



To Our Shareholders

Fellow Shareholders:

Over the past two years, we have accomplished a significant transformation of Endo. We have reoriented our strategy and made substantial progress in our plan to grow into a leading global specialty pharmaceutical company. Looking forward, we are focused on delivering strong financial performance and achieving our vision of improving patients' lives while creating shareholder value.

I am proud of a growing list of accomplishments that fulfill commitments Endo has made to its stakeholders: meeting financial objectives, reshaping the company and business footprint, differentiating our business model and continuing to deliver value.

A foundational element of our success is our performance-based culture, as demonstrated by our highly entrepreneurial and versatile workforce. Our dynamic and fast-paced environment appeals to talented self-starters who seek new and better ways of doing things. Additionally, I believe that empowering our business segments to act independently better positions Endo to grow and derive value from strategic capital allocation at a faster pace than our competition.

Aspiring to Exceptional Performance

In 2014, Endo achieved \$2.88 billion of revenues and far exceeded our initial revenue and earnings per share expectations for the year, reflecting our efforts to rebuild our business through multiple strategic acquisitions, organic growth in our core businesses and the advancement of our growing R&D pipeline. These elements set the stage for strong performance as we grow.

The acquisitions we have completed during the past two years demonstrate a disciplined and strategic approach to capital deployment. The acquisition of Paladin Labs Inc., in February 2014, accelerated our corporate evolution. Now, as Endo International, we have created a compelling global financial and operational platform for future growth. Already, we are using our presence in Dublin, Ireland to manage R&D projects, key components of our supply chain and related quality control efforts, as well as some commercial products.

During 2014, we completed six transactions, improved our margin profile by lowering costs by approximately one-third and significantly improved the operating performance of our Devices segment while mitigating litigation-related risks for that business.

Key undertakings in 2014 led to two significant announcements in early 2015:

- The January 2015 acquisition of Auxilium Pharmaceuticals Inc. provides a transformational addition to our U.S. Branded Pharmaceuticals business that bolsters product portfolios in Pain, Urology and Specialty Pharmaceuticals. The acquisition was immediately accretive, and is expected to be meaningfully accretive each following year.
- Progress on our plans to fully divest American Medical Systems (AMS) was announced in March 2015, with Boston Scientific agreeing to buy the Men's Health and Prostate Health portions of the business. Strategic alternatives for the Women's Health portion of the business are currently under evaluation.

Creating Value through Sustainable Businesses

We have made substantial progress toward achieving our strategic priorities within each of our business segments. Among the actions underway are investments in organic growth drivers in both our commercial portfolio and our R&D pipeline, along with deploying capital to take advantage of value-creating opportunities, such as acquiring businesses or in-licensing relatively de-risked products.

U.S. Branded Pharmaceuticals

The addition of Auxilium Pharmaceuticals is expected to significantly accelerate the evolution and growth of our U.S. Branded Pharmaceuticals business through a broader offering of Urology and Orthopedic products, which are natural complements to our existing legacy men's health and pain products. Beyond transforming the product portfolio, Auxilium provides access to Xiaflex® which presents development opportunities in new potential indications and supports our strategic priority to drive organic growth.

In 2014, we advanced multiple late-stage pipeline projects and acquired rights to two new products in our U.S. Branded Pharmaceuticals business:

In March 2014, we received approval from the U.S. Food and Drug Administration (FDA) for Avedo®, an injection for the treatment of hypogonadism in adult men, which is associated with a deficiency or absence of the male hormone testosterone.

In May 2014, the company acquired global rights to Sumavel® DosePro® (sumatriptan injection) for subcutaneous use, a needle-free delivery system for sumatriptan, from Zogenix, Inc.

In December 2014, we acquired the rights to Natesto™ testosterone nasal gel and, in March 2015, launched this novel intranasal delivery system. Natesto™ is the first and only testosterone nasal gel, expanding treatment options for adult males diagnosed with hypogonadism.

We also continued to invest in future organic growth drivers. We completed two clinical studies of Belbuca™, a buprenorphine buccal film, as a potential new therapeutic option for the treatment of chronic pain. The FDA accepted our New Drug Application (NDA) in February 2015, and set a PDUFA action date in October 2015.

U.S. Generic Pharmaceuticals

In 2014, we bolstered our already strong Qualitest generics business with the acquisition of two specialty generics companies. Boca Pharmacal, acquired in February 2014, has enhanced Qualitest's growth platform and pipeline. DAVA Pharmaceuticals, acquired in August 2014, also adds a high-margin generics portfolio and robust near-term pipeline of generic products to the Qualitest business.

Sales for our generics segment grew 56 percent in 2014 compared to 2013. Importantly though, after excluding acquisitions and the launch of the Lidoderm® Authorized Generic (AG), our generics business delivered underlying sales growth of 12 percent. In late November, Qualitest capitalized on a first-to-market opportunity in the U.S. with the successful launch of valganciclovir tablets, the first generic version of Valcyte®. The generic product provides patients with a more affordable antiviral treatment option and contributed to better-than-expected financial results for the year.

Within our generics segment, the controlled substance product group is also an important source of organic growth, and new products contributed strong volume growth throughout 2014. Specifically, the launch of generic Lidoderm® in May 2014 is providing a strong source of new growth, as we actively managed the impact of patent expiration on our branded product.

International Pharmaceuticals

We aspire to ultimately grow revenues for International Pharmaceuticals – currently our newest business segment – to 25% of the Company's total revenue base. Much of our international growth will likely come from acquisitions of businesses or products in new geographies.

Paladin Labs, our Canadian subsidiary, has a proven record of acquiring and in-licensing innovative new products and developing growth platforms. Paladin's base business is delivering solid performance, and a steady pipeline of product launches in Canada including Emtrix®, Travelan®, Veregen®, Zincofax® Spray and Dynamiclear Rapid™ added to growth in 2014.

Paladin's strong Canadian franchise further diversifies our pharmaceutical product mix and geographic reach. Endo also recently acquired the remaining shares of Litha Healthcare, a majority-owned subsidiary of Paladin that was previously publicly traded on the Johannesburg Stock Exchange, adding flexibility to expand in South Africa and other Sub-Saharan markets.

Further bolstering our International Pharmaceuticals segment, in July 2014, Endo acquired Grupo Farmacéutico SOMAR, a specialty

pharmaceutical company based in Mexico City. SOMAR provides Endo with a growth platform in key emerging markets in Latin America, along with a robust portfolio of marketed products and a pipeline of more than 60 new products expected to launch in Mexico over the next three years.

Devices

American Medical Systems (AMS) has achieved a return to growth and enhanced profitability, while maintaining focus on quality products and the needs of patients. Our decision to divest AMS reflects our belief that, while it is a leading urological device business, AMS would be of greater strategic value to a global leader in medical devices and allow Endo to reallocate capital towards its core strategic segments.

We expect to complete the sale of the Men's Health and Prostate Health portions of the AMS business to Boston Scientific in the third quarter of 2015. Endo will receive gross proceeds of \$1.6 billion in cash at closing, with a potential milestone payment of \$50 million based on 2016 product revenue performance. The divestiture of AMS creates greater financial flexibility as we continue to identify opportunities to create value through capital deployment.

Differentiating Endo

Within the specialty pharmaceutical industry, Endo has a differentiated business model based on managing and operating assets in a lean and efficient manner. We have also established an entrepreneurial and performance-based culture. Our discipline allows us to pursue financially attractive transactions and find ways to optimize assets, either because we can operate them more cost efficiently, or more effectively, which is typically a matter of focus.

Over the past two years, our business model has been the foundation for transforming the Company and creating considerable shareholder value, and it will continue as our bedrock philosophy and driver of our growth for many years to come.

We are not content with the progress achieved so far, however, as we see ourselves in the initial phase of our transformation. We at Endo believe there is opportunity for significant additional value creation and we are continuing to build a platform and an organization strong enough to support our businesses and growth aspirations.

In the year ahead, we intend to drive organic growth in our core businesses and to complete several strategic transactions. Additionally, our R&D strategy involves rebuilding our development pipeline with opportunities that are primarily late-stage and relatively de-risked.

While our U.S. Branded business is currently built around Pain, Urology and Specialty Pharmaceuticals, we remain open to value-creating transactions in other therapeutic areas. The diversity within our business, across both branded and generic products and our international segment, provides many opportunities for future growth.

The common thread throughout all we do at Endo is value creation. We understand that our ability to fully realize the potential of our organization, and our business model, rests on a culture of performance, a streamlined organization and the ability to be nimble, confident and disciplined in our decision-making. Our people are the greatest enablers of our strategy and accordingly, we are focused on attracting and retaining the best talent and supporting them with the right resources.

I am excited by the opportunities that lie ahead for Endo, its shareholders and its employees. We believe the steps we took in 2014 established a strong foundation to support our evolution and that the seeds we planted last year will continue to grow in 2015 and beyond. We believe that our differentiated model and strategic priorities strongly position us to achieve our vision of becoming a leading global specialty pharmaceutical company that continues to improve lives while creating value.



Sincerely,
Rajiv De Silva
President and Chief Executive Officer

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