UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2017

or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**
FOR THE TRANSITION PERIOD FROM TO

Commission File Number: 001-36326

ENDO INTERNATIONAL PLC
(Exact name of registrant as specified in its charter)

Ireland	**68-0683755**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
First Floor, Minerva House, Simmonscourt Road, Ballsbridge, Dublin 4, Ireland	**Not Applicable**
(Address of Principal Executive Offices)	(Zip Code)

011-353-1-268-2000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Ordinary shares, nominal value $0.0001 per share	**The NASDAQ Global Market**

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer x Accelerated filer o

Non-accelerated filer o (Do not check if a smaller reporting company) Smaller reporting company o Emerging Growth Company o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o No x

Indicate the number of shares outstanding of each of the issuer's classes of ordinary shares, as of the latest practicable date.

Ordinary shares, $0.0001 par value Number of ordinary shares outstanding as of May 2, 2017 : 223,112,543

ENDO INTERNATIONAL PLC

INDEX

		Page
Forward-Looking Statements		i
	PART I. FINANCIAL INFORMATION	
Item 1.	Financial Statements	1
	Condensed Consolidated Balance Sheets (Unaudited)	1
	Condensed Consolidated Statements of Operations (Unaudited)	2
	Condensed Consolidated Statements of Comprehensive Loss (Unaudited)	3
	Condensed Consolidated Statements of Cash Flows (Unaudited)	4
	Notes to Condensed Consolidated Financial Statements (Unaudited)	6
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	35
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	45
Item 4.	Controls and Procedures	46
	PART II. OTHER INFORMATION	
Item 1.	Legal Proceedings	47
Item 1A.	Risk Factors	47
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	47
Item 3.	Defaults Upon Senior Securities	47
Item 4.	Mine Safety Disclosures	47
Item 5.	Other Information	47
Item 6.	Exhibits	47
Signatures		48
Exhibit Index		

FORWARD-LOOKING STATEMENTS

Statements contained or incorporated by reference in this document contain information that includes or is based on "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. These statements, including estimates of future revenues, future expenses, future net income and future net income per share, contained in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations," which is included in this document, are subject to risks and uncertainties. Forward-looking statements include the information concerning our possible or assumed results of operations. We have tried, whenever possible, to identify such statements by words such as "believes," "expects," "anticipates," "intends," "estimates," "plan," "projected," "forecast," "will," "may" or similar expressions. We have based these forward-looking statements on our current expectations and projections about the growth of our business, our financial performance, and the development of our industry. Because these statements reflect our current views concerning future events, these forward-looking statements involve risks and uncertainties. Investors should note that many factors, as more fully described in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2016 under the caption "Risk Factors," and as otherwise enumerated herein, could affect our future financial results and could cause our actual results to differ materially from those expressed in forward-looking statements contained or incorporated by reference in this document.

We do not undertake any obligation to update our forward-looking statements after the date of this document for any reason, even if new information becomes available or other events occur in the future, except as may be required under applicable securities law. You are advised to consult any further disclosures we make on related subjects in our reports filed with the Securities and Exchange Commission (SEC) and with securities regulators in Canada on the System for Electronic Document Analysis and Retrieval (SEDAR). Also note that, in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2016, we provide a cautionary discussion of the risks, uncertainties and possibly inaccurate assumptions relevant to our business. These are factors that, individually or in the aggregate, we think could cause our actual results to differ materially from expected and historical results. We note these factors for investors as permitted by Section 27A of the Securities Act and Section 21E of the Exchange Act. You should understand that it is not possible to predict or identify all such factors. Consequently, you should not consider this to be a complete discussion of all potential risks or uncertainties.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ENDO INTERNATIONAL PLC
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(In thousands, except share and per share data)

	March 31, 2017	December 31, 2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 617,589	$ 517,250
Restricted cash and cash equivalents	278,245	282,074
Accounts receivable	689,602	992,153
Inventories, net	549,138	555,671
Prepaid expenses and other current assets	39,668	77,523
Income taxes receivable	45,619	47,803
Assets held for sale	112,860	116,985
Total current assets	$ 2,332,721	$ 2,589,459
MARKETABLE SECURITIES	1,723	2,267
PROPERTY, PLANT AND EQUIPMENT, NET	670,847	669,596
GOODWILL	4,650,327	4,729,395
OTHER INTANGIBLES, NET	5,487,865	5,859,297
DEFERRED INCOME TAXES	7,635	7,817
OTHER ASSETS	67,532	417,278
TOTAL ASSETS	$ 13,218,650	$ 14,275,109
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 1,219,278	$ 1,454,084
Current portion of legal settlement accrual	758,693	1,015,932
Current portion of long-term debt	25,612	131,125
Income taxes payable	18,432	9,266
Liabilities held for sale	37,149	24,338
Total current liabilities	$ 2,059,164	$ 2,634,745
DEFERRED INCOME TAXES	155,274	192,297
LONG-TERM DEBT, LESS CURRENT PORTION, NET	8,224,559	8,141,378
OTHER LIABILITIES	591,600	605,100
COMMITMENTS AND CONTINGENCIES (NOTE 11)		
SHAREHOLDERS' EQUITY:		
Euro deferred shares, $0.01 par value; 4,000,000 shares authorized and issued at both March 31, 2017 and December 31, 2016	43	42
Ordinary shares, $0.0001 par value; 1,000,000,000 shares authorized; 223,103,675 and 222,954,175 shares issued and outstanding at March 31, 2017 and December 31, 2016, respectively	22	22
Additional paid-in capital	8,761,568	8,743,240
Accumulated deficit	(6,234,934)	(5,688,281)
Accumulated other comprehensive loss	(338,646)	(353,434)
Total shareholders' equity	$ 2,188,053	$ 2,701,589
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 13,218,650	$ 14,275,109

See Notes to Condensed Consolidated Financial Statements.

ENDO INTERNATIONAL PLC
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(In thousands, except per share data)

	Three Months Ended March 31,	
	2017	**2016**
TOTAL REVENUES	$ 1,037,600	$ 963,539
COSTS AND EXPENSES:		
Cost of revenues	668,962	688,705
Selling, general and administrative	177,240	178,355
Research and development	43,009	41,692
Litigation-related and other contingencies, net	936	5,200
Asset impairment charges	203,962	129,625
Acquisition-related and integration items	10,880	12,554
OPERATING LOSS FROM CONTINUING OPERATIONS	$ (67,389)	$ (92,592)
INTEREST EXPENSE, NET	111,999	116,793
OTHER INCOME, NET	(2,037)	(1,907)
LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAX	$ (177,351)	$ (207,478)
INCOME TAX BENEFIT	(11,928)	(118,715)
LOSS FROM CONTINUING OPERATIONS	$ (165,423)	$ (88,763)
DISCONTINUED OPERATIONS, NET OF TAX (NOTE 3)	(8,405)	(45,108)
CONSOLIDATED NET LOSS	$ (173,828)	$ (133,871)
Less: Net income (loss) attributable to noncontrolling interests	—	(2)
NET LOSS ATTRIBUTABLE TO ENDO INTERNATIONAL PLC	$ (173,828)	$ (133,869)
NET LOSS PER SHARE ATTRIBUTABLE TO ENDO INTERNATIONAL PLC ORDINARY SHAREHOLDERS—BASIC:		
Continuing operations	$ (0.74)	$ (0.40)
Discontinued operations	(0.04)	(0.20)
Basic	$ (0.78)	$ (0.60)
NET LOSS PER SHARE ATTRIBUTABLE TO ENDO INTERNATIONAL PLC ORDINARY SHAREHOLDERS—DILUTED:		
Continuing operations	$ (0.74)	$ (0.40)
Discontinued operations	(0.04)	(0.20)
Diluted	$ (0.78)	$ (0.60)
WEIGHTED AVERAGE SHARES:		
Basic	223,014	222,302
Diluted	223,014	222,302

See Notes to Condensed Consolidated Financial Statements.

ENDO INTERNATIONAL PLC
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED)
(In thousands)

	Three Months Ended March 31,			
	2017		2016	
CONSOLIDATED NET LOSS		$ (173,828)		$ (133,871)
OTHER COMPREHENSIVE INCOME, NET OF TAX:				
Net unrealized loss on securities:				
Unrealized loss arising during the period	$ (346)		$ (860)	
Less: reclassification adjustments for loss realized in net loss	—	(346)	—	(860)
Foreign currency translation gain:				
Foreign currency gain arising during the period	$ 15,134		$ 80,763	
Less: reclassification adjustments for loss realized in net loss	—	15,134	—	80,763
OTHER COMPREHENSIVE INCOME		$ 14,788		$ 79,903
CONSOLIDATED COMPREHENSIVE LOSS		$ (159,040)		$ (53,968)
Less: Net income (loss) attributable to noncontrolling interests		—		(2)
Less: Other comprehensive income attributable to noncontrolling interests		—		56
COMPREHENSIVE LOSS ATTRIBUTABLE TO ENDO INTERNATIONAL PLC		$ (159,040)		$ (54,022)

See Notes to Condensed Consolidated Financial Statements.

ENDO INTERNATIONAL PLC
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(In thousands)

	Three Months Ended March 31,	
	2017	**2016**
OPERATING ACTIVITIES:		
Consolidated net loss	$ (173,828)	$ (133,871)
Adjustments to reconcile consolidated net loss to Net cash provided by (used in) operating activities:		
Depreciation and amortization	286,855	236,089
Inventory step-up	115	61,370
Share-based compensation	19,493	14,967
Amortization of debt issuance costs and discount	7,064	6,373
Provision for bad debts	(155)	7,311
Provision for inventory reserve	31,525	54,811
Deferred income taxes	(35,610)	(161,301)
Change in fair value of contingent consideration	6,184	(10,688)
Asset impairment charges	203,962	150,804
(Gain) loss on sale of business and other assets	(2,337)	2
Changes in assets and liabilities which (used) provided cash:		
Accounts receivable	310,719	142,153
Inventories	(28,492)	(36,328)
Prepaid and other assets	13,543	17,648
Accounts payable and accrued expenses	(484,082)	(236,329)
Other liabilities	1,366	(146,938)
Income taxes payable/receivable	11,441	(11,840)
Net cash provided by (used in) operating activities	$ 167,763	$ (45,767)
INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(27,202)	(25,998)
Patent acquisition costs and license fees	—	(13,000)
Proceeds from sale of business and other assets, net	16,217	6,421
Increase in restricted cash and cash equivalents	(243,666)	(121,031)
Decrease in restricted cash and cash equivalents	247,530	184,678
Net cash (used in) provided by investing activities	$ (7,121)	$ 31,070

	Three Months Ended March 31,	
	2017	2016
FINANCING ACTIVITIES:		
Principal payments on term loans	(27,625)	(20,750)
Principal payments on other indebtedness, net	(1,269)	(1,109)
Deferred financing fees	—	(500)
Payment for contingent consideration	(23,203)	(9,405)
Payments of tax withholding for restricted shares	(1,097)	(10,272)
Exercise of options	—	1,952
Issuance of ordinary shares related to the employee stock purchase plan	—	1,434
Net cash used in financing activities	$ (53,194)	$ (38,650)
Effect of foreign exchange rate	1,444	2,967
Movement in cash held for sale	(8,553)	—
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 100,339	$ (50,380)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	517,250	272,348
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 617,589	$ 221,968
SUPPLEMENTAL INFORMATION:		
Cash paid into Qualified Settlement Funds for mesh legal settlements	$ 243,344	$ 120,919
Cash paid out of Qualified Settlement Funds for mesh legal settlements	$ 247,530	$ 184,678
Other cash distributions for mesh legal settlements	$ 1,224	$ 1,561
SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Accrual for purchases of property, plant and equipment	$ 1,178	$ 1,897

See Notes to Condensed Consolidated Financial Statements.

ENDO INTERNATIONAL PLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2017

NOTE 1. BASIS OF PRESENTATION

Endo International plc is an Ireland-domiciled, global specialty pharmaceutical company focused on generic and branded pharmaceuticals. We aim to be the premier partner to healthcare professionals and payment providers, delivering an innovative suite of generic and branded drugs to meet patients' needs.

Unless otherwise indicated or required by the context, references throughout to "Endo," the "Company," "we," "our," or "us" refer to financial information and transactions of Endo International plc and its consolidated subsidiaries.

The accompanying unaudited Condensed Consolidated Financial Statements of Endo International plc and its subsidiaries have been prepared in accordance with United States (U.S.) generally accepted accounting principles (GAAP) for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X of the Securities and Exchange Commission for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, the accompanying Condensed Consolidated Financial Statements of Endo International plc and its subsidiaries, which are unaudited, include all normal and recurring adjustments necessary for a fair statement of the Company's financial position as of March 31, 2017 and the results of our operations and our cash flows for the periods presented. Operating results for the three months ended March 31, 2017 are not necessarily indicative of the results that may be expected for the year ending December 31, 2017. The year-end Condensed Consolidated Balance Sheet data as of December 31, 2016 was derived from the audited financial statements.

The information included in this Quarterly Report on Form 10-Q should be read in conjunction with our Consolidated Financial Statements and accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2016.

NOTE 2. RECENT ACCOUNTING PRONOUNCEMENTS

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards update (ASU) No. 2014-09, *"Revenue from Contracts with Customers"* (ASU 2014-09). ASU 2014-09 represents a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which a company expects to be entitled to receive in exchange for those goods or services. This ASU sets forth a new five-step revenue recognition model which replaces the prior revenue recognition guidance in its entirety and is intended to eliminate numerous industry-specific pieces of revenue recognition guidance that have historically existed. In August 2015, the FASB issued ASU No. 2015-14, "*Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date,"* which defers the effective date of ASU 2014-09 by one year, but permits companies to adopt one year earlier if they choose (i.e., the original effective date). As such, ASU 2014-09 will be effective for annual and interim reporting periods beginning after December 15, 2017. In March and April 2016, the FASB issued ASU No. 2016-08 *"Revenue from Contracts with Customers (Topic 606): Principal versus Agent Consideration (Reporting Revenue Gross versus Net)"* and ASU No. 2016-10 *"Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing,"* respectively, which clarifies the guidance on reporting revenue as a principal versus agent, identifying performance obligations and accounting for intellectual property licenses. In addition, in May 2016, the FASB issued ASU No. 2016-12 *"Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients,"* which amends certain narrow aspects of Topic 606, and in December 2016, the FASB issued ASU No. 2016-20 *"Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers,"* which amends certain narrow aspects of Topic 606.

The Company will adopt the new revenue recognition standards on January 1, 2018. The Company has established a cross-functional implementation team consisting of representatives from across its business segments. The Company is currently in the process of performing a diagnostic assessment of the impact of the standard on its contract portfolio by reviewing the Company's current accounting policies and practices to identify potential differences that would result from applying the requirements of the new standard to its revenue contracts. In addition, during 2017 the Company plans to identify and implement, if necessary, appropriate changes to its business processes, systems and controls to support recognition and disclosure under the new standard. The implementation team intends to report the findings and progress of the project to the Company's management and the Audit Committee throughout the remainder of 2017. The Company is currently evaluating the impact of ASU 2014-09 on the Company's consolidated results of operations and financial position. In addition, the two permitted transition methods under the new standard are the full retrospective method, in which case the standard would be applied to each prior reporting period presented and the cumulative effect of applying the standard would be recognized at the earliest period shown, or the modified retrospective method, in which case the cumulative effect of applying the standard would be recognized at the date of initial application. The Company is currently evaluating which transition method it will elect.

In February 2016, the FASB issued ASU No. 2016-02, "*Leases (Topic 842)*" (ASU 2016-02). ASU 2016-02 establishes the principles to report transparent and economically neutral information about the assets and liabilities that arise from leases. This guidance results in a more faithful representation of the rights and obligations arising from operating and capital leases by requiring lessees to recognize the lease assets and lease liabilities that arise from leases in the statement of financial position and to disclose qualitative and quantitative information about lease transactions, such as information about variable lease payments and options to renew and terminate leases. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company is currently evaluating the impact of ASU 2016-02 on the Company's consolidated results of operations and financial position.

In August 2016, the FASB issued ASU No. 2016-15 "*Classification of Certain Cash Receipts and Cash Payments*" (ASU 2016-15). ASU 2016-15 addresses eight specific cash flow issues with the objective of reducing diversity in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. ASU 2016-15 is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted in any interim or annual period but all of ASU 2016-15 must be adopted in the same period. The Company is currently evaluating the impact of ASU 2016-15 on the Company's consolidated statement of cash flows.

In November 2016, the FASB issued ASU No. 2016-18 "*Statement of Cash Flows (Topic 230) - Restricted Cash*" (ASU 2016-18). ASU 2016-18 states that a statement of cash flows should explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. ASU 2016-18 is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period, and all updates should be applied using a retrospective transition method. The Company is currently evaluating the impact of ASU 2016-18 on the Company's consolidated statement of cash flows.

Recently Adopted Accounting Pronouncements

In July 2015, the FASB issued ASU No. 2015-11, "*Simplifying the Measurement of Inventory*" (ASU 2015-11). ASU 2015-11 states that an entity should measure inventory at the lower of cost or net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. For public entities, ASU 2015-11 is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. The Company adopted ASU 2015-11 on January 1, 2017 and the adoption did not impact the Company's consolidated results of operations and financial position.

In March 2016, the FASB issued ASU No. 2016-09 *"Improvements to Employee Share-Based Payment Accounting"* (ASU 2016-09). ASU 2016-09 changes how companies account for certain aspects of share-based payments to employees including: (a) requiring all income tax effects of awards to be recognized in the income statement, rather than in additional paid in capital, when the awards vest or are settled, (b) eliminating the requirement that excess tax benefits be realized before companies can recognize them, (c) requiring companies to present excess tax benefits as an operating activity on the statement of cash flows rather than as a financing activity, (d) increasing the amount an employer can withhold to cover income taxes on awards and still qualify for the exception to liability classification for shares used to satisfy the employer's statutory income tax withholding obligation, (e) requiring an employer to classify the cash paid to a tax authority when shares are withheld to satisfy its statutory income tax withholding obligation as a financing activity on its statement of cash flows and (f) electing whether to account for forfeitures of share-based payments by (1) recognizing forfeitures of awards as they occur or (2) estimating the number of awards expected to be forfeited and adjusting the estimate when it is likely to change, as is currently required. ASU 2016-09 is effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. The Company adopted the new guidance on January 1, 2017 on a prospective basis, except for the provision requiring companies to present excess tax benefits as an operating activity on the statement of cash flows rather than as a financing activity, which was adopted retrospectively. As a result of the adoption, during the three months ended March 31, 2017, the Company recognized $4.4 million of tax expense in its Condensed Consolidated Statement of Operations that would have been recorded as additional paid-in capital prior to adoption. In addition, the Company retrospectively adjusted its statement of cash flows for the three months ended March 31, 2016 to present an inflow of $4.1 million related to excess tax benefits as an operating activity, rather than as a financing activity. The adoption of ASU 2016-09 did not impact beginning retained earnings and the Company will continue to estimate forfeitures to determine the amount of compensation cost to be recognized in each period. None of the other provisions in this amended guidance had a significant impact on the Company's consolidated financial statements.

In October 2016, the FASB issued ASU No. 2016-16 "*Intra-Entity Transfers of Assets Other Than Inventory*" (ASU 2016-16). ASU 2016-16 states that an entity should recognize the income tax consequences when an intra-entity transfer of an asset other than inventory occurs. ASU 2016-16 is effective for fiscal years beginning after December 15, 2017 and interim periods within those fiscal years. Early adoption is permitted as long as it is adopted in the first interim period of a fiscal year beginning after December 15, 2016. The Company early adopted ASU 2016-16 on January 1, 2017, resulting in the elimination of previously recorded deferred charges that were established in 2016. Specifically, the Company eliminated a $24.1 million current deferred charge and a $348.8 million non-current deferred charge that were reflected in our Condensed Consolidated Balance Sheet at December 31, 2016 as Prepaid expenses and other current assets and Other assets, respectively. The eliminations of these deferred charges were recorded as adjustments to retained earnings as of January 1, 2017. On adoption, the Company also recorded net deferred tax assets, primarily related to certain intangibles and tax deductible goodwill, of $479.7 million, fully offset by a corresponding valuation allowance.

In January 2017, the FASB issued ASU No. 2017-01 *"Business Combinations (Topic 805) - Clarifying the Definition of a Business"* (ASU 2017-01). ASU 2017-01 clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The amendments in this update provide a screen to determine when an integrated set of assets and activities (collectively referred to as a "set"), is not a business. The screen requires that when substantially all of the fair value of the gross assets acquired (or disposed of) is concentrated in a single identifiable asset or a group of similar identifiable assets, the set is not a business. This screen reduces the number of transactions that need to be further evaluated. ASU 2017-01 is effective for annual periods beginning after December 15, 2017, including interim periods within those periods. The amendments in this update should be applied prospectively on or after the effective date. Early application of the amendments in this update is allowed. The Company adopted this new standard on January 1, 2017.

In January 2017, the FASB issued ASU No. 2017-04 *"Intangibles - Goodwill and Other (Topic 350): Simplifying the Accounting for Goodwill Impairment"* (ASU 2017-04). ASU 2017-04 simplifies the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test. In computing the implied fair value of goodwill under Step 2, an entity had to perform procedures to determine the fair value at the impairment testing date of its assets and liabilities (including unrecognized assets and liabilities) following the procedure that would be required in determining the fair value of assets acquired and liabilities assumed in a business combination. Instead, under ASU 2017-04, an entity should perform its annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. Additionally, an entity should consider the income tax effects of any tax deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment loss, if applicable. ASU 2017-04 is effective for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019 and an entity should apply the amendments of ASU 2017-04 on a prospective basis. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company adopted this standard on January 1, 2017.

NOTE 3. DISCONTINUED OPERATIONS AND ASSETS AND LIABILITIES HELD FOR SALE

American Medical Systems

On February 24, 2015, the Company's Board of Directors (Board of Directors) approved a plan to sell the Company's American Medical Systems Holdings, Inc. (AMS) business. The AMS business included the Men's Health and Prostate Health businesses, which were sold to Boston Scientific Corporation on August 3, 2015, as well as the Women's Health business (referred to herein as Astora). On February 24, 2016, the Company's Board of Directors resolved to wind-down the remaining Astora business as it did not align with the Company's strategic direction and to reduce Astora's exposure to the mesh-related product liability. Astora ceased business operations on March 31, 2016.

The operating results of this business are reported as Discontinued operations, net of tax in the Condensed Consolidated Statements of Operations for all periods presented.

The following table provides the operating results of AMS Discontinued operations, net of tax for the three months ended March 31, 2017 and 2016 (in thousands):

	Three Months Ended March 31,	
	2017	2016
Revenue	$ —	$ 28,851
Litigation related and other contingencies, net	$ 210	$ 2,450
Asset impairment charges	$ —	$ 21,179
Income (loss) from discontinued operations before income taxes	$ (12,897)	$ (68,832)
Income tax benefit	$ (4,492)	$ (23,724)
Discontinued operations, net of tax	$ (8,405)	$ (45,108)

The cash flows from discontinued operating activities related to AMS included the impact of net losses of $8.4 million and $45.1 million for the three months ended March 31, 2017 and 2016, respectively, and the impact of cash activity related to vaginal mesh cases, which is further described in Note 11. Commitments and Contingencies. Net cash used in discontinued investing activities related to AMS consisted of purchases of property, plant and equipment of $0.1 million for the three months ended March 31, 2016, with no comparable amount during the three months ended March 31, 2017. There was no depreciation or amortization during the three months ended March 31, 2017 or 2016 related to AMS.

Astora Restructuring

The Astora wind-down process included a restructuring initiative implemented during the three months ended March 31, 2016, which included a reduction of the Astora workforce consisting of approximately 250 employees.

The Company did not incur any pre-tax charges during the three months ended March 31, 2017 as a result of the Astora restructuring initiative. The Company incurred expenses of $60.7 million during the three months ended March 31, 2016, consisting of employee separation and other benefit-related costs, asset impairment charges, contract termination charges and other general restructuring costs. The Company anticipates there will be no significant additional pre-tax restructuring expenses related to this initiative. The majority of these actions were completed as of September 30, 2016 and substantially all cash payments will be made by June 30, 2017. These restructuring costs are included in Discontinued operations in the Condensed Consolidated Statements of Operations.

A summary of expenses related to the Astora restructuring initiative is included below for the three months ended March 31, 2016 (in thousands):

	Three Months Ended March 31, 2016
Employee separation, retention and other benefit-related costs	$ 16,149
Asset impairment charges	21,179
Contract termination charges	10,224
Other wind down costs	13,121
Total	$ 60,673

The liability related to the Astora restructuring initiative is included in Accounts payable and accrued expenses in the Condensed Consolidated Balance Sheets. Changes to this liability during the three months ended March 31, 2017 were as follows (in thousands):

	Employee Separation and Other Benefit-Related Costs	Contract Termination Charges	Total
Liability balance as of January 1, 2017	$ 3,855	$ 1,661	$ 5,516
Cash distributions	(2,045)	(143)	(2,188)
Liability balance as of March 31, 2017	$ 1,810	$ 1,518	$ 3,328

Litha

During the fourth quarter of 2016, the Company initiated a process to sell its Litha Healthcare Group Limited and related Sub-Sahara African business assets (Litha) and, on February 27, 2017, the Company entered into a definitive agreement to sell Litha to Acino Pharma AG for up to $100 million in cash. The assets and liabilities of Litha are classified as held for sale in the Condensed Consolidated Balance Sheets as of March 31, 2017 and December 31, 2016.

The following table provides the components of Assets and Liabilities held for sale of Litha as of March 31, 2017 and December 31, 2016 (in thousands):

	March 31, 2017	December 31, 2016
Current assets	$ 66,764	$ 50,167
Property, plant and equipment	3,515	3,527
Other intangibles, net	30,594	29,950
Other assets	11,987	11,343
Assets held for sale	$ 112,860	$ 94,987
Current liabilities	$ 31,386	$ 18,642
Deferred taxes	—	—
Other liabilities	5,763	5,696
Liabilities held for sale	$ 37,149	$ 24,338

Given that the sale of Litha does not represent a strategic shift in the Company's business, the Company has not classified the operations of this business as discontinued.

NOTE 4. RESTRUCTURING

2016 U.S. Generic Pharmaceuticals Restructuring

As part of the ongoing U.S. Generic Pharmaceuticals integration efforts initiated in connection with the acquisition of Par Pharmaceutical Holdings Inc. in September 2015, the Company announced a restructuring initiative in May 2016 to optimize its product portfolio and rationalize its manufacturing sites to expand product margins (the 2016 U.S. Generic Pharmaceuticals restructuring initiative). These measures included certain cost savings initiatives, including a reduction in headcount and the disposal of our Charlotte, North Carolina manufacturing facility (the Charlotte facility). On October 31, 2016, we entered into a definitive agreement to sell the Charlotte facility for proceeds of $14 million. The transaction closed in January 2017. The assets of the Charlotte facility were classified as held for sale in the accompanying Condensed Consolidated Balance Sheet as of December 31, 2016.

As a result of the 2016 U.S. Generic Pharmaceuticals restructuring initiative, the Company incurred charges of $1.6 million and $127.2 million during the three months ended March 31, 2017 and 2016, respectively. The charges incurred during the three months ended March 31, 2017 related primarily to employee separation and other benefit-related costs. The charges incurred during the three months ended March 31, 2016 consisted of certain intangible asset impairment charges of $100.3 million and charges to increase excess inventory reserves of $26.9 million. These charges are included in the U.S. Generic Pharmaceuticals segment and are included in Asset impairment charges, Cost of revenues and Selling, general and administrative expenses in the Condensed Consolidated Statements of Operations. The Company expects to incur additional restructuring-related expenses of approximately $0.3 million related to employee separation and other benefit-related costs. The Company anticipates these actions will be completed by September 2017, with substantially all cash payments made by the end of 2017. Under this restructuring initiative, separation costs are expensed ratably over the requisite service period, as applicable.

The liability related to the 2016 U.S. Generic Pharmaceuticals restructuring initiative is included in Accounts payable and accrued expenses in the Condensed Consolidated Balance Sheets and is entirely related to employee separation and other benefit-related costs. Changes to this liability during the three months ended March 31, 2017 were as follows (in thousands):

	Total
Liability balance as of January 1, 2017	$ 9,939
Expenses	1,598
Cash distributions	(7,202)
Liability balance as of March 31, 2017	$ 4,335

2016 U.S. Branded Pharmaceutical Restructuring

In December 2016, the Company announced that it was terminating its worldwide license and development agreement with BioDelivery Sciences International, Inc. (BDSI) for BELBUCA™ and returning the product to BDSI. This termination was completed on January 6, 2017. As a result of this announcement and a comprehensive assessment of its product portfolio, the Company restructured its U.S. Branded Pharmaceuticals segment sales organization during the fourth quarter of 2016 (the 2016 U.S. Branded restructuring initiative), which included the elimination of an approximate 375-member U.S. Branded Pharmaceuticals pain field sales force and the termination of certain contracts.

The Company did not incur any pre-tax charges during the three months ended March 31, 2017 or 2016 as a result of the 2016 U.S. Branded restructuring initiative. Actions related to this initiative were completed by December 31, 2016 and substantially all of the cash payments are anticipated to be made by the end of 2017. The Company does not expect to incur any additional material pre-tax restructuring expenses related to this initiative.

The liability related to the 2016 U.S. Branded Pharmaceutical restructuring initiative is included in Accounts payable and accrued expenses in the Condensed Consolidated Balance Sheets. Changes to this liability during the three months ended March 31, 2017 were as follows (in thousands):

	Employee Separation and Other Benefit-Related Costs	Contract Termination Charges	Total
Liability balance as of December 31, 2016	$ 16,544	$ 5,224	$ 21,768
Cash distributions	(10,326)	(4,470)	(14,796)
Liability balance as of March 31, 2017	$ 6,218	$ 754	$ 6,972

January 2017 Restructuring

On January 26, 2017, the Company announced a restructuring initiative implemented as part of its ongoing organizational review (the January 2017 restructuring initiative). This restructuring is intended to further integrate, streamline and optimize the Company's operations by aligning certain corporate and R&D functions with its recently restructured U.S. Generics Pharmaceutical and U.S. Branded Pharmaceutical business units in order to create efficiencies and cost savings. As part of this restructuring, the Company undertook certain cost reduction initiatives, including a reduction of approximately 90 positions of its workforce, primarily related to corporate and U.S. Branded Pharmaceutical R&D functions in Malvern, PA and Chestnut Ridge, NY, a streamlining of general and administrative expenses, an optimization of commercial spend and a refocusing of research and development efforts.

As a result of the January 2017 restructuring initiative, the Company incurred total pre-tax charges of approximately $15.5 million during the three months ended March 31, 2017 related to employee separation and other benefit-related costs. Of the total charges incurred, $6.9 million is included in the U.S. Branded Pharmaceuticals segment, $5.2 million is included in Corporate unallocated costs and $3.4 million is included in the U.S. Generic Pharmaceuticals segment. These charges are included in Selling, general and administrative expenses in the Condensed Consolidated Statements of Operations. The Company does not expect to incur additional material pre-tax restructuring-related expenses. Substantially all cash payments are anticipated to be made by the end of 2017 and substantially all of the actions associated with this restructuring were completed by the end of April 2017.

The liability related to the January 2017 restructuring initiative is included in Accounts payable and accrued expenses in the Condensed Consolidated Balance Sheets and is entirely related to employee separation and other benefit-related costs. Changes to this liability during the three months ended March 31, 2017 were as follows (in thousands):

	Total
Liability balance as of January 1, 2017	$ —
Expenses	15,456
Cash distributions	(585)
Liability balance as of March 31, 2017	$ 14,871

NOTE 5. SEGMENT RESULTS

The three reportable business segments in which the Company operates are: (1) U.S. Generic Pharmaceuticals, (2) U.S. Branded Pharmaceuticals and (3) International Pharmaceuticals. These segments reflect the level at which the chief operating decision maker regularly reviews financial information to assess performance and to make decisions about resources to be allocated. Each segment derives revenue from the sales or licensing of its respective products and is discussed in more detail below.

We evaluate segment performance based on each segment's adjusted income from continuing operations before income tax, which we define as loss from continuing operations before income tax and before certain upfront and milestone payments to partners; acquisition-related and integration items, including transaction costs, earn-out payments or adjustments, changes in the fair value of contingent consideration and bridge financing costs; cost reduction and integration-related initiatives such as separation benefits, retention payments, other exit costs and certain costs associated with integrating an acquired company's operations; excess costs that will be eliminated pursuant to integration plans; asset impairment charges; amortization of intangible assets; inventory step-up recorded as part of our acquisitions; certain non-cash interest expense; litigation-related and other contingent matters; gains or losses from early termination of debt; foreign currency gains or losses on intercompany financing arrangements; and certain other items.

Certain of the corporate general and administrative expenses incurred by the Company are not attributable to any specific segment. Accordingly, these costs are not allocated to any of the Company's segments and are included in the results below as "Corporate unallocated costs." Interest income and expense are also considered corporate items and not allocated to any of the Company's segments. The Company's consolidated adjusted income from continuing operations before income tax is equal to the combined results of each of its segments less these unallocated corporate items.

The following represents selected information for the Company's reportable segments for the three months ended March 31, 2017 and 2016 (in thousands):

	Three Months Ended March 31,	
	2017	2016
Net revenues to external customers:		
U.S. Generic Pharmaceuticals	$ 721,983	$ 583,390
U.S. Branded Pharmaceuticals	250,159	308,813
International Pharmaceuticals (1)	65,458	71,336
Total net revenues to external customers	$ 1,037,600	$ 963,539
Adjusted income from continuing operations before income tax:		
U.S. Generic Pharmaceuticals	$ 341,599	$ 211,768
U.S. Branded Pharmaceuticals	129,492	168,781
International Pharmaceuticals	14,882	21,754
Total segment adjusted income from continuing operations before income tax	$ 485,973	$ 402,303

(1) Revenues generated by our International Pharmaceuticals segment are primarily attributable to Canada, Latin America and South Africa.

There were no material revenues from external customers attributed to an individual country outside of the United States during the three months ended March 31, 2017 and 2016. There were no material tangible long-lived assets in an individual foreign country as of March 31, 2017 or December 31, 2016.

The table below provides reconciliations of our consolidated loss from continuing operations before income tax, which is determined in accordance with U.S. GAAP, to our total segment adjusted income from continuing operations before income tax for the three months ended March 31, 2017 and 2016 (in thousands):

	Three Months Ended March 31,	
	2017	2016
Total consolidated loss from continuing operations before income tax	$ (177,351)	$ (207,478)
Interest expense, net	111,999	116,793
Corporate unallocated costs (1)	47,468	36,280
Amortization of intangible assets	263,134	211,669
Inventory step-up and certain manufacturing costs that will be eliminated pursuant to integration plans	115	68,476
Upfront and milestone payments to partners	3,095	1,417
Separation benefits and other cost reduction initiatives (2)	22,670	38,456
Impact of VOLTAREN® Gel generic competition	—	(7,750)
Certain litigation-related charges, net (3)	936	5,200
Asset impairment charges (4)	203,962	129,625
Acquisition-related and integration items (5)	10,880	12,554
Foreign currency impact related to the remeasurement of intercompany debt instruments	(2,694)	1,255
Other, net	1,759	(4,194)
Total segment adjusted income from continuing operations before income tax	$ 485,973	$ 402,303

(1) Corporate unallocated costs include certain corporate overhead costs, such as headcount and facility expenses and certain other income and expenses.
(2) Separation benefits and other cost reduction initiatives include employee separation costs of $20.8 million and $6.8 million for the three months ended March 31, 2017 and 2016, respectively. During the three months ended March 31, 2017, there were other restructuring costs of $1.9 million. Other amounts in the comparable 2016 period primarily consist of $26.9 million of inventory write-offs and $4.4 million of other restructuring costs. These amounts were primarily recorded as Cost of revenues and Selling, general and administrative expense in our Condensed Consolidated Statements of Operations. See Note 4. Restructuring for discussion of our material restructuring initiatives.

(3) These amounts include charges for Litigation-related and other contingencies, net as further described in Note 11. Commitments and Contingencies.
(4) Asset impairment charges primarily relate to charges to write down goodwill and intangible assets as further described in Note 8. Goodwill and Other Intangibles.
(5) Acquisition-related and integration items include costs directly associated with previous acquisitions of $4.7 million and $23.2 million for three months ended March 31, 2017 and 2016, respectively. In addition, during the three months ended March 31, 2017, there was a charge due to changes in fair value of contingent consideration of $6.2 million. During the three months ended March 31, 2016, there was a benefit due to changes in the fair value of contingent consideration of $10.7 million.

Asset information is not reviewed or included within our internal management reporting. Therefore, the Company has not disclosed asset information for each reportable segment.

NOTE 6. FAIR VALUE MEASUREMENTS

Financial Instruments

The financial instruments recorded in our Condensed Consolidated Balance Sheets include cash and cash equivalents (including money market funds and time deposits), restricted cash and cash equivalents, accounts receivable, marketable securities, equity and cost method investments, accounts payable and accrued expenses, acquisition-related contingent consideration and debt obligations. Included in cash and cash equivalents and restricted cash and cash equivalents are money market funds representing a type of mutual fund required by law to invest in low-risk securities (for example, U.S. government bonds, U.S. Treasury Bills and commercial paper). Money market funds pay dividends that generally reflect short-term interest rates. Due to their short-term maturity, the carrying amounts of non-restricted and restricted cash and cash equivalents (including money market funds and time deposits), accounts receivable, accounts payable and accrued expenses approximate their fair values.

Fair value guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Marketable Securities

Equity securities consist of investments in the stock of publicly traded companies, the values of which are based on quoted market prices and thus represent Level 1 measurements within the above-defined fair value hierarchy. These securities are not held to support current operations and are therefore classified as non-current assets. Equity securities are included in Marketable securities in our Condensed Consolidated Balance Sheets at March 31, 2017 and December 31, 2016.

At the time of purchase, we classify our marketable securities as either available-for-sale securities or trading securities, depending on our intent at that time. Available-for-sale and trading securities are carried at fair value with unrealized holding gains and losses recorded within other comprehensive income or net income, respectively. The Company reviews any unrealized losses associated with available-for-sale securities to determine the classification as a “temporary” or “other-than-temporary” impairment. A temporary impairment results in an unrealized loss being recorded in other comprehensive income. An impairment that is viewed as other-than-temporary is recognized in net income. The Company considers various factors in determining the classification, including the length of time and extent to which the fair value has been less than the Company’s cost basis, the financial condition and near-term prospects of the issuer or investee, and the Company’s ability to hold the investment for a period of time sufficient to allow for any anticipated recovery in market value.

Acquisition-Related Contingent Consideration

The fair value of contingent consideration liabilities is determined using unobservable inputs; hence these instruments represent Level 3 measurements within the above-defined fair value hierarchy. These inputs include the estimated amount and timing of projected cash flows, the probability of success (achievement of the contingent event) and the risk-adjusted discount rate used to present value the probability-weighted cash flows. Subsequent to the acquisition date, at each reporting period, the contingent consideration liability is remeasured at current fair value with changes recorded in earnings. Changes in any of the inputs may result in a significant adjustment to fair value. See Recurring Fair Value Measurements below for additional information on acquisition-related contingent consideration.

Recurring Fair Value Measurements

The Company's financial assets and liabilities measured at fair value on a recurring basis at March 31, 2017 and December 31, 2016 were as follows (in thousands):

	Fair Value Measurements at Reporting Date using:			
March 31, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Money market funds	$ 92,639	$ —	$ —	$ 92,639
Time deposits	—	200,202	—	200,202
Equity securities	1,723	—	—	1,723
Total	$ 94,362	$ 200,202	$ —	$ 294,564
Liabilities:				
Acquisition-related contingent consideration—short-term	$ —	$ —	$ 98,164	$ 98,164
Acquisition-related contingent consideration—long-term	—	—	136,227	136,227
Total	$ —	$ —	$ 234,391	$ 234,391

At March 31, 2017, money market funds include $17.6 million in Qualified Settlement Funds to be disbursed to mesh-related product liability claimants. See Note 11. Commitments and Contingencies for further discussion of our product liability cases.

	Fair Value Measurements at Reporting Date using:			
December 31, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Money market funds	$ 26,210	$ —	$ —	$ 26,210
Time deposits	—	100,000	—	100,000
Equity securities	2,267	—	—	2,267
Total	$ 28,477	$ 100,000	$ —	$ 128,477
Liabilities:				
Acquisition-related contingent consideration—short-term	$ —	$ —	$ 109,373	$ 109,373
Acquisition-related contingent consideration—long-term	—	—	152,740	152,740
Total	$ —	$ —	$ 262,113	$ 262,113

At December 31, 2016, money market funds include $26.2 million in Qualified Settlement Funds to be disbursed to mesh-related product liability claimants. See Note 11. Commitments and Contingencies for further discussion of our product liability cases.

Fair Value Measurements Using Significant Unobservable Inputs

The following table presents changes to the Company's liability for acquisition-related contingent consideration, which was measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three months ended March 31, 2017 and 2016 (in thousands):

	Three Months Ended March 31,	
	2017	2016
Beginning of period	$ 262,113	$ 143,502
Amounts settled	(34,091)	(9,474)
Changes in fair value recorded in earnings	6,184	(10,688)
Effect of currency translation	185	1,171
End of period	$ 234,391	$ 124,511

The fair value measurement of the contingent consideration obligations was determined using risk-adjusted discount rates ranging from 3% to 22%. Changes in fair value recorded in earnings related to acquisition-related contingent consideration are included in our Condensed Consolidated Statements of Operations as Acquisition-related and integration items, and amounts recorded for the short-term and long-term portions of acquisition-related contingent consideration are included in Accounts payable and accrued expenses and Other liabilities, respectively, in our Condensed Consolidated Balance Sheets.

The following table presents changes to the Company's liability for acquisition-related contingent consideration during the three months ended March 31, 2017 by acquisition (in thousands):

	Balance as of December 31, 2016	Acquisitions	Fair Value Adjustments and Accretion	Payments and Other	Balance as of March 31, 2017
Auxilium acquisition	$ 21,097	$ —	$ (2,078)	$ (2,042)	$ 16,977
Lehigh Valley Technologies, Inc. acquisitions	96,000	—	11,486	(20,786)	86,700
VOLTAREN® Gel acquisition	118,395	—	(476)	(10,128)	107,791
Other	26,621	—	(2,748)	(950)	22,923
Total	$ 262,113	$ —	$ 6,184	$ (33,906)	$ 234,391

The following is a summary of available-for-sale securities held by the Company at March 31, 2017 and December 31, 2016 (in thousands):

	Available-for-sale			
March 31, 2017	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
Money market funds	$ 92,639	$ —	$ —	$ 92,639
Total included in cash and cash equivalents	$ 75,012	$ —	$ —	$ 75,012
Total included in restricted cash and cash equivalents	$ 17,627	$ —	$ —	$ 17,627
Equity securities	$ 1,766	$ —	$ (43)	$ 1,723
Long-term available-for-sale securities	$ 1,766	$ —	$ (43)	$ 1,723

	Available-for-sale			
December 31, 2016	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
Money market funds	$ 26,210	$ —	$ —	$ 26,210
Total included in cash and cash equivalents	$ —	$ —	$ —	$ —
Total included in restricted cash and cash equivalents	$ 26,210	$ —	$ —	$ 26,210
Equity securities	$ 1,766	$ 501	$ —	$ 2,267
Long-term available-for-sale securities	$ 1,766	$ 501	$ —	$ 2,267

Nonrecurring Fair Value Measurements

The Company's financial assets and liabilities measured at fair value on a nonrecurring basis as of March 31, 2017 were as follows (in thousands):

	Fair Value Measurements at Reporting Date using:			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Expense for the Three Months Ended March 31, 2017
Assets:				
Certain U.S. Generic Pharmaceuticals intangible assets (Note 8)	—	—	27,992	(72,700)
Certain International Pharmaceuticals intangible assets (Note 8)	—	—	—	(46,206)
Paladin reporting unit goodwill (Note 8)	—	—	84,881	(82,602)
Certain property, plant and equipment	—	—	—	(2,454)
Total	$ —	$ —	$ 112,873	$ (203,962)

NOTE 7. INVENTORIES

Inventories consist of the following at March 31, 2017 and December 31, 2016 (in thousands):

	March 31, 2017	December 31, 2016
Raw materials (1)	$ 159,613	$ 175,240
Work-in-process (1)	112,534	100,494
Finished goods (1)	276,991	279,937
Total	$ 549,138	$ 555,671

(1) The components of inventory shown in the table above are net of allowance for obsolescence.

Inventory that is in excess of the amount expected to be sold within one year, which relates primarily to XIAFLEX® inventory, is classified as long-term inventory and is not included in the table above. At March 31, 2017 and December 31, 2016, $25.1 million and $22.9 million, respectively, of long-term inventory was included in Other assets in the Condensed Consolidated Balance Sheets. As of March 31, 2017 and December 31, 2016, the Company's Condensed Consolidated Balance Sheets included approximately $12.3 million and $16.8 million, respectively, of capitalized pre-launch inventories related to generic products that were not yet available to be sold.

NOTE 8. GOODWILL AND OTHER INTANGIBLES

Goodwill

Changes in the carrying amount of our goodwill for the three months ended March 31, 2017 were as follows (in thousands):

	Carrying Amount			
	U.S. Generic Pharmaceuticals	U.S. Branded Pharmaceuticals	International Pharmaceuticals	Total
Goodwill as of December 31, 2016	$ 3,531,301	$ 1,009,248	$ 188,846	$ 4,729,395
Effect of currency translation on gross balance	—	—	10,448	10,448
Effect of currency translation on accumulated impairment	—	—	(6,914)	(6,914)
Goodwill impairment charges	—	—	(82,602)	(82,602)
Goodwill as of March 31, 2017	$ 3,531,301	$ 1,009,248	$ 109,778	$ 4,650,327

The carrying amount of goodwill at March 31, 2017 and December 31, 2016 is net of the following accumulated impairments:

	Accumulated Impairment			
	U.S. Generic Pharmaceuticals	U.S. Branded Pharmaceuticals	International Pharmaceuticals	Total
Accumulated impairment losses as of December 31, 2016	$ 2,342,549	$ 675,380	$ 408,280	$ 3,426,209
Accumulated impairment losses as of March 31, 2017	$ 2,342,549	$ 675,380	$ 497,796	$ 3,515,725

Other Intangible Assets

The following is a summary of other intangible assets held by the Company at March 31, 2017 and December 31, 2016 (in thousands):

Cost basis:	**Balance as of December 31, 2016**	**Acquisitions**	**Impairments (1)**	**Other (2)**	**Effect of Currency Translation (1)**	**Balance as of March 31, 2017**
Indefinite-lived intangibles:						
In-process research and development	$ 1,123,581	$ —	$ (45,489)	$ (128,600)	$ 209	$ 949,701
Total indefinite-lived intangibles	$ 1,123,581	$ —	$ (45,489)	$ (128,600)	$ 209	$ 949,701
Finite-lived intangibles:						
Licenses (weighted average life of 12 years)	$ 465,720	$ —	$ —	$ —	$ —	$ 465,720
Tradenames (weighted average life of 12 years)	7,345	—	—	—	101	7,446
Developed technology (weighted average life of 11 years)	6,223,004	—	(73,417)	128,600	13,745	6,291,932
Total finite-lived intangibles (weighted average life of 11 years)	$ 6,696,069	$ —	$ (73,417)	$ 128,600	$ 13,846	$ 6,765,098
Total other intangibles	$ 7,819,650	$ —	$ (118,906)	$ —	$ 14,055	$ 7,714,799

Accumulated amortization:	**Balance as of December 31, 2016**	**Amortization**	**Impairments**	**Other**	**Effect of Currency Translation**	**Balance as of March 31, 2017**
Finite-lived intangibles:						
Licenses	$ (341,600)	$ (7,293)	$ —	$ —	$ —	$ (348,893)
Tradenames	(6,599)	(20)	—	—	(22)	(6,641)
Developed technology	(1,612,154)	(255,821)	—	—	(3,425)	(1,871,400)
Total other intangibles	$ (1,960,353)	$ (263,134)	$ —	$ —	$ (3,447)	$ (2,226,934)
Net other intangibles	$ 5,859,297					$ 5,487,865

(1) Additional information on the changes in the total gross carrying amount of our other intangible assets is presented below (in thousands):

	Gross Carrying Amount
December 31, 2016	$ 7,819,650
Impairment of certain U.S. Generic Pharmaceuticals intangible assets	(72,700)
Impairment of certain International Pharmaceuticals intangible assets	(46,206)
Effect of currency translation	14,055
March 31, 2017	$ 7,714,799

(2) Includes reclassification adjustments of $128.6 million for certain developed technology intangible assets, previously classified as in-process research and development, that were placed in service during the three months ended March 31, 2017.

Amortization expense for the three months ended March 31, 2017 and 2016 totaled $263.1 million and $211.7 million, respectively. Estimated amortization of intangibles for the five fiscal years subsequent to December 31, 2016 is as follows (in thousands):

2017	$ 780,548
2018	$ 579,733
2019	$ 513,371
2020	$ 482,111
2021	$ 467,639

Impairments

A summary of significant goodwill and other intangible asset impairment charges by reportable segment for the three months ended March 31, 2017 and 2016 is included below.

U.S. Generic Pharmaceuticals Segment

During the three months ended March 31, 2017, the Company identified certain market conditions impacting the recoverability of developed technology intangible assets in its U.S. Generic Pharmaceuticals segment. Accordingly, we tested these assets for impairment and determined that their carrying amounts were no longer fully recoverable, resulting in pre-tax, non-cash asset impairment charges totaling $72.7 million during the first quarter of 2017.

During the three months ended March 31, 2016, the Company identified certain market and regulatory conditions impacting the recoverability of certain indefinite and finite-lived intangible assets in our U.S. Generic Pharmaceuticals segment. Accordingly, we tested these assets for impairment and determined that the carrying amount of certain of these assets was no longer fully recoverable, resulting in pre-tax, non-cash asset impairment charges of $29.3 million during the first quarter of 2016. In addition, during the first quarter of 2016, the Company recognized pre-tax, non-cash asset impairment charges of $100.3 million related to the 2016 U.S. Generic Pharmaceuticals restructuring initiative, which resulted from the discontinuation of certain commercial products and the abandonment of certain IPR&D projects. See Note 4. Restructuring for discussion of our material restructuring initiatives.

International Pharmaceuticals Segment

Pursuant to an existing agreement with a wholly owned subsidiary of Novartis AG (Novartis), Paladin licensed the Canadian rights to commercialize serelaxin, an investigational drug for the treatment of acute heart failure (AHF). In March 2017, Novartis announced that a Phase III study of serelaxin in patients with AHF failed to meet its primary endpoints. As a result, Endo has concluded that its serelaxin in-process research and development intangible asset is fully impaired resulting in a $45.5 million impairment charge for the three months ended March 31, 2017.

In addition and as a result of the serelaxin impairment, the Company assessed the recoverability of its Paladin goodwill balance and determined that the estimated fair value of the Paladin reporting unit was below its book value. Based on the provisions of ASU 2017-04, which the Company adopted as of January 1, 2017, the Company recorded a pre-tax, non-cash asset impairment charge of $82.6 million during the three months ended March 31, 2017. The Company estimated the fair value of the Paladin reporting unit using an income approach that utilizes a discounted cash flow model, which is dependent upon the Company's estimates of future cash flows and other factors. This estimate involves assumptions concerning (i) future operating performance, including future sales, long-term growth rates, operating margins, variations in the amount and timing of cash flows and the probability of achieving the estimated cash flows and (ii) future economic conditions. The underlying assumptions are based on significant inputs not observable in the market and thus represent Level 3 measurements within the fair value hierarchy. The discount rate applied to the estimated cash flows for our Paladin goodwill impairment test was 10.0%, reflecting the overall risk associated with the reporting unit and other market factors. We believe the discount rate and other inputs and assumptions are consistent with those that a market participant would use. The remaining goodwill for the Company's Paladin reporting unit was approximately $85 million as of March 31, 2017.

NOTE 9. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses are comprised of the following at March 31, 2017 and December 31, 2016 (in thousands):

	March 31, 2017	December 31, 2016
Trade accounts payable	$ 97,681	$ 126,712
Returns and allowances	321,408	332,455
Rebates	209,409	227,706
Chargebacks	26,181	33,092
Accrued interest	55,277	128,254
Accrued payroll and related benefits	83,978	115,224
Accrued royalties and other distribution partner payables	130,380	191,433
Acquisition-related contingent consideration—short-term	98,164	109,373
Other	196,800	189,835
Total	$ 1,219,278	$ 1,454,084

NOTE 10. DEBT

The following table presents the carrying amounts of the Company's total indebtedness at March 31, 2017 and December 31, 2016 (in thousands):

		March 31, 2017		December 31, 2016	
	Effective Interest Rate	Principal Amount	Carrying Amount	Principal Amount	Carrying Amount
7.25% Senior Notes due 2022	7.91%	$ 400,000	$ 389,593	$ 400,000	$ 389,150
5.75% Senior Notes due 2022	6.04%	700,000	691,710	700,000	691,339
5.375% Senior Notes due 2023	5.62%	750,000	741,054	750,000	740,733
6.00% Senior Notes due 2023	6.28%	1,635,000	1,611,053	1,635,000	1,610,280
6.00% Senior Notes due 2025	6.27%	1,200,000	1,179,701	1,200,000	1,179,203
Term Loan A Facility Due 2019	2.95%	921,250	913,352	941,875	932,824
Term Loan B Facility Due 2022	4.06%	2,765,000	2,723,653	2,772,000	2,728,919
Other debt	1.50%	55	55	55	55
Total long-term debt, net		$ 8,371,305	$ 8,250,171	$ 8,398,930	$ 8,272,503
Less current portion, net (1)		25,612	25,612	131,125	131,125
Total long-term debt, less current portion, net		$ 8,345,693	$ 8,224,559	$ 8,267,805	$ 8,141,378

(1) The current portion of long-term debt as of March 31, 2017 excludes amounts payable within the next twelve months under our existing term loan facilities because we had the intent and ability to refinance such debt on a long-term basis. The current portion of long-term debt included in the table above as of March 31, 2017 represents amounts payable in the next twelve months under the 2017 Term Loan Facility.

The senior notes are unsecured and subordinated in right of payment to our credit facility.

The total estimated fair value of the Company's total long-term debt was $7.8 billion at both March 31, 2017 and December 31, 2016.

The fair value of the Company's long-term debt is estimated using the quoted market prices for the same or similar debt issuances. Based on this valuation methodology, we determined these debt instruments represent Level 2 measurements within the fair value hierarchy.

Credit Facility

We have $996.0 million of remaining credit available through the revolving credit facilities as of March 31, 2017.

The Company's credit agreements contain affirmative and negative covenants that the Company believes to be usual and customary for a senior secured credit facility. The negative covenants include, among other things, limitations on capital expenditures, asset sales, mergers and acquisitions, indebtedness, liens, dividends, investments and transactions with the Company's affiliates. As of March 31, 2017, we were in compliance with all such covenants.

April 2017 Refinancing

On April 27, 2017, Endo International plc entered into a new credit agreement (the 2017 Credit Agreement) as parent, together with its subsidiaries Endo Luxembourg Finance Company I S.à r.l., and Endo LLC as borrowers, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent, issuing bank and swingline lender. The 2017 Credit Agreement provides for (i) a five-year revolving credit facility in a principal amount of $1,000.0 million (the 2017 Revolving Credit Facility) and (ii) a seven-year term loan facility in a principal amount of $3,415.0 million (the 2017 Term Loan Facility and, together with the 2017 Revolving Credit Facility, the 2017 Credit Facility). Any outstanding amounts borrowed pursuant to the 2017 Credit Facility will immediately mature if any of the following of our senior notes are not refinanced or repaid in full prior to the date that is 91 days prior to the stated maturity date thereof:

Instrument	Maturity Date
7.25% Senior Notes due 2022	January 15, 2022
5.75% Senior Notes due 2022	January 15, 2022
5.375% Senior Notes due 2023	January 15, 2023
6.00% Senior Notes due 2023	July 15, 2023

The obligations under the 2017 Credit Agreement are guaranteed by Endo International plc and its material subsidiaries, as defined in the 2017 Credit Agreement, and certain other subsidiaries of the Company from time to time and secured by a lien on substantially all the assets (with certain exceptions) of the borrowers and the guarantors. The 2017 Credit Agreement contains affirmative and negative covenants that the Company believes to be usual and customary for a senior secured credit facility of this type. The negative covenants include, among other things, limitations on asset sales, mergers and acquisitions, indebtedness, liens, dividends, investments and transactions with the Company's affiliates. Borrowings under the 2017 Revolving Credit Facility bear interest, at the borrower's election, at a rate equal to (i) an applicable margin between 1.50% and 3.00% plus the London Interbank Offered Rate (LIBOR) or (ii) an applicable margin between 0.50% and 2.00% plus the Alternate Base Rate (as defined in the 2017 Credit Agreement). In addition, borrowings under our 2017 Term Loan Facility bear interest, at the borrower's election, at a rate equal to (i) 4.25% plus LIBOR, subject to a LIBOR floor of 0.75%, or (ii) 3.75% plus the Alternate Base Rate, subject to an Alternate Base Rate floor of 1.75%.

Also on April 27, 2017, Endo Designated Activity Company (Endo DAC), Endo Finance LLC and Endo Finco Inc. (collectively, the Issuers) issued $300.0 million in aggregate principal amount of 5.875% senior secured notes due 2024 (the 2024 Notes). The 2024 Notes were issued in a private offering for resale to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) and outside the United States to non-U.S. persons in compliance with Regulation S under the Securities Act. The 2024 Notes are senior secured obligations of the Issuers and are: (i) guaranteed by Endo International plc and its subsidiaries that also guarantee the 2017 Credit Agreement and certain other material indebtedness and (ii) secured by a lien on the same collateral that secures the 2017 Credit Agreement. Interest on the 2024 Notes is payable semiannually in arrears on April 15 and October 15 of each year, beginning on October 15, 2017. The 2024 Notes will mature on October 15, 2024, subject to earlier repurchase or redemption in accordance with the terms of the 2024 Notes indenture. On or after April 15, 2020, the Issuers may on any one or more occasions redeem all or a part of the 2024 Notes, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest and additional interest, if any, on the notes redeemed if such notes are redeemed during the twelve-month period beginning on April 15 of the years indicated below:

Year	Percentage
2020	102.938%
2021	101.469%
2022 and thereafter	100.000%

At any time prior to April 15, 2020, the Issuers may on any one or more occasions redeem all or a part of the 2024 Notes at a redemption price equal to 100% of the principal amount of the notes redeemed, plus the applicable make-whole premium as defined in the 2024 Notes indenture, plus accrued and unpaid interest and additional interest, if any. In addition, prior to April 15, 2020, the Issuers may, subject to certain restrictions and limitations, redeem up to 35% of the aggregate principal amount of the 2024 Notes with the net cash proceeds from specified equity offerings at a redemption price equal to 105.875% of the aggregate principal amount of the 2024 Notes redeemed, plus accrued and unpaid interest and additional interest, if any. If the Company experiences certain changes of control events, the Issuers must offer to repurchase the 2024 Notes at 101% of their principal amount, plus accrued and unpaid interest and additional interest, if any. The 2024 Notes indenture contains covenants that, among other things, restrict the Company's ability and the ability of its restricted subsidiaries to incur certain additional indebtedness and issue preferred stock, make certain dividends, distributions, investments and restricted payments, sell certain assets, enter into sale and leaseback transactions, agree to payment restrictions on the ability of restricted subsidiaries to make certain payments to Endo International plc or any of its restricted subsidiaries, create certain liens, merge, consolidate or sell all or substantially all of the Company's assets, enter into certain transactions with affiliates or designate subsidiaries as unrestricted subsidiaries. These covenants are subject to a number of exceptions and qualifications, including the fall away or revision of certain of these covenants and release of the collateral upon the 2024 Notes receiving investment grade credit ratings.

The Company used the net proceeds under the 2017 Term Loan Facility, together with the net proceeds of the 2024 Notes and cash on hand, to repay all of its outstanding loans under its existing credit facilities and to pay related fees and expenses. We intend to use the proceeds of the 2017 Revolving Credit Facility from time to time for general corporate purposes.

Maturities

The following table presents, subsequent to the closing of the April 2017 Refinancing, the maturities on our long-term debt for each of the five fiscal years subsequent to December 31, 2016 (in thousands):

	Maturities (1)
2017 (2)	$ 44,700
2018	$ 34,150
2019	$ 34,150
2020	$ 34,150
2021	$ 34,150

(1) Any outstanding amounts borrowed pursuant to the 2017 Credit Facility will immediately mature if certain of our senior notes (enumerated above under the heading "April 2017 Refinancing") are not refinanced or repaid in full prior to the date that is 91 days prior to the respective stated maturity dates thereof. Accordingly, we may be required to repay or refinance senior notes with an aggregate principal amount of $1,100.0 million in 2021, despite such notes having stated maturities in 2022. The amounts in this maturities table do not reflect any such early payment; rather, they reflect stated maturity dates.

(2) Includes payments related to: (i) our existing credit facilities prior to the April 2017 Refinancing and (ii) our 2017 Term Loan Facility thereafter.

NOTE 11. COMMITMENTS AND CONTINGENCIES

Legal Proceedings and Investigations

We and certain of our subsidiaries are involved in various claims, legal proceedings, internal and governmental investigations (collectively, proceedings) that arise from time to time in the ordinary course of our business, including, among others, those relating to product liability, intellectual property, regulatory compliance and commercial matters. While we cannot predict the outcome of these proceedings and we intend to defend vigorously our position, an adverse outcome in any of these proceedings could have a material adverse effect on our current and future financial position, results of operations and cash flows. Matters that are not being disclosed herein are, in the opinion of our management, immaterial both individually and in the aggregate with respect to our financial position, results of operations and cash flows. If and when such matters, in the opinion of our management, become material either individually or in the aggregate, we will disclose such matters.

As of March 31, 2017, our reserve for loss contingencies totaled $758.7 million, of which $714.4 million relates to our product liability accrual for vaginal mesh cases. Although we believe there is a reasonable possibility that a loss in excess of the amount recognized exists, we are unable to estimate the possible loss or range of loss in excess of the amount recognized at this time.

Product Liability

We and certain of our subsidiaries have been named as defendants in numerous lawsuits in various U.S. federal and state courts, as well as in Canada and other countries, alleging personal injury resulting from the use of certain products of our subsidiaries. These matters are described below in more detail.

We believe that certain settlements and judgments, as well as legal defense costs, relating to certain product liability matters are or may be covered in whole or in part under our product liability insurance policies with a number of insurance carriers. In certain circumstances, insurance carriers reserve their rights to contest or deny coverage. We intend to contest vigorously any and all such disputes with our insurance carriers and to enforce our rights under the terms of our insurance policies. Accordingly, we will record receivables with respect to amounts due under these policies only when the resolution of any dispute has been reached and realization of the potential claim for recovery is considered probable. Amounts recovered under our product liability insurance policies will likely be less than the stated coverage limits and may not be adequate to cover damages and/or costs relating to claims. In addition, there is no guarantee that insurers will pay claims or that coverage will otherwise be available.

Vaginal Mesh Cases. In October 2008, the FDA issued a Public Health Notification (October 2008 Public Health Notification) regarding potential complications associated with transvaginal placement of surgical mesh to treat pelvic organ prolapse (POP) and stress urinary incontinence (SUI). The notification provided recommendations and encouraged physicians to seek specialized training in mesh procedures, to advise their patients about the risks associated with these procedures and to be diligent in diagnosing and reporting complications.

In July 2011, the FDA issued an update to the October 2008 Public Health Notification regarding mesh to further advise the public and the medical community of the potential complications associated with transvaginal placement of surgical mesh to treat POP and SUI. In the July 2011 update, the FDA stated that adverse events are not rare. Furthermore, the FDA questioned the relative effectiveness of transvaginal mesh as a treatment for POP as compared to non-mesh surgical repair. The July 2011 notification continued to encourage physicians to seek specialized training in mesh procedures, to consider and to advise their patients about the risks associated with these procedures and to be diligent in diagnosing and reporting complications. In January 2016, the FDA issued a statement reclassifying surgical mesh for transvaginal POP repair from Class II to Class III. Surgical mesh for SUI repair remains a Class II device.

In January 2012, the FDA ordered manufacturers of transvaginal surgical mesh used for POP and of single incision mini-slings for urinary incontinence, such as our AMS subsidiary, to conduct post-market safety studies and to monitor adverse event rates relating to the use of these products. The FDA agreed to place 16 AMS study orders on hold for a variety of reasons. AMS commenced three of these post-market study orders. However, due to the wind-down of the Astora business in 2016, AMS notified the FDA of its termination of these studies and the FDA has confirmed closure of those studies.

Since 2008, we and certain of our subsidiaries, including AMS and/or Astora, have been named as defendants in multiple lawsuits in the U.S. in various state and federal courts, including a multidistrict litigation (MDL) in the U.S. District Court for the Southern District of West Virginia (MDL No. 2325), in Canada, where various class action and individual complaints are pending, and in other countries alleging personal injury resulting from the use of transvaginal surgical mesh products designed to treat POP and SUI. Plaintiffs in these suits allege various personal injuries including chronic pain, incontinence and inability to control bowel function and permanent deformities, and seek compensatory and punitive damages, where available.

We and certain plaintiffs' counsel representing mesh-related product liability claimants have entered into various Master Settlement Agreements (MSAs) and other settlement agreements regarding settling up to approximately 49,000 filed and unfiled mesh claims handled or controlled by the participating counsel for an aggregate total of approximately $2.8 billion. These MSAs, which were executed at various times since June 2013, were entered into solely by way of compromise and settlement and are not in any way an admission of liability or fault by us or any of our subsidiaries. All MSAs are subject to a process that includes guidelines and procedures for administering the settlements and the release of funds. In certain cases, the MSAs provide for the creation of QSFs into which funds may be deposited pursuant to certain schedules set forth in those agreements. All MSAs have participation thresholds regarding the claims represented by each law firm party to the MSA. If certain participation thresholds are not met, then we will have the right to terminate the settlement with that law firm. In addition, one agreement gives us a unilateral right of approval regarding which claims may be eligible to participate under that settlement. To the extent fewer claims than are authorized under an agreement participate, the total settlement payment under that agreement will be reduced by an agreed-upon amount for each such non-participating claim. Funds deposited in QSFs are included in restricted cash and cash equivalents in the Condensed Consolidated Balance Sheets.

Distribution of funds to any individual claimant is conditioned upon the receipt of documentation substantiating the validity of the claim, a full release and a dismissal of the entire action or claim as to all AMS parties and affiliates. Prior to receiving funds, an individual claimant is required to represent and warrant that liens, assignment rights or other claims identified in the claims administration process have been or will be satisfied by the individual claimant. Confidentiality provisions apply to the amount of settlement awards to participating claimants, the claims evaluation process and procedures used in conjunction with award distributions, and the negotiations leading to the settlements.

We expect that valid claims under the MSAs will continue to be settled. However, we intend to vigorously contest pending and future claims that are invalid, for which settlement is unable to be reached or that are in excess of the maximum claim amounts under the applicable MSAs. In addition to claims covered by MSAs, we are currently aware of approximately 10,500 claims that have been filed, asserted or that we believe are likely to be asserted. These claims have not been accrued for because we lack sufficient information to determine whether any potential loss is probable. In addition, there may be other claims asserted in the future. It is currently not possible to estimate the number or validity of any such future claims.

In order to evaluate whether a claim is probable of a loss, we must obtain and evaluate certain information pertaining to each individual claim, including but not limited to the following items: the name and social security number of the plaintiff, evidence of an AMS implant, the date of implant, the date the claim was first asserted to AMS and medical records establishing the injury alleged. Without access to and review of at least this information and the opportunity to evaluate it, we are not in a position to determine a claim's validity or whether a loss is probable. Further, the timing and extent to which we obtain this information and our evaluation thereof, is often impacted by items outside of our control, including, without limitation, the normal cadence of the litigation process and the provision of claim information to us by plaintiff's counsel.

We will continue to monitor the situation, and, if appropriate, we will make further adjustments to our product liability accrual based on new information. We intend to continue exploring all options as appropriate in our best interests, and depending on developments, there is a possibility that we will suffer adverse decisions or verdicts of substantial amounts, or that we will enter into additional monetary settlements. Any unfavorable outcomes as a result of such litigation or settlements with respect to any asserted or unasserted claims could have a material adverse effect on our business, financial condition, results of operations and cash flows.

As of the date of this report, we believe that the current product liability accrual includes all known claims for which liability is probable.

The following table presents the changes in the vaginal mesh QSFs and product liability accrual balance during the three months ended March 31, 2017 (in thousands):

	Qualified Settlement Funds	Product Liability Accrual
Balance as of December 31, 2016	$ 275,987	$ 963,117
Additional charges	—	—
Cash contributions to Qualified Settlement Funds	243,344	—
Cash distributions to settle disputes from Qualified Settlement Funds	(247,530)	(247,530)
Cash distributions to settle disputes	—	(1,224)
Other	240	—
Balance as of March 31, 2017	$ 272,041	$ 714,363

The entire portion of the $714.4 million product liability accrual amount shown above is classified in the Current portion of the legal settlement accrual in the March 31, 2017 Condensed Consolidated Balance Sheets. Charges related to vaginal mesh product liability and associated legal fees and other expenses for all periods presented are reported in Discontinued operations, net of tax in our Condensed Consolidated Statements of Operations.

We expect to fund into the QSFs the payments under all current settlement agreements over the remainder of 2017. As the funds are disbursed out of the QSFs from time to time, the product liability accrual will be reduced accordingly with a corresponding reduction to restricted cash and cash equivalents. In addition, we may pay cash distributions to settle disputes separate from the QSFs, which will also decrease the product liability accrual and decrease cash and cash equivalents.

We were contacted in October 2012 regarding a civil investigation initiated by a number of state attorneys general into mesh products, including transvaginal surgical mesh products designed to treat POP and SUI. In November 2013, we received a subpoena relating to this investigation from the state of California, and we have subsequently received additional subpoenas from California and other states. We are currently cooperating with this investigation. At this time, we cannot predict or determine the outcome of this investigation or reasonably estimate the amount or range of amounts of fines or penalties, if any, that might result from a settlement or an adverse outcome from this investigation.

Testosterone Cases. We and certain of our subsidiaries, including Endo Pharmaceuticals Inc. (EPI) and Auxilium Pharmaceuticals, Inc. (subsequently converted to Auxilium Pharmaceuticals, LLC and hereinafter referred to as Auxilium), along with other pharmaceutical manufacturers, have been named as defendants in lawsuits alleging personal injury resulting from the use of prescription medications containing testosterone, including FORTESTA® Gel, DELATESTRYL®, TESTIM®, TESTOPEL®, AVEED® and STRAINT®. Plaintiffs in these suits allege various personal injuries, including pulmonary embolism, stroke and other vascular and/or cardiac injuries and seek compensatory and/or punitive damages, where available. In June 2014, an MDL was formed to include claims involving all testosterone replacement therapies filed against EPI, Auxilium, and other manufacturers of such products, and certain transferable cases pending in federal court were coordinated in the U.S. District Court for the Northern District of Illinois as part of MDL No. 2545. In addition, litigation has also been filed against EPI in the Court of Common Pleas for Philadelphia County and in certain other state courts. Litigation similar to that described above may also be brought by other plaintiffs in various jurisdictions, and we expect cases brought in federal court to be transferred to the U.S. District Court for the Northern District of Illinois as tag-along actions to MDL No. 2545. However, we cannot predict the timing or outcome of any such litigation, or whether any such additional litigation will be brought against us. We intend to contest the litigation vigorously and to explore all options as appropriate in our best interests. As of May 2, 2017, approximately 1,260 cases are currently pending against us; some of which may have been filed on behalf of multiple plaintiffs. The first MDL trial against Auxilium involving TESTIM® is set to begin in November 2017; the first trial against Auxilium in the Court of Common Pleas for Philadelphia County involving TESTIM® is set to begin in January 2018; and the first MDL trial against EPI involving FORTESTA® Gel is set to begin in September 2018.

In November 2015, the U.S. District Court for the Northern District of Illinois entered an order granting defendants' motion to dismiss claims involving certain testosterone products that were approved pursuant to ANDAs, including TESTOPEL®. Plaintiffs filed a motion for reconsideration and clarification of this order. In March 2016, the District Court granted plaintiffs' motion in part and entered an order permitting certain claims to go forward to the extent they are based on allegations of fraudulent off-label marketing.

In November 2014, a civil class action complaint was filed in the U.S. District for the Northern District of Illinois against EPI, Auxilium, and various other manufacturers of testosterone products on behalf of a proposed class of health insurance companies and other third party payors that had paid for certain testosterone products, alleging that the marketing efforts of EPI, Auxilium, and other defendant manufacturers with respect to certain testosterone products constituted racketeering activity in violation of 18 U.S.C. §1962(c), and other civil Racketeer Influenced and Corrupt Organizations Act claims. Further, the complaint alleged that EPI, Auxilium, and other defendant manufacturers violated various state consumer protection laws through their marketing of certain testosterone products and raised other state law claims. In March 2015, defendants filed a motion to dismiss the complaint and plaintiffs responded by filing amended complaints, which defendants also moved to dismiss. In February 2016, the District Court granted in part and denied in part defendants' motion to dismiss. The District Court declined to dismiss plaintiffs' claims for conspiracy to commit racketeering activity in violation of 18 U.S.C. §1962(d) and claims for negligent misrepresentation. In April 2016, plaintiffs filed a third amended complaint, which defendants moved to dismiss in June 2016. In August 2016, the court denied the motion to dismiss and we filed a response to the third amended complaint in September 2016. In October 2015, a similar civil class action complaint was filed against EPI and other defendant manufacturers in the U.S. District for the Northern District of Illinois. Similar litigation may be brought by other plaintiffs. We are unable to predict the outcome of this matter or the ultimate legal and financial liability, if any, and at this time cannot reasonably estimate the possible loss or range of loss for this matter, if any, but we intend to contest this litigation vigorously and will explore all options as appropriate in our best interests.

Unapproved Drug Litigation

In September 2013, the State of Louisiana filed a petition for damages against certain of our subsidiaries, EPI and Generics Bidco I, LLC, and over 50 other pharmaceutical companies alleging the defendants or their subsidiaries marketed products that were not approved by the FDA. See *State of Louisiana v. Abbott Laboratories, Inc., et al*., C624522 (19th Jud. Dist. La.). The State of Louisiana sought damages, fines, penalties, attorneys' fees and costs under various causes of action. In October 2015, the District Court ordered judgment for defendants on their exception for no right of action. The State of Louisiana appealed that decision and in October 2016, the Louisiana Court of Appeals, First Circuit, issued a decision affirming the dismissal as to certain counts and reversing the dismissal as to others. The State filed a petition for rehearing, which was denied by the court in December 2016. Both sides applied to Louisiana Supreme Court for a writ of certiorari to review the First Circuit's decision. Those writs were denied in March 2017.

In March 2017, the State of Mississippi filed a complaint against our subsidiary EPI in the Chancery Court for the First Judicial District of Hinds County, Mississippi, alleging that EPI marketed products that were not approved by the FDA. The State of Mississippi seeks damages, penalties, attorneys' fees, costs, and other relief under various causes of action. In April 2017, EPI removed this case to the U.S. District Court for the Southern District of Mississippi. See *State of Mississippi v. Endo Pharmaceuticals Inc.*, No. 3:17-CV-277 (S.D. Miss.).

We intend to contest the above cases vigorously and to explore other options as appropriate in our best interests. Litigation similar to that described above may also be brought by other plaintiffs in various jurisdictions. However, we cannot predict the timing or outcome of any such litigation, or whether any such litigation will be brought against us. We are unable to predict the outcome of this matter or the ultimate legal and financial liability, if any, and at this time cannot reasonably estimate the possible loss or range of loss for this matter, if any.

Opioid-Related Litigations, Subpoenas and Document Requests

In June 2014, Corporation Counsel for the City of Chicago filed suit in Illinois state court against multiple defendants, including our subsidiaries Endo Health Solutions Inc. (EHSI) and EPI, for alleged violations of city ordinances and other laws relating to defendants' alleged opioid sales and marketing practices. In June 2014, the case was removed to the U.S. District Court for the Northern District of Illinois. In December 2014, defendants moved to dismiss the amended complaint and in May 2015, the District Court issued an order granting that motion in part, dismissing the case as to EHSI and EPI. In August 2015, plaintiff filed its second amended complaint against multiple defendants, including EPI and EHSI. In November 2015, defendants moved to dismiss the second amended complaint. In September 2016, the District Court granted in part and denied in part defendants' motions to dismiss and provided plaintiff an opportunity to amend its complaint. Plaintiff filed the third amended complaint in October 2016. In December 2016, defendants moved to dismiss the re-pled claims in the third amended complaint, and filed their answers as to the claims not previously dismissed by the Court.

In May 2014, a lawsuit was filed in California Superior Court (Orange County) in the name of the People of the State of California, acting by and through County Counsel for Santa Clara County and the Orange County District Attorney, against multiple defendants, including our subsidiaries EHSI and EPI (with EPI being added as part of the first amended complaint in June 2014). The complaint asserts violations of California's statutory Unfair Competition and False Advertising laws, as well as asserting a claim for public nuisance, based on alleged misrepresentations in connection with sales and marketing of opioids, including OPANA®. Plaintiff seeks declaratory relief, restitution, civil penalties (including treble damages), abatement, an injunction, and attorneys' fees and costs. Defendants, which include our subsidiaries, filed various motions attacking the pleadings, including one requesting that the Superior Court refrain from proceeding under the doctrines of primary jurisdiction and equitable abstention. That motion was granted in August 2015, and the case was stayed pending further proceedings and findings by the FDA. In June 2016, plaintiffs filed a motion to lift the stay and to amend the complaint. Defendants, including EHSI and EPI, opposed that motion. Following a hearing in July 2016, the court provided plaintiffs an opportunity to seek leave to file another amended complaint. In August 2016, plaintiffs filed a renewed motion to lift the stay and amend the complaint. In October 2016, the court granted, in part, plaintiffs' renewed motion to lift the stay and the plaintiffs filed their third amended complaint. Defendants' response to the third amended complaint is not due at this time.

In December 2015, a lawsuit was filed in the Chancery Court of the First Judicial District of Hinds County, Mississippi by the State of Mississippi against multiple defendants, including our subsidiaries EHSI and EPI. The complaint alleges violations of Mississippi's Consumer Protection Act and various other claims arising out of defendants' alleged opioid sales and marketing practices. Plaintiff seeks declaratory relief, restitution, civil penalties, abatement, an injunction, and attorneys' fees and costs. In March 2016, defendants moved to dismiss the complaint and to transfer the case from Hinds County to Rankin County. The motion to transfer was denied in February 2017. In March 2017, Defendants petitioned for an interlocutory appeal of that ruling, and that petition remains pending. The motion to dismiss also remains pending.

In August 2016, the County of Suffolk, New York filed suit in New York state court against multiple defendants, including our subsidiaries EHSI and EPI, for alleged violations of state false and deceptive advertising and other statutes, public nuisance, common law fraud, and unjust enrichment based on opioid sales and marketing practices. The County of Suffolk is seeking compensatory damages, interest, costs, disbursements, punitive damages, treble damages, penalties and attorneys' fees. Defendants, including our subsidiaries, filed motions to dismiss and to stay in January 2017. In February 2017, Broome County, New York, and Erie County, New York, filed similar suits in New York state court.

In March 2017, the Boone County Commission filed suit in the U.S. District Court for the Southern District of West Virginia against multiple defendants, including our subsidiary Generics Bidco I, LLC, for the alleged violation of federal and state safety laws designed to monitor, detect, and prevent the diversion of controlled substances. The complaint generally seeks compensatory and punitive damages for the alleged creation of a public nuisance.

With respect to the litigations brought on behalf of the City of Chicago, the People of the State of California, the State of Mississippi, the Counties of Suffolk, Broome and Erie and the Boone County Commission, we intend to contest those matters vigorously. We are unable to predict the outcome of these matters or the ultimate legal and financial liability, if any, and at this time cannot reasonably estimate the possible loss or range of loss, if any, for these matters but will explore all options as appropriate in our best interests.

In September 2014, our subsidiaries EHSI and EPI received a Request for Information from the State of Tennessee Office of the Attorney General and Reporter seeking documents and information regarding the sales and marketing of opioids, including OPANA® ER. We are currently cooperating with the State of Tennessee Office of the Attorney General and Reporter in this investigation.

In August 2015, our subsidiaries EHSI and EPI received a subpoena from the State of New Hampshire Office of the Attorney General seeking documents and information regarding the sales and marketing of opioids, including OPANA® ER. We were cooperating with the State of New Hampshire Office of the Attorney General in its investigation until we learned it was being assisted by outside counsel hired on a contingent fee basis. The New Hampshire Attorney General initiated an action in the Superior Court for the State of New Hampshire to enforce the subpoena despite this contingent fee arrangement, and we (along with other companies that had received similar subpoenas) responded by filing a motion for protective order to preclude the use of contingent fee counsel. In addition, we filed a separate motion seeking declaratory relief. In March 2016, the Superior Court granted the motion for protective order on the grounds that the contingent fee agreement was invalid as *ultra vires* and that the office of the Attorney General had acted outside of its statutory authority in entering into the agreement with the contingent fee counsel. In April 2016, both the New Hampshire Attorney General and the companies that received subpoenas from the New Hampshire Attorney General, including EHSI and EPI, appealed, in part, the March 2016 Superior Court order to the New Hampshire Supreme Court. Those appeals are pending. In April 2016, the New Hampshire Attorney General also entered into a new agreement with outside counsel. In response, the companies that received a subpoena from the New Hampshire Attorney General, including EHSI and EPI, moved to enforce a part of the protective order issued by the Superior Court in March 2016 that is not being appealed by EHSI and EPI. That motion was denied in August 2016.

In April 2016, EHSI and EPI received a Civil Investigative Demand (CID) from the Department of Justice (DOJ) for the State of Oregon seeking documents and information regarding the sales and marketing of OPANA® ER. We are currently cooperating with the State of Oregon in its investigation.

In November 2016, Endo International plc and EPI received an Administrative Subpoena from the Office of the Attorney General of Maryland seeking documents and information regarding the sales and marketing of opioid products. We are currently cooperating with the State of Maryland in its investigation.

In March 2017, EPI received a subpoena from the Office of the Attorney General of New Jersey seeking documents and information regarding the sales and marketing of opioid products. We are currently cooperating with the State of New Jersey in its investigation.

Antitrust Litigation and Investigations

Multiple direct and indirect purchasers of LIDODERM® have filed a number of cases against our subsidiary EPI and co-defendants Teikoku Seiyaku Co., Ltd., Teikoku Pharma USA, Inc. (collectively, Teikoku) and Actavis plc and certain of its subsidiaries (collectively, Actavis), which was subsequently acquired by Teva Pharmaceuticals Industries Ltd and its subsidiaries (collectively, Teva) from Allergan plc (Allergan). Certain of these actions have been asserted on behalf of classes of direct and indirect purchasers, while others are individual cases brought by one or more alleged direct or indirect purchasers. The complaints in these cases generally allege that EPI, Teikoku and Actavis entered into an anticompetitive conspiracy to restrain trade through the settlement of patent infringement litigation concerning U.S. Patent No. 5,827,529 (the '529 patent) and other patents. Some of the complaints also allege that Teikoku wrongfully listed the '529 patent in the Orange Book as related to LIDODERM®, that EPI and Teikoku commenced sham patent litigation against Actavis and that EPI abused the FDA citizen petition process by filing a citizen petition and amendments solely to interfere with generic companies' efforts to obtain FDA approval of their versions of LIDODERM®. The cases allege violations of Sections 1 and 2 of the Sherman Act (15 U.S.C. §§ 1, 2) and various state antitrust and consumer protection statutes as well as common law remedies in some states. These cases generally seek damages, treble damages, disgorgement of profits, restitution, injunctive relief and attorneys' fees.

The U.S. Judicial Panel on Multidistrict Litigation, pursuant to 28 U.S.C. § 1407, issued an order in April 2014 transferring these cases as *In Re Lidoderm Antitrust Litigation*, MDL No. 2521, to the U.S. District Court for the Northern District of California. The court granted plaintiffs' motions for class certification filed on behalf of classes of direct and indirect purchasers in February 2017. Trial is currently scheduled to begin in late 2017. We cannot predict whether or not additional cases similar to those described above will be filed by other plaintiffs or the timing or outcome of any such litigation. We expect any such cases brought in federal court to be transferred to the Northern District of California as tag-along actions to *In Re Lidoderm Antitrust Litigation*.

Multiple direct and indirect purchasers of OPANA® ER have filed cases against our subsidiaries EHSI and EPI, and other pharmaceutical companies, including Penwest Pharmaceuticals Co., which we subsequently acquired, and Impax Laboratories Inc. (Impax), all of which have been transferred and coordinated for pretrial proceedings in the U.S. District Court for the Northern District of Illinois by the Judicial Panel on Multidistrict Litigation. Some of these cases have been filed on behalf of putative classes of direct and indirect purchasers, while others have been filed on behalf of individual retailers or health care benefit plans. These cases generally allege that the agreement reached by EPI and Impax to settle patent infringement litigation concerning multiple patents pertaining to OPANA® ER and EPI's introduction of the re-formulation of OPANA® ER violated antitrust laws. The complaints allege violations of Sections 1 and 2 of the Sherman Act (15 U.S.C. §§ 1, 2), various state antitrust and consumer protection statutes, as well as state common law. These cases generally seek damages, treble damages, disgorgement of profits, restitution, injunctive relief and attorneys' fees. In February 2016, the District Court issued orders (i) denying defendants' motion to dismiss the claims of the direct purchasers, (ii) denying in part and granting in part defendants' motion to dismiss the claims of the indirect purchasers, but giving them permission to file amended complaints and (iii) granting defendants' motion to dismiss the complaints filed by certain retailers, but giving them permission to file amended complaints. In response to the District Court's orders, the indirect purchasers filed an amended complaint to which the defendants filed a renewed motion to dismiss certain claims, and certain retailers also filed amended complaints. The defendants successfully moved to dismiss the indirect purchaser unjust enrichment claims arising under the laws of the states of California, Rhode Island and Illinois. We cannot predict whether or not additional cases similar to those described above will be filed by other plaintiffs or the timing or outcome of any such litigation.

We are unable to predict the outcome of these matters or the ultimate legal and financial liability, if any, and at this time cannot reasonably estimate the possible loss or range of loss for these matters, if any, but will explore all options as appropriate in our best interests.

In February 2014, our subsidiary EPI received a CID (the February 2014 CID) from the U.S. Federal Trade Commission (the FTC). The FTC issued a second CID to EPI in March 2014 (the March 2014 CID). The February 2014 CID requested documents and information concerning EPI's settlement agreements with Actavis and Impax settling the OPANA® ER patent litigation, EPI's Development and Co-Promotion Agreement with Impax, and EPI's settlement agreement with Actavis settling the LIDODERM® patent litigation, as well as information concerning the marketing and sales of OPANA® ER and LIDODERM®. The March 2014 CID requested documents and information concerning EPI's acquisition of U.S. Patent No. 7,852,482 (the '482 patent), as well as additional information concerning certain litigation relating to, and the marketing and sales of, OPANA® ER. The FTC also issued subpoenas for investigational hearings (similar to depositions) to our employees and former employees. In March 2016, the FTC filed a lawsuit in the U.S. District Court for the Eastern District of Pennsylvania against us and our subsidiary EPI, as well as against Allergan, Actavis, Impax and Teikoku, alleging generally that the LIDODERM® settlement agreements with Actavis and the OPANA®

ER settlement agreement with Impax constituted, in whole or part, unfair methods of competition in violation Section 5(a) of the FTC Act, 15 U.S.C. § 45(a). The FTC also alleged that one provision of the agreement with Actavis violated Section 7 of the Clayton Act, 15 U.S.C. § 18. Concurrently with the filing of the FTC's complaint, Teikoku entered into a consent judgment with the FTC and was dismissed from the case. The FTC's complaint sought injunctive and declaratory relief and other remedies, including restitution and disgorgement. In June 2016, we joined in the defendants' motion to sever OPANA® ER-related claims from the LIDODERM®-related claims. In July 2016, a motion to dismiss was filed on behalf of all remaining defendants. In October 2016, the District Court granted the defendants' motion to sever the claims and ordered the FTC to file a new complaint for the OPANA® ER-related claims and to amend the existing complaint to include only the LIDODERM®-related claims. The District Court also denied the defendants' motion to dismiss as moot with leave to refile in each of the two separate actions. Subsequently in October 2016, the FTC voluntarily dismissed its pending complaint against us without prejudice. Following the FTC's voluntary dismissal, in October 2016, we, along with Impax and Actavis, filed two separate lawsuits against the FTC in the Eastern District of Pennsylvania seeking declaratory judgment relating, respectively, to the FTC's OPANA® ER-related claims and LIDODERM®-related claims. The declaratory judgment actions each sought a declaration by the court that the FTC does not have the authority under the FTC Act to bring its claims in federal court or to seek disgorgement. The declaratory judgment action concerning the OPANA® ER-related claims also sought a declaration that the FTC's claims are time-barred. In December 2016, the FTC filed a motion to dismiss the declaratory judgment actions for failure to state a claim. In January 2017, we entered into a settlement with the FTC pursuant to which the FTC re-filed claims against us, our subsidiary EPI, and other defendants in the U.S. District Court for the Northern District of California and concurrently filed a joint motion for entry of a Stipulated Order dismissing the claims against us and EPI, with prejudice. The Stipulated Order involves no monetary payment to the FTC and no admission of liability. Under the Stipulated Order, we agreed to dismiss our claims in the declaratory judgment actions, and also agreed to certain covenants relating to the future settlement of patent infringement litigation for a period of 10 years. These covenants, which are consistent with Endo's current practices in settling patent infringement cases, include a prohibition on patent settlement agreements that prevent the marketing of authorized generic products or that involve certain payments to generics manufacturers. The FTC agreed that the prior dismissal of its claims against us in the Eastern District of Pennsylvania will be treated as being with prejudice, that it will bring no other claims against us arising from the OPANA® ER and LIDODERM® settlements and that it would also dismiss with prejudice its claims against our subsidiary Par Pharmaceutical Companies, Inc. (subsequently renamed Endo Generics Holdings, Inc. and with its subsidiaries and affiliates, referred to in this Note 11. Commitments and Contingencies as Par) in the action *FTC v. Actavis, Inc., et al.* pending in the U.S. District Court for the Northern District of Georgia. The Stipulated Order also requires the FTC to consider in good faith any requested modifications proposed by us in the event of a material change in the law governing the antitrust implications of patent infringement settlements. As of February 2017, the Stipulated Order of dismissal has been entered by the Northern District of California, we have dismissed the declaratory judgment actions filed against the FTC in the Eastern District of Pennsylvania, and the FTC has dismissed its claims against Par in the *Actavis* case in the Northern District of Georgia.

In November 2014, EPI received a CID from the State of Florida Office of the Attorney General issued pursuant to the Florida Antitrust Act of 1980, Section 542.28 seeking documents and other information concerning EPI's settlement agreement with Actavis settling the LIDODERM® patent litigation, as well as information concerning the marketing and sales of LIDODERM®.

In February 2015, EHSI and EPI received CIDs for Production of Documents and Information from the State of Alaska Office of Attorney General issued pursuant to Alaska's Antitrust and Unfair Trade Practices and Consumer Protection law seeking documents and other information concerning settlement agreements with Actavis and Impax settling the OPANA® ER patent litigation as well as information concerning EPI's settlement agreement with Actavis settling the LIDODERM® patent litigation, as well as information concerning the marketing and sales of LIDODERM®.

In February 2016, EPI received a CID from the State of South Carolina Office of the Attorney General seeking documents and other information concerning EPI's settlement agreement with Actavis settling the LIDODERM® patent litigation, as well as information concerning the marketing and sales of LIDODERM®.

In January 2009, the FTC filed a lawsuit against our subsidiary, Par, in the U.S. District Court for the Central District of California, which was subsequently transferred to the U.S. District Court for the Northern District of Georgia, and which alleged violations of antitrust law arising out of Par's settlement of certain patent litigation concerning the generic version of AndroGel®. The FTC complaint sought a finding that Par's settlement agreement violates Section 5(a) of the FTC Act, and a permanent injunction against Par's ability to engage in certain types of patent settlements in the future. Beginning in February 2009, certain private plaintiffs, including distributors and retailers, filed similar litigation. Generally, the complaints in the remaining private plaintiff suits seek equitable relief, unspecified damages and costs.

In February 2010, the District Court granted a motion to dismiss the FTC's claims and granted in part and denied in part a motion to dismiss the claims of the private plaintiffs. In April 2012, the U.S. Court of Appeals for the 11th Circuit affirmed the District Court's decision on the motion to dismiss the FTC's claims. In September 2012, the District Court granted a motion for summary judgment against the private plaintiffs' claims of sham litigation. In July 2013, the Supreme Court of the U.S. reversed the Court of Appeals' and District Court's decisions concerning the FTC action and remanded the case to the District Court for further proceedings. In May 2016, those private plaintiffs representing the putative class of indirect purchasers voluntarily dismissed their case against Par with prejudice. In February 2017, pursuant to the Stipulated Order described above, the FTC dismissed its claims against Par with prejudice. Claims by the direct purchasers are still pending. We intend to contest this litigation vigorously and to explore all options as appropriate in our best interests.

In February 2015, Par received a CID from the Office of the Attorney General for the State of Alaska seeking production of certain documents and information regarding Par's settlement of the AndroGel® patent litigation as well as documents produced in the aforementioned litigation filed by the FTC.

We are currently cooperating with the State of Florida Office of the Attorney General, the State of Alaska Office of the Attorney General and the State of South Carolina Office of the Attorney General in their respective investigations. Investigations and lawsuits similar to these antitrust matters described above may be brought by others. We are unable to predict the outcome of these investigations or litigations or the ultimate legal and financial liability, if any, and at this time cannot reasonably estimate the possible loss or range of loss for these investigations or litigations, if any, but will explore all options as appropriate in our best interests.

In July 2016, Fresenius Kabi USA, LLC (Fresenius) filed a complaint against Par and its subsidiary Par Sterile Products, LLC in the U.S. District Court for the District of New Jersey alleging that Par and its subsidiary engaged in an anticompetitive scheme to exclude competition from the market for vasopressin solution for intravenous injection in view of Par's VASOSTRICT® (vasopressin) product. The complaint alleges violations of Sections 1 and 2 of The Sherman Antitrust Act, 15 U.S.C. §§ 1, 2, as well as the antitrust law and common law of the state of New Jersey, alleging that Par and its subsidiary entered into exclusive supply agreements with one or more active pharmaceutical ingredient (API) manufacturers and that Fresenius has been unable to obtain vasopressin API in order to file an ANDA to obtain FDA approval for its own vasopressin product. Fresenius seeks actual, treble and punitive damages in an unspecified amount, attorneys' fees and costs and injunctive relief and demands a trial by jury. In September 2016, Par and its subsidiary filed a motion to dismiss the case for Fresenius' failure to properly state a claim under the antitrust laws. In February 2017, the District Court denied Par's motion to dismiss. We are unable to predict the outcome of this matter or the ultimate legal and financial liability, if any, and at this time cannot reasonably estimate the possible loss or range of loss, if any, for this matter. We intend to contest the litigation vigorously and to explore all options as appropriate in our best interests.

False Claims Act Litigation

The Attorneys General of Florida, Indiana and Virginia and the U.S. Office of Personnel Management (the USOPM) have issued subpoenas, and the Attorneys General of Michigan, Tennessee, Texas, and Utah have issued CIDs, to our subsidiary, Par, among other companies. The demands generally request documents and information pertaining to allegations that certain of Par's sales and marketing practices caused pharmacies to substitute ranitidine capsules for ranitidine tablets, fluoxetine tablets for fluoxetine capsules, and two 7.5 mg buspirone tablets for one 15 mg buspirone tablet, under circumstances in which some state Medicaid programs at various times reimbursed the new dosage form at a higher rate than the dosage form being substituted. Par has provided documents in response to these subpoenas to the respective Attorneys General and the USOPM. The aforementioned subpoenas and CIDs culminated in the federal and state law qui tam action brought on behalf of the U.S. and several states by Bernard Lisitza. The complaint was unsealed in August 2011. Lisitza's corrected second amended complaint generally seeks (i) a finding that defendants violated and be enjoined from future violations of the federal False Claims Act and state false claims acts; (ii) treble damages and maximum civil penalties for each violation of the federal False Claims Act and state false claims acts; (iii) an applicable percentage share of the proceeds; and (iv) expenses, fees, and costs. The U.S. intervened in this action and filed a separate complaint in September 2011, alleging claims for violations of the Federal False Claims Act and common law fraud. The U.S.'s second corrected complaint generally seeks (i) treble damages and civil penalties for violations under the federal False Claims Act and (ii) compensatory and punitive damages for common law fraud. The states of Michigan and Indiana have also intervened as to claims arising under their respective state false claim acts, common law fraud, and unjust enrichment. Michigan's complaint generally seeks (i) treble damages and civil penalties and (ii) common law compensatory and punitive damages. Indiana's amended complaint generally seeks treble damages, costs, and attorney's fees. We intend to vigorously defend this lawsuit. At this time, we are unable to predict the outcome of this matter or the ultimate legal and financial liability, if any, and at this time cannot reasonably estimate the possible loss or range of loss for this matter, if any.

Pricing Matters

In March 2016, EPI received a CID from the U.S. Attorney's Office for the Southern District of New York. The CID requested documents and information regarding contracts with Pharmacy Benefit Managers regarding FROVA®. We are currently cooperating with this investigation.

In December 2014, our subsidiary Par received a Subpoena to Testify Before Grand Jury from the Antitrust Division of the DOJ and issued by the U.S. District Court for the Eastern District of Pennsylvania. The subpoena requested documents and information focused primarily on product and pricing information relating to Par's authorized generic version of Lanoxin (digoxin) oral tablets and Par's generic doxycycline products, and on communications with competitors and others regarding those products. Par is currently cooperating fully with the investigation.

In December 2015, EPI received Interrogatories and Subpoena Duces Tecum from the State of Connecticut Office of Attorney General requesting information regarding pricing of certain of its generic products, including doxycycline hyclate, amitriptyline hydrochloride, doxazosin mesylate, methotrexate sodium and oxybutynin chloride. We are currently cooperating with this investigation.

We are unable to predict the outcome of the foregoing investigations or the ultimate legal and financial liability, if any, and at this time cannot reasonably estimate the possible loss or range of loss, if any, for these matters but will explore all options as appropriate in our best interests.

Beginning in December 2015, two complaints, including a class action complaint, were filed in the Philadelphia Court of Common Pleas against us and certain of our subsidiaries, including Par Pharmaceutical, Inc. (PPI), along with other manufacturers of generic pharmaceutical products, seeking compensatory and punitive or treble damages, as well as injunctive relief, and alleging that certain marketing and pricing practices by the defendant companies violated state law, including consumer protection law. The class action complaint was subsequently removed to the U.S. District Court for the Eastern District of Pennsylvania, and the plaintiff filed an amended complaint. In January 2017, defendants moved to dismiss the amended class action complaint, and that motion remains pending. The case in the Philadelphia Court of Common Pleas is stayed pending resolution of the class action. Additional similar claims may be brought by other plaintiffs in various jurisdictions. We intend to contest the litigation vigorously and to explore all options as appropriate in our best interests.

Beginning in March 2016, several class action complaints were filed in the U.S. District Courts for the Eastern District of Pennsylvania and the District of Rhode Island against us and certain of our subsidiaries, including PPI, and other manufacturers seeking compensatory and punitive or treble damages, as well as injunctive relief, and alleging that certain marketing and pricing practices regarding digoxin and doxycycline violated federal and/or state antitrust laws and/or gave rise to state consumer protection and/or unjust enrichment claims. The U.S. Judicial Panel on Multidistrict Litigation, pursuant to 28 U.S.C. §1407, issued an order in August 2016 establishing coordinated or consolidated pretrial proceedings for these cases in the U.S. District Court for the Eastern District of Pennsylvania under the caption *In Re Generic Digoxin and Doxycycline Antitrust Litigation*, MDL No. 2724. The direct purchaser plaintiffs and indirect purchaser plaintiffs filed consolidated amended class action complaints in January 2017, and defendants moved to dismiss those complaints in March 2017. An independent pharmacy plaintiff filed a similar class action complaint in the U.S. District Court for the Eastern District of Pennsylvania in March 2017. Additional similar claims may be brought by other plaintiffs in various jurisdictions. We intend to contest the litigation vigorously and to explore all options as appropriate in our best interests.

Since November 2016, several class action complaints have been filed in the U.S. District Court for the Eastern District of Pennsylvania against certain of our subsidiaries, including PPI, and other manufacturers seeking compensatory and punitive or treble damages, as well as injunctive relief, and alleging that certain marketing and pricing practices regarding divalproex ER violated federal and/or state antitrust laws and/or gave rise to state consumer protection and/or unjust enrichment claims. Additional similar claims may be brought by other plaintiffs in various jurisdictions. We intend to contest the litigation vigorously and to explore all options as appropriate in our best interests.

Beginning in December 2016, multiple class action complaints were filed in the U.S. District Court for the Eastern District of Pennsylvania and U.S. District Court for the Southern District of New York against us and certain of our subsidiaries, including PPI, and other manufacturers seeking compensatory and punitive or treble damages, as well as injunctive relief, and alleging that certain marketing and pricing practices regarding propranolol violated federal and/or state antitrust laws and/or gave rise to state consumer protection and/or unjust enrichment claims. Defendants moved to dismiss one direct purchaser complaint pending in the Eastern District of Pennsylvania in March 2017. The remaining Eastern District of Pennsylvania actions relating to propranolol were stayed pending a ruling from the U.S. Judicial Panel on Multidistrict Litigation on the motion to transfer described below. In the Southern District of New York actions, the indirect purchasers filed a consolidated amended complaint in February 2017, and the direct purchasers filed a consolidated amended complaint in March 2017. Defendants moved to dismiss both consolidated amended complaints, and those motions were denied in April 2017, except as to certain state law claims brought by the indirect purchaser plaintiffs. Additional similar claims may be brought by other plaintiffs in various jurisdictions. We intend to contest the litigation vigorously and to explore all options as appropriate in our best interests.

Beginning in March 2017, several class action complaints were filed in the U.S. District Court for the Eastern District of Pennsylvania against our subsidiary PPI and other manufacturers seeking compensatory and punitive or treble damages, as well as injunctive relief, and alleging that certain marketing and pricing practices regarding baclofen violated federal and/or state antitrust laws and/or gave rise to state consumer protection and/or unjust enrichment claims. Additional similar claims may be brought by other plaintiffs in various jurisdictions. We intend to contest the litigation vigorously and to explore all options as appropriate in our best interests.

Also beginning in March 2017, several class action complaints were filed in the U.S. District Courts for the Eastern District of Pennsylvania and the Southern District of New York against us and certain of our subsidiaries, including PPI, and other manufacturers seeking compensatory and punitive or treble damages, as well as injunctive relief, and alleging that certain marketing and pricing practices regarding amitriptyline or amitriptyline hydrochloride violated federal and/or state antitrust laws and/or gave rise to state consumer protection and/or unjust enrichment claims. Additional similar claims may be brought by other plaintiffs in various jurisdictions. We intend to contest the litigation vigorously and to explore all options as appropriate in our best interests.

In January 2017, Rochester Drug Co-Operative, Inc. filed a motion with the U.S. Judicial Panel on Multidistrict Litigation seeking to transfer certain of the foregoing antitrust complaints to the U.S. District Court for the Eastern District of Pennsylvania for inclusion in MDL No. 2724, which would then be renamed *In re Generic Pharmaceuticals Pricing Antitrust Litigation*. In April 2017, the U.S. Judicial Panel on Multidistrict Litigation issued an order renaming MDL No. 2724 as requested and expanding it to include actions in which: (a) plaintiffs assert claims for price fixing of generic drugs in violation of the Sherman Act and/or state antitrust laws on behalf of overlapping putative nationwide classes of direct or indirect purchasers of generic pharmaceuticals; (b) the average market price of the subject generic pharmaceutical is alleged to have increased between 2012 and the present; (c) defendants are alleged to have effectuated the alleged conspiracy through direct company-to-company contacts and through joint activities undertaken through trade associations, in particular meetings of the Generic Pharmaceutical Association; and (d) the allegations stem from the same government investigation into anticompetitive conduct in the generic pharmaceuticals industry. Pursuant to this order, the propranolol and amitriptyline hydrochloride cases filed in the U.S. District Court for the Southern District of New York have been or we expect will be transferred to the U.S. District Court for the Eastern District of Pennsylvania as part of MDL No. 2724. As noted above, the digoxin and doxycycline, divalproex ER, and baclofen cases are already pending in the U.S. District Court for the Eastern District of Pennsylvania.

We are unable to predict the outcome of the foregoing matters or the ultimate legal and financial liability, if any, and at this time cannot reasonably estimate the possible loss or range of loss, if any, for these matters but will explore all options as appropriate in our best interests.

Securities Related Class Action Litigation

In May 2016, a putative class action entitled *Craig Friedman v. Endo International plc, Rajiv Kanishka Liyanaarchchie de Silva and Suketu P. Upadhyay* was filed in the U.S. District Court for the Southern District of New York by an individual shareholder on behalf of himself and all similarly situated shareholders. In August 2016, the Steamfitters' Industry Pension Fund and Steamfitters' Industry Security Benefit Fund were appointed lead plaintiffs in the action. In October 2016, a second amended complaint was filed, which added Paul Campanelli as a defendant, and we filed a motion to dismiss the case. In response, and without resolving the motion, the Court permitted lead plaintiffs to file a third amended complaint. The lawsuit alleges violations of Sections 10(b) and 20(a) of the Exchange Act based on the Company's revision of its 2016 earnings guidance and certain disclosures about its generics business, the integration of Par and its subsidiaries, certain other alleged business issues and the receipt of a CID from the U.S. Attorney's Office for the Southern District of New York regarding contracts with Pharmacy Benefit Managers concerning FROVA®. Lead plaintiffs seek class certification, damages in an unspecified amount and attorneys' fees and costs. We filed a motion to dismiss the third amended complaint in December 2016. Briefing on that motion has been completed but no ruling has been issued. We are unable to predict the outcome of this matter or the ultimate legal and financial liability, if any, and at this time cannot reasonably estimate the possible loss or range of loss, if any, for this matter, but will explore all options as appropriate in our best interests and we intend to defend this lawsuit vigorously.

In February 2017, a putative class action entitled *Public Employees' Retirement System of Mississippi v. Endo International plc* was filed in the Court of Common Pleas of Chester County, Pennsylvania by an institutional purchaser of shares in our June 2, 2015 public offering, on behalf of itself and all similarly situated purchasers. The lawsuit alleges violations of Sections 11, 12(a)(2) and 15 of the Securities Act of 1933 against Endo, certain of Endo's current and former directors and officers, and the underwriters who participated in the offering, based on certain disclosures about Endo's generics business. In March 2017 defendants removed the case to the U.S. District Court for the Eastern District of Pennsylvania. We are unable to predict the outcome of this matter or the ultimate legal and financial liability, if any, and at this time cannot reasonably estimate the possible loss or range of loss, if any, for this matter, but will explore all options as appropriate in our best interests and we intend to defend this lawsuit vigorously.

In April 2017, a putative class action entitled *Phaedra A. Makris v. Endo International plc, Rajiv Kanishka Liyanaarchchie de Silva and Suketu P. Upadhyay* was filed in the Superior Court of Justice in Ontario, Canada by an individual shareholder on behalf of herself and similarly-situated Canadian-based investors who purchased Endo's securities between January 11 and May 5, 2016. The statement of claim generally seeks class certification, declaratory relief, damages, interest, and costs based on alleged violations of the Ontario Securities Act. The statement of claim alleges negligent misrepresentations concerning the Company's revenues, profit margins, and earnings per share; its receipt of a subpoena from the State of Connecticut regarding doxycycline hyclate, amitriptyline hydrochloride, doxazosin mesylate, methotrexate sodium, and oxybutynin chloride; and the erosion of the Company's U.S. generic pharmaceutical business. We are unable to predict the outcome of this matter or the ultimate legal and financial liability, if any, and at this time cannot reasonably estimate the possible loss or range of loss, if any, for this matter, but will explore all options as appropriate in our best interests and we intend to defend this lawsuit vigorously.

Paragraph IV Certifications on OPANA® ER

In late 2012, two patents (U.S. Patent Nos. 8,309,122 and 8,329,216) were issued to EPI covering OPANA® ER (oxymorphone hydrochloride extended-release tablets CII). In December 2012, EPI filed a complaint against Actavis in U.S. District Court for the Southern District of New York for patent infringement based on its ANDA for a non-INTAC® technology version of OPANA® ER. In May 2013 and June 2013, EPI filed similar suits in the U.S. District Court for the Southern District of New York against the following applicants for non-INTAC® technology OPANA® ER: Roxane Laboratories, Inc. (Roxane) and Ranbaxy Laboratories Limited, which was acquired by Sun Pharmaceutical Industries Ltd. (Ranbaxy). Those suits allege infringement of U.S. Patent Nos. 7,851,482, 8,309,122, and 8,329,216. In July 2013, Actavis and Roxane were granted FDA approval to market all strengths of their respective non-INTAC® technology formulations of OPANA® ER. A trial in this case was held from March 2015 through April 2015 in the U.S. District Court for the Southern District of New York. In August 2015, the District Court ruled that all defendants infringed the claims of U.S. Patent Nos. 8,309,122 and 8,329,216. The District Court also ruled that the defendants failed to show that U.S. Patent Nos. 8,309,122 and 8,329,216 were invalid, enjoined the defendants from launching their generic products until the expiration of those patents and directed Actavis to withdraw its generic product within 60 days. In October 2015, the District Court tolled the 60-day period until it decided two pending post-trial motions. In April 2016, the District Court issued an order upholding its August 2015 ruling in EPI's favor and confirming the prior injunction against the manufacture or sale of the generic version of the non-INTAC® technology OPANA® ER currently offered by Actavis and the additional approved but not yet marketed generic version of the product developed by Roxane. The defendants filed appeals to the Court of Appeals for the Federal Circuit. We intend to continue vigorously asserting our intellectual property rights and to oppose any such appeal.

From September 21, 2012 through October 30, 2013, EPI and its partner Grünenthal received Paragraph IV Notices from each of Teva Pharmaceuticals USA, Inc., Amneal Pharmaceuticals, LLC (Amneal), ThoRx Laboratories, Inc. (ThoRx), Actavis, Impax and Ranbaxy (now Sun Pharmaceutical Industries Ltd.), advising of the filing by each such company of an ANDA for a generic version of the formulation of OPANA® ER with INTAC® technology. These Paragraph IV Notices refer to U.S. Patent Nos. 7,851,482, 8,075,872, 8,114,383, 8,192,722, 8,309,060, 8,309,122 and 8,329,216, which variously cover the formulation of OPANA® ER, a highly pure version of the active pharmaceutical ingredient and the release profile of OPANA® ER. EPI filed lawsuits against each of these filers in the U.S. District Court for the Southern District of New York. Each lawsuit was filed within the 45-day deadline to invoke a 30-month stay of FDA approval pursuant to the Hatch-Waxman legislative scheme. A trial in this case was held from March 2015 through April 2015 in the U.S. District Court for the Southern District of New York against the remaining filers. In August 2015, the District Court issued an Opinion holding that all defendants infringed the claims of U.S. Patent Nos. 8,309,060, 8,309,122 and 8,329,216. The Opinion also held that the defendants had shown that U.S. Patent No. 8,309,060 was invalid, but that the defendants had failed to show that U.S. Patent Nos. 8,309,122 and 8,329,216 were invalid. The District Court also issued an Order enjoining the defendants from launching their generic products until the expiration of U.S. Patent Nos. 8,309,122 and 8,329,216. The defendants filed appeals to the Court of Appeals for the Federal Circuit. We intend to continue to vigorously assert our intellectual property and oppose appeals by the defendants. However, there can be no assurance that we and/or Grünenthal will be successful. If we are unsuccessful and Teva, Amneal, ThoRx, Actavis or Impax is able to obtain FDA approval of its product, generic versions of OPANA® ER INTAC® technology may be launched prior to the applicable patents' expirations in 2023. Additionally, we cannot predict or determine the timing or outcome of this defense but will explore all options as appropriate in our best interests.

In August 2014 and October 2014, the U.S. Patent Office issued U.S. Patent Nos. 8,808,737 and 8,871,779 respectively, which cover a method of using OPANA® ER and a highly pure version of the active pharmaceutical ingredient of OPANA® ER. In November 2014, EPI filed lawsuits against Teva, ThoRx, Actavis, Impax, Ranbaxy, Roxane, Amneal, and Sandoz Inc. based on their ANDAs filed against both the INTAC® technology and non-INTAC® technology versions of OPANA® ER. Those lawsuits were filed in the U.S. District Court for the District of Delaware alleging infringement of these new patents, which expire in 2027 and 2029, respectively. On November 17, 2015, the District Court held the '737 patent invalid for claiming unpatentable subject matter. That patent has been dismissed from all suits and the suits administratively closed as to that patent, subject to appeal at the end of the case on the '779 patent. Beginning July 11, 2016, a three-day trial was held in the U.S. District Court for the District of Delaware against Teva and Amneal for infringement of the '779 patent. In October 2016, the District Court issued an Opinion holding that the defendants infringed the claims of U.S. Patent No. 8,871,779. The Opinion also held that the defendants had failed to show that U.S. Patent No. 8,871,779 was invalid. The District Court issued an Order enjoining the defendants from launching their generic products until the expiration of U.S. Patent No. 8,871,779 in November 2029. A trial for infringement of the '799 patent by Actavis was held in February 2017 in the same court (U.S. District Court for the District of Delaware) in front of the same judge.

We intend to defend vigorously our intellectual property rights and to pursue all available legal and regulatory avenues in defense of both the non-INTAC® technology formulation OPANA® ER and the INTAC® technology formulation OPANA® ER, including enforcement of the product's intellectual property rights and approved labeling. However, there can be no assurance that we will be successful. If we are unsuccessful, competitors that already have obtained, or are able to obtain, FDA approval of their products may be able to launch their generic versions of OPANA® ER prior to the applicable patents' expirations. Additionally, we cannot predict or determine the timing or outcome of related litigation but will explore all options as appropriate in our best interests. In addition to the above litigation, it is possible that another generic manufacturer may also seek to launch a generic version of OPANA® ER and challenge the applicable patents.

Paragraph IV Certification on FORTESTA® Gel

In January 2013, EPI and its licensor Strakan Limited received a notice from Watson advising of the filing by Watson of an ANDA for a generic version of FORTESTA® (testosterone) Gel. In February 2013, EPI filed a lawsuit against Watson in the U.S. District Court for the Eastern District of Texas, Marshall division. Because the suit was filed within the 45-day period under the Hatch-Waxman Act for filing a patent infringement action, we believe that it triggered an automatic 30-month stay of approval under the Act. A two-day trial was held on or about February 26 and 27, 2015. In August 2015, the District Court issued an Order holding that the asserted patents are valid and are infringed by Watson's ANDA. As a result, the District Court ordered that the effective date for the approval of Watson's ANDA to be the date no sooner than the latest expiration date of the '913 Patent and the '865 Patent in November of 2018. Watson filed an appeal in October 2015. In October 2016, the Court of Appeals for the Federal Circuit issued an opinion upholding the District Court's decision.

We intend, and have been advised by Strakan Limited that it too intends, to defend vigorously FORTESTA® Gel and to pursue all available legal and regulatory avenues in defense of FORTESTA® Gel, including enforcement of the product's intellectual property rights and approved labeling. However, there can be no assurance that we and/or Strakan will be successful. We cannot predict or determine the timing or outcome of this litigation but will explore all options as appropriate in our best interests. In addition to the above litigation, it is possible that another generic manufacturer may also seek to launch a generic version of FORTESTA® Gel and challenge the applicable patents.

Other Proceedings and Investigations

In addition to the above proceedings, proceedings similar to those described above may also be brought in the future. Additionally, we are involved in, or have been involved in, arbitrations or various other proceedings that arise from the normal course of our business. We cannot predict the timing or outcome of these other proceedings. Currently, neither we nor our subsidiaries are involved in any other proceedings that we expect to have a material effect on our business, financial condition, results of operations and cash flows.

NOTE 12. OTHER COMPREHENSIVE INCOME

The following table presents the tax effects allocated to each component of Other comprehensive income for the three months ended March 31, 2017 and 2016 (in thousands):

	Three Months Ended March 31,					
	2017			2016		
	Before-Tax Amount	Tax Benefit (Expense)	Net-of-Tax Amount	Before-Tax Amount	Tax Benefit (Expense)	Net-of-Tax Amount
Net unrealized loss on securities:						
Unrealized loss arising during the period	$ (544)	$ 198	$ (346)	$ (1,386)	$ 526	$ (860)
Less: reclassification adjustments for (gain) loss realized in net loss	—	—	—	—	—	—
Net unrealized (losses) gains	$ (544)	$ 198	$ (346)	$ (1,386)	$ 526	$ (860)
Net unrealized gain (loss) on foreign currency:						
Foreign currency translation gain (loss) arising during the period	15,134	—	15,134	54,572	26,191	80,763
Less: reclassification adjustments for loss realized in net loss	—	—	—	—	—	—
Foreign currency translation gain	$ 15,134	$ —	$ 15,134	$ 54,572	$ 26,191	$ 80,763
Other comprehensive income	$ 14,590	$ 198	$ 14,788	$ 53,186	$ 26,717	$ 79,903

The following is a summary of the accumulated balances related to each component of Other comprehensive income, net of taxes, at March 31, 2017 and December 31, 2016 (in thousands):

	March 31, 2017	December 31, 2016
Net unrealized gains	$ 549	$ 895
Foreign currency translation loss	(339,195)	(354,329)
Accumulated other comprehensive loss	$ (338,646)	$ (353,434)

NOTE 13. SHAREHOLDERS' EQUITY

Changes in Shareholders' Equity

The following table displays a reconciliation of our beginning and ending balances in shareholders' equity for the three months ended March 31, 2017 (in thousands):

	Total Shareholders' Equity
Shareholders' equity at January 1, 2017, prior to the adoption of ASU 2016-16	$ 2,701,589
Effect of adopting ASU 2016-16 (1)	(372,825)
Shareholders' equity at January 1, 2017	$ 2,328,764
Net loss	(173,828)
Other comprehensive income	14,788
Compensation related to share-based awards	19,493
Tax withholding for restricted shares	(1,097)
Other	(67)
Shareholders' equity at March 31, 2017	$ 2,188,053

(1) Refer to Note 2. Recent Accounting Pronouncements for further description of ASU 2016-16.

The following table displays a reconciliation of our beginning and ending balances in shareholders' equity for the three months ended March 31, 2016 (in thousands):

	Attributable to:		
	Endo International plc	Noncontrolling interests	Total Shareholders' Equity
Shareholders' equity at January 1, 2016	$ 5,968,030	$ (54)	$ 5,967,976
Net loss	(133,869)	(2)	(133,871)
Other comprehensive income	79,847	56	79,903
Compensation related to share-based awards	14,967	—	14,967
Tax withholding for restricted shares	(10,272)	—	(10,272)
Exercise of options	1,952	—	1,952
Issuance of ordinary shares related to the employee stock purchase plan	1,434	—	1,434
Other	2,057	—	2,057
Shareholders' equity at March 31, 2016	$ 5,924,146	$ —	$ 5,924,146

Share-Based Compensation

In February 2017, the Compensation Committee of the Company's Board of Directors approved modifications to the Company's performance stock unit (PSU) program, effective with the 2017 annual grants. The plan is based upon two discrete measures, relative total shareholder return (TSR) and a free cash flow metric. The addition of the free cash flow performance metric, which accounts for 50% of the PSU award at grant, will be measured annually over the performance cycle, which spans a 3-year period. The remaining 50% of the PSU award is tied exclusively to relative TSR performance, which will be measured against the 3-year TSR of a custom index of companies. In addition to meeting the conditions required by both the TSR and free cash flow portions of the awards, grant recipients are also subject to being employed by the Company following the completion of the 3-year period in order to receive the awards.

The Company recognized share-based compensation expense of $19.5 million and $15.0 million during the three months ended March 31, 2017 and 2016, respectively. As of March 31, 2017, the total remaining unrecognized compensation cost related to all non-vested share-based compensation awards amounted to $76.6 million. For the PSUs that are based on a free cash flow metric and are measured against annual performance targets, performance targets with respect to future annual performance periods have not yet been established. As a result, no fair value has been ascribed to these future annual performance periods and these performance periods are not reflected in the remaining unrecognized compensation cost.

As of March 31, 2017, the weighted average remaining requisite service period of the non-vested stock options was 3.0 years and for non-vested restricted stock units was 2.6 years.

NOTE 14. OTHER INCOME, NET

The components of Other income, net for the three months ended March 31, 2017 and 2016 are as follows (in thousands):

	Three Months Ended March 31,	
	2017	2016
Foreign currency (gain) loss, net	$ (2,984)	$ 996
Equity loss (earnings) from investments accounted for under the equity method, net	1,002	(2,344)
Other miscellaneous, net	(55)	(559)
Other income, net	$ (2,037)	$ (1,907)

Foreign currency (gain) loss, net results from the remeasurement of the Company's foreign currency denominated assets and liabilities.

NOTE 15. INCOME TAXES

During the three months ended March 31, 2017, the Company recognized income tax benefit of $11.9 million on $177.4 million of loss from continuing operations before income tax, compared to $118.7 million of tax benefit on $207.5 million of loss from continuing operations before income tax during the comparable 2016 period. The tax benefit for the current period is primarily related to the geographic mix of pretax earnings and the discrete tax benefit associated with the International Pharmaceuticals Segment intangible asset impairment. The tax benefit for the comparable 2016 period was primarily related to the geographic mix of pretax earnings and the discrete tax benefit associated with the U.S. Generic Pharmaceuticals business impairment.

As further discussed in Note 2. Recent Accounting Pronouncements, the Company adopted ASU 2016-16, effective January 1, 2017, resulting in the elimination of previously recorded deferred charges that were established in 2016. Specifically, the Company eliminated a $24.1 million current deferred charge and a $348.8 million non-current deferred charge that were reflected in our Condensed Consolidated Balance Sheet at December 31, 2016 as Prepaid expenses and other current assets and Other assets, respectively. The eliminations of these deferred charges were recorded as adjustments to retained earnings as of January 1, 2017. On adoption, the Company also recorded net deferred tax assets, primarily related to certain intangibles and tax deductible goodwill, of $479.7 million, fully offset by a corresponding valuation allowance.

NOTE 16. NET LOSS PER SHARE

The following is a reconciliation of the numerator and denominator of basic and diluted net loss per share for the three months ended March 31, 2017 and 2016 (in thousands):

	Three Months Ended March 31,	
	2017	2016
Numerator:		
Loss from continuing operations	$ (165,423)	$ (88,763)
Less: Net income (loss) from continuing operations attributable to noncontrolling interests	—	(2)
Loss from continuing operations attributable to Endo International plc ordinary shareholders	$ (165,423)	$ (88,761)
Loss from discontinued operations attributable to Endo International plc ordinary shareholders, net of tax	(8,405)	(45,108)
Net loss attributable to Endo International plc ordinary shareholders	$ (173,828)	$ (133,869)
Denominator:		
For basic per share data—weighted average shares	223,014	222,302
Dilutive effect of ordinary share equivalents	—	—
Dilutive effect of various convertible notes and warrants	—	—
For diluted per share data—weighted average shares	223,014	222,302

Basic net loss per share data is computed based on the weighted average number of ordinary shares outstanding during the period. Diluted loss per share data is computed based on the weighted average number of ordinary shares outstanding and, if there is net income from continuing operations attributable to Endo ordinary shareholders during the period, the dilutive impact of ordinary share equivalents outstanding during the period. Ordinary share equivalents are measured under the treasury stock method.

Due to the Company's adoption of ASU 2016-09, effective January 1, 2017, the Company will no longer consider excess tax benefits resulting from share-based compensation awards when applying the treasury stock method to calculate diluted weighted average shares outstanding. Therefore, the adoption of this ASU will have the effect of increasing dilution in periods where there is net income from continuing operations attributable to Endo ordinary shareholders and there are weighted average dilutive awards outstanding.

All stock options and stock awards were excluded from the diluted share calculation for the three months ended March 31, 2017 and 2016 because their effect would have been anti-dilutive, as the Company was in a loss position.

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

The following Management's Discussion and Analysis of Financial Condition and Results of Operations describes the principal factors affecting the results of operations, liquidity and capital resources and critical accounting estimates at Endo International plc. This discussion should be read in conjunction with the accompanying quarterly unaudited Condensed Consolidated Financial Statements and our Annual Report on Form 10-K, for the year ended December 31, 2016 (Annual Report). Our Annual Report includes additional information about our significant accounting policies, practices and the transactions that underlie our financial results, as well as a detailed discussion of the most significant risks and uncertainties associated with our financial and operating results. Except for the historical information contained in this Report, including the following discussion, this Report contains forward-looking statements that involve risks and uncertainties. See "Forward-Looking Statements" beginning on page i of this Report.

Unless otherwise indicated or required by the context, references throughout to "Endo," the "Company," "we," "our" or "us" refer to financial information and transactions of Endo International plc and its consolidated subsidiaries.

RESULTS OF OPERATIONS

Our quarterly results have fluctuated in the past, and may continue to fluctuate. These fluctuations are primarily due to (1) the timing of new product launches, (2) purchasing patterns of our customers, (3) market acceptance of our products, (4) the impact of competitive products and products we recently acquired, (5) pricing of our products, (6) the timing of mergers, acquisitions, divestitures and other related activity. These fluctuations are also attributable to charges incurred for compensation related to share-based payments, amortization of intangible assets, asset impairment charges, litigation-related charges, restructuring charges and certain upfront, milestone and other payments made or accrued pursuant to acquisition or licensing agreements.

Consolidated Results Review

Total Revenues. Total revenues for the three months ended March 31, 2017 increased 8% to $1,037.6 million from $963.5 million in the comparable 2016 period. This revenue increase was primarily attributable to increased revenue in our U.S. Generic Pharmaceuticals business as a result of fourth quarter 2016 launches including ezetimibe tablets (generic version of Zetia®) and quetiapine ER tablets (generic version of Seroquel® XR) and an increase in the net sales of VASOSTRICT®, partially offset by decreases in our U.S. Branded Pharmaceuticals segment, driven primarily by generic competition. The marketing exclusivity periods for both ezetimibe tablets and quetiapine ER tablets expire in the second quarter of 2017. As a result, revenues for these products are expected to decline significantly in subsequent periods.

Gross margin, costs and expenses. The following table sets forth costs and expenses for the three months ended March 31 (dollars in thousands):

	Three Months Ended March 31,			
	2017		2016	
	$	% of Revenue	$	% of Revenue
Cost of revenues	$ 668,962	64	$ 688,705	71
Selling, general and administrative	177,240	17	178,355	19
Research and development	43,009	4	41,692	4
Litigation-related and other contingencies, net	936	—	5,200	1
Asset impairment charges	203,962	20	129,625	13
Acquisition-related and integration items	10,880	1	12,554	1
Total costs and expenses*	$ 1,104,989	106	$ 1,056,131	110

* Percentages may not add due to rounding.

Cost of revenues and gross margin. Cost of revenues for the three months ended March 31, 2017 decreased 3% to $669.0 million from the comparable 2016 period, despite increased sales. During the first quarter of 2016, Cost of revenues included charges to increase excess inventory reserves of approximately $45 million at our U.S. Generic Pharmaceuticals segment due to the underperformance of certain products and the planned discontinuance of several products as part of the 2016 U.S. Generic Pharmaceuticals restructuring initiative. Such costs declined significantly during the three months ended March 31, 2017. Additional items contributing to the decrease in Cost of revenues include the impact of product rationalization from the U.S. Generic Pharmaceuticals restructuring initiative for the three months ended March 31, 2017, as well as a year-over-year decrease in inventory step-up expense. Partially offsetting the decrease in Cost of revenues is a year-over-year increase in amortization expense resulting from certain generic product launches, as well as increased costs associated with higher revenues.

Gross margin for the three months ended March 31, 2017 increased to 36% from 29% in the comparable 2016 period. This increase was driven by the reductions in Cost of revenues described above, partially offset by the change in the mix of revenue toward lower margin generic pharmaceutical product sales.

Selling, general and administrative expenses. Selling, general and administrative expenses for the three months ended March 31, 2017 decreased 1% to $177.2 million from the comparable 2016 period. This decrease was primarily a result of cost reduction initiatives that were implemented during 2016 and in the first quarter of 2017, partially offset by restructuring charges of $15.5 million recorded in the first quarter of 2017 related to the January 2017 Restructuring. Our restructuring initiatives are described more fully in Note 4. Restructuring of the Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Research and development expenses. Research and development (R&D) expenses for the three months ended March 31, 2017 increased 3% to $43.0 million from the comparable 2016 period. This increase was primarily attributable to increased spend at our U.S. Generic Pharmaceuticals segment, which currently has a wide range of products in its pipeline including high-barrier-to-entry generic products and first-to-file or first-to-market opportunities.

Litigation-related and other contingencies, net. Litigation-related and other contingencies, net for the three months ended March 31, 2017 decreased 82% to $0.9 million from the comparable 2016 period. Our material legal proceedings and other contingent matters are described in more detail in Note 11. Commitments and Contingencies of the Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Asset impairment charges. Asset impairment charges for the three months ended March 31, 2017 totaled $204.0 million compared to $129.6 million in the comparable 2016 period. A summary of significant goodwill and other intangible asset impairment charges by reportable segment for the three months ended March 31, 2017 and 2016 is included below.

U.S. Generic Pharmaceuticals Segment

During the three months ended March 31, 2017, the Company identified certain market conditions impacting the recoverability of developed technology intangible assets in its U.S. Generic Pharmaceuticals segment. Accordingly, we tested these assets for impairment and determined that their carrying amounts were no longer fully recoverable, resulting in pre-tax, non-cash asset impairment charges totaling $72.7 million during the first quarter of 2017.

During the three months ended March 31, 2016, the Company identified certain market and regulatory conditions impacting the recoverability of certain indefinite and finite-lived intangible assets in our U.S. Generic Pharmaceuticals segment. Accordingly, we tested these assets for impairment and determined that the carrying amount of certain of these assets was no longer fully recoverable, resulting in pre-tax, non-cash asset impairment charges of $29.3 million during the first quarter of 2016. In addition, during the first quarter of 2016, the Company recognized pre-tax, non-cash asset impairment charges of $100.3 million related to the 2016 U.S. Generic Pharmaceuticals restructuring initiative, which resulted from the discontinuation of certain commercial products and the abandonment of certain IPR&D projects. See Note 4. Restructuring of the Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional discussion.

International Pharmaceuticals Segment

Pursuant to an existing agreement with a wholly owned subsidiary of Novartis AG (Novartis), Paladin licensed the Canadian rights to commercialize serelaxin, an investigational drug for the treatment of acute heart failure (AHF). In March 2017, Novartis announced that a Phase III study of serelaxin in patients with AHF failed to meet its primary endpoints. As a result, Endo has concluded that its serelaxin in-process research and development intangible asset is fully impaired resulting in a $45.5 million impairment charge for the three months ended March 31, 2017.

In addition and as a result of the serelaxin impairment, the Company assessed the recoverability of its Paladin goodwill balance and determined that the estimated fair value of the Paladin reporting unit was below its book value. Based on the provisions of ASU 2017-04, which the Company adopted as of January 1, 2017, the Company recorded a pre-tax, non-cash asset impairment charge of $82.6 million during the three months ended March 31, 2017. The Company estimated the fair value of the Paladin reporting unit using an income approach that utilizes a discounted cash flow model, which is dependent upon the Company's estimates of future cash flows and other factors. This estimate involves assumptions concerning (i) future operating performance, including future sales, long-term growth rates, operating margins, variations in the amount and timing of cash flows and the probability of achieving the estimated cash flows and (ii) future economic conditions. The underlying assumptions are based on significant inputs not observable in the market and thus represent Level 3 measurements within the fair value hierarchy. The discount rate applied to the estimated cash flows for our Paladin goodwill impairment test was 10.0%, reflecting the overall risk associated with the reporting unit and other market factors. We believe the discount rate and other inputs and assumptions are consistent with those that a market participant would use.

Additionally, the Company is currently assessing strategic alternatives for its Somar business. Should this strategic process continue to advance successfully, the assets and liabilities of the Somar business may eventually be classified as held-for-sale in our Condensed Consolidated Balance Sheets. Although we cannot predict the ultimate timing or outcome of the strategic process, held-for-sale accounting will trigger an additional impairment review that could lead to material impairment charges. Based on progress to date and preliminary indications of interest from potential buyers, it is possible that certain Somar assets could become impaired, including intangible assets and goodwill. As of March 31, 2017, Somar's net book value, including currency translation adjustments, was approximately $220 million.

Acquisition-related and integration items. Acquisition-related and integration items for the three months ended March 31, 2017 decreased 13% to $10.9 million from the comparable 2016 period. Acquisition-related and integration items, excluding amounts related to contingent consideration, for the three months ended March 31, 2017 decreased 79.8% to $4.7 million from the comparable 2016 period. The decrease was primarily attributable to lower costs incurred associated with our 2015 Auxilium and Par acquisitions.

Net adjustments related to acquisition-related contingent consideration, which resulted from changes in market conditions impacting the commercial potential of the underlying products, included a charge of $6.2 million for the three months ended March 31, 2017 compared to a benefit of $10.7 million in the comparable 2016 period. See Note 7. Fair Value Measurements of the Condensed Consolidated Financial Statements included in Part I, Item 1 for further discussion of our acquisition-related contingent consideration.

Interest expense, net. The components of Interest expense, net for the three months ended March 31 are as follows (in thousands):

	Three Months Ended March 31,	
	2017	2016
Interest expense	$ 113,453	$ 117,470
Interest income	(1,454)	(677)
Interest expense, net	$ 111,999	$ 116,793

Interest expense for the three months ended March 31, 2017 decreased 3% to $113.5 million from the comparable 2016 period. This decrease was primarily attributable to a decrease in the aggregate principal amount of our average total outstanding indebtedness to $8.4 billion for the three months ended March 31, 2017 from $8.7 billion in the comparable 2016 period.

Other income, net. The components of Other income, net for the three months ended March 31 are as follows (in thousands):

	Three Months Ended March 31,	
	2017	2016
Foreign currency (gain) loss, net	$ (2,984)	$ 996
Equity loss (earnings) from investments accounted for under the equity method, net	1,002	(2,344)
Other miscellaneous, net	(55)	(559)
Other income, net	$ (2,037)	$ (1,907)

Foreign currency loss (gain), net results from the remeasurement of our foreign currency denominated assets and liabilities.

Income tax benefit. During the three months ended March 31, 2017, the Company recognized income tax benefit of $11.9 million on $177.4 million of loss from continuing operations before income tax, compared to $118.7 million of tax benefit on $207.5 million of loss from continuing operations before income tax during the comparable 2016 period. The tax benefit for the current period is primarily related to the geographic mix of pretax earnings and the discrete tax benefit associated with the International Pharmaceuticals Segment intangible asset impairment. The tax benefit for the comparable 2016 period was primarily related to the geographic mix of pretax earnings and the discrete tax benefit associated with the U.S. Generic Pharmaceuticals business impairment.

As further discussed in Note 2. Recent Accounting Pronouncements of the Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q, the Company adopted ASU 2016-16, effective January 1, 2017, resulting in the elimination of previously recorded deferred charges that were established in 2016. Specifically, the Company eliminated a $24.1 million current deferred charge and a $348.8 million non-current deferred charge that were reflected in our Condensed Consolidated Balance Sheet at December 31, 2016 as Prepaid expenses and other current assets and Other assets, respectively. The eliminations of these deferred charges were recorded as adjustments to retained earnings as of January 1, 2017. On adoption, the Company also recorded net deferred tax assets, primarily related to certain intangibles and tax deductible goodwill, of $479.7 million, fully offset by a corresponding valuation allowance.

Discontinued operations, net of tax. As a result of the decision to sell our AMS business and wind down our Astora business, the operating results of this business are reported as Discontinued operations, net of tax in the Condensed Consolidated Statements of Operations for all periods presented. The results of our discontinued operations totaled $8.4 million of loss, net of tax, during the three months ended March 31, 2017 compared to $45.1 million of loss, net of tax, in the comparable 2016 period.

The change during the three months ended March 31, 2017 was mainly due to a decrease in overall spending related to the wind-down of our Astora business. Additionally, there was a decrease in charges relating to mesh litigation of $2.2 million and a decrease in asset impairment charges of $21.2 million. These amounts were partially offset by a decrease in the income tax benefit of $19.2 million.

2017 Outlook

We estimate that our 2017 total revenues will be between $3.45 billion and $3.60 billion. This estimate reflects an anticipated decline in our U.S. Generic Pharmaceuticals segment driven by a decline in the base business partially offset by growth in our Sterile Injectables and new launch revenues; a decline in our U.S. Branded Pharmaceuticals segment resulting from the annualization of the loss of exclusivity for VOLTAREN® Gel and FROVA® and the continued decline in the legacy pain portfolio, partially offset by the growth of XIAFLEX® and our other Specialty business products; and the divestiture of the South African Litha Healthcare Group Limited and competitive pressures in our International Pharmaceuticals segment. The Company anticipates improved margins in 2017 driven by product rationalization in our U.S. Generic Pharmaceuticals segment and targeted cost reductions in selling, general and administrative expenses. We will continue to invest in XIAFLEX® and other core products to position the Company for long-term success. There can be no assurance that we will achieve these results.

Business Segment Results Review

The three reportable business segments in which we operate are: (1) U.S. Generic Pharmaceuticals, (2) U.S. Branded Pharmaceuticals and (3) International Pharmaceuticals. These segments reflect the level at which the chief operating decision maker regularly reviews financial information to assess performance and to make decisions about resources to be allocated. Each segment derives revenue from the sales or licensing of its respective products and is discussed in more detail below.

We evaluate segment performance based on each segment's adjusted income from continuing operations before income tax, a financial measure not determined in accordance with U.S. GAAP, which we define as loss from continuing operations before income tax and before certain upfront and milestone payments to partners; acquisition-related and integration items, including transaction costs, earn-out payments or adjustments, changes in the fair value of contingent consideration and bridge financing costs; cost reduction and integration-related initiatives such as separation benefits, retention payments, other exit costs and certain costs associated with integrating an acquired company's operations; excess costs that will be eliminated pursuant to integration plans; asset impairment charges; amortization of intangible assets; inventory step-up recorded as part of our acquisitions; certain non-cash interest expense; litigation-related and other contingent matters; gains or losses from early termination of debt; foreign currency gains or losses on intercompany financing arrangements; and certain other items.

Certain of the corporate general and administrative expenses incurred by us are not attributable to any specific segment. Accordingly, these costs are not allocated to any of our segments and are included in the results below as "Corporate unallocated costs." Interest income and expense are also considered corporate items and not allocated to any of our segments. Our consolidated adjusted income from continuing operations before income tax is equal to the combined results of each of its segments less these unallocated corporate items.

We refer to adjusted income from continuing operations before income tax in making operating decisions because we believe it provides meaningful supplemental information regarding our operational performance. For instance, we believe that this measure facilitates its internal comparisons to our historical operating results and comparisons to competitors' results. We believe this measure is useful to investors in allowing for greater transparency related to supplemental information used in our financial and operational decision-making. In addition, we have historically reported similar financial measures to our investors and believe that the inclusion of comparative numbers provides consistency in our current financial reporting. Further, we believe that adjusted income from continuing operations before income tax may be useful to investors as we are aware that certain of our significant shareholders utilize adjusted income from continuing operations before income tax to evaluate our financial performance. Finally, adjusted income from continuing operations before income tax is utilized in the calculation of adjusted diluted income per share, which is used by the Compensation Committee of Endo's Board of Directors in assessing the performance and compensation of substantially all of our employees, including our executive officers.

There are limitations to using financial measures such as adjusted income from continuing operations before income tax. Other companies in our industry may define adjusted income from continuing operations before income tax differently than we do. As a result, it may be difficult to use adjusted income from continuing operations before income tax or similarly named adjusted financial measures that other companies may use to compare the performance of those companies to our performance. Because of these limitations, adjusted income from continuing operations before income tax is not intended to represent cash flow from operations as defined by U.S. GAAP and should not be used as alternatives to net income as indicators of operating performance or to cash flows as measures of liquidity. We compensate for these limitations by providing reconciliations of our total segment adjusted income from continuing operations before income tax to our consolidated loss from continuing operations before income tax, which is determined in accordance with U.S. GAAP and included in our Condensed Consolidated Statements of Operations.

Revenues. The following table displays our revenue by reportable segment for the three months ended March 31 (dollars in thousands):

	Three Months Ended March 31,	
	2017	**2016**
Net revenues to external customers:		
U.S. Generic Pharmaceuticals	$ 721,983	$ 583,390
U.S. Branded Pharmaceuticals	250,159	308,813
International Pharmaceuticals (1)	65,458	71,336
Total net revenues to external customers	$ 1,037,600	$ 963,539

(1) Revenues generated by our International Pharmaceuticals segment are primarily attributable to Canada, Latin America and South Africa.

U.S. Generic Pharmaceuticals. The following table displays the significant components of our U.S. Generic Pharmaceuticals revenues to external customers for the three months ended March 31 (in thousands):

	Three Months Ended March 31,	
	2017	2016
U.S. Generic Pharmaceuticals:		
U.S. Generics Base (1)	$ 236,147	$ 347,429
Sterile Injectables	151,349	123,689
New Launches and Alternative Dosages (2)	334,487	112,272
Total U.S. Generic Pharmaceuticals	$ 721,983	$ 583,390

(1) U.S. Generics Base includes solid oral-extended release, solid oral-immediate release and pain/controlled substances products.
(2) New Launches and Alternative Dosages includes liquids, semi-solids, patches, powders, ophthalmics, sprays and new product launches. Products are included in New Launches during the calendar year of launch and the subsequent calendar year such that the period of time any product will be considered a New Launch will range from thirteen to twenty-four months. New Launches contributed $241.5 million of revenues for the three months ended March 31, 2017 compared to $29.3 million of revenues in the comparable 2016 period.

Net sales of U.S. Generics Base for the three months ended March 31, 2017 decreased 32% to $236.1 million from the comparable 2016 period. This decrease was primarily attributable to continued competitive pressure on commoditized generic products and product rationalization actions resulting from the 2016 U.S. Generic Pharmaceuticals restructuring.

Net sales of Sterile Injectables for the three months ended March 31, 2017 increased 22% to $151.3 million from the comparable 2016 period. This increase was primarily attributable to net sales of VASOSTRICT® and certain other products. VASOSTRICT® is the first and only vasopressin injection with a New Drug Application (NDA) approved by the FDA. Its sales were $99.2 million for the three months ended March 31, 2017, up from $80.0 million in the comparable 2016 period, with the change driven by increases in both price and volume.

Net sales of New Launches and Alternative Dosages for the three months ended March 31, 2017 increased 198% to $334.5 million from the comparable 2016 period. This increase was primarily attributable to sales of ezetimibe tablets and quetiapine ER tablets, both of which are first-to-file products launched in the fourth quarter of 2016. The marketing exclusivity periods for each of these products expire in the second quarter of 2017. As a result, revenues for these products are expected to decline significantly in subsequent periods. Total combined net sales for these two products for the three months ended March 31, 2017 were approximately $201.4 million. The remaining increase was attributable to Alternative Dosages, driven by favorable changes in the competitive market for certain products in this category.

U.S. Branded Pharmaceuticals. The following table displays the significant components of our U.S. Branded Pharmaceuticals revenues to external customers for the three months ended March 31 (in thousands):

	Three Months Ended March 31,	
	2017	2016
Specialty Products:		
XIAFLEX®	$ 49,525	$ 44,045
SUPPRELIN® LA	19,181	17,252
Other Specialty (1)	36,028	32,969
Total Specialty Products	$ 104,734	$ 94,266
Established Products:		
OPANA® ER	$ 35,718	$ 44,670
PERCOCET®	30,945	33,593
VOLTAREN® Gel	14,274	35,747
LIDODERM®	13,176	19,712
Other Established (2)	51,312	80,825
Total Established Products	$ 145,425	$ 214,547
Total U.S. Branded Pharmaceuticals (3)	$ 250,159	$ 308,813

(1) Products included within Other Specialty include TESTOPEL®, NASCOBAL® Nasal Spray, and AVEED®.
(2) Products included within Other Established include, but are not limited to, TESTIM® and FORTESTA® Gel, including the authorized generic.
(3) Individual products presented above represent the top two performing products in each product category and/or any product having revenues in excess of $25 million during any quarterly period in 2017 or 2016. LIDODERM® is separately presented as its revenues exceeded $25 million in certain quarterly periods in 2016.

Specialty Products

Net sales of XIAFLEX® for the three months ended March 31, 2017 increased 12% to $49.5 million from the comparable 2016 period. The increase was primarily attributable to demand growth driven by the continued investment and promotional efforts behind XIAFLEX® as well as price.

Net sales of SUPPRELIN® LA for the three months ended March 31, 2017 increased 11% to $19.2 million from the comparable 2016 period. This increase was primarily attributable to price increases.

Net sales of Other Specialty Products for the three months ended March 31, 2017 increased 9% to $36.0 million from the comparable 2016 period. This increase was attributable to increased NASCOBAL® Nasal Spray and TESTOPEL® revenues related to price and volume increases for both products.

Established Products

Net sales of OPANA® ER for the three months ended March 31, 2017 decreased 20% to $35.7 million from the comparable 2016 period. Net sales continue to be impacted by competing generic versions of OPANA® ER and market declines. In March 2017, we announced that the FDA's Drug Safety and Risk Management and Anesthetic and Analgesic Drug Products Advisory Committees (the Committees) voted that the benefits of reformulated OPANA® ER (oxymorphone hydrochloride extended release) no longer outweigh its risks. While several of the Committee members acknowledged the role of OPANA® ER in clinical practice, others believed its benefits are now outweighed by the continuing public health concerns around the product's misuse, abuse and diversion. During the Committees' discussion following the vote, a number of Committee members recommended that OPANA® ER remain on the market with additional regulatory restrictions to mitigate the risks. The FDA convened these Committees to discuss pre- and post-marketing data about the abuse of OPANA® ER, the product's overall risk-benefit profile, as well as the abuse of generic oxymorphone ER and oxymorphone immediate-release products. While the FDA will consider the Committees' vote, any decision regarding whether to take regulatory action rests solely with the FDA. Any such regulatory action taken could have material adverse effect on future sales of OPANA® ER.

Net sales of PERCOCET® for the three months ended March 31, 2017 decreased 8% to $30.9 million from the comparable 2016 period. This decrease was attributable to volume decreases, partially offset by price increases.

Net sales of VOLTAREN® Gel for the three months ended March 31, 2017 decreased 60% to $14.3 million from the comparable 2016 period. This decrease was primarily attributable to the March 2016 launch of Amneal Pharmaceuticals LLC's generic equivalent of VOLTAREN® Gel and our launch of the authorized generic of VOLTAREN® Gel in July 2016. Subject to FDA approval, it is possible one or more additional competing generic products could potentially enter the market, which could negatively impact future sales of VOLTAREN® Gel.

Net sales of LIDODERM® for the three months ended March 31, 2017 decreased 33% to $13.2 million from the comparable 2016 period. This decrease was attributable to volume decreases resulting from generic competition, partially offset by an increase in price.

Net sales of Other Established Products for the three months ended March 31, 2017 decreased 37% to $51.3 million from the comparable 2016 period. This decrease was attributable to generic competition on FROVA®, the divestiture of STENDRA® in the third quarter of 2016 and volume decreases related to other products in this category resulting from generic competition.

International Pharmaceuticals. Revenues from our International Pharmaceuticals segment for the three months ended March 31, 2017 decreased 8% to $65.5 million from the comparable 2016 period. This decrease was primarily attributable to lower volumes across the international markets in which we operate.

Adjusted income from continuing operations before income tax. The following table displays our Adjusted income from continuing operations before income tax by reportable segment for the three months ended March 31 (in thousands):

	Three Months Ended March 31,	
	2017	2016
Adjusted income from continuing operations before income tax:		
U.S. Generic Pharmaceuticals	$ 341,599	$ 211,768
U.S. Branded Pharmaceuticals	129,492	168,781
International Pharmaceuticals	14,882	21,754
Total segment adjusted income from continuing operations before income tax	$ 485,973	$ 402,303

U.S. Generic Pharmaceuticals. Adjusted income from continuing operations before income tax for the three months ended March 31, 2017 increased 61% to $341.6 million from the comparable 2016 period. This increase was driven by increases to both revenues and gross margins, primarily due to the fourth quarter 2016 launch of ezetimibe tablets and quetiapine ER tablets. Gross margin also improved for the three months ended March 31, 2017 due to product rationalization actions resulting from the 2016 U.S. Generic Pharmaceuticals restructuring.

U.S. Branded Pharmaceuticals. Adjusted income from continuing operations before income tax for the three months ended March 31, 2017 decreased 23% to $129.5 million from the comparable 2016 period. This decrease is primarily attributable to decreased VOLTAREN® Gel, FROVA®, LIDODERM® and OPANA® ER revenues related to generic competition and the divestiture of STENDRA® in the third quarter of 2016. The decrease in revenue was offset by targeted cost reductions in selling, general and administrative expenses associated with our previously announced restructuring initiatives.

International Pharmaceuticals. Adjusted income from continuing operations before income tax for the three months ended March 31, 2017 decreased 32% to $14.9 million from the comparable 2016 period. This decrease was primarily attributable to decreased revenues as described above and unfavorable shifts in the mix of revenue.

The table below provides reconciliations of our consolidated loss from continuing operations before income tax, which is determined in accordance with U.S. GAAP, to our total segment adjusted income from continuing operations before income tax for the three months ended March 31, (in thousands):

	Three Months Ended March 31,	
	2017	2016
Total consolidated loss from continuing operations before income tax	$ (177,351)	$ (207,478)
Interest expense, net	111,999	116,793
Corporate unallocated costs (1)	47,468	36,280
Amortization of intangible assets	263,134	211,669
Inventory step-up and certain manufacturing costs that will be eliminated pursuant to integration plans	115	68,476
Upfront and milestone payments to partners	3,095	1,417
Separation benefits and other cost reduction initiatives (2)	22,670	38,456
Impact of VOLTAREN® Gel generic competition	—	(7,750)
Certain litigation-related charges, net (3)	936	5,200
Asset impairment charges (4)	203,962	129,625
Acquisition-related and integration items (5)	10,880	12,554
Foreign currency impact related to the remeasurement of intercompany debt instruments	(2,694)	1,255
Other, net	1,759	(4,194)
Total segment adjusted income from continuing operations before income tax	$ 485,973	$ 402,303

(1) Corporate unallocated costs include certain corporate overhead costs, such as headcount and facility expenses and certain other income and expenses.
(2) Separation benefits and other cost reduction initiatives include employee separation costs of $20.8 million and $6.8 million for the three months ended March 31, 2017 and 2016, respectively. During the three months ended March 31, 2017, there were other restructuring costs of $1.9 million. Other amounts in the comparable 2016 period primarily consist of $26.9 million of inventory write-offs and $4.4 million of other restructuring costs. These amounts were primarily recorded as Cost of revenues and Selling, general and administrative expense in our Condensed Consolidated Statements of Operations. See Note 4. Restructuring for discussion of our material restructuring initiatives.
(3) These amounts include charges for Litigation-related and other contingencies, net as further described in Note 11. Commitments and Contingencies.
(4) Asset impairment charges primarily relate to charges to write down goodwill and intangible assets as further described in Note 8. Goodwill and Other Intangibles.
(5) Acquisition-related and integration items include costs directly associated with previous acquisitions of $4.7 million and $23.2 million for three months ended March 31, 2017 and 2016, respectively. In addition, during the three months ended March 31, 2017, there was a charge due to changes in fair value of contingent consideration of $6.2 million. During the three months ended March 31, 2016, there was a benefit due to changes in the fair value of contingent consideration of $10.7 million.

LIQUIDITY AND CAPITAL RESOURCES

Our principal source of liquidity is cash generated from operations. Our principal liquidity requirements are primarily for working capital for operations, licenses, milestone payments, capital expenditures, contingent liabilities, vaginal mesh liability payments and debt service payments. The Company's working capital was $273.6 million at March 31, 2017 compared to a working capital deficit of $45.3 million at December 31, 2016. The amount at March 31, 2017 includes restricted cash and cash equivalents of $272.0 million held in Qualified Settlement Funds (QSFs) for mesh product liability settlement agreements, which is expected to be paid to qualified claimants within the next twelve months. The amount at December 31, 2016 included restricted cash and cash equivalents of $276.0 million held in QSFs for mesh product liability settlement agreements.

Cash and cash equivalents, which primarily consisted of bank deposits, time deposits and money market accounts, totaled $617.6 million at March 31, 2017 compared to $517.3 million at December 31, 2016.

We expect cash generated from operations together with our cash, cash equivalents and the revolving credit facilities to be sufficient to cover cash needs for working capital and general corporate purposes, contingent liabilities, payment of contractual obligations, principal and interest payments on our indebtedness, capital expenditures, ordinary share repurchases and any regulatory and/or sales milestones that may become due over the next year. However, on a longer term basis, we may not be able to accurately predict the effect of certain developments on the rate of sales growth, such as the degree of market acceptance, patent protection and exclusivity of our products, the impact of competition, the effectiveness of our sales and marketing efforts and the outcome of our current efforts to develop, receive approval for and successfully launch our product candidates. Additionally, we may not be successful in implementing, or may face unexpected changes or expenses in connection with our strategic direction, including the potential for opportunistic corporate development transactions. Any of the above could adversely affect our future cash flows.

We may need to obtain additional funding for future transactions, to repay our outstanding indebtedness, or for our future operational needs. We have historically had broad access to financial markets that provide liquidity; however, we cannot be certain that funding will be available on terms acceptable to us, or at all. Any issuances of equity securities or convertible securities could have a dilutive effect on the ownership interest of our current shareholders and may adversely impact net income per share in future periods. An acquisition may be accretive or dilutive and, by its nature, involves numerous risks and uncertainties. As a result of any acquisition efforts, if any, we are likely to experience significant charges to earnings for merger and related expenses (whether or not the acquisitions are consummated) that may include transaction costs, closure costs or costs of restructuring activities.

Borrowings. At March 31, 2017, the Company's indebtedness includes a credit agreement with combined outstanding principal borrowings of $3,686.3 million and additional availability of approximately $996.0 million under the revolving credit facilities.

The credit agreement contains affirmative and negative covenants that the Company believes to be usual and customary for a senior secured credit facility. The negative covenants include, among other things, limitations on capital expenditures, asset sales, mergers and acquisitions, indebtedness, liens, dividends, investments and transactions with the Company's affiliates. As of March 31, 2017, we were in compliance with all such covenants.

On April 27, 2017, the Company repaid the amounts owed under this credit agreement and entered into a new five-year revolving credit facility in a principal amount of $1,000.0 million and (ii) a seven-year term loan facility in a principal amount of $3,415.0 million. The new credit facilities are further described in Note 10. Debt of the Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

At March 31, 2017, the Company's indebtedness includes senior notes with aggregate principal amounts totaling $4.7 billion. These notes mature between 2022 and 2025, subject to earlier repurchase or redemption in accordance with the terms of the respective indentures. Interest rates on these notes range from 5.375% to 7.25%. These notes are senior unsecured obligations of the Company's subsidiaries and are issued or guaranteed on a senior unsecured basis, as applicable, by all of our significant subsidiaries (other than Astora, Somar and Litha) and certain of our other subsidiaries, except for the 7.25% Senior Notes due 2022, which are issued by Endo Health Solutions Inc. and guaranteed on a senior unsecured basis by the guarantors named in the Fifth Supplemental Indenture relating to such notes.

The indentures governing our various senior notes contain affirmative and negative covenants that the Company believes to be usual and customary for senior unsecured indentures. The negative covenants, among other things, restrict the Company's ability and the ability of its restricted subsidiaries to incur certain additional indebtedness and issue preferred stock, make restricted payments, sell certain assets, agree to any restrictions on the ability of restricted subsidiaries to make payments to us, create certain liens, merge, consolidate, or sell substantially all of the Company's assets, or enter into certain transactions with affiliates. As of March 31, 2017, we were in compliance with all covenants.

On April 27, 2017, the Company issued $300.0 million in aggregate principal amount of 5.875% senior secured notes due 2024 (the 2024 Notes). The 2024 Notes are further described in Note 10. Debt.

Credit ratings. The Company's corporate credit ratings assigned by Moody's Investors Service and Standard & Poor's are B2 with a stable outlook and B+ with a negative outlook, respectively.

Working capital. The components of our working capital and our liquidity at March 31, 2017 and December 31, 2016 are below (dollars in thousands):

	March 31, 2017	December 31, 2016
Total current assets	$ 2,332,721	$ 2,589,459
Less: total current liabilities	(2,059,164)	(2,634,745)
Working capital	$ 273,557	$ (45,286)
Current ratio	1.1:1	-1.0:1

Net working capital increased by $318.8 million from December 31, 2016 to March 31, 2017. This increase was primarily attributable to net cash provided by operating activities of $167.8 million. Other significant items contributing to the change in working capital were largely offsetting. These items include a $248.8 million decrease in the current portion of our mesh legal settlement accrual with an associated decrease in restricted cash and cash equivalents of $247.5 million resulting from distributions to claimants from Qualified Settlement Funds. This reduction in restricted cash and cash equivalents was offset by funding of the mesh qualified settlement funds in the amount of $243.3 million. A reduction in accounts receivable of $302.6 million was largely due to cash collections on fourth quarter sales of ezetemibe tablets and quetiapine ER tablets which was partially offset by a net reduction in accounts payable and accrued expenses of $234.8 million, largely related to a reduction in gross-to-net accruals, the payment of accrued interest on outstanding high-yield notes, the majority of which is paid in January and July of each year, and payments to partners related to fourth quarter sales of ezetimibe tablets. In addition, as of March 31, 2017, we reclassified approximately $112.4 million of debt from current to non-current as a result of our April 2017 Refinancing, resulting in a corresponding increase in working capital. Partially offsetting the increase in working capital were purchases of property, plant and equipment of $27.2 million during the three months ended March 31, 2017 and the elimination of a $24.1 million current deferred charge related to the adoption of ASU 2016-16, which was recorded as an adjustment to retained earnings.

The following table summarizes our Condensed Consolidated Statements of Cash Flows for the three months ended March 31 (in thousands):

	Three Months Ended March 31,	
	2017	2016
Net cash flow provided by (used in):		
Operating activities	$ 167,763	$ (45,767)
Investing activities	(7,121)	31,070
Financing activities	(53,194)	(38,650)
Effect of foreign exchange rate	1,444	2,967
Movement in cash held for sale	(8,553)	—
Net increase in cash and cash equivalents	$ 100,339	$ (50,380)

Net cash provided by (used in) operating activities. Net cash provided by operating activities was $167.8 million for the three months ended March 31, 2017 compared to $45.8 million of net cash used by operating activities in the comparable 2016 period.

Net cash provided by (used in) operating activities represents the cash receipts and cash disbursements from all of our activities other than investing activities and financing activities. Changes in cash from operating activities reflect, among other things, the timing of cash collections from customers, payments to suppliers, managed care organizations, government agencies, collaborative partners and employees, as well as tax payments and refunds in the ordinary course of business.

The $213.5 million fluctuation in Net cash provided by (used in) operating activities for the three months ended March 31, 2017 compared to the comparable 2016 period was primarily the result of the timing of cash collections and cash payments related to our operations. In particular, net sales of ezetimibe tablets and quetiapine ER tablets, which were launched in the fourth quarter of 2016, generated increased cash receipts during the three months ended March 31, 2017 compared to the same period in 2016. As a result of continued generic competition on certain legacy branded products and the discontinuation of certain generic products resulting from the 2016 U.S. Generic Pharmaceuticals restructuring initiative, cash outlays for customer rebates and chargebacks decreased during the three months ended March 31, 2017 compared to 2016. These favorable cash impacts were partially offset by increased payments to partners resulting from fourth quarter sales of ezetimibe tablets and an increase in cash outlays for existing mesh settlement agreements during the three months ended March 31, 2017 compared to the same period in 2016.

Net cash (used in) provided by investing activities. Net cash used in investing activities was $7.1 million for the three months ended March 31, 2017 compared to $31.1 million provided by investing activities in the comparable 2016 period.

This $38.2 million fluctuation in cash used in investing activities for the three months ended March 31, 2017 compared to the comparable 2016 period relates primarily to $243.3 million paid into QSFs for mesh settlements during the three months ended March 31, 2017, which was $122.4 million more than cash paid into the QSFs during the comparable 2016 period. This fluctuation was partially offset by $247.5 million of cash released from the QSFs for mesh settlements during three months ended March 31, 2017, which was $62.9 million more than cash released from the QSFs during the comparable 2016 period. Cash payments into QSFs result in a cash outflow for investing activities. Cash releases from QSFs result in a cash inflow for investing activities and a corresponding outflow for cash provided by (used in) operating activities. Payments related to our QSFs are further described in Note 11. Commitments and Contingencies of Part I, Item 1 of this Quarterly Report on Form 10-Q.

Partially offsetting the QSF activity between periods, prior year activity included payments for patent acquisition costs and license fees of $13.0 million, with no comparable activity during three months ended March 31, 2017. In addition, there was an increase in net proceeds from the sales of businesses and other assets of $9.8 million.

Net cash used in financing activities. Net cash used in financing activities was $53.2 million for the three months ended March 31, 2017 compared to $38.7 million used in financing activities in the comparable 2016 period.

Items contributing to the $14.5 million increase in cash used in financing activities for the three months ended March 31, 2017 compared to the comparable 2016 period include an increase in payments for contingent consideration of $13.8 million and an increase in principal payments on term loans of $6.9 million, partially offset by a decrease in payments of tax withholding for restricted shares of $9.2 million.

Fluctuations. Our quarterly results have fluctuated in the past and may continue to fluctuate. These fluctuations may be due to the timing of new product launches, purchasing patterns of our customers, market acceptance of our products, the impact of competitive products and pricing, asset impairment charges, litigation related charges, restructuring costs, including separation benefits, business combination transaction costs, upfront, milestone and certain other payments made or accrued pursuant to licensing agreements and changes in the fair value of financial instruments and contingent assets and liabilities recorded as part of business combinations. Further, a substantial portion of our total revenues are through three wholesale drug distributors who in turn supply our products to pharmacies, hospitals and physicians. Accordingly, we are potentially subject to a concentration of credit risk with respect to our trade receivables.

Contractual Obligations. As of March 31, 2017, there were no material changes in our contractual obligations from those disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2016, filed with the Securities and Exchange Commission on March 1, 2017, except for the debt issuances and repayments described in Note 10. Debt of the consolidated financial statements included in this Quarterly Report on Form 10-Q.

Inflation. We do not believe that inflation had a material adverse effect on our financial statements for the periods presented.

Off-balance sheet arrangements. We have no off-balance sheet arrangements as defined in Item 303(a)(4) of Regulation S-K.

CRITICAL ACCOUNTING ESTIMATES

Our critical accounting estimates have not changed materially since December 31, 2016. For additional discussion of the Company’s critical accounting estimates, see “Critical Accounting Estimates” in Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2016 filed with the Securities and Exchange Commission on March 1, 2017.

As described in more detail above under the caption “RESULTS OF OPERATIONS”, as a result of the Paladin interim goodwill test performed during the first quarter of 2017, the Company recorded a pre-tax, non-cash goodwill impairment charge relating to our Paladin reporting unit of $83 million. A 50 basis point increase in the assumed discount rate utilized or a 50 basis point decrease in the annual growth rate would have increased our Paladin reporting unit goodwill impairment charge by approximately $20 million and $10 million, respectively.

RECENT ACCOUNTING PRONOUNCEMENTS

For discussion of recent accounting pronouncements, refer to Note 2. Recent Accounting Pronouncements in the Condensed Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Item 3. ***Quantitative and Qualitative Disclosures About Market Risk***

Market risk is the potential loss arising from adverse changes in the financial markets, including interest rates and foreign currency exchange rates.

Interest Rate Risk

Our exposure to interest rate risk relates primarily to our variable rate indebtedness associated with our term loan and revolving credit facilities. At March 31, 2017, our variable-rate debt borrowings related to our term loan facilities and had an aggregate principal amount of $3.7 billion. Borrowings under our credit facilities bear interest at a rate equal to an applicable margin plus London Interbank Offered Rate (LIBOR), in certain cases subject to a LIBOR floor. A hypothetical 1% increase in LIBOR over the LIBOR floor would result in $36.9 million in incremental annual interest expense related to our variable-rate debt borrowings.

To the extent we utilize amounts under our revolving credit facilities or take on additional variable rate indebtedness, including the impact of our April 2017 refinancing described in Note 10. Debt of the Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q, we will be exposed to additional interest rate risk.

As of March 31, 2017 and December 31, 2016, we had no other assets or liabilities with significant interest rate sensitivity.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Principal Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as of March 31, 2017. Based on that evaluation, the Company's Chief Executive Officer and Principal Financial Officer concluded that the Company's disclosure controls and procedures were effective as of March 31, 2017.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the fiscal quarter ended March 31, 2017 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The disclosures under Note 11. Commitments and Contingencies of the Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q are incorporated into this Part II, Item 1 by reference.

Item 1A. Risk Factors

Risk factors disclosed in Item 1A. Risk Factors of the Company's Annual Report on Form 10-K for the year ended December 31, 2016 filed with the Securities and Exchange Commission on March 1, 2017 (Annual Report) are incorporated into this document by reference. There have been no material changes to the risk factors disclosed therein.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There were no purchases or sales of equity securities by the Company during the three months ended March 31, 2017.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

The information called for by this item is incorporated by reference to the Exhibit Index of this Report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ENDO INTERNATIONAL PLC

(Registrant)

/s/ PAUL V. CAMPANELLI

Name: **Paul V. Campanelli**

Title: **President and Chief Executive Officer**
(Principal Executive Officer)

/s/ BLAISE COLEMAN

Name: **Blaise Coleman**

Title: **Executive Vice President, Chief Financial Officer**
(Principal Financial Officer)

Date: May 9, 2017

Exhibit Index

Exhibit No.	Title
2.1*	Sale Agreement, dated as of February 27, 2017, by and among Acino Pharma AG and the Endo Luxembourg Finance Company I S.à.r.l., Endo Luxembourg Finance Company II S.à.r.l. and Endo Ventures Limited (filed herewith)
4.1	Indenture, dated as of April 27, 2017, among Endo Designated Activity Company, Endo Finance LLC, Endo Finco Inc., the guarantors named therein and Wells Fargo Bank, National Association, as trustee, relating to the 5.875% Senior Secured Notes due 2024 (incorporated by reference to Exhibit 4.1 of the Endo International plc Current Report on Form 8-K, filed with the Commission on April 28, 2017)
4.2	Form of 5.875% Senior Secured Notes due 2024 (included in Exhibit 4.1)
10.1	Purchase Agreement, dated April 12, 2017, among Endo International plc, Endo Designated Activity Company, Endo Finance LLC, Endo Finco Inc, the guarantors party thereto and J.P. Morgan Securities LLC and Citigroup Global Markets, Inc., as representatives of the several initial purchasers named therein (incorporated by reference to Exhibit 10.1 of the Endo International plc Current Report on Form 8-K, filed with the Commission on April 13, 2017)
10.2	Credit Agreement, dated as of April 27, 2017, among Endo International, plc, as parent, Endo Luxembourg Finance Company I S.à.r.l. and Endo LLC, as borrowers, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent, issuing bank and swingline lender (incorporated by reference to Exhibit 10.1 of the Endo International plc Current Report on Form 8-K, filed with the Commission on April 28, 2017)
31.1	Certification of the President and Chief Executive Officer of Endo pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Chief Financial Officer of Endo pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of the President and Chief Executive Officer of Endo pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of the Chief Financial Officer of Endo pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following materials from Endo International plc's Report on Form 10-Q for the quarter ended March 31, 2017, formatted in XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations, (iii) the Condensed Consolidated Statements of Comprehensive Loss, (iv) the Condensed Consolidated Statements of Cash Flows and (v) the Notes to Condensed Consolidated Financial Statements
*	Confidential portions of this exhibit (indicated by asterisks) have been redacted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request in accordance with Rule 24b-2 of the Securities Exchange Act of 1934, as amended

Exhibit 2.1

The confidential portions of this exhibit have been filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request in accordance with Rule 24b-2 under the Securities Exchange Act of 1934, as amended. REDACTED PORTIONS OF THIS EXHIBIT ARE MARKED BY AN *.**

SALE AGREEMENT

between

ENDO LUXEMBOURG FINANCE COMPANY I S.à r.l.

and

ENDO LUXEMBOURG FINANCE COMPANY II S.à r.l.

and

ENDO VENTURES LIMITED

and

ACINO PHARMA AG

155 – 5th Street Sandton 2196
Johannesburg South Africa
Private Bag 10015 Sandton 2146

Docex 111 Sandton
Tel +27 11 535 8000
Fax +27 11 535 8600

enquiries@werksmans.com
www.werksmans.com

TABLE OF CONTENTS

1	INTERPRETATION	1
2	INTRODUCTION	17
3	SUSPENSIVE CONDITIONS	17
4	SALE	20
5	PURCHASE PRICE AND PAYMENT	20
6	ADJUSTMENT OF PURCHASE PRICE	22
7	CLOSING	26
8	HOLDBACK AMOUNT AND ESCROW ARRANGEMENTS	27
9	AUDITED ACCOUNTS AND MANAGEMENT ACCOUNTS	31
10	THIRD PARTY CONSENTS AND APPROVALS	31
11	POST-CLOSING OBLIGATIONS	32
12	SELLER WARRANTIES	33
13	TAX INDEMNITY	35
14	THIRD PARTY CLAIMS	37
15	LIMITATION OF LIABILITY	40
16	PURCHASER'S WARRANTIES	44
17	FORENSIC TENDER	45
18	JOINT AND SEVERAL	46
19	GUARANTEE	46
20	RESTRAINT	47
21	CONFIDENTIALITY	49
22	SUPPORT	51
23	BREACH AND TERMINATION	51
24	DISPUTES	51
25	DOMICILIUM AND NOTICES	53
26	GENERAL	55
27	GOVERNING LAW	56
28	COSTS	56

ANNEXURES

ANNEXURE A – TARGET GROUP

ANNEXURE B – 2016 ACCOUNTS

ANNEXURE C - WARRANTIES

ANNEXURE D – DISCLOSURE SCHEDULE

ANNEXURE E – DATA ROOM

ANNEXURE F – DESIGNATED CONTRACTS

ANNEXURE G – * HOLDBACK PERCENTAGE PER PRODUCT**

ANNEXURE H – MA PRODUCTS

ANNEXURE I – PIPELINE PRODUCTS

ANNEXURE J – DORMANT PRODUCTS

ANNEXURE K – COMPLEMENTARY MEDICINES

ANNEXURE L – THIRD PARTY PRODUCTS

ANNEXURE M – DESIGNATED MARKETING AUTHORISATIONS

ANNEXURE N – RESTRUCTURING AGREEMENT

ANNEXURE O – RESTRUCTURING MEMORANDUM

ANNEXURE P – SENIOR EMPLOYEES

ANNEXURE Q – ACCOUNTING PRINCIPLES

ANNEXURE R – EXAMPLE STATEMENT OF WORKING CAPITAL

ANNEXURE S – ADJUSTMENT DOCUMENT EXAMPLE

ANNEXURE T – REGISTRATIONS

SALE AGREEMENT

between

ENDO LUXEMBOURG FINANCE COMPANY I S.à r.l.

and

ENDO LUXEMBOURG FINANCE COMPANY II S.à r.l.

and

ENDO VENTURES LIMITED

and

ACINO PHARMA AG

1 **INTERPRETATION**

In this Agreement, clause headings are for convenience and shall not be used in its interpretation and, unless the context clearly indicates a contrary intention, -

1.1 a word or an expression which denotes -

1.1.1 any gender includes the other genders;

1.1.2 a natural person includes an artificial or juristic person and *vice versa*;

1.1.3 the singular includes the plural and *vice versa*;

1.2 the following words and expressions shall bear the meanings assigned to them below and cognate words and expressions bear corresponding meanings -

1.2.1 "**2016 Accounts**" – the unaudited financial statements of each company of the Target Group and the consolidated financial statements of the Target Group as at

and for the period ended on 31 December 2016, as prepared by the Company and provided to the Purchaser, attached as Annexure B;

1.2.2 "**Accounting Principles**" – the accounting principles to be used for purposes of calculating the Adjustment Amount, attached as Annexure Q;

1.2.3 "**Adjustment Amount**" – the Purchase Price adjustment amount in relation to the Cash, Debt and Working Capital position as at the Closing Date, to be determined in accordance with clause 6.3;

1.2.4 "**Adjustment Document**" – shall have the meaning attributed thereto in clause 6.3.1;

1.2.5 "**Affiliate**" - of a specific Entity ("**Specified Entity**") means -

1.2.5.1 each Entity which is directly or indirectly Controlled by the Specified Entity; and

1.2.5.2 each Entity which directly or indirectly Controls the Specified Entity; and

1.2.5.3 each Entity which is directly or indirectly Controlled by an Entity referred to in 1.2.5.2;

1.2.6 "**Agreement**" - this agreement, together with its annexures, as amended from time to time;

1.2.7 "**Applicable Laws**" - in relation to any Person, Party or any Target Group Company, as the case may be, includes all statutes, subordinate legislation, common law, regulations, ordinances, by-laws, directives, codes of practice, circulars, guidance or practice notices, judgments, decisions, standards and similar provisions -

1.2.7.1 which are prescribed, adopted, made, published or enforced by any Relevant Authority; and

1.2.7.2 compliance with which is (or was or will be, at the relevant time referred to in this Agreement) mandatory for that Person, Party or the Target Group Company concerned, as the case may be;

1.2.8 "**Audited Accounts**" – means the consolidated audited financial statements of the Target Group as at and for the period ended on 31 December 2014, 31 December 2015 and 31 December 2016, respectively;

1.2.9 "*******" – *** (registration number ***), a public company with limited liability duly incorporated in South Africa;

1.2.10 "***** Transition Agreement**" – the transition agreement concluded between *** and Litha Pharma during May 2015, in relation to the transfer of certain medicinal products, complimentary medicines, pipeline products and supporting business acquired from ***;

1.2.11 "***** MA Transfers**" – MA Transfer, as contemplated and defined in the *** Transition Agreement;

1.2.12 "***** Agreement**" – the written agreement in the form of a term sheet concluded between Litha Pharma and *** during 2012 in relation to the distribution of, inter alia, *** and ***, and expiring on 30 June 2017;

1.2.13 "***** Replacement Agreement**" – a written agreement to be concluded between Litha Pharma, or another Target Company, and *** replacing or extending the *** Agreement, and which agreement provides for a minimum duration of 12 months from 30 June 2017;

1.2.14 "**Business**" - the business conducted by the Company and the other members of the Target Group as at the Closing Date, being the commercialisation of pharmaceutical products, complementary medicines, cosmetics, certain foods, medical kits and devices and substances or mixtures of substances used or purported to be suitable for use or manufactured or sold for use in:

1.2.14.1 the diagnosis, treatment, mitigation, modification or prevention of disease, abnormal physical or mental state or the symptoms thereof in man; or

1.2.14.2 restoring, correcting or modifying any somatic or psychotic or organic function in man,

and all business activities ancillary thereto;

1.2.15 "**Business Day**" - any day which is not a Saturday, a Sunday or an official public holiday in South Africa, the USA, Switzerland or Ireland;

1.2.16 "**Cash**" – the sum of all cash (net of outstanding checks), and other cash equivalents (including the fair market value of any marketable securities and short term investments) and demand deposits or similar accounts, net of any costs of realisation, and for the avoidance of doubt excluding the Project Bear Loan, as determined with reference to the Accounting Principles;

1.2.17 "**Change of Control Consent**" – in relation to each Designated Contract, the consent or approval in writing of the Designated Third Party to the change of control of the relevant Target Group Company pursuant to the implementation of this Agreement, or, if applicable, the written waiver of any rights that such Designated Third Party may have in terms of that Designated Contract arising from such change of control;

1.2.18 "**CIPC**" - the Companies and Intellectual Property Commission;

1.2.19 "**Closing Date**" - the later of –

1.2.19.1 the fifth Business Day after the date on which the last of the Suspensive Conditions is fulfilled or waived, as the case may be ("**Scheduled Closing Date**"); and

1.2.19.2 in circumstances where any Change of Control Consent remains outstanding or a Replacement Agreement has not been concluded as at the Fulfilment Date, such extended date as may be designated in a written notice to that

effect from a Seller to the Purchaser delivered no later than the second Business Day before the Scheduled Closing Date; provided that such extended date may not be later than 30 days after the Scheduled Closing Date;

1.2.20 "***** Agreement**" – the written agreement concluded between ******* and Litha Pharma on or about 27 March 2012, in relation to the distribution of, inter alia, *******, and expiring on 26 March 2017;

1.2.21 "***** Replacement Agreement**" – a written agreement to be concluded between Litha Pharma, or another Target Group Company, and *******, or its Affiliate, replacing or extending the ******* Agreement, and which agreement provides for a minimum duration of 12 months from 26 March 2017;

1.2.22 "**Control**" - shall be construed in accordance with section 2(2) (as read with section 3(2)) of the Companies Act, and "**Controls**" and "**Controlled**" shall be construed accordingly;

1.2.23 "**Company**" – Litha Healthcare Group Proprietary Limited (registration number 2006/006371/07), a private company with limited liability duly incorporated in South Africa;

1.2.24 "**Companies Act**" - the South African Companies Act No 71 of 2008 and any regulations. rules or directives promulgated thereunder;

1.2.25 "**Competition Act**" - the South African Competition Act No 89 of 1998 and any rules or regulations promulgated thereunder;

1.2.26 "**Data Room**" – means the virtual data room ("**VDR**") for Project Emerald as at 7 February 2017 and updated by the agreed uploads on 23 February 2017 (in Folder 11.8 entitled "Project Emerald – Data Room Uploads 2-23-17"), compiled by the Target Group Holdco and operated by Donnelley Financial Solutions and to which the Purchaser and its representatives were given access for purposes of the Due Diligence Investigation, the index of which is attached as Annexure E hereto, and which information is contained in the VDR and on the CD/s/DVD/s

to be initialed by the Parties for identification purposes by not later than 30 days after the Signature Date; provided that any failure by any Party to initial any such CDs/DVD/s shall not in any way detract from the Data Room being constituted by the VDR;

1.2.27 "**Debt**" – without double counting, all obligations of the types set forth in the following clauses: (a) borrowed money; (b) indebtedness evidenced by notes, debentures or similar instruments; (c) the deferred purchase price of assets, services or securities (in each case, other than (1) ordinary trade accounts payable and (2) accrued expenses, each of which shall be included in the definition of Working Capital); (d) all obligations, under letter of credit or similar facilities, in each case, to the extent drawn or funded; (e) the mark-to-market value of any financial derivatives including but not limited to interest rate swaps; (f) all interest, premium, fees, penalties (including prepayment and early termination penalties) payable in connection with the obligations set forth in the foregoing clauses (a) through (f); (g) all factoring arrangements whether recourse or non-recourse; and (h) all obligations in the foregoing clauses (a) through (g) of other Persons guaranteed directly or indirectly in any manner by any Target Group Company; and other amounts owing in respect of the items described in the foregoing clauses (a) through (h); provided, however, that in no event will the definition of Debt include the Holdback Amount or any amount included in the definition of Working Capital, all as determined with reference to the Accounting Principles;

1.2.28 "**Delivery Documents**" - the following documents -

1.2.28.1 the original share certificates reflecting Target Group Holdco's holding of the Sale Shares;

1.2.28.2 duly signed and currently dated share transfer forms complying with the Company's MOI, providing for the transfer of all of the Sale Shares and reflecting the Purchaser as the transferee;

1.2.28.3 the originals of all such documents (if any) evidencing the relevant Seller's title to the Sale Assets (other than the Sale Shares);

1.2.28.4 a signed cession of the Sale Claim;

1.2.28.5 a signed cession of the *** Licence by EVL;

1.2.28.6 a resolution of the board of directors of the Company -

1.2.28.6.1 approving the transfer of the Sale Shares in accordance with this Agreement;

1.2.28.6.2 authorising the registration of transfer of the Sale Shares and the issue of a new share certificate in respect of the Sale Shares to the Purchaser on the Closing Date;

1.2.28.6.3 accepting the resignations referred to in 1.2.28.7; and

1.2.28.6.4 a shareholders resolution of the Target Group Companies electing those directors nominated by the Purchaser not less than four Business Days before the Closing Date, in accordance with the Company's MOI;

1.2.28.7 to the extent required by the Purchaser in a written notice to the Sellers not less than four Business Days before the Closing Date, the written resignations of those directors of the applicable Target Group Companies named in such written notice;

1.2.28.8 to the extent required by the Purchaser in a written notice to the Sellers not less than three Business Days before the Closing Date, the written resignations, with effect from the Closing Date, of the public officers of the Target Group Companies and the company secretaries of the Target Group Companies; and

1.2.28.9 all of the Target Group Companies' books, records, documents and assets which are in the possession of the Sellers or the Company; provided that the Sellers shall be entitled to retain either originals or copies of such of the foregoing records as it may be required to retain in accordance with Applicable Laws;

1.2.29 "**Deregistration Entities**" – the Target Group Companies and other Entities which are, or the Target Group intends to be, in the process of deregistration in terms of the Companies Act, being Litha Medical Consumables Proprietary Limited, MS Patient Care Pharmacy Proprietary Limited, Filter Works Proprietary Limited and Firefly Investments 223 Proprietary Limited;

1.2.30 "**Designated Contracts**" – the distribution contracts in relation to the primary healthcare business of the Target Group listed in Annexure F;

1.2.31 "**Designated Third Parties**" – those parties listed in Annexure F attached hereto who are third party contractors to the Designated Contracts;

1.2.32 "**Diminished Value Amount**" – the diminishment in value of a Holdback Contract or a Diminished Value Contract as a result of New Contract Terms becoming applicable and being a maximum of the Holdback Contract Value of that Holdback Contract, with such amount being determined in accordance with the provisions of Annexure F1 attached hereto;

1.2.33 "**Diminished Value Contracts**" – as defined in clause 8.1.2;

1.2.34 "**Disclosure Schedule**" - the disclosure schedule which is annexed to this Agreement as Annexure D, which qualifies the Warranties;

1.2.35 "**Due Diligence Investigation**" – the due diligence investigation into the affairs of the Target Group by the Purchaser and/or its representatives prior to the Signature Date;

1.2.36 "**Employee**" - any employee, officer or director of the Target Group;

1.2.37 "**Encumbrance**" - includes any mortgage bond, notarial bond, pledge, lien, hypothecation, assignment, *cession-in-securitatem debiti*, deposit by way of security, option over, right of retention over, right of first refusal, restriction on disposal or any other agreement, arrangement or obligation (whether conditional or not) which has or will have the effect or intention of giving to one Person a

security interest in or preferential treatment in respect of another Person's assets, but excludes statutory preferences, and "**Encumber**" and "**Encumbered**" shall be construed accordingly;

1.2.38 "**Endo FinCo II**" – Endo Luxembourg Finance Company II S.à r.l., a private limited liability company (*société à responsabilité limitée*), incorporated and existing under the laws of the Grand Duchy of Luxembourg, with registered office at 2a rue Nicolas Bové, L-1253 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Trade and Companies Registry under number B182794;

1.2.39 "**Escrow Agent**" - Bank of America Merrill Lynch London branch;

1.2.40 "**Escrow Agreement**" – means the escrow agreement to be concluded prior to the Closing Date appointing the Escrow Agent and governing the terms upon which the US$ amounts to be paid into escrow in terms of this Agreement will be dealt with by the Escrow Agent;

1.2.41 "**EUR**" – Euro, the official currency of the Eurozone;

1.2.42 "**EVL**" - Endo Ventures Limited (registration number IE534474), a company with limited liability duly incorporated in accordance with the laws of Ireland;

1.2.43 "**Exchange Rate**" – means the US$ / ZAR exchange rate of US$ 0.0775 / ZAR 1;

1.2.44 "**Expiring Contracts**" – the *** Agreement and the *** Agreement;

1.2.45 "**Forensic Tender**" – the tender issued or to be issued after the Signature Date by the South African Police Service for the supply of DNA evidence collection kits;

1.2.46 "**Fulfilment Date**" – the date of fulfilment or waiver (as the case may be) of the last of the Suspensive Conditions;

1.2.47 "**Guarantor**" – Acino International AG (Registration Number CHE - 102.608.727), a private company with limited liability duly incorporated in and validly existing in terms of the laws of Switzerland;

1.2.48 "***" – *** (registration number***), a company incorporated and registered under the laws of England and Wales;

1.2.49 "*** **ASA**" – the written asset sale and purchase agreement dated 9 May 2015 between EVL, Litha Pharma, ***, *** and ***, as amended by an addendum thereto concluded on 23 September 2015, in relation to Litha Pharma and EVL's acquisition of the *** Parties' rights in relation to *** and *** in South Africa;

1.2.50 "*** **Licence**"- the licence granted by *** to EVL in terms of the *** ASA over the Manufacturing Information and the *** Marks (as such terms are defined in the *** ASA);

1.2.51 "**Gross Profit**" – the projected annual gross profit for a Designated Contract, as set out in Annexure F;

1.2.52 "**Holdback Amounts**" – the amounts to be deposited with the Escrow Agent by the Purchaser, as determined in terms of clause 8;

1.2.53 "**Holdback Contract**" – as defined in clause 8.1.1;

1.2.54 "**IFRS**" – the International Financial Reporting Standards formulated by the International Accounting Standards Board, as updated and amended from time to time;

1.2.55 "**Interim Period**" – the period commencing on 1 January 2017 and ending on the Closing Date;

1.2.56 "*** **Contracts**" – the two contracts concluded between *** and Litha Pharma listed, described and numbered 3 and 4 in Annexure F;

1.2.57 "**Ireland**" – the Republic of Ireland;

1.2.58 "**Liability**" - any obligation or liability, whether actual, contingent, or otherwise and includes any liability as surety, co-principal debtor, guarantor, indemnifier or otherwise for the liabilities of any other person and further excludes any liability in respect of deferred tax;

1.2.59 "**Licensed Rights**" – the Licensed Rights (as defined in the *** ASA);

1.2.60 "**LHCH**" - Litha Health Care Holdings Proprietary Limited (registration number 1998/002771/07), a private company with limited liability, duly incorporated in South Africa;

1.2.61 "**Litha Pharma**" – Litha Pharma Proprietary Limited (registration number 1994/008717/07), a private company with limited liability, duly incorporated in South Africa;

1.2.62 "**Losses**" - actual or contingent losses, liabilities, damages, costs (including legal costs on the scale as between attorney and own client and any additional legal costs which are obliged to be paid or are reasonably incurred) and expenses of any nature whatsoever;

1.2.63 "**Luxembourg**" – means the grand Duchy of Luxembourg;

1.2.64 "**Management Accounts**" – means the internally prepared unaudited management accounts of the Target Group on a consolidated basis, prepared monthly for each completed month during the period commencing on 1 January 2017 and ending on the last day of the calendar month immediately preceding the Closing Date;

1.2.65 "**MOI**" - a Memorandum of Incorporation as defined in the Companies Act;

1.2.66 "**Parties**" - collectively, the Sellers and the Purchaser and "**Party**" shall mean either of them, as the context may require;

1.2.67 "**Person**" or "**Entity**" - includes any natural or juristic person, association, business, close corporation, company, concern, enterprise, firm, partnership, joint

venture, trust, undertaking, voluntary association, body corporate, and any similar entity;

1.2.68 "**Prime**" - the variable interest rate quoted from time to time by FirstRand Bank Limited as its prime rate, which shall be a nominal annual compounded monthly rate, as calculated and charged by that bank and as certified by any manager or director of that bank, whose appointment need not be proved and whose certificate shall, in the absence of manifest error, be final and binding on the Parties;

1.2.69 "**Project Bear Loan**" – the loan advanced by LHCH to Immunotek Proprietary Limited in the capital amount of ZAR*** in terms of the written loan, subscription and buy-back agreement entered into by LHCH, Immunotek and LHG Project Bear Proprietary Limited on or about 31 July 2015, as amended;

1.2.70 "**Purchaser**" – Acino Pharma AG (Registration Number CHE – 100.042.200), a private company with limited liability duly incorporated in and validly existing in terms of the laws of Switzerland;

1.2.71 "**Purchase Price**" - the Purchase Price referred to in 5.1;

1.2.72 "**Reference Accounts**" – the 2016 Accounts and the Management Accounts;

1.2.73 "**Relevant Authority**" - any competent court or regulatory or other authority, or any local, provincial or national governmental authority, body or department or any inter-governmental or supra-national organisation or any self-regulatory authority, body or organisation;

1.2.74 "**Replacement Agreements**" – the *** Replacement Agreement and the *** Replacement Agreement;

1.2.75 "**Restructuring**" – the restructuring to be given effect to in terms of the restructuring memorandum and the Restructuring Agreement attached hereto as Annexure O and Annexure N respectively, and as contemplated in clause 3.1.7;

1.2.76 "**Restructuring Agreement**" – the restructuring agreement between Target Group Holdco, the Company, LHCH and Litha Pharma, to be concluded in the form attached hereto as Annexure N, other than in respect of the amount by which the Sale Claim is to be reduced which will be determined by agreement between the Parties upon finalisation of the Audited Accounts; provided that the face value of the Sale Claim upon implementation of the Restructure will not exceed an amount of R***;

1.2.77 "**Sale Assets**" – the Sale Shares, the Sale Claim and the *** Licence;

1.2.78 "**Sale Claim**" – the amount owing by Litha Pharma to Endo FinCo II as at the Closing Date in terms of the written loan facility agreement entered into between them on or about 13 August 2015, in terms of which Endo FinCo II made available to Litha Pharma a loan facility in an amount of the ZAR equivalent of US$140,000,000, as amended prior to the Closing Date;

1.2.79 "**Sale Shares**" – all the ordinary shares of the Company which are owned by Target Group Holdco, comprising 100% of the issued ordinary shares of the Company as at the Signature Date and the Closing Date;

1.2.80 "**Sellers**" –

1.2.80.1 in respect of the Sale Shares, Target Group Holdco;

1.2.80.2 in respect of the Sale Claim, Endo FinCo II; and

1.2.80.3 in respect of the *** Licence, EVL;

1.2.81 "**Signature Date**" - when this Agreement has been signed by all Parties (whether or not in counterpart), the latest of the dates on which this Agreement (or a counterpart) was signed by a Party;

1.2.82 "**South Africa**" - the Republic of South Africa;

1.2.83 "**Subsidiary**" - shall have the meaning given to it in the Companies Act and shall, for the avoidance of doubt, include any Entity which would, in terms of the meaning given in the Companies Act, have been a subsidiary if it had been a company incorporated in terms of the Companies Act;

1.2.84 "**Suspensive Conditions**" - the suspensive conditions stipulated in 3.1;

1.2.85 "**Switzerland**" - the Federal Republic of Switzerland;

1.2.86 "**Target Group**" – the Company and all of its direct and indirect Subsidiaries as at the Closing Date, as reflected in Annexure A. A reference to a "**Target Group Company**" or a "**member of the Target Group**" shall mean any one of them;

1.2.87 "**Target Group Holdco**" – Endo Luxembourg Finance Company I S.à r.l., a private limited liability company (*société à responsabilité limitée*), incorporated and existing under the laws of the Grand Duchy of Luxembourg, with registered office at 2a rue Nicolas Bové, L-1253 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Trade and Companies Registry under number B182645;

1.2.88 "**Tax**" - includes any tax, imposition, levy, duty, charge, fee, deduction or withholding of any nature (including securities transfer tax and stamp, documentary, registration or other like duty) and any interest, penalty or other amount payable in connection therewith, lawfully imposed, levied, collected, withheld or assessed under the laws of South Africa or any other relevant jurisdiction and "**Taxes**", "**Taxation**" and other cognate terms shall be construed accordingly;

1.2.89 "**Tax Authority**" – any taxing or other authority competent to impose any liability in respect of Taxation or responsible for the administration and/or collection of Tax or enforcement of any law in relation to Taxation;

1.2.90 "**TSA**" – the written transitional services agreement to be concluded between EVL and the Purchaser on or before the Signature Date;

1.2.91 "**USA**" - the United States of America;

1.2.92 "**US$**" – United States Dollars, the legal currency of the USA;

1.2.93 "**Warranties**" - the warranties, representations and undertakings given by the Sellers to the Purchaser in Annexure C and "**Warranty**" shall be construed accordingly;

1.2.94 "**Working Capital**" – means, as at the applicable time and in respect of the Target Group on an aggregated basis, current assets (excluding Cash) minus current liabilities (excluding Debt) determined on the basis set out in the Accounting Principles and calculated in accordance with Annexure R;

1.2.95 "**ZAR**" – South African Rands, the legal currency of South Africa;

1.3 any reference to any statute, regulation or other legislation shall be a reference to that statute, regulation or other legislation as at the Signature Date, and as amended or substituted from time to time;

1.4 if any provision in a definition is a substantive provision conferring a right or imposing an obligation on either Party then, notwithstanding that it is only in a definition, effect shall be given to that provision as if it were a substantive provision in the body of this Agreement;

1.5 where any term is defined within a particular clause other than this 1, that term shall bear the meaning ascribed to it in that clause wherever it is used in this Agreement;

1.6 where any number of days is to be calculated from a particular day, such number shall be calculated as excluding such particular day and commencing on the next day. If the last day of such number so calculated falls on a day which is not a Business Day, the last day shall be deemed to be the next succeeding day which is a Business Day;

1.7 if the due date for performance of any obligation in terms of this Agreement is a day which is not a Business Day, then (unless otherwise stipulated) the due date for

performance of the relevant obligation shall be the immediately succeeding Business Day;

1.8 any reference to days (other than a reference to Business Days), months or years shall be a reference to calendar days, calendar months or calendar years, respectively;

1.9 any term which refers to a South African legal concept or process (for example, without limiting the foregoing, winding-up or curatorship) shall be deemed to include a reference to the equivalent or analogous concept or process in any other jurisdiction in which this Agreement may apply or to the laws of which a Party or any Target Group Company may be or become subject; and

1.10 the expiration or termination of this Agreement shall not affect such of the provisions of this Agreement as expressly provide that they will operate after any such expiration or termination or which of necessity must continue to have effect after such expiration or termination, notwithstanding that the clauses themselves do not expressly provide for this;

1.11 the use of the word "**including**", "**includes**" or "**include**" followed by a specific example/s shall not be construed as limiting the meaning of the general wording preceding it and the *eiusdem generis* rule shall not be applied in the interpretation of such general wording or such specific example/s.

The terms of this Agreement having been negotiated, the rule of interpretation which prescribes that, in the event of ambiguity, a contract should be interpreted against the party responsible for its drafting shall not be applied in the interpretation of this Agreement.

2 INTRODUCTION

2.1 The Sellers are the registered (if applicable) and beneficial owners of the Sale Assets.

2.2 The Purchaser wishes to purchase, and the Sellers wish to sell to the Purchaser, the Sale Assets on the terms and conditions of this Agreement.

3 SUSPENSIVE CONDITIONS

3.1 This whole Agreement (other than 1, 2, this 3, 6.1, 9, 10, 12, 15, 16 and 21 to 28 (both inclusive) and Annexure C, by which the Parties shall be bound with effect from the Signature Date) is subject to the suspensive conditions ("**Suspensive Conditions**") that, on or before 31 August 2017, -

3.1.1 the Financial Surveillance Department of the South African Reserve Bank, or an authorised dealer on its behalf, shall, to the extent required by the regulations made under the Currency and Exchanges Act No 9 of 1933, have approved –

3.1.1.1 the purchase by the Purchaser of the Sale Assets from the Sellers in terms of this Agreement;

3.1.1.2 the TSA; and

3.1.1.3 the Restructuring;

3.1.2 the approvals, if any, required by the Competition Act for the implementation of this Agreement shall have been granted, either unconditionally or subject to such conditions as have been approved in writing by that date, by the Purchaser and (to the extent that any such conditions are imposed on it) by Target Group Holdco, it being agreed that any such approval shall not be unreasonably withheld or delayed;

3.1.3 the Forensic Tender shall not have been awarded to a third party outside the Target Group;

3.1.4 *** shall have unconditionally consented in writing to the assignment of the *** Licence to the Purchaser, or to the extent that such consent is subject to any terms or conditions, such terms or conditions are acceptable to the Purchaser, acting reasonably;

3.1.5 *** shall have unconditionally consented in writing to the change of control of Pharmaplan Proprietary Limited ("**Pharmaplan**") pursuant to the implementation of this Agreement, as required by the license and supply agreement concluded

between *** and Pharmaplan on or about 6 January 2006 ("*** **Agreement**"), or to the extent that such consent is subject to any terms or conditions, such terms or conditions, together with any terms or conditions imposed in obtaining the Change of Control Consents for the purposes of clause 3.1.6, would not result in a combined Diminished Value Amount (calculated in accordance with Annexure F1, applying the result in column (g), thus without applying the multiple of *** in column (h)), of more than US$ *** in respect of the *** Agreement and the relevant CP Fulfilment Contracts;

3.1.6 the Target Group shall have obtained Change of Control Consents from Designated Third Parties in relation to Designated Contracts having an aggregate Gross Profit of at least ZAR *** in Annexure F (together the "**CP Fulfilment Contracts**"), provided that where the Change of Control Consents in relation to the CP Fulfilment Contracts are subject to any terms or conditions, such terms or conditions, together with any terms or conditions imposed in obtaining the consent relating to the *** Agreement for the purposes of clause 3.1.5, would not result in a Diminished Value Amount (calculated in accordance with Annexure F1, applying the result in column (g), thus without applying the multiple of *** in column (h)) of more than US$ *** in respect of the CP Fulfilment Contracts and the *** Agreement;

3.1.7 the Restructuring is implemented in accordance with the restructuring memorandum and the Restructuring Agreement.

3.2 Each Party shall use reasonable endeavours and act in good faith to procure the fulfilment of the Suspensive Conditions as soon as practically possible after the Signature Date, to the extent it is within its power to do so.

3.3 The Suspensive Condition/s referred to -

3.3.1 in 3.1.1 and 3.1.2 being regulatory in nature, may not be waived; and

3.3.2 in 3.1.3 to 3.1.7 (both inclusive) are expressed to be solely for the benefit of the Purchaser which may, by giving written notice to the Sellers on or before the date

for fulfilment of such Suspensive Condition, waive such Suspensive Condition or extend the date for fulfilment thereof to a date not later than 30 September 2017.

3.4 If the Suspensive Conditions are not fulfilled on or before the date set out in 3.1 for any reason whatever, or not waived in terms of 3.3, then -

3.4.1 this whole Agreement (other than 1, 2, this 3, 6.1, 9, 10, 12, 15, 16 and 21 to 28 (both inclusive), by which the Parties shall remain bound) shall be of no force or effect;

3.4.2 the Parties shall be entitled to be restored as near as possible to the positions in which they would have been, had this Agreement not been entered into; and

3.4.3 no Party shall have any claim against any other in terms of this Agreement except for such claims (if any) as may arise from a breach of this 3 or from any other provision of this Agreement by which the Parties remain bound.

3.5 The Parties agree to use Hogan Lovells (South Africa) Inc to act on behalf of all Parties in preparing and submitting all submissions, applications and documents required to be furnished to the competition authorities in order to obtain the approval referred to in 3.1.2, and for the purpose of the presentation, argument and prosecution of any such application. In this regard, the Parties shall co-operate with each other and timeously provide Hogan Lovells (South Africa) Inc with all documents and information as Hogan Lovells (South Africa) Inc may reasonably require, on the basis that the Parties intend for, and shall instruct Hogan Lovells (South Africa) Inc that, such application is to be submitted no later than fifteen Business Days after the Signature Date. The Purchaser agrees that such merger notification will not be submitted to the applicable competition authorities without Target Group Holdco having approved such application in writing, which approval will not be unreasonably withheld or delayed. The filing fee payable in respect of such application shall be shared as to the Purchaser 50% thereof and the Sellers 50% thereof. All other costs and charges for such application and for the use of the services of Hogan Lovells (South Africa) Inc shall be borne by the Purchaser (other than fees and costs of any other adviser used by the Sellers or the Company).

4 SALE

4.1 The Sellers hereby sell to the Purchaser, which purchases, the Sale Assets on the terms and conditions of this Agreement.

4.2 Ownership of, and all risk in, and benefit attaching to, the Sale Assets shall pass to the Purchaser on the Closing Date, against compliance by the Purchaser with its obligations in terms of 5.2.

4.3 The Purchaser shall be liable for any securities transfer tax payable by the Company in respect of the transfer of the Sale Shares.

5 PURCHASE PRICE AND PAYMENT

5.1 Purchase Price

The aggregate purchase price ("**Purchase Price**") payable by the Purchaser to the Sellers for the Sale Assets is US$ 100,481,500 (one hundred million four hundred and eighty one thousand five hundred United States Dollars) ("**Base Price**"), allocated to the Sale Assets as follows –

5.1.1 the Sale Shares, the residual portion of the Purchase Price not allocated under 5.1.2 and 5.1.3;

5.1.2 the Sale Claim, the face value of the Sale Claim at the Closing Date and after the Restructuring, which face value shall not exceed R*** (*** Rand); and

5.1.3 the *** Licence, US$*** (*** United States Dollars),

plus or minus, as the case may be, the Adjustment Amount.

5.2 Payment

5.2.1 On the Closing Date, the Purchaser shall pay to the Sellers the Base Price plus or minus, as the case may be, the Estimated Adjustment Amount referred to in 6.1,

minus, as applicable, the Holdback Contract Value, the *** Holdback Amount and the Diminished Value Amounts of any Diminished Value Contract, in terms of clause 8.1 (the "**Initial Purchase Price**"), by electronic funds transfer in US$, without set-off, deduction or withholding of any nature whatsoever, into the following bank accounts nominated by the following Sellers -

5.2.1.1 in respect of the Sale Shares into the following account nominated by Target Group Holdco –

Beneficiary Bank	BANK OF AMERICA, N.A. LONDON
Bank Address	FINANCIAL CENTER,LONDON,UNITED KINGDOM
SWIFT	BOFAGB22
Account Name	ENDO LUXEMBOURG FINANCE COMPANY I SARL
Account Number	***
IBAN	GB09 BOFA 1650 5059 8100 12
Intermediary Bank (for USD wires)	BANK OF AMERICA, N.A.
Intermediary Bank Address	222 BROADWAY NEW YORK, NY 10038 UNITED STATES
Intermediary SWIFT	BOFAUS3N

5.2.1.2 in respect of the Sale Claim into the following account nominated by Endo FinCo II –

Beneficiary Bank	BANK OF AMERICA, N.A. LONDON
Bank Address	FINANCIAL CENTER, LONDON, UNITED KINGDOM
SWIFT	BOFAGB22
Account Name	ENDO LUXEMBOURG FINANCE COMPANY II SARL
Account Number	***
IBAN	GB29 BOFA 1650 5059 8110 10
Intermediary Bank (for USD wires)	BANK OF AMERICA, N.A.
Intermediary Bank Address	222 BROADWAY NEW YORK, NY 10038 UNITED STATES
Intermediary SWIFT	BOFAUS3N

5.2.1.3 in respect of the *** Licence into the following account nominated by EVL –

Beneficiary Bank	BANK OF AMERICA, N.A. LONDON
Bank Address	2 KING EDWARD STREET, LONDON, EC1A 1HQ, UNITED KINGDOM
SWIFT	BOFAGB22
Account Name	ENDO VENTURES LIMITED
Account Number	***
IBAN	GB83 BOFA 1650 5059 9820 19
Intermediary Bank (for USD wires)	BANK OF AMERICA, N.A.
Intermediary Bank Address	222 BROADWAY NEW YORK, NY 10038 UNITED STATES
Intermediary SWIFT	BOFAUS3N

5.2.2 If the Purchaser has not paid the Initial Purchase Price to the Sellers in accordance with 5.2.1 on the Closing Date, the Purchaser shall pay interest on the Initial Purchase Price at a rate equal to the sum of 2% (200 basis points) and Prime from (and including) the Closing Date, up to (but excluding) the date of payment by the Purchaser to the Sellers of the Initial Purchase Price.

6 ADJUSTMENT OF PURCHASE PRICE

6.1 Target Group Holdco shall, not later than two Business Days prior to the Closing Date, prepare and provide to the Purchaser written notification of its good faith estimate (using the Accounting Principles) of the amount calculated in accordance with the following formula ("**Estimated Adjustment Amount**") (which notification shall be accompanied by the detailed calculations of Target Group Holdco) -

$$AA = (X – Y) – (V – Z)$$

where –

6.1.1 AA means the Adjustment Amount to be calculated, converted to US$ using the Exchange Rate;

6.1.2 X means, as at the South African close of business on the Closing Date, the ZAR sum of all Cash;

6.1.3 Y means, as at the South African close of business on the Closing Date, the aggregate ZAR amount of all Debt;

6.1.4 V means ZAR***; and

6.1.5 Z means, as at the South African close of business on the Closing Date, the value of the Working Capital in ZAR, it being recorded that if, when Z is subtracted from V the result is a negative number, such amount shall be added to the result of the subtraction of Y from X.

6.2 An illustrative calculation of the Adjustment Amount is set out in Annexure S for reference purposes.

6.3 In order to determine the Adjustment Amount following the Closing Date, the Purchaser shall -

6.3.1 prepare its own accounting statement setting out the calculations of the Adjustment Amount in accordance with the Accounting Principles (such document being the "**Adjustment Document**") and in the form set out in Annexure S;

6.3.2 deliver a true copy of the Adjustment Document, together with such working papers used in connection with the preparation of the Adjustment Document as are necessary to understand the Adjustment Document, to the Sellers by not later than 60 days after the Closing Date.

6.4 In order to enable the Purchaser to give effect to its obligations in 6.3, Target Group Holdco shall, simultaneously with providing the Estimated Adjustment Amount, provide the Purchaser with all working papers used in connection with and in determining the Estimated Adjustment Amount as are necessary to understand the calculation of the Estimated Adjustment Amount.

6.5 If a Seller wishes to dispute any aspect of the Adjustment Document, that Seller may give written notice (which shall set out the aspects of the Adjustment Document which that Seller disputes and the reasons therefor) ("**Dispute Notice**") to that effect to the Purchaser within fifteen Business Days after the delivery of the Adjustment Document to the Sellers.

6.6 If a Seller gives the Purchaser a Dispute Notice in terms of 6.5, suitable representatives of such Parties shall engage in good faith negotiations to reach agreement on the aspects of the Adjustment Document which the relevant Seller disputes. If the representatives of those Parties cannot reach such agreement within ten Business Days of the issuing of the Dispute Notice by a Seller, the dispute shall be determined by an independent practising chartered accountant (South Africa) of Deloitte & Touche, agreed upon by the Parties and failing agreement, then appointed by the senior partner for the time being of Deloitte & Touche South Africa ("**Expert**") on the basis that -

6.6.1 the Expert shall, as soon as possible, determine whether the Adjustment Document is in compliance with this clause 6 and, if not, shall amend the Adjustment Document to the extent necessary, and so far as possible, only with regard to the aspects of the Adjustment Document which are in dispute, to make it so comply;

6.6.2 the Expert shall act as an expert and not as arbitrator, but may call for written submissions from either of the relevant Parties and shall consider any written submissions which either such Party may wish to submit;

6.6.3 the Expert shall be entitled to determine such methods and processes as he in his sole discretion deems appropriate in the circumstances, provided that the Expert may not adopt any process which is manifestly biased, unfair or unreasonable;

6.6.4 the determination of the Expert shall, in the absence of manifest error, be final and binding on the Parties;

6.6.5 the Expert shall give written reasons for his decision; and

6.6.6 the Expert shall make a determination as to which Party shall bear the Expert's costs and charges based on which Party was closest to the Expert's determination with regard to the amount by which the Initial Purchase Price is required to be adjusted, provided that -

6.6.6.1 in the absence of such a determination, such costs and charges shall be borne in equal shares by the Parties;

6.6.6.2 if any of the Expert's costs or charges have to be paid before the Expert has made his determination in respect thereof, the relevant Parties shall pay such charges and costs in equal shares, pending any determination as to liability therefor by the Expert.

6.7 If the Adjustment Document and working papers have been delivered in terms of 6.3.2 and a Seller -

6.7.1 confirms in writing that it is satisfied with the Adjustment Document prior to the expiry of the fifteen Business Day period referred to in 6.5, then the Adjustment Document shall be deemed to have been finalised on the date of receipt by the Purchaser of such confirmation; or

6.7.2 fails to give the Purchaser the Dispute Notice timeously in terms of 6.5, then the Adjustment Document shall be deemed to be finalised at 00h01 on the day immediately following the expiry of the fifteen Business Day period referred to in 6.5; or

6.7.3 gives the Purchaser a Dispute Notice in terms of 6.5, the Adjustment Document shall be deemed to be finalised on the date on which the Expert delivers to the Parties his determination contemplated in 6.6.

6.8 If the Adjustment Amount reflects that, as a result of the Estimated Adjustment Amount being incorrect, -

6.8.1 the Initial Purchase Price was more than US$*** (*** United States Dollars) less than it should have been, the Purchaser shall, within five Business Days after the date on which the Adjustment Document is deemed, in terms of 6.7, to have been finalised ("**Finalisation Date**"), pay the Sellers an amount equal to the shortfall in the Initial Purchase Price, in US$ by electronic funds transfer into the bank account referred to in 5.2;

6.8.2 the Initial Purchase Price was more than US$*** (*** United States Dollars) greater than it should have been, Target Group Holdco shall, within five Business Days after the Finalisation Date, pay the Purchaser an amount equal to the excess in the Initial Purchase Price, in US$ by electronic funds transfer into such bank account as may be specified in writing by the Purchaser.

7 CLOSING

On the Closing Date –

7.1 the Purchaser shall effect payment of the Initial Purchase Price in accordance with 5.2; and

7.2 against receipt by the Sellers of reasonable evidence that the Purchaser has paid the Initial Purchase Price in accordance with 5.2, the Sellers shall deliver to the Purchaser (or, in

the case of the Delivery Documents referred to in 1.2.28.9, place the Purchaser in effective control of) the Delivery Documents.

8 HOLDBACK AMOUNT AND ESCROW ARRANGEMENTS

8.1 Holdback Amount

8.1.1 If, and to the extent that, as at the Closing Date, -

8.1.1.1 *** has not consented in writing to extend the period required to give effect to the *** MA Transfers in terms of the *** Agreement by not less than twelve months ("***** Holdback**");

8.1.1.2 a Replacement Agreement has not been concluded; or

8.1.1.3 any of the Change of Control Consents remain outstanding;

then the following Holdback Amounts shall apply. In respect of the *** Holdback, US$ *** (*** United States Dollars) ("***** Holdback Amount**") (provided that if the extension contemplated in clause 8.1.1.1 is granted in respect of some of the relevant *** products only, then the *** Holdback Amount shall be reduced proportionately in accordance with the percentages set out in Annexure G), and, in respect of each such applicable Designated Contract and in respect of each applicable Expiring Contract in relation to which a Replacement Agreement has not been concluded (each a "**Holdback Contract**"), the aggregate attributed contract value of each such Holdback Contract, as designated in Annexure F, converted to US$ applying the Exchange Rate ("**Holdback Contract Value**"). The *** Holdback Amount shall be deducted from the Base Price and will not be paid by the Purchaser to the Sellers on the Closing Date. The Holdback Contract Value shall be deposited by the Purchaser on the Closing Date in US$ into the designated bank account of the Escrow Agent in accordance with the provisions of the Escrow Agreement (and the Purchaser shall, on the Closing Date, provide the Sellers with proof that an irrevocable instruction has been given to a bank to deposit the aggregate Holdback Amount into such bank account).

8.1.2 If, and to the extent that, notwithstanding 3.1.5 and 3.1.6, as at the Closing Date –

8.1.2.1 any Change of Control Consent has been obtained, and/or Replacement Agreement has been concluded on, or gives rise to, New Contract Terms; or

8.1.2.2 a change of control consent in respect of the *** Agreement referred to in 3.1.5 is obtained subject to any terms and/or conditions,

which will result in a Diminished Value Amount ("**Diminished Value Contracts**"), then the Diminished Value Amount of any Diminished Value Contract shall be deducted from the Base Price and will not be paid to the Sellers on the Closing Date, and not deposited by the Purchaser on the Closing Date in the designated bank account of the Escrow Agent.

8.2 **Escrow**

The Holdback Contract Value shall be held in trust by the Escrow Agent as agent for and on behalf of the Parties in accordance with the provisions of the Escrow Agreement. The cost and fees of the Escrow Agent for performing the services provided for in the Escrow Agreement shall be borne as to 50% thereof by the Purchaser and as to 50% thereof by the Sellers.

8.3 **Release from Escrow**

8.3.1 Target Group Holdco and the Purchaser shall jointly, in accordance with the Escrow Agreement, instruct the Escrow Agent to release the Holdback Contract Value on the following basis –

8.3.1.1 the Holdback Contract Value of a Holdback Contract (other than the Expiring Contracts, but, for the avoidance of doubt, expressly including the *** Contracts) shall be released to the Sellers if, and as and when, the Change of Control Consent is received in relation thereto after the Closing Date but prior to 31 December 2017; provided that if a Designated Contract is amended or replaced on inferior commercial terms prior to that date ("**New Contract Terms**"), which results in a Diminished Value Amount in

respect of that Holdback Contract of more than US$***, or the aggregate Diminished Value Amount of New Contract Terms on all relevant Holdback Contracts is more than US$ ***, then the Diminished Value Amount, shall be released to the Purchaser, and the remainder of that Holdback Contract Value shall be released to the Sellers, as and when such Diminished Value Amount is determined;

8.3.1.2 the Holdback Contract Value of the relevant Expiring Contract shall be released to the Sellers if, and as and when, the Replacement Agreement in relation thereto is concluded after the Closing Date but prior to 31 December 2017; provided that if New Contract Terms apply to that Replacement Agreement at such point in time which result in a Diminished Value Amount in respect of that Replacement Agreement of more than US$***, or the aggregate Diminished Value Amount of New Contract Terms on all relevant Replacement Agreements is more than US$ ***, then only the amount calculated by deducting the Diminished Value Amount from that Replacement Agreement shall be released to the Sellers as and when such Diminished Value Amount is determined, with the Diminished Value Amount being released to the Purchaser;

8.3.1.3 the Holdback Contract Value of a Holdback Contract (other than the Expiring Contracts and the *** Contracts) shall be released to the Sellers on 31 December 2017, if no Change of Control Consent is obtained by that date, unless a notice of termination of that Holdback Contract has been received by the Target Group before 31 December 2017 which has not been retracted and/or the relevant Holdback Contract has not been superseded by a subsequent agreement between the relevant Target Group Company and the Designated Third Party, in which event the relevant Holdback Contract Value shall be released to the Purchaser on 31 December 2017;

8.3.1.4 the Holdback Contract Value of an *** Contract that is a Holdback Contract shall be released to the Purchaser on 31 December 2017, if no Change of Control Consent in relation thereto is obtained by that date; and

8.3.1.5 the Holdback Contract Value of an Expiring Contract that is a Holdback Contract shall be released to the Purchaser on 31 December 2017, if no Replacement Agreement in relation thereto has been concluded between a Target Group Company and the Designated Third Party by 31 December 2017.

8.3.2 Notwithstanding the preceding provisions of this clause 8.3, if an event provided for above arises triggering the release of an amount to the Purchaser, but which event occurs in circumstances where the Purchaser has breached its obligations in relation thereto in terms of clause 11, the relevant amount shall not be released to the Purchaser but shall be released to the Sellers.

8.3.3 If a dispute arises between the Parties with regard to the calculation and/or the value of any Diminished Value Amount, then the Expert, as contemplated in clause 6.6, shall make a determination in respect thereof, *mutatis mutandis*, in accordance with the process contemplated in clause 6.6 read with clause 6.5.

8.4 **Payment of *** Holdback Amount**

The *** Holdback Amount shall be paid by the Purchaser to the Sellers, if, and as and when, and to the extent that, the *** MA Transfer in relation to a relevant product is completed before 31 May 2019, which release amount shall be determined by reference to the percentage in relation thereto set out in Annexure G. If any *** MA Transfer is not completed by 31 May 2019, then no further amounts shall be paid by the Purchaser to the Sellers for any *** MA Transfers completed after 31 May 2019.

9 AUDITED ACCOUNTS AND MANAGEMENT ACCOUNTS

9.1 Target Group Holdco will provide the Purchaser with the Audited Accounts by no later than 5 May 2017 and with internally prepared unaudited consolidated management accounts of the Target Group to 31 January 2017.

9.2 With effect from the Signature Date and until the Closing Date, the Sellers shall procure that the monthly Management Accounts and a trial balance in respect of the businesses of the Target Group shall be prepared by the Company by no later than 15 days after the

end of each month to which they relate, applying materially the same accounting principles and policies which are applied by the Company as at the Signature Date in the preparation of the monthly Management Accounts and trial balances in respect of the Target Group.

10 THIRD PARTY CONSENTS AND APPROVALS

Target Group Holdco shall use its reasonable commercial endeavours to procure and deliver to the Purchaser, by no later than the date specified in 3.1 (or such later date as may be agreed between the Parties in writing prior to that date), such third party consents, approvals and waivers, other than as contemplated in 3.1.3, as may be required from those third parties, including without limitation all the Change of Control Consents and from any suppliers not contemplated in Annexure F, by virtue of the entering into and/or implementation of this Agreement, including giving such third parties all such notifications as may be required regarding the entering into and/or implementation of this Agreement, in order to prevent the breach, default, termination, amendment or other adverse effect on the Target Group of the respective agreements entered into between such third parties and the Target Group. The Purchaser shall render all such assistance as Target Group Holdco may reasonably require of the Purchaser in order to obtain the consents, approvals and waivers contemplated in this 10. For the avoidance of doubt, any failure by Target Group Holdco to obtain any consents, approvals and/or waivers contemplated in this 10 shall not (save in circumstances where Target Group Holdco has not used its reasonable commercial endeavours to procure same as contemplated herein) be or be deemed to be a breach by Target Group Holdco of any provision of this Agreement (including the Warranties).

11 POST-CLOSING OBLIGATIONS

11.1 After the Closing Date, the Purchaser undertakes to –

11.1.1 procure that the Target Group Companies comply with the material provisions of the Holdback Contracts;

11.1.2 use all reasonable endeavours to obtain the outstanding Change of Control Consents or enter into Replacement Agreements on reasonable commercial terms (as applicable) (including by complying with the written undertaking provided by

the Purchaser to the Sellers executed on the Signature Date) as soon as practically possible after the Closing Date and before 31 December 2017;

11.1.3 use all reasonable endeavours to be awarded the Forensic Tender;

11.1.4 use all reasonable endeavours to complete all *** MA Transfers as soon as practically possible and before 31 May 2019;

11.1.5 provide all such assistance as a Seller may require to collect the Project Bear Loan in the name of the relevant Target Group Company *mutatis mutandis* on the basis provided for in clause 14;

11.1.6 promptly pay over to the Sellers any all amounts received in terms of the Project Bear Loan and the value of any Tax benefit that the Purchaser or the Target Group may receive as a result of the Project Bear Loan being impaired, written-off or written down as and when such Tax benefit is claimed on a Tax return and is assessed by the issue of an original assessment by the relevant Tax Authority;

11.1.7 provide the Sellers with –

11.1.7.1 quarterly updates, before the end of June, September and December 2017, as to the status of meeting the objective referred to in clause 11.1.2; and

11.1.7.2 regular updates as to the status of meeting the objectives in clauses 11.1.3 to 11.1.4, not less frequently than once every six months from the Closing Date;

11.1.8 notify the Sellers as soon as reasonably possible when any of the objectives or circumstances referred to in clauses 11.1.2 to 11.1.4 are met or arise (as the case may be).

11.2 If the first Forensic Tender to be awarded after the Signature Date is awarded before 30 June 2018, and is not awarded to the Target Group but is awarded to a third party, then Target Group Holdco undertakes to pay to the Purchaser US$ *** (*** United States Dollars).

12 SELLER WARRANTIES

12.1 Save as specified otherwise in Annexure C, Target Group Holdco gives the Purchaser the Warranties on the basis that:

12.1.1 the liability of Target Group Holdco in connection with the Warranties shall be subject to –

12.1.1.1 the limitations contained in 14 and 15;

12.1.1.2 and qualified by, the disclosures made by the Sellers in the Disclosure Schedule;

12.1.2 the Warranties shall be deemed to be representations by Target Group Holdco in favour of the Purchaser;

12.1.3 insofar as any of the Warranties are promissory or relate to a future event, they shall be deemed to be given as at the date for the fulfilment of the promise or the happening of the event, as the case may be; and

12.1.4 each Warranty shall be a separate Warranty and in no way limited or restricted by reference or inference from the terms of any other Warranty.

12.2 The Purchaser enters into this Agreement on the basis of, and in reliance on, the Warranties given by the Sellers in connection with the businesses of the Company and each Target Group Company.

12.3 Save as specified otherwise in Annexure C, Target Group Holdco warrants and represents to the Purchaser that each Warranty is true, accurate and not misleading as at the Signature Date and shall remain true and accurate until the Closing Date.

12.4 Notwithstanding anything to the contrary contained in this Agreement, all of the Parties shall be entitled to any interim relief available to them at law for the purposes of preventing any other Party from breaching, or continuing to breach, any of their representations,

undertakings or warranties given in terms of this Agreement, and in particular any of the Parties shall be entitled to any interdict or injunctive relief available to it from any competent court having jurisdiction in order to prevent any other Party from breaching those representations, undertakings or warranties or remaining in breach of those representations, undertakings or warranties.

12.5 No matter disclosed by a Seller or any other person to the Purchaser or its representatives, whether orally or in writing, excluding only the express disclosure/s disclosed in the Disclosure Schedule or disclosure/s reflected in the documents in the Data Room, shall in any way limit the scope of any of the Warranties, or any other indemnity or undertaking given in this Agreement.

12.6 Save for the Warranties –

12.6.1 the Sellers give no other warranties or representations of any nature whatever, whether express, tacit or implied by law, in relation to the Sale Assets, any Target Group Company or any other matter whatsoever; and

12.6.2 the Sale Assets are being sold on an "as is" basis.

13 TAX INDEMNITY

13.1 Subject at all times to the provisions and limitations of clause 15, but not the minimum and maximum claim amounts contemplated in clauses 15.1.1.1, 15.1.1.2 and 15.1.1.3, Target Group Holdco hereby indemnifies the Purchaser and each Target Group Company against (A) any Losses actually suffered by the Purchaser or any Target Group Company as a result of FirstRand Bank Ltd lawfully exercising its security rights (as referred to, and contemplated, in 6.1 of the Disclosure Schedule) as a result of any post preference shares redemption Tax liabilities imposed on FirstRand Bank Ltd by the Tax Authority, and (B) in each case where such company actually becomes liable for the Taxes set out below, against any Liability actually imposed on a Target Group Company or the Purchaser to pay any Taxes (excluding all Taxes (i) that were taken into account in the calculation of the Adjustment Amount, or (ii) which arose as a consequence of the Restructuring) insofar as that Liability to pay that Tax/es arose in respect of any Target Group Company during (a) that Target Group Company’s last 5 (five) completed tax

years immediately before the Closing Date and/or (b) the period starting on the first day after its most recent completed tax year and ending on the Closing Date ("**Indemnity Claim**"). It is specifically agreed that the limitations provided for in clause 15.3 will in no way derogate from the rights of the Purchaser and each Target Group Company to be indemnified against interest, penalties or other amounts payable in connection with any Tax nor shall any information in the knowledge of the Purchaser as a result of it being publicly available, disclosed in the Disclosure Schedule or contained in the Data Room limit the Purchaser's rights in terms of this clause 13.1.

13.2 As soon as reasonably possible after the Purchaser or a Target Group Company has become aware that an Indemnity Claim has been made, threatened or become pending against the Purchaser or a Target Group Company, the Purchaser shall notify the Sellers of that Indemnity Claim in writing. Equally, once an Indemnity Claim has actually come about in that the Purchaser or a Target Group Company has actually become liable to pay the relevant Taxes concerned, the Purchaser shall as soon as reasonably possible notify the Sellers accordingly in writing and a Seller shall then be obliged to make payment of the amount of that Indemnity Claim to the relevant Tax Authority on the date on which the relevant Target Group Company, or the Purchaser, is required to make payment of such Taxes.

13.3 Should a Seller make a payment of an Indemnity Claim to the relevant Tax Authority in relation to any claim for Taxes (or should a Seller pay any Indemnity Claim to the Purchaser or a Target Group Company, as applicable, and it in turn pays the correlating Taxes to the relevant Tax Authority) and should the relevant Tax Authority refund the Purchaser or any of the Target Group Companies part or all of such amount, then the Purchaser, or the Target Group Company/ies in question, shall pay as soon as practicable to the Sellers an amount equal to the amount received from the relevant Tax Authority.

13.4 In relation to any Indemnity Claim, or potential, threatened or pending Indemnity Claim, a Seller may, in the name of the Target Group Company concerned or the Purchaser, as appropriate, defend any claim, demand, or assessment made against or claimed or demanded from such Target Group Company or the Purchaser by the relevant Tax Authority/ies should a Seller contend that such amount is not owing or that such claim, demand or assessment is not valid, correct, enforceable or otherwise binding on that Target Group Company or the Purchaser. For as long as a Seller is conducting any such

defence in respect of the subject matter of an Indemnified Claim neither the Purchaser nor any Target Group Company may consent to the entry of any judgment against the Purchaser or a Target Group Company in respect of the subject matter of that Indemnified Claim nor enter into a settlement agreement in respect of the subject matter of that Indemnified Claim, in each case unless it has obtained a Seller's prior written consent (which consent may not be unreasonably withheld or delayed).

13.5 The Parties shall co-operate with each other fully in order to implement the provisions of clause 13.4 and, without limiting the generality of the foregoing, the Purchaser shall procure that either itself, or whichever of the Target Group Companies is involved in the disputed claim, furnish the relevant Seller with all necessary powers of attorney, resolutions, information, documentation and all other reasonable assistance (such as, for example, access to its relevant employees or advisers) in order to give effect to the foregoing.

13.6 Notwithstanding anything to the contrary herein contained or implied, Target Group Holdco hereby indemnifies the Purchaser or the Target Group Company concerned, as the case may be, on demand against any liability for legal or other costs or expenses which is actually incurred by it as a result of a Seller conducting any proceedings or contesting any claims, demands or similar proceedings in its name under clause 13.4.

13.7 The Purchaser shall procure that each Target Group Company complies with this clause 13 insofar as it relates to that Target Group Company.

13.8 The provisions of this clause 13 constitute a *stipulatio alteri* for the benefit of each of the Target Group Companies and is capable of acceptance by any of them at any time by way of it giving written notice to that effect to the Sellers.

13.9 The provisions of 14.3, 14.4, 14.6, 14.7, 14.8, and 14.10 shall *mutatis mutandis* apply herein.

13.10 The Purchaser agrees that neither it nor any Target Group Company may be compensated for more than its loss as a result of both warranties and indemnities having been provided by the Sellers in terms of this Agreement.

14 THIRD PARTY CLAIMS

The Purchaser shall not, and shall procure that no Target Group Company shall, admit and/or discharge any liability in respect of any claim that may give rise to any Losses which the Purchaser may suffer or incur as a result of or in connection with any breach of any Warranty or any other provision of this Agreement (each a "**Claim**"), without first complying with the remaining provisions of this 14 . In this regard, -

14.1 the Purchaser shall notify the Sellers in writing of any such Claim as soon as is reasonably possible after the Purchaser becomes aware thereof, but in any event within five Business Days after the Purchaser becomes aware thereof, to enable a Seller to contest that Claim; and

14.2 a Seller shall, at its own expense and with the assistance of its own legal advisers, be entitled, subject to the provisions of 14.3 to 14.8, both inclusive, acting reasonably and in good faith, to contest any such Claim in the name of the Target Group Company concerned or the Purchaser, as the case may be, until such Claim is finally determined by the highest court to which appeal may be made (or which may review any decision or judgment made or given in relation thereto) or to settle any such Claim, and the relevant Seller will be entitled, acting in good faith and having regard to the legitimate interests of the Purchaser and the Target Group, to control the proceedings in regard thereto, provided that the Purchaser shall, and shall procure that the Target Group Company concerned shall (at the expense of the relevant Seller and, if the Purchaser so requires, with the involvement of the Purchaser's and/or the Target Group Company's own legal advisers) render to the relevant Seller such assistance (including performing all such acts, taking all such steps and signing all such documents) as that Seller may reasonably require of the Purchaser and/or the Target Group Company concerned in order to contest that Claim.

14.3 If a Seller elects to take any of the actions contemplated in 14.2, it shall within twenty Business Days of the date on which it is notified of such Claim pursuant to the provisions of 14.2 (or sooner, if the nature of the Claim so requires) notify the Purchaser in writing of its intention to do so.

14.4 If a Seller elects not to take any of the actions contemplated in 14.2 (or fails to notify the Purchaser otherwise prior to the end of the twenty Business Day period referred to in 14.3 or sooner if the nature of the Claim so requires), the Purchaser may settle, compromise, defend against, negotiate, dispute, contest, appeal against or otherwise deal with such Claim.

14.5 Target Group Holdco shall indemnify the Purchaser and/or the relevant Target Group Company/s against all costs, charges, liabilities and expenses which may be incurred or suffered by the Purchaser for the purposes of or in connection with anything done by a Seller in its name in accordance with the provisions of this 14.

14.6 The relevant Seller shall use its reasonable endeavours to ensure that any contest of any Claim is resolved as expeditiously as possible in the circumstances.

14.7 The relevant Seller shall keep the Purchaser informed of the way in which it exercises its rights under this 14 and shall, to the extent possible, at all times exercise those rights in such manner as the Purchaser may reasonably require to avoid or to minimise any damage to its or any Target Group Company's relationship with its manufacturers, suppliers, distributors or customers.

14.8 The relevant Seller shall conduct the defence of any Claim actively and diligently and –

14.8.1 afford the Purchaser a reasonable opportunity to be present at and to participate in all material discussions and meetings which are held by that Seller or by any counsel, legal adviser or third party (acting on behalf of that Seller) in connection with such defence;

14.8.2 without unreasonable delay, and from time to time, provide the Purchaser with the same material information which that Seller has in its possession or under its control, the intention being that the Purchaser should be as well informed, at all times, as that Seller is informed; and

14.8.3 permit the Purchaser to express its views and opinions from time to time in regard to the defence of any such Claim.

14.9 In the event that, in the good faith judgment of the Purchaser, exercised reasonably, settlement of, or an adverse judgment with respect to, the Claim is likely to establish a precedent or practice materially adverse to the continuing business interests of the Purchaser and any Target Group Company, then no material decisions regarding the conduct of the contest or settlement of such Claim may be made without the prior consent of the Purchaser, which consent shall not be unreasonably withheld or delayed.

14.10 Notwithstanding the provisions of this 14, Target Group Holdco shall remain responsible under the indemnities given by it to the Purchaser to the fullest extent provided for under any indemnity given in terms of this Agreement.

14.11 The indemnification provisions in this 14 are in addition to, and do not in any way derogate from, any statutory or common law remedy any Party may have for breach of this Agreement, including breach of any Warranty.

15 LIMITATION OF LIABILITY

Notwithstanding anything to the contrary contained in this Agreement, the Sellers' liability in terms of or in connection with this Agreement shall (other than in the circumstances contemplated in 6 and 13) be limited as set out in this 15.

15.1 Amount

15.1.1 The Purchaser shall not be entitled to claim any amount which would otherwise be due to the Purchaser in terms of or in connection with this Agreement -

15.1.1.1 if the claim alone is for an amount of less US$*** (*** United States Dollars); in respect of which the Purchaser shall have no rights of enforcement against the Sellers and any breach of this Agreement which caused such claim to be made (if any) shall not be deemed to be a breach of this Agreement for all purposes;

15.1.1.2 unless such amount, alone or together with any other claims (excluding claims for amounts less than the amount referred to in clause 15.1.1.1), for amounts due by a Seller to the Purchaser in terms of or in connection with

this Agreement, exceeds US$*** (*** United States Dollars) in which event the Target Group Holdco shall, subject to 15.1.1.3 and 15.2 to 15.4 (inclusive) be responsible not only for the excess over US$*** (*** United States Dollars) but the entire value of the relevant claims;

15.1.1.3 to the extent that such amount, together with all other amounts payable by a Seller to the Purchaser in terms of or in connection with this Agreement, exceeds an amount equal to US$***; provided that such limitation shall not apply in respect of a claim by the Purchaser in terms of the Warranties set out in clauses 2 (*Sale Assets*) and 3 (*Corporate Affairs*) of Annexure C in relation to which the maximum liability of the Sellers shall be equal to the portion of the Purchase Price actually received by the Sellers (and not reimbursed to the Purchaser).

15.1.2 Claims shall in no way be limited by the manner in which the Purchase Price has been attributed to each of the Sale Assets.

15.2 **Time limitations**

The Sellers shall not be liable for any claim by the Purchaser referred to in 15.1 ("**Claim**") unless the Purchaser has given written notice to the Sellers of such Claim, specifying the factual basis of such Claim in reasonable detail, on or before the:

15.2.1 fifth anniversary of the Closing Date if the claim relates to a breach of a Warranty contained in 17 (*Taxation*) of Annexure C or a claim under the tax indemnity provided in clause 13; and

15.2.2 date eighteen months after the Closing Date if the Claim relates to a breach of a Warranty other than as contemplated in 15.2.1.

15.3 **Nature of claims**

The Sellers shall not be liable for -

15.3.1 any Claim for any indirect, punitive, special or consequential loss, injury to business reputation and/or loss of business opportunities;

15.3.2 any Loss suffered or incurred by the Purchaser or any Target Group Company as a result of any breach of Warranty if and to the extent that -

15.3.2.1 the facts or circumstances giving rise to the Claim are known to the Purchaser as at the Signature Date, as a result of being publicly available, disclosed in the Disclosure Schedule or contained in the Data Room;

15.3.2.2 specific allowance, provision or reserve was or is made in the Reference Accounts for that Loss or that Loss was or is taken into account in computing the amount of any such allowance, provision or reserve (including reserves related to Tax); or

15.3.2.3 such breach or Loss is caused by -

15.3.2.3.1 any matter or thing done, or omitted to be done, pursuant to and in compliance with this Agreement or otherwise at the request, or with the approval in writing, of the Purchaser;

15.3.2.3.2 any act, or negligent or wilful omission or transaction of the Purchaser or any Target Group Company (or any director, officer, employee or agent or successor-in-title of either of them) on or after the Closing Date, unless such act or omission resulted from a legally binding obligation on a Target Group Company which arose prior to the Closing Date;

15.3.2.3.3 any passing of, or change in, or change of any generally accepted interpretation or application of, any Applicable Laws (including any

change in any rates of Taxation) which occurs on or after the Closing Date;

15.3.2.3.4 any change in accounting or Taxation policy, bases or practice of any Target Group Company introduced after the Closing Date (including any impacts to prior periods from a change after the Closing Date) other than any change in accounting or Taxation policy, bases or practice of any Target Group Company introduced after the Closing Date which is required to correct any previous incorrect policy, bases or practice;

15.3.2.3.5 any failure by the Purchaser or any Target Group Company to use reasonable endeavours to avoid or mitigate any such Loss; or

15.3.2.4 the Purchaser has failed to comply with 13 or 14 (as applicable) and that failure has caused, contributed to or aggravated the Loss.

15.4 **Recovery**

15.4.1 Any Claim in respect of a Loss suffered or incurred by the Purchaser or any Target Group Company as a result of any breach of Warranty shall be reduced by the aggregate of -

15.4.1.1 any amount recovered from a third party (whether by payment, discount, credit, relief, insurance or otherwise) in respect of such Loss and received by the Purchaser or any Target Group Company, less any reasonable costs and expenses incurred in obtaining such recovery ("**Net Recovered Amount**"); and

15.4.1.2 the benefits of any income tax allowances or deductions (at prevailing Tax rates at the time) received by the Purchaser and/or any Target Group Company by a refund or by being taken into account in reducing the amount of any Liability for Tax computed in relation to any Target Group Company in respect of such Loss.

15.4.2 If the Purchaser or any Target Group Company is entitled to recover from a third party a sum which indemnifies or compensates the Purchaser or any such Target Group Company (in whole or in part) in respect of any Loss suffered or incurred by the Purchaser or any such Target Group Company as a result of any breach of Warranty, then the Purchaser shall use (and ensure that such Target Group Company will use) all reasonable endeavours to procure that the Purchaser and any such Target Group Company are effectively indemnified or compensated, to the maximum extent possible, by such third party.

15.4.3 If a Seller has paid an amount in respect of any Claim under this Agreement for a Loss suffered or incurred by the Purchaser or any Target Group Company as a result of any breach of Warranty and the Purchaser or any such Target Group Company receives any Net Recovered Amount referred to in 15.4.1.1, then the Purchaser shall, as soon as practicable thereafter, pay to the Sellers an amount equal to the lesser of -

15.4.3.1 the Net Recovered Amount; and

15.4.3.2 the amount previously paid by a Seller to the Purchaser in respect of that Loss.

15.5 If any potential Claim arises by reason of liability which is contingent only, then the Sellers shall not be under any obligation to make any payment pursuant to such Claim until such time as the contingent liability ceases to be contingent and becomes actual.

16 PURCHASER'S WARRANTIES

Each of the Purchaser and the Guarantor warrants, represents and undertakes to the Sellers that as at the Signature Date and the Closing Date, and during the period between those dates, unless the context indicates otherwise -

16.1 it is a private company with limited liability duly incorporated in, and validly existing in terms of the laws of, Switzerland;

16.2 it has -

16.2.1 the legal capacity and power to enter into and perform; and

16.2.2 taken all necessary actions (whether corporate, internal or otherwise) to authorise its entry into and the performance of its obligations in terms of,

this Agreement;

16.3 the obligations expressed to be assumed by it, and the rights afforded to it in terms of this Agreement, are legal, valid, binding and enforceable by, and against, it;

16.4 as at the Closing Date, it will have obtained all consents, approvals, licences, permits, orders and other such authorisations required in terms of any Applicable Laws or contractual arrangements to which it may be subject, to allow it to perform all of its obligations in terms of this Agreement;

16.5 it has the necessary cash resources to meet its obligations in terms of this Agreement and is not aware of the existence of any fact, matter or circumstance that may impair its ability to comply with all of its obligations in terms of this Agreement;

16.6 it is acting as principal and not as agent or broker for any other Person and, immediately following its purchase of the Sale Assets in terms of this Agreement, no Person other than the Purchaser will have any beneficial interest of whatsoever nature in the Sale Assets;

16.7 the entry into this Agreement by it, and the performance by it of its obligations in terms of this Agreement does not, and will not, directly or indirectly, -

16.7.1 contravene, conflict with, or result in a violation of, any provision of its constitutional documents;

16.7.2 contravene, conflict with, or result in a violation of, any Applicable Laws;

16.8 it has not taken any steps and no steps have been taken or, to the best of it's knowledge and belief, are pending or threatened by any other Person in respect to it, for its

curatorship, deregistration, winding-up, liquidation, business rescue or administration, whether provisional or final and no fact, matter or circumstance has arisen which would entitle any Person to take such steps;

16.9 it is able to pay its debts in the ordinary course of its business, is not insolvent in any relevant jurisdiction, has not committed any act which, if it were a natural person, would be an act of insolvency as defined in the Insolvency Act No 24 of 1936 and has not been deemed to be unable to pay its debts under any Applicable Laws.

17 FORENSIC TENDER

17.1 If the Forensic Tender is required to be submitted by the Target Group prior to the Closing Date, then the Sellers undertake that such tender shall be submitted in good faith, taking into account the commercial exigencies of the Target Group Company submitting the Forensic Tender and its desire to make a reasonable profit on a basis similar to that made by the Target Group from the award of the forensic tender to the Target Group during 2015.

17.2 If the Forensic Tender is required to be submitted by the Target Group after the Closing Date, the Purchaser undertakes that such tender shall be submitted, *mutatis mutandis*, in accordance with the undertaking of the Sellers referred to in 17.1.

18 JOINT AND SEVERAL

Each Seller shall be jointly and severally liable solely for the payment obligations of each other Seller in terms of this Agreement.

19 GUARANTEE

19.1 The Guarantor hereby binds itself in favour of the Sellers as guarantor for and co-principal debtor *in solidum* with the Purchaser for the due and punctual payment by the Purchaser to the Sellers of the Purchase Price due in terms of this Agreement, including in terms of clauses 5, 6.8.1, 8.1.1.3 and 8.4.

19.2 The guarantee in clause 19.1 shall remain of full force and effect notwithstanding –

19.2.1 any amendment/s to this Agreement and/or any other agreement for the time being subsisting between the Purchaser and a Seller; or

19.2.2 any indulgence, concession, leniency or extension of time which may be shown or given by a Seller to the Purchaser; or

19.2.3 the failure to acquire or the acquisition or the release by a Seller of any guarantee, surety or other security for the Purchaser's obligations in terms of this Agreement; or

19.2.4 any compromise or other arrangement (other than those expressly provided for in this Agreement) in terms of which the Purchaser's obligations to the Sellers are reduced or discharged, in which event the Guarantor shall, as a principal and independent obligation, pay to the Sellers the full amount of such Sellers' valid claims against the Purchaser in terms of this Agreement prior to such compromise or other arrangement less any amounts actually received by the Sellers on account of such claims.

19.3 The Guarantor's liability in terms of this guarantee may not be terminated by the Guarantor and shall only terminate after payment and performance in full of the Purchaser's obligations to pay the Purchase Price due in terms of this Agreement, including clauses 5, 6.8.1, 8.1.1.3 and 8.4.

19.4 The Guarantor hereby renounces the benefits of the defences and legal exceptions known as "non numeratae pecuniae", "no value received", "non causa debiti", "errore calculi", "revision of accounts", "de duobus vel pluribus reis debendi", "excussion", "division" and "cession of actions", with the meaning and effect of all of which it declares itself to be fully acquainted.

20 **RESTRAINT**

20.1 The Sellers and each of their Affiliates (the "**Restrainees**") undertake in favour of the Purchaser, the Company and the other members of the Target Group and their respective successors-in-title and assigns that they will not, for the period of 2 years following the Closing Date (the "**Restraint Period**"), directly or indirectly, and whether for their own

account or otherwise in any capacity whatsoever anywhere in South Africa (the "**Restraint Area**") -

20.1.1 be interested in, engaged in or concerned or associated with any business which is directly or indirectly competitive with the Business during the Restraint Period (collectively referred to as the "**Protected Business**");

20.1.2 solicit any person who, is then, or was at the Closing Date or during a period of 18 (eighteen) months prior to the Closing Date a customer, supplier, manufacturer or distributor in respect of the Protected Business, or a principal, distributor or agent vis-à-vis any agency, or licensor or licensee in respect of any licence granted in respect of the Protected Business, if such solicitation has the effect of terminating or reducing or limiting the extent of that third parties' business with the Target Group; or

20.1.3 without the Purchaser's prior written consent, solicit or entice, or endeavour to entice or recruit away from any member of the Target Group, or employ any person who is then an executive, officer or agent of any other member of the Target Group.

20.2 The Restrainees acknowledge that if any of them should at any time dispute that any of the provisions of this 20 are reasonable and/or contend that they are unreasonable then the onus of proving such unreasonableness will rest upon such Restrainee.

20.3 The Sellers shall procure that their Affiliates comply with the provisions of this 20 and any failure by any such Affiliate to do so shall be deemed to constitute a breach of this Agreement by that Seller.

20.4 The provisions of this 20 constitute a *stipulatio alteri* in favour of the Company, the other members of the Target Group and their respective successors-in-title and assigns, which may accept the benefits conferred on it by this 20 by giving written notice to that effect to the Restrainees at any time.

20.5 Notwithstanding the preceding provisions of this clause 20, the Restrainees shall not be in breach of this Agreement in circumstances where –

20.5.1 such Restrainee is acquired by a third party who is interested in a Protected Business (the "**Acquiring Affiliate**"), but which interest represents less than 10% of its gross annual turnover, provided that the non-application of this clause 20 shall only apply to the Acquiring Affiliate and shall in no way limit the continued application of this clause 20 to the Sellers and their other Affiliates; and

20.5.2 such Restrainee acquires an Entity or business that is interested in a Protected Business, but which Protected Business has a gross annual turnover of less than US$*** (*** United States Dollars).

21 CONFIDENTIALITY

21.1 Subject to 21.2 and 21.3, no Party shall, at any time after the Signature Date, directly or indirectly disclose, or directly or indirectly use, whether for its own benefit or that of any other Person, -

21.1.1 any information -

21.1.1.1 regarding the contents of this Agreement;

21.1.1.2 relating to the Target Group, its assets and affairs, including all communications (whether written, oral or in any other form) and all reports, statements, schedules and other data concerning any financial, technical, labour, marketing, administrative, accounting or other matter,

(collectively, the "**Confidential Information**");

21.1.2 any document or other record (whether in electronic or any other medium whatsoever) containing Confidential Information which is supplied to it by any other Party as well as documents, diagrams and records which are produced by it (whether or not by copying, photocopying or otherwise reproducing documents or records supplied to it), and containing any Confidential Information ("**Confidential Records**").

21.2 Notwithstanding 21.1, Confidential Information may be disclosed by a Party ("**Disclosing Party**") -

21.2.1 to the extent to which the prior written consent for such disclosure has been obtained from the other Parties;

21.2.2 to the extent to which disclosure is required by law (excluding contractual obligations) or by the rules of any stock exchange by which it (or any of its Affiliates) is bound; provided that in such event the Disclosing Party shall, unless prohibited from doing so by any such law, promptly notify the other Parties of the full details of such disclosure;

21.2.3 and Confidential Records may be disclosed by a Disclosing Party to the Disclosing Party's directors, responsible employees and professional advisors who require such disclosure for the purpose of the Disclosing Party's implementing or enforcing this Agreement or obtaining professional advice or for the purpose of complying with any law. Any conduct by any such director, employee or professional advisor which would, if that Person had been party to this 21, have been a breach of this 21 shall be deemed to be a breach of this 21 by the Disclosing Party;

21.2.4 to the extent to which it -

21.2.4.1 is Made Public other than as a result of any breach of this Agreement or any other agreement. The expression "**Made Public**" shall, for this purpose, have the same meaning as when it is used in the insider trading provisions of the South African Financial Markets Act No 19 of 2012, which is not limited to the circumstances referred to in section 79 of that Act;

21.2.4.2 corresponds in substance to information disclosed and/or made available by a third party to the Disclosing Party at any time without any obligation not to disclose same, unless the Disclosing Party knows that the third party from whom it received that information is prohibited from transmitting the information to Disclosing Party by a contractual, legal or fiduciary obligation to any other party;

21.2.4.3 is information which was already in the possession of the Disclosing Party prior to its disclosure by the other Party to the Disclosing Party or is independently developed by the Disclosing Party without reference to the Confidential Information.

21.3 Notwithstanding anything to the contrary contained in this Agreement, -

21.3.1 the Purchaser shall be entitled to disclose and use the Confidential Information referred to in 21.1.1.2 without restriction at any time after the Closing Date;

21.3.2 the Sellers shall be entitled to disclose and use, without restriction, the Confidential Information referred to in 21.1.1.2 at any time between the Signature Date and the Closing Date;

21.3.3 if this Agreement is cancelled or otherwise terminated for any reason, the Sellers shall no longer be bound by the provisions of 21.1 and 21.2, but the Purchaser shall remain bound by such provisions.

22 SUPPORT

The Parties undertake at all times to do all such reasonable things, perform all such reasonable actions and take all such reasonable steps and to procure the doing of all such reasonable things, the fulfilment of all such reasonable actions and the taking of all such reasonable steps as may be open to them and necessary for, or incidental to, the putting into effect or maintenance of the terms, conditions and/or import of this Agreement.

23 BREACH AND TERMINATION

Should any Party (the "**Defaulting Party**") materially breach any essential provision of this Agreement and fail to remedy such breach within seven days after receiving written notice from the Party/ies aggrieved thereby (each an "**Aggrieved Party**") requiring such remedy, then the Aggrieved Party shall be entitled, without prejudice to its other rights in terms of this Agreement or in law, including any right to claim damages, to claim immediate specific performance of all of the Defaulting Party's obligations then due for performance or to cancel this Agreement. Notwithstanding anything to the contrary contained in this Agreement, no Party shall be entitled to cancel or rescind this Agreement after the performance by the Parties

of their obligations which are required to be performed on the Closing Date in terms of this Agreement.

24 DISPUTES

24.1 Except with respect to any claim seeking interim, urgent or injunctive relief, in the event of any controversy or claim arising out of, relating to or in connection with any provision of this Agreement or the rights or obligations of the Parties hereunder, the Parties will try to settle their differences amicably between themselves. To the extent not provided for herein, any Party may initiate such informal dispute resolution by sending written notice of the dispute to the other Party/ies to the dispute, and within ten days after delivery of such notice, the Chief Executive Officer (or his or her designee) of the Purchaser will meet with the Chief Executive Officer (or his or her designee) of Target Group Holdco, for attempted resolution by good faith negotiations. If such persons are unable to promptly resolve such disputed matter, such dispute shall be finally settled by arbitration on the basis that –

24.1.1 such dispute shall be finally settled in accordance with the London Court of International Arbitration Rules, then in force, by one arbitrator, unless such dispute relates to the existence, validity, enforceability or termination of this Agreement or involves a claim in excess of US$***, in which event such dispute shall be referred to three arbitrators, (the "**Arbitrator/s**") appointed in accordance with the said rules;

24.1.2 the place of arbitration shall be London, England, and the Arbitrator/s shall decide the dispute in accordance with the substantive law of South Africa;

24.1.3 the language to be used in the arbitral proceedings shall be English;

24.1.4 the Arbitrators, by accepting their appointment, undertake to conduct the process such that the award shall be rendered as soon as reasonably possible but, in any event, no later than six months after their appointment as such and their award shall be final and binding upon all parties participating in such arbitration;

24.1.5 the judgment rendered by the Arbitrators may, in the Arbitrators' discretion, include costs of the Arbitration, reasonable attorneys' fees and reasonable costs for any expert and other witnesses;

24.1.6 judgment upon the award may be entered in any court having jurisdiction, or application may be made to such court for judicial acceptance of the award and/or an order of enforcement as the case may be;

24.1.7 any period of limitations or survival period that would otherwise expire between the initiation of the procedures described in this 24 and the conclusion of such procedures shall be extended until twenty days following the end of such procedures.

24.2 This 24 is severable from the rest of this Agreement and shall remain in full force and effect notwithstanding any termination or cancellation of this Agreement, or any part thereof.

25 DOMICILIUM AND NOTICES

25.1 The Parties choose *domicilium citandi et executandi* ("**Domicilium**") for all purposes relating to this Agreement, including the giving of any notice, the payment of any sum, the serving of any process, as follows -

25.1.1 the Sellers physical - 1400 Atwater Drive
Malvern
PA 19355
USA

facsimile - 1 610 884 5568

attention - Chief Legal Officer

and

physical - First Floor
Minerva House
Simmonscourt Road
Dublin 4
Ireland

facsimile - +353.1.268.2006

attention - Secretary

and

physical - 2a rue Nicolas Bové
L-1253 Luxembourg
Grand Duchy of Luxembourg

facsimile - + 352 26 449 167

attention - Orla Dunlea (Manager A)

25.1.2 the Purchaser physical - Acino Pharma AG c/o Acino International AG
Thurgauerstrasse 36/38
8050 Zurich
Switzerland

facsimile - 0041 44 555 22 72

attention - CEO, with copy to the Legal Department

25.2 Any Party shall be entitled from time to time, by giving written notice to the others, to vary its physical *Domicilium* to any other address (not being a post office box or *poste restante*) in South Africa, Switzerland or the USA and to vary its facsimile *Domicilium* to any other facsimile number.

25.3 Any notice given or payment made by a Party to another ("**Addressee**") which is –

25.3.1 if sent by prepaid registered post (by airmail if appropriate) in a correctly addressed envelope at an address chosen as its *Domicilium* to which post is delivered shall be deemed to have been received on the fifth Business Day after posting;

25.3.2 delivered by hand between the hours of 09:00 and 17:00 on any Business Day to the Addressee's physical *Domicilium* for the time being shall be deemed to have been received by the Addressee at the time of delivery.

25.4 Any notice given by one Party to the others which is successfully transmitted by facsimile to the Addressee's facsimile *Domicilium* shall be deemed (unless the contrary is proved by the Addressee) to have been received by the Addressee at the time of successful transmission thereof or if such date is a not a Business Day, on the next day which is a Business Day.

25.5 This 25 shall not operate so as to invalidate the giving or receipt of any written notice which is actually received by the Addressee other than by a method referred to in this 25.

25.6 Any notice in terms of or in connection with this Agreement shall be valid and effective only if in writing and if received or deemed to be received by the Addressee.

26 GENERAL

26.1 This Agreement constitutes the sole record of the agreement between the Parties in relation to the subject matter hereof. No Party shall be bound by any express, tacit or implied term, representation, warranty, promise or the like not recorded herein. This Agreement supersedes and replaces all prior commitments, undertakings or representations, whether oral or written, between the Parties in respect of the subject matter hereof.

26.2 No addition to, variation, novation or agreed cancellation of any provision of this Agreement shall be binding upon the Parties unless reduced to writing and signed by or on behalf of the Parties.

26.3 No waiver, indulgence or extension of time which a Party ("**Grantor**") may grant to another Party, nor any delay or failure by the Grantor to enforce, whether completely or partially, any of its rights, shall constitute a waiver of or, whether by estoppel or otherwise, limit any of the existing or future rights of the Grantor in terms hereof, save in the event and to the extent that the Grantor has signed a written document expressly waiving or limiting such right.

26.4 Save as expressly provided in this Agreement, no Party shall be entitled to cede, delegate, Encumber, assign or otherwise transfer any of its rights and/or obligations in terms of, and/or interest in, this Agreement to any third party without the prior written consent of the other Parties.

26.5 No consent or approval in terms of or in connection with this Agreement shall be valid or effective unless in writing and signed by or on behalf of the Party giving such consent or approval.

26.6 For the purposes of this Agreement –

26.6.1 no data message, as defined in the Electronic Communications and Transactions Act No 25 of 2002 ("**ECTA**"), other than an email or facsimile, shall constitute writing;

26.6.2 no electronic signature or advanced electronic signature, as defined in ECTA, shall constitute a signature, except for the purposes of varying any date referred to in this Agreement or giving any consent or approval in terms of this Agreement.

26.7 Without prejudice to any other provision of this Agreement, any successor-in-title, including any executor, heir, liquidator, business rescue practitioner, curator or trustee, of a Party shall be bound by this Agreement.

26.8 The signature by a Party of a counterpart of this Agreement shall be as effective as if that Party had signed the same document as any other Party.

27 GOVERNING LAW

This Agreement shall in all respects (including its existence, validity, interpretation, implementation, termination and enforcement) be governed by the law of South Africa which is applicable to agreements executed and wholly performed within South Africa.

28 COSTS

Other than as specifically provided for in 3.5, 4.3, 6.6.6 and 8.3.3, each Party shall bear and pay its own costs in relation to the negotiation, drafting, finalisation, signing and implementation of this Agreement.

[Signature pages to follow]

Signed at on 2017
for Endo Luxembourg Finance Company I S.à r.l.

/s/Orla Dunlea

being duly authorised hereto

Signed at on 2017
for Endo Luxembourg Finance Company II S.à r.l.

/s/Orla Dunlea

being duly authorised hereto

Signed at on 2017
for Endo Ventures Limited

/s/Orla Dunlea

being duly authorised hereto

Signed at Zurich

on 27 February 2017

for Acino Pharma AG

/s/Geir Myklebust

being duly authorised hereto

/s/Christina Peusch

being duly authorised hereto

We, Acino International AG, agree to be bound by the provisions of clauses 16 and 19 of this Agreement as Guarantor.

Signed at Zurich

on 27 February 2017

for Acino International AG

/s/Geir Myklebust

being duly authorised hereto

/s/Christina Peusch

being duly authorised hereto

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Paul V. Campanelli, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Endo International plc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's Board of Directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ PAUL V. CAMPANELLI

Paul V. Campanelli

President and Chief Executive Officer
(Principal Executive Officer)

Date: May 9, 2017

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Blaise Coleman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Endo International plc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's Board of Directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ BLAISE COLEMAN

Blaise Coleman

Executive Vice President, Chief Financial Officer
(Principal Financial Officer)

Date: May 9, 2017

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Paul V. Campanelli, as President and Chief Executive Officer of Endo International plc (the Company), hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2017 (the Report) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/S/ PAUL V. CAMPANELLI

Name: Paul V. Campanelli

Title: President and Chief Executive Officer
(Principal Executive Officer)

Date: May 9, 2017

A signed original of this written statement required by Section 906 has been provided to, and will be retained by, Endo International plc and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Blaise Coleman, as Chief Financial Officer of Endo International plc (the Company), hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2017 (the Report) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/S/ BLAISE COLEMAN

Name: Blaise Coleman

Title: Executive Vice President, Chief Financial Officer
(Principal Financial Officer)

Date: May 9, 2017

A signed original of this written statement required by Section 906 has been provided to, and will be retained by, Endo International plc and furnished to the Securities and Exchange Commission or its staff upon request.