

Endo Pharmaceuticals Reports Strong Third-Quarter Financial Results and Reaffirms 2011 Financial Guidance

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Total quarterly revenues of \$759 million increase 71 percent versus prior year; branded pharmaceuticals revenues grow 17 Percent, reflecting strong performance of OPANA® ER, Voltaren® Gel and LIDODERM®; Reported quarterly diluted EPS of \$0.34 versus \$0.46 for prior year
 Adjusted diluted EPS of \$1.25 reflecting growth of 45 percent from 2010
 Company reaffirms 2011 guidance for revenue of \$2.72 to \$2.80 billion and adjusted diluted EPS of \$4.55 to \$4.65; now expects reported or GAAP diluted EPS of \$1.87 to \$1.97
 Company makes progress on integration and build-out of its urology franchise

Endo Pharmaceuticals (Nasdaq: ENDP) today reported financial results for the third quarter of 2011.

Total revenues during the third quarter of 2011 increased 71 percent to \$759.1 million, compared with \$444.1 million in the same quarter of 2010. Net income for the three months ended Sept. 30, 2011, was \$40.6 million, compared with \$54.2 million in the comparable 2010 period.

Additionally, adjusted net income for the three months ended Sept. 30, 2011, was \$151.1 million, up 50 percent compared with \$100.8 million in the same period in 2010. Reported diluted earnings per share for the quarter ended Sept. 30, 2011, were \$0.34 compared with \$0.46 reported in the third quarter of 2010. Adjusted diluted earnings per share for the same period were \$1.25, up 45 percent from \$0.86 reported in 2010.

"Endo had another strong quarter, with record revenues and adjusted earnings, led by Opana ER, generics and AMS's Men's Health business," said Dave Holveck, president and CEO of Endo. "This performance is a testament to our diversified business model, and our commitment to enhancing healthcare delivery, which allows us to continue to bring together the aggregate capabilities of all our companies to create more solutions for patients, payors and physicians particularly across the entire urology spectrum."

FINANCIAL PERFORMANCE AT A GLANCE

(\$ in thousands, except per share amounts)

	3rd Quarter		Change	Nine Months Ended September 30		
	2011	2010		2011	2010	Change
Total Revenues	\$759,078	\$444,103	71%	\$1,926,715	\$1,205,039	60%
Reported Net Income	40,649	54,206	-25%	151,019	166,021	-9%
Reported Diluted EPS	0.34	0.46	-26%	1.24	1.42	-13%
Adjusted Net Income	151,089	100,839	50%	399,967	282,720	41%
Adjusted Diluted EPS	1.25	0.86	45%	3.29	2.41	37%

BRANDED PHARMACEUTICALS

Branded pharmaceutical sales of \$425.5 million for the third quarter 2011 represented an increase of 17 percent versus the prior year. These results reflect strong commercial performance in our branded pain franchise, where net sales grew 18 percent year over year, with a strong third-quarter performance by OPANA® ER, Voltaren® Gel and LIDODERM®. OPANA® ER net sales grew 66 percent on prescription growth of 56 percent. Voltaren® Gel net sales grew 35 percent.

FORTESTA® Gel, a topical gel for the treatment of hypogonadism, recorded approximately \$8 million in revenue, which includes the recognition of roughly \$4 million previously classified as deferred revenue.

GENERICIS

Generic sales of \$148 million for the third quarter 2011 represented an increase of 439 percent over last year, driven by our acquisition of Qualitest. Quarter over quarter, generic sales increased \$14.9 million, primarily as a result of having the operational flexibility to capitalize on certain market conditions that created new business opportunities for Endo's Qualitest business. The company continues to execute on its ANDA pipeline in multiple therapeutic areas, with 50 ANDAs currently under U.S. Food and Drug Administration (FDA) review.

DEVICES AND SERVICES

Devices and services sales, driven by our June 2011 acquisition of American Medical System (AMS), were \$185.6 million for the third quarter, an increase of 259 percent over the prior year. Men's Health, led by strong sales of the AMS 800 Artificial Urinary Sphincter, grew 21 percent on a pro forma basis in the third quarter of 2011, compared with same period last year. In early September, an FDA advisory panel met to discuss the use of surgical mesh products in the repair of pelvic organ prolapse and stress urinary incontinence, which the company believes led to reduced procedural volumes during the quarter. However, the company believes that the advisory panel addressed the questions raised and that a recovery in procedural volumes will emerge in the near term.

UROLOGY CHANNEL STRATEGY

Endo Pharmaceuticals believes that strong relationships with urologists are an important component in the growth of its urology franchise, and the company continues to take steps to further strengthen these relationships. During the third quarter of 2011, the AMS integration effort developed plans to deliver revenue and cost synergies associated with the transaction. The company is launching commercial pilot programs to advance cross-selling initiatives for the AMS's Men's Health Products and Endo's Fortesta® Gel. In addition, the company is exploring opportunities to expand the utilization of Endocare® cryoablation therapy and AMS' BPH laser through our HealthTronics franchise.

As part of an effort to increase and broaden the relationships within the urology community, HealthTronics recently committed to strategic investments in Intuitive Medical Software (IMS) and meridianEMR, Inc., two providers of electronic medical records for urologists. Together, IMS and meridianEMR provide access to approximately 1,800 urologists using data platforms that will enhance service offerings in urology practice management.

Balance Sheet Update

During the third-quarter of 2011, Endo made payments of \$151 million to reduce the outstanding principal of term loan debt associated with the acquisition of AMS. This action is consistent with the company's objective of reducing its debt to EBITDA ratio to 2.0 to 2.5 times by 2013.

2011 FINANCIAL GUIDANCE

Endo's estimates are based on actual results for the nine months ended Sept. 30, 2011. The company's guidance for reported (GAAP) earnings per share does not include any estimates for the potential future changes in the fair value of contingent consideration, certain separation benefits, any asset impairment charges or for potential new corporate development transactions. For the full year ended Dec. 31, 2011, Endo estimates:

Total revenue between \$2.72 billion and \$2.80 billion
Total Branded Pharmaceuticals segment revenue between \$1.625 billion and \$1.69 billion
Total Generics segment revenue between \$550 million and \$575 million
Total Device and Services segment revenue between \$520 million and \$550 million
Reported (GAAP) diluted earnings per share between \$1.87 and \$1.97
Adjusted diluted earnings per share between \$4.55 and \$4.65

The company's 2011 guidance is based on certain assumptions including:

Adjusted gross margin between 69 percent and 71 percent
Adjusted effective tax rate of approximately 28 percent
Weighted average number of common shares outstanding of 121 million shares for the year ended Dec. 31, 2011
No generic competition for Voltaren Gel in 2011

Supplemental Financial Information

Three Months Ended September 30, 2011 (unaudited)	Actual Reported (GAAP)	Adjustments	Adjusted
REVENUES	\$ 759,078	\$ --	\$ 759,078
COSTS AND EXPENSES:			
Cost of revenues	302,172	(80,625) (1)	221,547
Selling, general and administrative	244,359	(15,761) (2)	228,598
Research and development	43,884	(2,355) (3)	41,529
Impairment of long-lived assets	22,691	(22,691) (4)	--
Acquisition-related items	5,818	(5,818) (5)	--
OPERATING INCOME	<u>\$ 140,154</u>	<u>\$ 127,250</u>	<u>\$ 267,404</u>
INTEREST EXPENSE, NET	52,792	(4,754) (6)	48,038
OTHER INCOME, NET	(3,000)	2,636 (7)	(364)
INCOME BEFORE INCOME TAXES	<u>\$ 90,362</u>	<u>\$ 129,368</u>	<u>\$ 219,730</u>
INCOME TAXES	34,057	18,928 (8)	52,985
CONSOLIDATED NET INCOME	<u>\$ 56,305</u>	<u>\$ 110,440</u>	<u>\$ 166,745</u>
Less: Net income attributable to noncontrolling interests	(15,656)	--	(15,656)
NET INCOME ATTRIBUTABLE TO ENDO PHARMACEUTICALS HOLDINGS INC.	<u>\$ 40,649</u>	<u>110,440</u>	<u>\$ 151,089</u>
DILUTED EARNINGS PER SHARE	\$ 0.34		\$ 1.25
DILUTED WEIGHTED AVERAGE SHARES	120,847		120,847