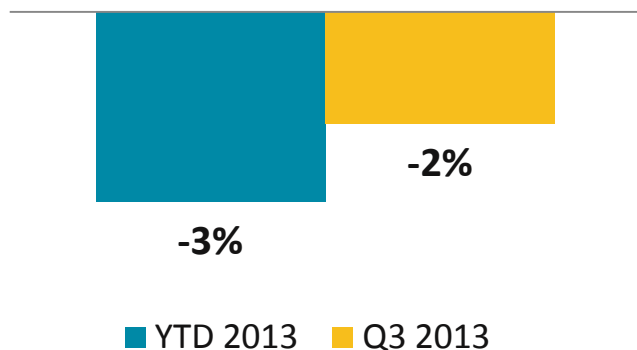
■ All Products

■ All Products (ex - LIDODERM/OPANA ER/Actavis Royalty)

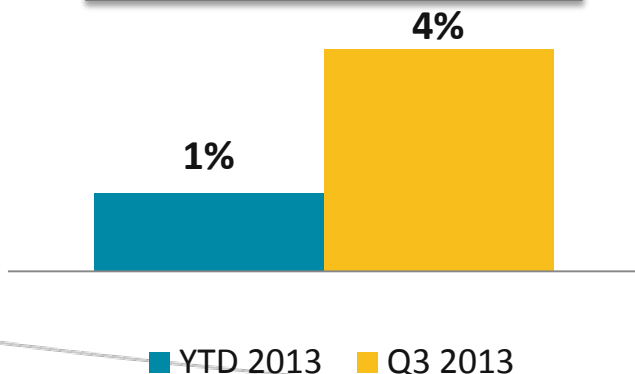
- Managing LIDODERM[®] LOE
- Continuing to support ADF technologies and assert IP covering OPANA[®] ER
- Commercial support for OPANA[®] ER through specialty promotion
- Focused on driving performance of growth assets: SUPPRELIN[®] LA, Voltaren[®] Gel and FORTESTA[®] Gel

Drive Organic Growth – AMS

Total Revenue Growth
vs. Same Period 2012



Total (ex-WH) Revenue Growth
vs. Same Period 2012

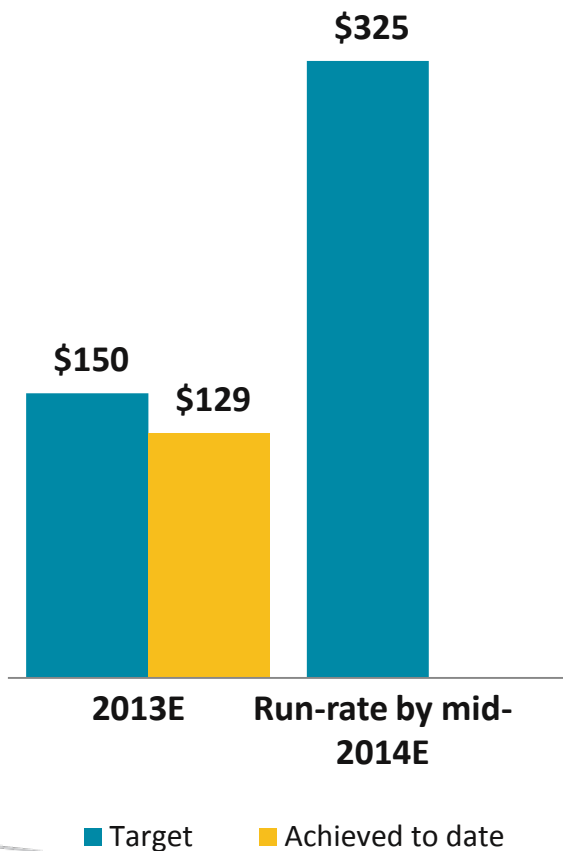


Key drivers of turnaround efforts:

- Continued strength in Men's Health
- Continued strength in GreenLight™ supported by medical education focused on GOLIATH results
- Managing impact of market decline in Women's Health
- Launch of MiniArc™ Pro Single-Incision Sling System for Treatment of Female Stress Urinary Incontinence

Implement Lean Operating Model – Restructuring Efforts On-Track

Reductions Announced Relative
to 2012A (\$M)



Key actions taken:

- All US headcount reductions communicated on June 5
- External spend reduction under way
- Ongoing focus on gaining additional efficiencies

2013 Revised Financial Guidance

| Measure | Previous 2013 Guidance | Revised 2013 Guidance |
|-----------------------------|--|--|
| Revenues | \$2.70B - \$2.80B | \$2.75B - \$2.80B |
| Adjusted Gross Margin | 64% to 66% | 64% to 66% |
| Adjusted Operating Expenses | Reduced by approximately \$150 million, which represents a 15% decline versus 2012 | Reduced by approximately \$150 million, which represents a 15% decline versus 2012 |
| Adjusted Diluted EPS | \$4.25 to \$4.55 | \$4.60 to \$4.75 |
| Adjusted Effective Tax Rate | 28.5% to 29.5% | 28% to 28.5% |
| Diluted Shares Outstanding | ~117M | ~118M |
| Capital Expenses | ~\$80M | ~\$80M |

A Compelling Combination: Endo Health Solutions and Paladin Labs



Transformational Opportunity

Together creating a top tier specialty healthcare organization



Transaction Benefits

- Accelerates transformation into a leading specialty healthcare company
 - Creates international specialty pharmaceutical business
 - Immediately accretive to adjusted diluted earnings per share
 - Domicile as an Irish plc--beneficial financial platform to facilitate future growth
- Enhances cash flow and earnings sustainability while further diversifying revenues in pharmaceutical segment
 - Product portfolio and geography complementary across companies
 - Highly diversified revenue streams in Canada
 - Access to attractive emerging markets – South Africa and Latin America
- Focused operating model to maximize organic growth potential and cash flow generation supplemented with an active M&A agenda
 - Net debt to adjusted EBITDA 2.4x upon close with rapid de-levering
 - Platform for organic growth with broader options for future M&A
 - Operational and tax synergies resulting in at least \$75M after tax savings annually
 - Improved cash conversion leading to enhanced capital structure

Combination Creates Value

- **Paladin shareholders and employees**
 - Monetize outstanding track record of Paladin value creation
 - Direct access to U.S. market and opportunity to accelerate growth through a larger platform
 - Retain Paladin name for Canadian business

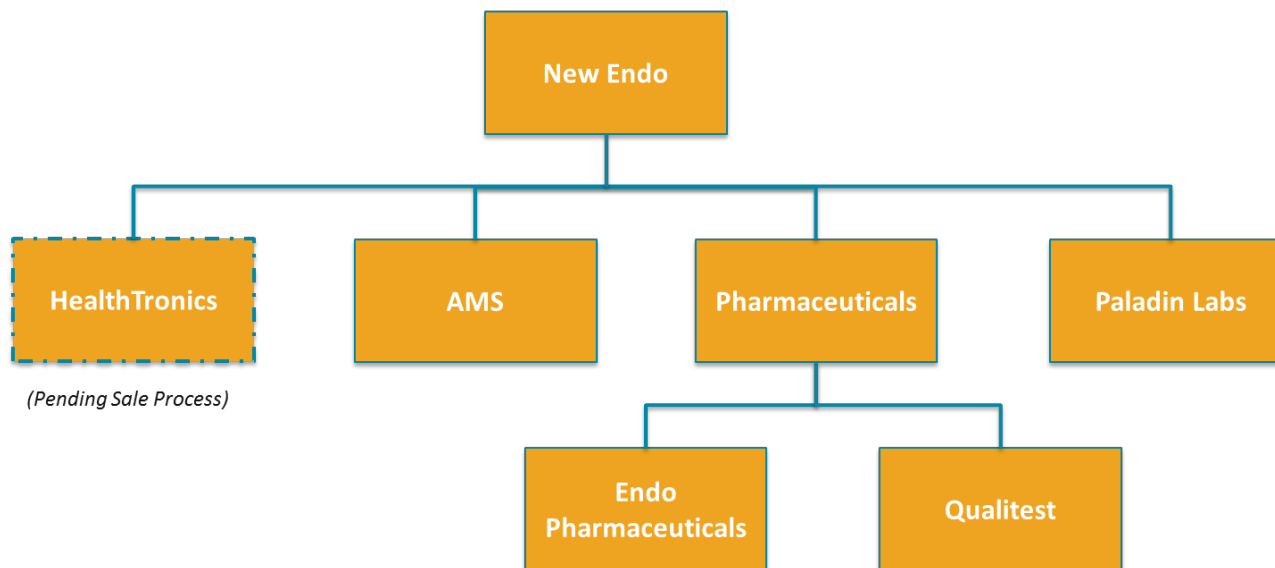
- **Strategic value for Endo**
 - Expanded geographic footprint
 - Diversify revenue base
 - Advantaged platform for growth with future acquisitions

- **Financially sound**
 - Stable and growing cash flows
 - Immediately accretive to adjusted EPS
 - Enables inversion transaction
 - Combined company steady state tax rate of approximately 20%

Proposed Transaction Terms

- \$77 (CAD) per share represents a 20% premium to Paladin Labs' closing price of \$63.91 as of November 4, 2013 and values the transaction at approximately \$1.6 billion (USD)
- Paladin shareholders will receive:
 - 1.6331 shares of New Endo for each share of Paladin Labs owned
 - \$1.16 (CAD) in cash for each share of Paladin Labs owned
 - Cash consideration to be received by Paladin Labs shareholders will be increased if Endo's average share price declines more than 7% during a pre-specified period
 - 1 share of Knight Therapeutics for each share of Paladin Labs owned
- Pro Forma ownership
 - Endo Shareholders to own 77.5% of New Endo
 - Paladin Shareholders to own 22.5% of New Endo
- Endo has secured committed financing that will be used to refinance certain elements of the company's existing indebtedness and the early repurchase of our convertible notes due April 2015, subject to market conditions

New Endo Structure and Trading



- Endo management to lead combined company
 - Jonathan Ross Goodman will serve as an advisor to the Endo Board of Directors
- Existing management team will continue to operate Paladin
 - Mark Beudet will continue as President, Paladin reporting to Rajiv De Silva
- New Endo will trade on NASDAQ

Overview of Paladin Labs

Paladin Labs is a specialty pharmaceutical company focused on acquiring or in-licensing innovative pharmaceutical products for the Canadian and select international markets

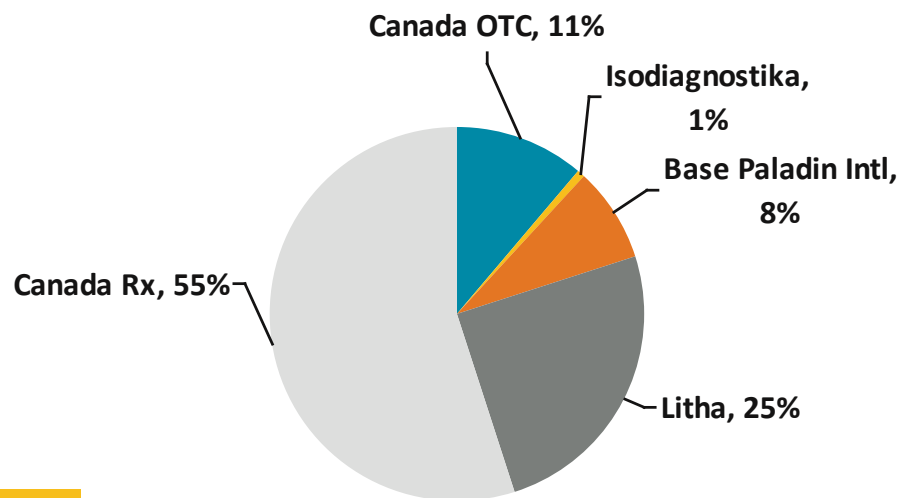
- Strong diversified revenue growth
 - 5 year revenue growth CAGR of 27%
 - Proven partner for the Canadian market
 - Demonstrated track record of profitable growth
 - Financial strength to drive expansion
- Strong, near-term pipeline for growth
 - Solid late stage development pipeline including multiple products currently under regulatory review
 - Zohydro™ ER, Seralaxin
 - Over 15 products in development

Paladin Labs Structure

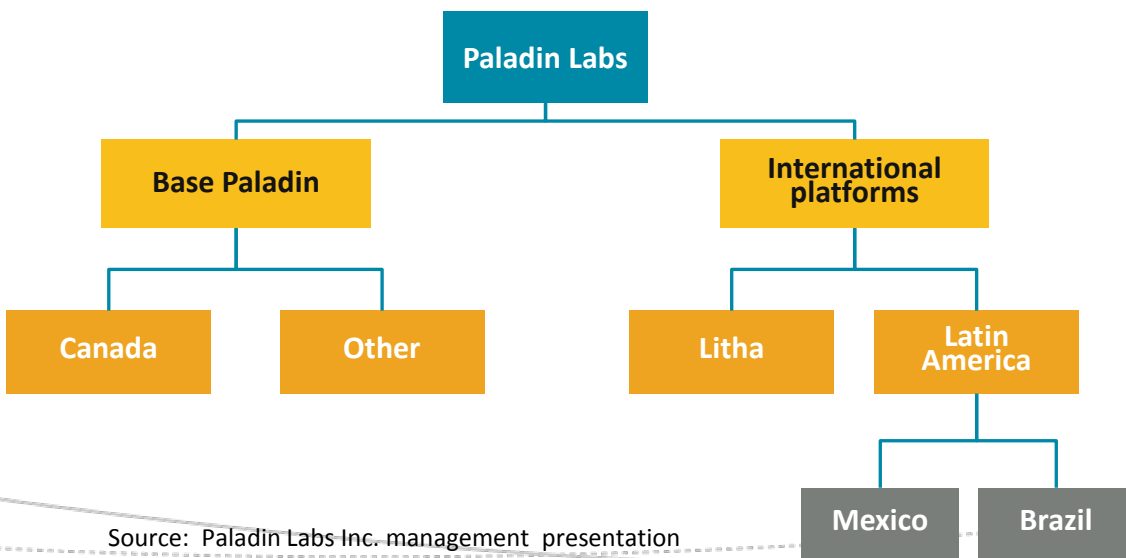
Company Information

- **Founded:** 1996
- **Headquarters:** Montreal, Canada
- **Chairman:** Jonathan Ross Goodman
- **Interim CEO:** Mark Beudet
- **Employees:** 127

Adjusted Revenue Mix (prop. consolidation)



Structure



Source: Paladin Labs Inc. management presentation

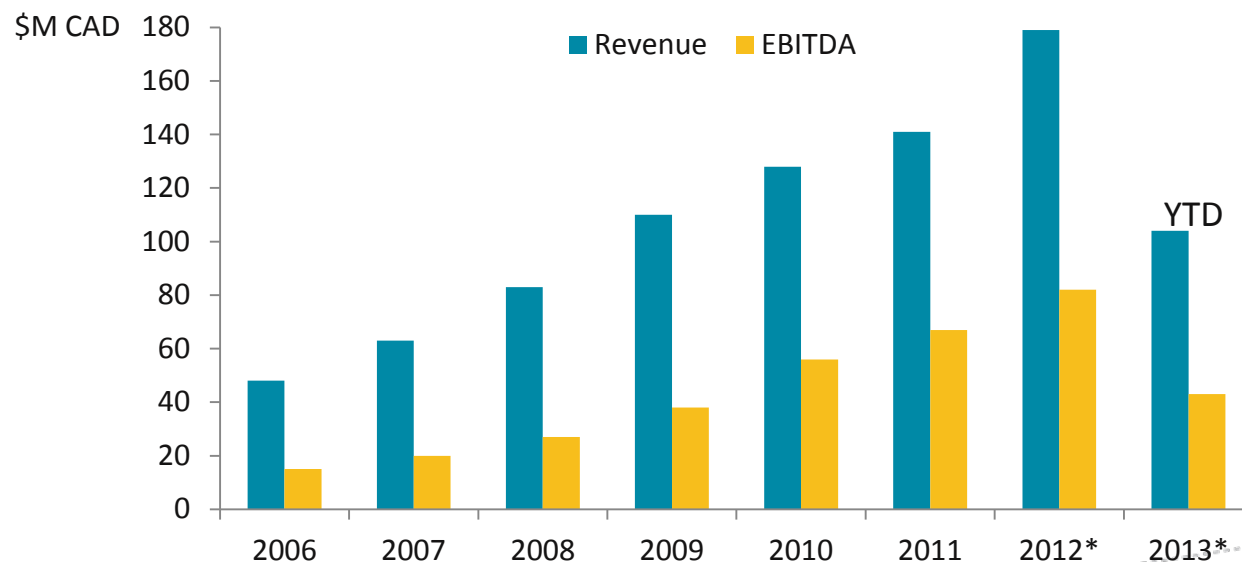
Paladin's Year-Over-Year Consecutive Growth (\$ CAD)

REVENUE

- Adjusted* revenue for 2012 of \$179.0 million, up 27% over 2011
- Guidance for 2013 of \$190 million adjusted* revenues
- Adjusted* revenues for Q2 2013 of \$52.3 million, up 41% versus Q2 2012

EBITDA

- 9 consecutive years of record EBITDA with EBITDA representing 39% of revenues in 2012
- Adjusted* EBITDA for 2012 of \$79.0 million for 2012, up 17% versus 2011
- Adjusted* EBITDA for Q2 2013 of \$22.7, up 32% versus Q2 2012



*Adjusted refers to the proportional consolidation of Litha's results effective July 2, 2012 and Paladin Mexico's results effective January 1, 2013

Source: Paladin Labs Inc. Q2 2013 Investor Relations Presentation

Endo Overview

- Aspire to be a leading specialty healthcare company
- Continue our commitment to serving our patients and customers
- Participate in specialty areas offering above average growth and favorable margins
- Transform our operating model to maximize growth potential and cash flow generation

Allows Endo to maximize shareholder value by adapting to market dynamics and portfolio changes

Recent Endo Restructuring Actions

- Drive organic growth through our core businesses
 - Endo Pharmaceuticals
 - Qualitest
 - AMS
- Implement lean operating model
- Pursue accretive, value-creating acquisition opportunities
- Explore strategic alternatives for HealthTronics
- Sharpen R&D focus on near-term opportunities
- Strengthen talent and organization

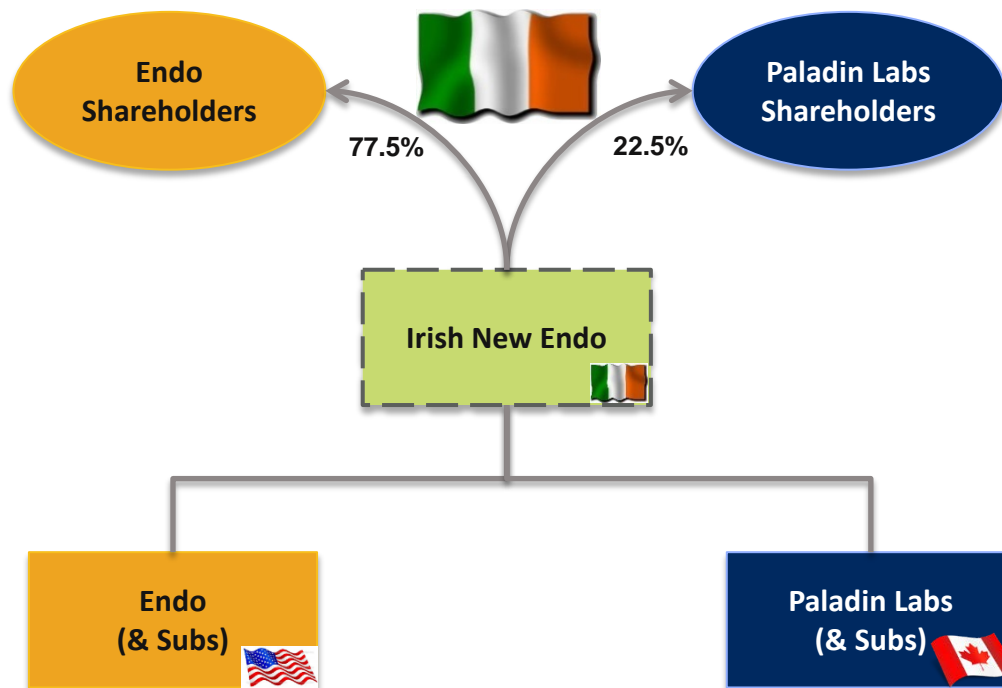
New Endo Operating Model

-  *Lean, efficient operating model*
-  *Performance metrics aligned with shareholder interests*
-  *M&A as an important component of building and growing the business long term*
-  *Agnostic on therapeutic areas, but with focus in specialty areas*
-  *Focused, de-risked R&D*
-  *Streamlined and diversified organization with quick decision making*

New Endo International Strategy

- Utilize new operating structure to drive international expansion and growth
- Focus on emerging markets with above average growth characteristics
- Invest in areas with growing healthcare infrastructure and expanding economies
 - Proven local operators, competency in core business functions
 - International management expertise
- Expand presence in markets with favorable reimbursement environment or a large cash pay component

Corporate Redomicile



New Endo – Capital Structure

- Proforma capital structure will continue to support the long term strategy of Endo
- Secured committed financing that will be used to refinance certain elements of existing indebtedness and the early repurchase of our convertible notes due April 2015
- Proforma leverage ratio is expected to be in line with current levels
- Immediate accretion and improved cash flow conversion will lead to rapid de-levering

Approvals and Timing

- Standard U.S. merger process for Endo
 - Proxy/registration statement
 - Majority approval by Endo shareholders
- 2/3 vote required by Paladin Labs shareholders
 - Customary regulatory approvals, including Investment Canada
 - Shareholders representing 34% of Paladin Labs outstanding shares have agreed to vote in favor of deal
- Expected closing 1st half 2014
- Transaction not currently expected to be taxable to U.S. shareholders of Endo, as structured, but will be taxable for shareholders of Paladin

Transaction Benefits

- Accelerates transformation into a leading specialty healthcare company
 - Creates international specialty pharmaceutical business
 - Immediately accretive to adjusted diluted earnings per share
 - Domicile as an Irish plc–beneficial financial platform to facilitate future growth
- Enhances cash flow and earnings sustainability while further diversifying revenues in pharmaceutical segment
 - Product portfolio and geography complementary across companies
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Endo Health Solutions

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A Compelling Combination:
Endo Health Solutions
and
Paladin Labs

November 5, 2013



Appendix



Reconciliation of Non-GAAP Measures

| Three Months Ended September 30, 2013 (unaudited) | Actual Reported (GAAP) | Adjustments | Non-GAAP Adjusted |
|---|------------------------------|-------------------|----------------------|
| REVENUES | \$ 714,954 | \$ — | \$ 714,954 |
| COSTS AND EXPENSES: | | | |
| Cost of revenues | 287,970 | (46,105) (1) | 241,865 |
| Selling, general and administrative | 199,719 | (30,069) (2) | 169,650 |
| Research and development | 38,080 | (10,005) (3) | 28,075 |
| Litigation-related and other contingencies | 30,895 | (30,895) (4) | — |
| Asset impairment charges | 38,807 | (38,807) (5) | — |
| Acquisition-related and integration items, net | 2,207 | (2,207) (6) | — |
| OPERATING INCOME | <u>\$ 117,276</u> | <u>\$ 158,088</u> | <u>\$ 275,364</u> |
| INTEREST EXPENSE, NET | 43,150 | (5,704) (7) | 37,446 |
| OTHER (INCOME) EXPENSE, NET | (17,292) | 17,293 (8) | 1 |
| INCOME BEFORE INCOME TAX | <u>\$ 91,418</u> | <u>\$ 146,499</u> | <u>\$ 237,917</u> |
| INCOME TAX | 36,803 | 26,008 (9) | 62,811 |
| CONSOLIDATED NET INCOME | <u>\$ 54,615</u> | <u>\$ 120,491</u> | <u>\$ 175,106</u> |
| Less: Net income attributable to noncontrolling interests | 14,392 | — | 14,392 |
| NET INCOME ATTRIBUTABLE TO ENDO HEALTH SOLUTIONS INC. | <u>\$ 40,223</u> | <u>\$ 120,491</u> | <u>\$ 160,714</u> |
| 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:

- (1) To exclude amortization of commercial intangible assets related to marketed products of \$44,105 and accruals for milestone payments to partners of \$2,000.
- (2) To exclude certain separation benefits and other costs incurred in connection with continued efforts to enhance the company's operations of \$13,616, amortization of customer relationships of \$2,748 and mesh litigation-related defense costs of \$13,705.
- (3) 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.
- (4) To exclude the net impact of accruals related to mesh-related product liability.
- (5) To exclude asset impairment charges.
- (6) To exclude integration costs of \$2,144 and a loss of \$63 recorded to reflect the change in fair value of the contingent consideration associated with the Qualitest acquisition.
- (7) To exclude additional interest expense as a result of the prior adoption of ASC 470-20.
- (8) To exclude \$(14,628) related to patent litigation settlement income and \$(2,665) for a gain on sale of business.

To reflect the cash tax savings results from our acquisitions and the tax effect of the pre-tax adjustments above at applicable tax rates.

Reconciliation of Non-GAAP Measures

| Three Months Ended September 30, 2012 (unaudited) | Actual Reported (GAAP) | Adjustments | Non-GAAP Adjusted |
|---|------------------------------|-------------------|----------------------|
| REVENUES | \$ 750,482 | \$ — | \$ 750,482 |
| COSTS AND EXPENSES: | | | |
| Cost of revenues | 294,267 | (52,762) (1) | 241,505 |
| Selling, general and administrative | 210,446 | (10,480) (2) | 199,966 |
| Research and development | 48,952 | (6,421) (3) | 42,531 |
| Patent litigation settlement, net | (46,238) | 46,238 (4) | — |
| Litigation-related and other contingencies | 82,600 | (82,600) (5) | — |
| Asset impairment charges | 11,163 | (11,163) (6) | — |
| Acquisition-related and integration items, net | 5,776 | (5,776) (7) | — |
| OPERATING INCOME | <u>\$ 143,516</u> | <u>\$ 122,964</u> | <u>\$ 266,480</u> |
| INTEREST EXPENSE, NET | 45,505 | (5,209) (8) | 40,296 |
| LOSS ON EXTINGUISHMENT OF DEBT | 1,789 | (1,789) (9) | — |
| OTHER INCOME, NET | (250) | — | (250) |
| INCOME BEFORE INCOME TAX | <u>\$ 96,472</u> | <u>\$ 129,962</u> | <u>\$ 226,434</u> |
| INCOME TAX | 28,287 | 30,678 (10) | 58,965 |
| CONSOLIDATED NET INCOME | <u>\$ 68,185</u> | <u>\$ 99,284</u> | <u>\$ 167,469</u> |
| Less: Net income attributable to noncontrolling interests | 14,376 | — | 14,376 |
| NET INCOME ATTRIBUTABLE TO ENDO HEALTH SOLUTIONS INC. | <u>\$ 53,809</u> | <u>\$ 99,284</u> | <u>\$ 153,093</u> |
| DILUTED EARNINGS PER SHARE | \$ 0.45 | | \$ 1.28 |
| DILUTED WEIGHTED AVERAGE SHARES | 119,579 | | 119,579 |

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

- (1) To exclude amortization of commercial intangible assets related to marketed products of \$55,999, net milestone payments and receipts of \$1,440, an adjustment to the accrual for the payment to Impax related to sales of OPANA ER of \$(6,000) and certain separation benefits and other costs incurred in connection with continued efforts to enhance the company's operations of \$1,323.
- (2) To exclude certain separation benefits and other costs incurred in connection with continued efforts to enhance the company's operations of \$7,744 and amortization of customer relationships of \$2,736.
- (3) To exclude milestone payments to partners of \$3,898 and certain separation benefits and other costs incurred in connection with continued efforts to enhance the company's operations of \$2,523.
- (4) To exclude the net impact of the Actavis (Watson) litigation settlement.
- (5) To exclude the net impact of accruals for litigation-related and other contingencies.
- (6) To exclude asset impairment charges.
- (7) To exclude acquisition-related and integration costs of \$5,680 and a loss of \$96 recorded to reflect the change in fair value of the contingent consideration associated with the Qualitest Pharmaceuticals acquisition.
- (8) To exclude additional interest expense as a result of the prior adoption of ASC 470-20.
- (9) To exclude the unamortized debt issuance costs written off and recorded as a loss on extinguishment of debt upon our third quarter 2012 prepayments on our Term Loan indebtedness.
- (10) To reflect the cash tax savings results from our acquisitions and the tax effect of the pre-tax adjustments above at applicable tax rates.

Reconciliation of Non-GAAP Measures

| Nine Months Ended September 30, 2013 (unaudited) | Actual Reported (GAAP) | Adjustments | Non-GAAP Adjusted |
|---|------------------------------|-------------------|----------------------|
| REVENUES | \$ 2,189,982 | \$ — | \$ 2,189,982 |
| COSTS AND EXPENSES: | | | |
| Cost of revenues | 883,063 | (149,045) (1) | 734,018 |
| Selling, general and administrative | 689,436 | (117,485) (2) | 571,951 |
| Research and development | 113,740 | (19,187) (3) | 94,553 |
| Litigation-related and other contingencies | 159,098 | (159,098) (4) | — |
| Asset impairment charges | 46,994 | (46,994) (5) | — |
| Acquisition-related and integration items, net | 6,165 | (6,165) (6) | — |
| OPERATING INCOME | <u>\$ 291,486</u> | <u>\$ 497,974</u> | <u>\$ 789,460</u> |
| INTEREST EXPENSE, NET | 129,939 | (16,816) (7) | 113,123 |
| LOSS ON EXTINGUISHMENT OF DEBT | 11,312 | (11,312) (8) | — |
| OTHER (INCOME) EXPENSE, NET | (51,873) | 54,113 (9) | 2,240 |
| INCOME BEFORE INCOME TAX | <u>\$ 202,108</u> | <u>\$ 471,989</u> | <u>\$ 674,097</u> |
| INCOME TAX | 72,779 | 112,260 (10) | 185,039 |
| CONSOLIDATED NET INCOME | <u>\$ 129,329</u> | <u>\$ 359,729</u> | <u>\$ 489,058</u> |
| Less: Net income attributable to noncontrolling interests | 38,758 | — | 38,758 |
| NET INCOME ATTRIBUTABLE TO ENDO HEALTH SOLUTIONS INC. | <u>\$ 90,571</u> | <u>\$ 359,729</u> | <u>\$ 450,300</u> |
| DILUTED EARNINGS PER SHARE | <u>\$ 0.77</u> | | <u>\$ 3.85</u> |
| DILUTED WEIGHTED AVERAGE SHARES | 116,890 | | 116,890 |

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

- (1) To exclude amortization of commercial intangible assets related to marketed products of \$140,355, certain separation benefits and other costs incurred in connection with continued efforts to enhance the company's operations of \$2,690 and accruals for milestone payments to partners of \$6,000.
- (2) To exclude certain separation benefits and other costs incurred in connection with continued efforts to enhance the company's operations of \$74,363, amortization of customer relationships of \$8,251 and mesh litigation-related defense costs of \$34,871.
- (3) 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.
- (4) To exclude the net impact of accruals primarily for mesh-related product liability.
- (5) To exclude asset impairment charges.
- (6) To exclude integration costs of \$6,002 and a loss of \$163 recorded to reflect the change in fair value of the contingent consideration associated with the Qualitest acquisition.
- (7) To exclude additional interest expense as a result of the prior adoption of ASC 470-20.
- (8) 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.
- (9) To exclude \$(50,400) related to patent litigation settlement income, \$(2,665) for a gain on sale of business and other income of \$(1,048).

To reflect the cash tax savings results from our acquisitions and the tax effect of the pre-tax adjustments above at applicable tax rates.

Reconciliation of Non-GAAP Measures

| Nine Months Ended September 30, 2012 (unaudited) | Actual Reported (GAAP) | Adjustments | Non-GAAP Adjusted |
|--|------------------------------|---------------------|----------------------|
| REVENUES | \$ 2,226,303 | \$ — | \$ 2,226,303 |
| COSTS AND EXPENSES: | | | |
| Cost of revenues | 953,657 | (272,857) (1) | 680,800 |
| Selling, general and administrative | 698,522 | (30,044) (2) | 668,478 |
| Research and development | 183,067 | (56,201) (3) | 126,866 |
| Patent litigation settlement, net | 85,123 | (85,123) (4) | — |
| Litigation-related and other contingencies | 82,600 | (82,600) (5) | — |
| Asset impairment charges | 54,163 | (54,163) (6) | — |
| Acquisition-related and integration items, net | 16,580 | (16,580) (7) | — |
| OPERATING INCOME | <u>\$ 152,591</u> | <u>\$ 597,568</u> | <u>\$ 750,159</u> |
| INTEREST EXPENSE, NET | 138,386 | (15,354) (8) | 123,032 |
| LOSS ON EXTINGUISHMENT OF DEBT | 7,215 | (7,215) (9) | — |
| OTHER EXPENSE, NET | 498 | (300) (10) | 198 |
| INCOME BEFORE INCOME TAX | <u>\$ 6,492</u> | <u>\$ 620,437</u> | <u>\$ 626,929</u> |
| INCOME TAX | <u>(9,263)</u> | <u>182,820</u> (11) | <u>173,557</u> |
| CONSOLIDATED NET INCOME | <u>\$ 15,755</u> | <u>\$ 437,617</u> | <u>\$ 453,372</u> |
| Less: Net income attributable to noncontrolling interests | 39,826 | — | 39,826 |
| NET (LOSS) INCOME ATTRIBUTABLE TO ENDO HEALTH SOLUTIONS INC. | <u>\$ (24,071)</u> | <u>\$ 437,617</u> | <u>\$ 413,546</u> |
| DILUTED (LOSS) EARNINGS PER SHARE | <u>\$ (0.21)</u> | | <u>\$ 3.42</u> |
| DILUTED WEIGHTED AVERAGE SHARES | 116,688 | | 121,083 |

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

- (1) To exclude amortization of commercial intangible assets related to marketed products of \$162,414, the impact of inventory step-up recorded as part of acquisition accounting of \$880, the accrual for the payment to Impax related to sales of OPANA ER of \$104,000, net milestone payments to partners of \$2,927 and certain separation benefits and other costs incurred in connection with continued efforts to enhance the company's operations of \$2,636.
- (2) To exclude certain separation benefits and other costs incurred in connection with continued efforts to enhance the company's operations of \$21,799 and amortization of customer relationships of \$8,245.
- (3) To exclude milestone payments to partners of \$53,678 and certain separation benefits and other costs incurred in connection with continued efforts to enhance the company's operations of \$2,523.
- (4) To exclude the net impact of the Actavis (Watson) litigation settlement.
- (5) To exclude the net impact of accruals for litigation-related and other contingencies.
- (6) To exclude asset impairment charges.
- (7) To exclude acquisition-related and integration costs of \$16,552 and a loss of \$28 recorded to reflect the change in fair value of the contingent consideration associated with the Qualitest Pharmaceuticals acquisition.
- (8) To exclude additional interest expense as a result of the prior adoption of ASC 470-20.
- (9) To exclude the unamortized debt issuance costs written off and recorded as a loss on extinguishment of debt upon our 2012 prepayments on our Term Loan indebtedness.
- (10) To exclude milestone and upfront payments to partners.

To reflect the cash tax savings results from our acquisitions and the tax effect of the pre-tax adjustments above at applicable tax rates.

Reconciliation of Non-GAAP Measures

Endo Health Solutions Inc. Net Revenues (unaudited) (in thousands)

| | Three Months Ended September 30, | | | Percent Growth | Nine Months Ended September 30, | | |
|-----------------------------------|----------------------------------|-------------------|--------------|---------------------|---------------------------------|-------------|----------------|
| | 2013 | 2012 | | | 2013 | 2012 | Percent Growth |
| Endo Pharmaceuticals: | | | | | | | |
| LIDODERM® | \$ 149,946 | \$ 238,282 | (37)% | \$ 566,626 | \$ 676,302 | (16)% | |
| OPANA® ER | 59,936 | 62,232 | (4)% | 174,214 | 236,731 | (26)% | |
| Voltaren® Gel | 45,044 | 35,483 | 27% | 123,937 | 79,173 | 57% | |
| PERCOCET® | 26,250 | 24,209 | 8% | 78,818 | 73,413 | 7% | |
| FROVA® | 16,027 | 15,706 | 2% | 44,116 | 45,352 | (3)% | |
| FORTESTA® Gel | 15,025 | 8,823 | 70% | 47,156 | 21,526 | 119% | |
| SUPPRELIN® LA | 14,105 | 14,534 | (3)% | 44,128 | 42,777 | 3% | |
| VANTAS® | 3,039 | 4,114 | (26)% | 10,013 | 12,352 | (19)% | |
| VALSTAR® | 6,024 | 8,394 | (28)% | 16,327 | 20,717 | (21)% | |
| Other Branded Products | 508 | 933 | (46)% | 1,833 | 1,788 | 3% | |
| Royalty and Other | 30,232 | 3,935 | 668% | 32,204 | 12,874 | 150% | |
| Total Endo Pharmaceuticals | \$ 366,136 | \$ 416,645 | (12)% | \$ 1,139,372 | \$ 1,223,005 | (7)% | |
| Total Qualitest | \$ 183,939 | \$ 166,070 | 11% | \$ 532,722 | \$ 471,310 | 13% | |
| American Medical Systems: | | | | | | | |
| Men's Health | 61,536 | 58,316 | 6% | 197,185 | 192,728 | 2% | |
| Women's Health | 24,200 | 29,399 | (18)% | 80,470 | 95,763 | (16)% | |
| BPH Therapy | 25,508 | 25,589 | —% | 82,212 | 83,110 | (1)% | |
| Total AMS | 111,244 | 113,304 | (2)% | 359,867 | 371,601 | (3)% | |
| HealthTronics | 53,635 | 54,463 | (2)% | 158,021 | 160,387 | (1)% | |
| Total Revenue | 714,954 | 750,482 | (5)% | 2,189,982 | 2,226,303 | (2)% | |

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, 2013

| | Lower End of Range | Upper End of Range |
|--|--------------------|--------------------|
| Projected GAAP diluted income per common share | \$0.95 | \$1.10 |
| Upfront and milestone-related payments to partners | \$0.20 | \$0.20 |
| Amortization of commercial intangible assets and inventory step-up | \$1.64 | \$1.64 |
| Integration and Restructuring Charges | \$0.86 | \$0.86 |
| Charges for Litigation and other legal matters | \$1.79 | \$1.79 |
| Asset Impairment Charges | \$0.41 | \$0.41 |
| Actavis (Watson) litigation settlement | (\$0.44) | (\$0.44) |
| Interest expense adjustment for ASC 470-20 and other treasury items | \$0.29 | \$0.29 |
| Tax effect of pre-tax adjustments at the applicable tax rates and certain other expected cash tax savings as a result of recent acquisitions | (\$1.10) | (\$1.10) |
| Diluted adjusted income per common share guidance | \$4.60 | \$4.75 |

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, 2013