

## To Our Shareholders



Paul V. Campanelli  
President and Chief Executive Officer

*First and foremost, I would like to express my sincere appreciation for your continued commitment and investment in Endo International plc. I recognize this has been a challenging year and I personally thank you for your patience as we seek to drive success through a sharpened focus on organic growth, while improving the lives of our valued patients.*

I assumed the role of President and CEO in September 2016 when we were faced with a number of difficult challenges that affected the Specialty Pharmaceuticals and Generics industries. To overcome these challenges, we took a disciplined approach by first conducting a comprehensive strategic review and then taking several definitive actions to refocus the Company on our core businesses and assets—thereby transitioning the Company from one that grew primarily through acquisitions to one that, today, is focusing primarily on organic growth. With the Par integration complete, we are now unified, and positioned for success through a culture focused on smart product selection, operational execution, and continuous improvement. We are committed to meet the challenges of today's healthcare environment and remain excited about our future.

## Endo Strategy

Our focus will be on our identified core assets and streamlining operations to improve productivity and increase efficiency. We will invest in the development of hard-to-produce generic products and technologies. We will provide resources to support our Specialty Branded pharmaceutical business, concentrating on strategic core areas where we expect to be successful. In this way, we will seek to drive organic growth, while enhancing profitability through an efficient operating model. We expect, over time, to build shareholder value through the exceptional operational execution of this strategy. As part of our comprehensive strategic evaluation, we have identified three priorities:

### **Reshape our Organization for Success**

We have a new executive management team in place with a demonstrated track record of success. We have centralized and streamlined Endo's Global Supply Chain, Quality, and Compliance organizations in order to create a more cohesive and efficient structure to support both our Generics and Specialty branded businesses.

### **Build our Portfolio and Capabilities for the Future**

We identified assets and businesses that were not core and initiated steps to divest them as they no longer align with our go-forward strategy. We will focus on areas of expertise where we can compete and win.

### **Drive Margin Expansion and De-Lever over Time**

We will look to drive margin improvements through a culture focused on smart product selection, operational execution, and continuous improvement. We are committed to taking a highly disciplined approach to capital allocation with repayment of debt as a priority after investing in our key growth drivers.



## U.S. Generic Pharmaceuticals

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As the fourth-largest U.S. generics company based on sales according to IMS Health, our generics business now represents approximately two-thirds of our total revenues. The generics portfolio consists of over 250 product families across an extensive range of dosage forms and delivery systems. Our primary approach to generic pharmaceutical product development is to target more challenging products that can provide a degree of differentiation. These include first-to-file and first-to-market opportunities, which account for about a third of our pipeline of approximately 120 ANDAs.

In the fourth-quarter, 2016, Par Pharmaceutical launched two important first-to-file products — quetiapine ER and ezetimibe. These were among the most significant new product launches in the U.S. generics industry in 2016 and ezetimibe represented the largest product launch in Par's history.

Furthermore, in 2016, we successfully completed the integration of our legacy Qualitest generics business into Par, which included the rationalization of our generics portfolio and the restructuring of our manufacturing network. In doing so, we discontinued approximately 70 unprofitable products and divested our Charlotte manufacturing facility.

## U.S. Branded Pharmaceuticals

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2016 represented a transitional year for Endo Pharmaceuticals, our branded pharmaceuticals business. We identified products that were no longer core to us, such as BELBUCA™ (buprenorphine) buccal film product, and divested them. We restructured Endo's pain franchise to become a Specialty Branded business that is focusing on our flagship product, XIAFLEX®, which continues to grow in its on-market indications, with net sales increasing by 20% in 2016. In addition, we will continue to support our remaining Specialty brands including SUPPRELIN® LA, NASCOBAL®, TESTOPEL®, and AVEED®.

In November, XIAFLEX® (collagenase clostridium histolyticum, or CCH) met key project milestones in patients with cellulite as we announced positive data from the Phase 2b study. The highly statistically significant results ( $P < 0.001$ ) were demonstrated on primary composite endpoint and all secondary endpoints. We continue to be encouraged and very excited by the promising results as a potential treatment option for those with cellulite and look forward to working with FDA to efficiently and effectively advance our development of the program into Phase 3.

## International Pharmaceuticals

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In 2016, Paladin Labs, our Canadian subsidiary, secured the rights to XIAFLEX® and launched that product in Canada, along with NUCYNTA®.

As part of our comprehensive strategic review, we determined that Litha Healthcare Group, our South African subsidiary, no longer aligned with our go-forward strategy. We initiated a sale of the company, which is expected to be completed in the second quarter of 2017. We have also identified our Mexican affiliate, Somar, as non-core and have begun a process to divest Somar in order to focus on regulated markets in developed countries.

I am personally excited about the future of Endo and what lies ahead. I recognize, however, it will take time to address the challenges that our Company faces and to re-position Endo for long-term success. I embrace the opportunity to lead Endo's evolution to a highly focused and successful generics and specialty pharmaceutical company. I remain excited about the future of our Company — it is our people, products, and pipeline that will drive our future success. Thank you for your continued support. With our new management team in place, we will strive to execute on our priorities and create value for our shareholders.

Regards,



Paul V. Campanelli  
President and Chief Executive Officer