ENDO PHARMACEUTICALS HOLDINGS INC
Form 424B3
September 27, 2005

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SUBJECT TO COMPLETION. DATED SEPTEMBER 26, 2005

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-128099
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PRELIMINARY PROSPECTUS SUPPLEMENT
(To prospectus dated September 26, 2005)

26,000,000 Shares

Endo Pharmaceuticals Holdings Inc.

Common Stock

The selling stockholders are offering 26,000,000 shares of our common stock, $.01 par value per share, by this prospectus supplement and the accompanying prospectus. We will not receive any proceeds from the sale of the shares of common stock by the selling stockholders.

Our common stock is quoted on the Nasdaq National Market under the symbol "ENDP." On September 23, 2005, the last reported sale price of our common stock was $28.81 per share.

Investing in our common stock involves risks. See "Risk Factors" beginning on page 2 of the accompanying prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public Offering Price	$	$
Underwriting Discount	$	$
Proceeds to Selling Stockholders, Before Expenses	$	$

The selling stockholders have granted to the underwriters a 30-day option to purchase up to an additional 3,900,000 shares of our common stock on the same terms and conditions as set forth above, solely to cover over-allotments, if any.

Delivery of shares of common stock is expected to be made in New York, New York on or about , 2005.

Bear, Stearns & Co. Inc.		**Citigroup**
Morgan Stanley	**SG Cowen & Co.**	**UBS Investment Bank**
C.E. Unterberg, Towbin	**Jefferies & Company, Inc.**	**JPMorgan**

The date of this prospectus supplement is , 2005.

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Prospectus Supplement

Prospectus

This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of this offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to this offering.

You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized anyone to provide you with different or additional information. We are not, and the underwriters are not, making an offer of these securities in any state where the offer is not permitted. You should assume that the information contained in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of its respective date or on the date which is specified in those documents.

FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus may contain or incorporate by reference information that includes or is based on "forward looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended. These statements, including estimates of future net sales, future net income and future earnings per share, contained in "Management's Discussion and Analysis of Financial Condition and Results of Operations," which is included in documents incorporated by reference, are subject to risks and uncertainties. Forward-looking statements include the information concerning our possible or assumed results of operations. Also, statements including words such as "believes," "expects," "anticipates," "intends," "estimates," or similar expressions are forward-looking statements. 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 "Risk Factors," beginning on page 2 of the accompanying prospectus and elsewhere in this prospectus supplement, the accompanying prospectus and in documents incorporated by reference, could affect our future financial results and could cause our actual results to differ materially from those expressed in forward-looking statements contained in this prospectus supplement and the accompanying prospectus. Important factors that could cause our actual results to differ materially from the expectations reflected in the forward-looking statements in this prospectus supplement and the accompanying prospectus include, among others:

our ability to successfully develop, commercialize and market new products;

timing and results of pre-clinical or clinical trials on new products;

our ability to obtain regulatory approval of any of our pipeline products;

competition for the business of our branded and generic products, and in connection with our acquisition of rights to intellectual property assets;

significant cash payments we may be required to make to Endo Pharma LLC pursuant to a tax sharing agreement;

market acceptance of our future products;

government regulation of the pharmaceutical industry;

our dependence on a small number of products;

our dependence on outside manufacturers for the manufacture of our products;

our dependence on third-parties to supply raw materials and to provide services for certain core aspects of our business;

new regulatory action or lawsuits relating to our use of narcotics in most of our core products;

our exposure to product liability claims and product recalls and the possibility that we may not be able to adequately insure ourselves;

our ability to protect our proprietary technology;

the successful efforts of manufacturers of branded pharmaceuticals to use litigation and legislative and regulatory efforts to limit the use of generics and certain other products;

our ability to successfully implement our acquisition and in-licensing strategy;

the availability of controlled substances that constitute the active ingredients of some of our products and products in development;

the availability of third-party reimbursement for our products;

the outcome of any pending litigation; and

our dependence on sales to a limited number of large pharmacy chains and wholesale drug distributors for a large portion of our total net sales.

We do not undertake any obligation to update our forward-looking statements after the date of this prospectus supplement for any reason, even if new information becomes available or other events occur in the future.

THE OFFERING

Common Stock Offered by the Selling Stockholders	26,000,000 shares
Nasdaq National Market Symbol	ENDP

USE OF PROCEEDS

All of the shares of common stock offered hereby are being sold by the selling stockholders. We will not receive any proceeds from the sale of shares by the selling stockholders.

THE COMPANY

We are a specialty pharmaceutical company with market leadership in pain management. We are engaged in the research, development, sale and marketing of branded and generic prescription pharmaceuticals used primarily to treat and manage pain. According to IMS Health data, the total U.S. market for pain management pharmaceuticals, excluding over-the-counter products, totaled $18.9 billion in 2004. This represents an approximately 16% compounded annual growth rate since 1999. Our primary area of focus within this market is analgesics and, specifically, opioid analgesics. In 2004, analgesics were the third most prescribed medication in the United States with over 272 million prescriptions written for this classification. Opioid analgesics is a segment that comprised approximately 75% of the analgesics prescriptions for 2004. Total U.S. sales for the opioid analgesic segment were $6.3 billion in 2004, representing a compounded annual growth rate of 20% since 1999.

We have a portfolio of branded products that includes established brand names such as Lidoderm®, Percocet®, Frova®, Percodan®, Zydone® and DepoDur . Branded products comprised approximately 69% of our net sales in 2004. Our non-branded generic portfolio, which accounted for 31% of net sales in 2004, currently consists of products primarily focused in pain management. We focus on selective generics that have one or more barriers to market entry, such as complex formulation, regulatory or legal challenges or difficulty in raw material sourcing.

We have established research and development expertise in analgesics and devote significant resources to this effort so that we can maintain and develop our product pipeline. Our late-stage branded product pipeline includes two filed New Drug Applications, or NDAs, one product in Phase III clinical trials and five products in Phase II clinical trials.

We enhance our financial flexibility by outsourcing certain of our functions, including manufacturing. Currently, our primary suppliers of contract manufacturing services are Novartis Consumer Health, Inc. and Teikoku Seiyaku Co., Ltd.

Through a dedicated sales force of approximately 370 sales representatives in the United States, we market our branded pharmaceutical products to high-prescribing physicians in pain management, neurology, surgery, anesthesiology, oncology and primary care. Our sales force also targets retail pharmacies and other healthcare professionals throughout the United States.

Our wholly-owned subsidiary, Endo Pharmaceuticals Inc., commenced operations in 1997 by acquiring certain pharmaceutical products, related rights and assets of The DuPont Merck Pharmaceutical Company, which subsequently became DuPont Pharmaceuticals Company and was thereafter purchased by the Bristol-Myers Squibb Pharma Company in 2001. Endo Pharmaceuticals Inc. was formed by some members of the then-existing management of DuPont Merck and an affiliate of Kelso & Company who were also parties to the purchase agreement, under which we acquired these initial assets. We were incorporated in Delaware as a holding company on November 18, 1997. Our common stock is quoted on the Nasdaq National Market under the symbol "ENDP."

Our executive offices are located at 100 Endo Boulevard, Chadds Ford, Pennsylvania 19317. Our telephone number is (610) 558-9800. The address of our website is www.endo.com (this is an inactive textual reference only). The information on our website is not part of this prospectus supplement or the accompanying prospectus.

Recent Developments

Oxymorphone ER Trials

On October 20, 2003, we announced that the Food and Drug Administration, or the FDA, had issued an approvable letter for oxymorphone extended-release (ER) tablets. In the letter, the FDA requested that we address certain questions and provide additional clarification and information, including some form of an additional clinical trial to further confirm the safety and efficacy of this product. We have undertaken two additional Phase III clinical trials of oxymorphone ER to provide the

FDA with additional safety and efficacy data. On August 22, 2005, we reported the results from one of the oxymorphone ER Phase III clinical trials that was conducted under the special protocol assessment (SPA) process of the FDA. In this multi-center, randomized, double-blind, parallel group trial, the safety and efficacy of oxymorphone ER were compared with placebo in 205 opioid-naïve patients with moderate-to-severe chronic low back pain. This study demonstrated a statistically significant ($p<0.0001$) difference in pain scores between oxymorphone ER and placebo during a 12-week treatment period. This study will supplement the previously submitted Phase III trial that the company believes the FDA already has accepted as demonstrating efficacy in the intended patient population. We believe we will be in a position to submit the complete response to the approvable letter to the FDA in early 2006 and expect an "action letter" from the FDA approximately six months following our complete response submission. There is no certainty that the FDA will accept this study or what, if any, additional information the FDA will require for final approval of oxymorphone ER. We expect the results of the second oxymorphone Phase III clinical trial in opioid-experienced patients to be completed and announced early in the fourth quarter of 2005. See "Risk Factors The pharmaceutical industry is heavily regulated, which creates uncertainty about our ability to bring new products to market and imposes substantial compliance costs on our business" in the accompanying prospectus.

Oxymorphone IR Trial

On October 20, 2003, we announced that the FDA had issued an approvable letter for oxymorphone immediate release (IR) tablets. In the letter, the FDA requested that we address certain questions and provide additional clarification and information, including some form of an additional clinical trial to further confirm the safety and efficacy of this product. We have undertaken an additional Phase III clinical trial of oxymorphone IR to provide the FDA with additional safety and efficacy data. In September 2005, we completed the oxymorphone IR Phase III clinical trial that was conducted under the SPA process of the FDA. In this randomized, double-blind, single and multiple dose trial of the analgesic efficacy and safety of oxymorphone IR tablets in patients with moderate-to-severe pain following abdominal surgery, the result demonstrated a statistically significant difference in pain scores between oxymorphone IR and placebo both following a single-dose and repeat doses. We believe we will be in a position to submit the complete response to the approvable letter to the FDA in early 2006 and expect an "action letter" from the FDA approximately six months following our complete response submission. There is no certainty that the FDA will accept this study or what, if any, additional information the FDA will require for final approval of oxymorphone IR. See "Risk Factors The pharmaceutical industry is heavily regulated, which creates uncertainty about our ability to bring new products to market and imposes substantial compliance costs on our business" in the accompanying prospectus.

Launch of Generic OxyContin®

On June 7, 2005, we announced that the U.S. Court of Appeals for the Federal Circuit in Washington, D.C., affirmed the Opinion and Order issued in Endo's favor by the U.S. District Court for the Southern District of New York on January 5, 2004. This affirmance by the Federal Circuit Court dismisses the claims that Endo's oxycodone extended-release tablets, 10mg, 20mg, 40mg, and 80mg, a bioequivalent version of The Purdue Frederick Company's, or Purdue's, OxyContin®, infringe certain of Purdue's patents and permanently enjoins Purdue from enforcing these patents. The U.S. Food and Drug Administration had previously granted final approval of Endo's abbreviated new drug application (ANDA) for all four strengths of the product in 2004. Endo's oxycodone ER tablets are AB-rated bioequivalent versions of OxyContin®, a product that is indicated for the management of moderate-to-severe pain when a continuous, around-the-clock analgesic is needed for an extended period of time. According to IMS Retail Provider Perspective data, all OxyContin® strengths, as well as generics of the 80 mg strength, had combined 2004 U.S. sales of approximately $2 billion. The FDA has confirmed that Endo has 180 days of marketing exclusivity with respect to the 10mg, 20mg and 40mg strengths of this product, since the company was the first applicant to file an ANDA containing a

Paragraph IV certification for these oxycodone extended-release strengths. Under the Medicare Prescription Drug Improvement and Modernization Act of 2003, this marketing exclusivity commences upon the appellate court decision affirming the district court's decision. On June 7, 2005, we began commercial sale of our oxycodone ER tablets, 10mg, 20mg, 40mg and 80mg strengths. See "Risk Factors We were successful in our patent challenge against Purdue for our generic OxyContin® product, both at trial and on appeal. Purdue has petitioned the Court of Appeals for a rehearing, and if we receive an unfavorable ruling by the appeals court, we may be liable for damages and the price of our common stock may decline" in the accompanying prospectus.

Our Strategy

Our business strategy is to continue to strengthen our position as a market leader in pain management while also pursuing other markets, especially those with complementary therapeutic or physician bases. The elements of our strategy include:

Capitalizing on our established brand names and brand awareness through focused marketing and promotional efforts. Lidoderm®, the first FDA-approved product for the treatment of the pain of post-herpetic neuralgia, continues to increase market penetration due to our ongoing promotional and educational efforts. We consider two of our brands, Percocet® and Percodan®, to be "gold standards" of pain management. Percocet® has been prescribed by physicians since 1976, while Percodan® has been prescribed since 1950. We believe that we have established credibility with physicians as a result of these products' history of demonstrated effectiveness and safety. We plan to continue to capitalize on this brand awareness to market new products and explore new indications for existing products as well as market new formulations and dosages of our existing branded products. During 2004, we launched Frova®, indicated for the acute treatment of migraine attacks in adults, which we believe has differentiating features from other migraine products, including the longest half-life in the triptan class and a very low reported recurrence rate in its clinical program. We believe these distinct characteristics have yet to be fully exploited in the market and that we will be able to capitalize on Frova®'s clinical benefits and commercial potential by targeting the specialty physician audience and effectively leveraging the relationships and reputation that we have built with the neurology and pain specialist community over the years. During 2004, we also began our educational efforts to physicians including advocacy development for DepoDur , the first and only single-dose epidural injection that can provide up to 48 hours of pain control to help ease pain for people undergoing major surgery in the United States. We began commercial shipments of DepoDur in December 2004. We believe that our strong corporate and product reputation leads to more rapid adoption of our new products by physicians.

Leveraging our pain management expertise by developing proprietary products and generic products with significant barriers to market entry. To capitalize on our expertise in pain management, we are developing new products to address acute, chronic and neuropathic pain conditions. Specifically, we are developing new patent-protected products that may substantially improve the treatment of pain. We are co-developing an oral extended-release, or ER, version of oxymorphone with Penwest Pharmaceuticals Co. See "Recent Developments Oxymorphone ER Trials." In addition, in May 2004, we and SkyePharma, Inc., our collaboration partner, announced that the FDA had approved SkyePharma's NDA for DepoDur for the treatment of pain following major surgery. DepoDur is a novel single dose sustained-release injectable formulation of morphine. We launched DepoDur in December 2004. We have also developed an extended-release oxycodone, an AB-rated generic version of OxyContin®, a product of Purdue that is indicated for the management of moderate-to-severe pain when continuous, around-the-clock analgesic is needed for an extended period of time. On June 7, 2005, we began commercial sale of our oxycodone extended-release tablets, 10mg, 20mg, 40mg and 80mg strengths. See " Recent Developments Launch of Generic OxyContin®."

Acquiring and in-licensing complementary products, compounds and technologies. We look to continue to enrich our product line through selective product acquisitions and in-licensing, or acquiring licenses to products, compounds and technologies from third parties. In February 2004, we entered into an

agreement for the exclusive U.S. and Canadian marketing and distribution rights to Noven Pharmaceuticals, Inc.'s developmental transdermal fentanyl patch intended to be the generic equivalent of Johnson & Johnson's Duragesic® (fentanyl transdermal system), which had U.S. sales of approximately $1.6 billion in 2004. The agreement also establishes an ongoing collaboration between the two companies for the development of additional prescription transdermal products. In August 2004, we entered into a license agreement with Vernalis Development Limited, or Vernalis, under which Vernalis agreed to exclusively license to us rights to market Frova® (frovatriptan) in North America. Launched in the U.S. in June 2002, Frova® is indicated for the acute treatment of migraine headaches in adults. In August 2004, we entered into an agreement granting us the exclusive rights to develop and market Orexo AB's (a privately held Swedish company) patented sublingual muco-adhesive fentanyl product (Rapinyl) in North America. Rapinyl is a sub-lingual, fast-dissolving tablet of fentanyl being studied for the treatment of breakthrough pain. The benefits of Rapinyl are believed to include both a fast onset of action and patient convenience. In March 2005, we entered into an agreement with ProEthic Pharmaceuticals, Inc. for the U.S. and Canadian rights to develop and commercialize a once-daily ketoprofen-containing topical patch. Ketoprofen is a non-steroidal anti-inflammatory drug, or NSAID, generally used for the treatment of inflammation and pain and available in the U.S. only in oral form. Also in March 2005, we entered into an agreement that will give us the exclusive license to develop and commercialize DURECT's sufentanil-containing transdermal patch in the U.S. and Canada. The sufentanil patch, which is in the early stage of clinical development, employs DURECT's proprietary TRANSDUR drug-adhesive matrix formulation and is intended to provide relief of moderate-to-severe chronic pain for up to seven days.

Our Competitive Strengths

We believe that we have established a position as a market leader among specialty pharmaceutical companies by capitalizing on our following core strengths:

Established portfolio of branded products. We have assembled a portfolio of branded pharmaceutical products to treat and manage pain. These products include Lidoderm®, a topical patch containing lidocaine, which is the first FDA-approved product to treat the pain associated with post-herpetic neuralgia. The FDA has granted Lidoderm® orphan drug status, which means, generally, that no other lidocaine-containing product can be approved for this indication until March 2006. Additionally, Lidoderm® is protected by certain patents until 2015. Net sales of Lidoderm® increased 73% from $178.3 million in 2003 to $309.2 million in 2004. We consider Percocet®, our oxycodone/acetaminophen combination product and Percodan®, our oxycodone/aspirin combination product, which have been marketed since 1976 and 1950, respectively, to be "gold standards" of pain management based on their long history of demonstrated product safety and effectiveness. In 2004, according to IMS Health data, approximately 77% of prescriptions written for oxycodone with acetaminophen are in fact written as "Percocet." We believe our close relationships with physicians who are considered to be pain management "thought leaders" in pain centers, hospitals, and other pain management institutions enable us to improve our market penetration. During 2004, we added Frova® to our portfolio of branded products, which we believe has differentiating features from other migraine products, including the longest half-life in the triptan class and a very low reported recurrence rate in its clinical program. We believe these distinct characteristics have yet to be fully exploited in the North American market and that we will be able to capitalize on Frova®'s clinical benefits and commercial potential by targeting the specialty physician audience and effectively leveraging the relationships and reputation that we have built with the neurology and pain specialist community over the years. We believe this interaction with the thought leaders and our track record of developing and launching new products has enabled us to pursue, through in-licensing and acquisitions, novel products for the treatment of pain and complementary therapeutic areas.

Substantial pipeline focused on pain management with a balanced focus on complementary therapeutic areas. As a result of our focused research and development efforts, we filed two NDAs with the FDA

in December 2002 for oxymorphone ER tablets and oxymorphone IR tablets. On October 20, 2003, we announced that the FDA had issued an approvable letter for oxymorphone ER. In the letter, the FDA requested that we address certain questions and provide additional clarification and information, including some form of an additional clinical trial to further confirm the safety and efficacy of this product. We have undertaken two additional clinical trials of oxymorphone ER to provide the FDA with additional safety and efficacy data. On August 22, 2005, we reported the results from one of the oxymorphone ER Phase III clinical trials that was conducted under the special protocol assessment (SPA) process of the FDA. In this multi-center, randomized, double-blind, parallel group trial, the safety and efficacy of oxymorphone ER were compared with placebo in 205 opioid-naïve patients with moderate-to-severe chronic low back pain. This study demonstrated a statistically significant ($p<0.0001$) difference in pain scores between oxymorphone ER and placebo during a 12-week treatment period. This study will supplement the previously submitted Phase III trial that the company believes the FDA already has accepted as demonstrating efficacy in the intended patient population. We believe we will be in a position to submit the complete response to the approvable letter to the FDA in early 2006 and expect an "action letter" from the FDA approximately six months following our complete response submission. There is no certainty that the FDA will accept this study or what, if any, additional information the FDA will require for final approval of oxymorphone ER. We expect the results of the second oxymorphone Phase III clinical trial in opioid-experienced patients to be completed and announced early in the fourth quarter of 2005. In addition, we currently have one product in Phase III clinical trials and five products in Phase II clinical trials.

Research and development expertise. Our research and development effort is focused on expanding our product portfolio by capitalizing on our core expertise with analgesics. We have assembled an experienced and multi-disciplined research and development team of scientists and technicians with proven expertise working with analgesics and complex formulations. We believe this expertise allows for timely FDA approval of our products. We have demonstrated our ability to commercialize our research and development efforts during the last eight years through the launch of a number of new products and product line extensions since August 1997.

Targeted national sales and marketing infrastructure. We market our products directly to physicians through an internal sales force of approximately 300 specialty and office-based representatives and approximately 70 hospital-based representatives. Through our sales force, we market our branded pharmaceutical products to approximately 50,000 physicians, which include both specialists and primary care physicians.

Selective focus on generic products. Our generic product portfolio includes products focused on pain management. Development of these products involves barriers to entry such as complex formulation, regulatory or legal challenges or difficulty in raw material sourcing. We believe products with these characteristics will face a lesser degree of competition and therefore provide longer product life cycles and higher profitability than commodity generic products. We have executed our generic product development strategy successfully to date with products such as morphine sulfate extended-release tablets, which we introduced in November 1998 as a bioequivalent version of MS Contin®, a product of Purdue. In addition, we are the first company to have filed an ANDA with the FDA for the bioequivalent version of the 10mg, 20mg and 40mg strengths of Purdue's OxyContin®. For several reasons, including potential marketing exclusivity, we believe it is a significant advantage to be the first successful filer of an ANDA for a generic drug. On June 7, 2005, we began commercial sale of our oxycodone ER tablets, 10mg, 20mg, 40mg and 80mg strengths. See "Risk Factors We were successful in our patent challenge against Purdue for our generic OxyContin® product, both at trial and on appeal. Purdue has petitioned the Court of Appeals for a rehearing, and if we receive an unfavorable ruling by the appeals court, we may be liable for damages and the price of our common stock may decline" in the accompanying prospectus.

Experienced and dedicated management team. Our senior management team has a proven track record of building our business through internal growth as well as through acquisitions and licensing. Members of our senior management led the purchase of the company from The DuPont Merck Pharmaceutical Company in August 1997 as well as the licensing of Lidoderm®, DepoDur and many of the products in our development pipeline. Management has received FDA approval on more than fifteen new products and product line extensions since 1997, and as a result of several successful product launches, has grown our net sales from approximately $108.4 million in 1998 to approximately $615.1 million in 2004.

Product Overview

The following table summarizes select products in our marketed portfolio as well as selected products in development:

Product	Active ingredient(s)	Branding	Status
Lidoderm®	lidocaine 5%	Branded	Marketed
Percocet®	oxycodone and acetaminophen	Branded	Marketed
Percodan®	oxycodone and aspirin	Branded	Marketed
Zydone®	hydrocodone and acetaminophen	Branded	Marketed
Frova®(1)	frovatriptan	Branded	Marketed
DepoDur (2)	morphine sulfate	Branded	Marketed
Endocet®	oxycodone and acetaminophen	Generic	Marketed
Morphine Sulfate ER	morphine sulfate	Generic	Marketed
Oxycodone ER	oxycodone hydrochloride	Generic	Marketed
Oxymorphone ER(3)	oxymorphone hydrochloride	Branded	Approvable Letter
Oxymorphone IR	oxymorphone hydrochloride	Branded	Approvable Letter
Frova® (menstrually related migraine)(1)	frovatriptan	Branded	Phase III
Lidoderm® (chronic low back pain)	lidocaine 5%	Branded	Phase II
LidoPAIN® BP(4)	lidocaine	Branded	Phase II
Propofol IDD-D (2)	propofol	Branded	End of Phase II
Rapinyl (oral, fast dissolving)(5)	fentanyl	Branded	Phase II
Topical Ketoprofen Patch(6)	ketoprofen	Branded	Phase II
CHRONOGESIC (7)	sufentanil	Branded	Early Stage
Transdermal Sufentanil Patch(8)	sufentanil	Branded	Early stage
Transdermal Fentanyl Patch(9)	fentanyl	Generic	ANDA filed; under FDA review

(1) Licensed marketing rights from Vernalis Development Limited.

(2) Licensed marketing rights from SkyePharma, Inc.

(3) Co-developed with Penwest Pharmaceuticals Co.

(4) Licensed marketing rights from EpiCept Corporation.

(5) Licensed marketing and development rights from Orexo AB.

(6) Licensed marketing and development rights from ProEthic Pharmaceuticals, Inc.

(7) Licensed marketing rights from DURECT Corporation.

(8) Licensed marketing and development rights from DURECT Corporation.

(9) Licensed marketing rights from Noven Pharmaceuticals, Inc.

Branded Products

Lidoderm®. Lidoderm® was launched in September 1999. A topical patch product containing lidocaine, it is the first FDA-approved product for the relief of the pain associated with post-herpetic neuralgia. There are approximately 200,000 patients per year who suffer from this condition in the United States, the majority of whom are elderly. The FDA has granted Lidoderm® orphan drug status, generally meaning that no other lidocaine-containing patch product can be approved for this indication until March 2006. Certain exceptions apply (for example, a product shown to be clinically superior may be approved); however, we are unaware that any such product has been, or is being, developed. Lidoderm® is also currently protected by patents for, among other things, a method of treating post-herpetic neuralgia and the composition of the lidocaine-containing patch. The last of these patents will expire in 2015. In 2002, 2003 and 2004, Lidoderm® net sales were $83.2 million, $178.3 million and $309.2 million, respectively, and $164.6 million for the six months ended June 30, 2005. Lidoderm® accounted for approximately 50% of our 2004 net sales and approximately 49% of our net sales for the six months ended June 30, 2005.

In addition, we are currently exploring potential new indications for Lidoderm® and have initiated a Phase II clinical trial in chronic low back pain.

Percocet®. We consider Percocet® to be a "gold standard" of pain management. Launched in 1976, Percocet® is approved for the treatment of moderate-to-moderately severe pain. Although Percocet® has faced generic competition for nearly 20 years, in 2004, according to the IMS National Prescription Audit, approximately 17.9 million new prescriptions for this combination of oxycodone hydrochloride and acetaminophen were written for the brand name "Percocet," of which, due to generic substitution, only approximately 7% were filled by pharmacists with our brand Percocet®.

During the fourth quarter of 2001, we launched two new formulations: Percocet® 7.5/325 and Percocet® 10.0/325. These new dosage strengths allow physicians the flexibility of increasing the dose of opioid while still maintaining a low level of acetaminophen. In October 2003, a competitor announced that it was launching its generic versions of Percocet® 7.5/325 and Percocet® 10.0/325. The Percocet® family of products had net sales of $144.6 million, $214.2 million and $86.5 million in the years 2002, 2003 and 2004, respectively, and $52.2 million for the six months ended June 30, 2005. The Percocet® franchise accounted for approximately 14% of our 2004 net sales and approximately 16% of our net sales for the six months ended June 30, 2005.

Frova®. We began shipping Frova® upon closing of the license agreement with Vernalis in mid-August 2004 and initiated our promotional efforts in September. We believe that Frova® has differentiating features from other migraine products, including the longest half life in the triptan class and a very low reported recurrence rate in its clinical program. We believe these distinct characteristics have yet to be fully exploited in the market and that we will be able to capitalize on Frova®'s clinical benefits and commercial potential by targeting the specialty physician audience and effectively leveraging the relationships and reputation that we have built with the neurology and pain specialist community over the years. We believe we can create an advocacy base among thought leaders who treat patients with the most intractable migraines. Further, we believe that Frova®'s potential future application for the prevention of menstrually related migraine makes it one of our most promising products. Net sales of Frova® were $11.4 million in 2004 and $14.8 for the six months ended June 30, 2005.

Frova® is also being studied in Phase III clinical trials as a potential prophylactic treatment for Menstrually Related Migraine (MRM). If approved for this indication, we believe that Frova® would be the first triptan to be indicated for the prevention of any type of migraine. We anticipate filing a supplemental New Drug Application (sNDA) for this indication in the first half of 2006, following the completion by our partner Vernalis of the second of two Phase III clinical trials.

DepoDur . We began commercial shipments of DepoDur in December of 2004. DepoDur is FDA-approved for the treatment of pain following major surgery. DepoDur is the first and only single-dose epidural injection that can provide up to 48 hours of pain control to help ease pain for people undergoing major surgery in the United States.

Percodan®. Launched in 1950 for the treatment of moderate-to-moderately severe pain, we also consider Percodan® to be a "gold standard" of pain management. According to the IMS National Prescription Audit, in 2004, approximately 283,000 prescriptions for oxycodone hydrochloride and oxycodone terephthalate in combination with aspirin were written for the brand name "Percodan." Due to generic substitution, only approximately 17% of these prescriptions were filled by pharmacists with our brand Percodan®.

Zydone®. In February 1999, we launched Zydone® tablets, branded hydrocodone/acetaminophen products for the relief of moderate-to-moderately severe pain. Zydone® is available in three strengths, 5.0mg, 7.5mg and 10.0mg, each in combination with 400mg acetaminophen. There is currently no generic equivalent available for this product.

Other. The balance of our branded portfolio consists of a number of products, none of which accounted for more than 5% of our total net sales in the 2004 fiscal year or for the six months ended June 30, 2005.

Generic Products

When a branded pharmaceutical product is no longer protected by any relevant patents, normally as a result of a patent's expiration, or by other, non-patent "market exclusivity," third parties have an opportunity to introduce generic counterparts to such branded product. Generic pharmaceutical products are therapeutically equivalent to their brand-name counterparts and are generally sold at prices significantly less than the branded product. Accordingly, generic pharmaceuticals may provide a safe, effective and cost-effective alternative to users of branded products.

Our generic portfolio is currently comprised of products that cover a range of indications, most of which are focused in pain management. One of our generic products is morphine sulfate extended-release tablets, which accounted for approximately 10% of our total net sales in 2004 and approximately 6% of our total net sales for the six months ended June 30, 2005. In addition, we have a generic oxycodone hydrochloride and acetaminophen product, Endocet®, which accounted for approximately 19% of our total net sales in 2004 and approximately 11% of our total net sales for the six months ended June 30, 2005. We also offer a generic of Sinemet® (carbidopa/levodopa) for the treatment of the symptoms of idiopathic Parkinson's disease.

We have also developed an extended-release oxycodone, an AB rated generic version of OxyContin®, a product of Purdue. According to IMS Retail Provider Perspective data, OxyContin® generated U.S. sales of approximately $1.8 billion in 2004. We have received final approval from the FDA for bioequivalent versions of the 10mg, 20mg, 40mg and 80mg strengths of OxyContin®. We currently are in litigation with Purdue regarding our generic version of OxyContin®. See "Risk Factors We were successful in our patent challenge against Purdue for our generic OxyContin® product, both at trial and on appeal. Purdue has petitioned the Court of Appeals for a rehearing, and if we receive an unfavorable ruling by the appeals court, we may be liable for damages and the price of our common stock may decline" in the accompanying prospectus. We are the first company to have filed an ANDA with the FDA for the bioequivalent versions of the 10mg, 20mg and 40mg strengths of OxyContin®, thereby entitling us to 180 days of generic product ANDA marketing exclusivity with respect to these strengths of this product. Under the Medicare Prescription Drug Improvement and Modernization Act of 2003, this marketing exclusivity begins to run upon the appellate court decision affirming the district court's decision. We launched all four strengths of the product on June 7, 2005 and had net sales of $29.2 million for the six months ended June 30, 2005. Our bioequivalent version of OxyContin® (oxycodone extended-release tablets) accounted for approximately 9% of our total net sales for the six months ended June 30, 2005.

The balance of our generic portfolio consists of a few other products, none of which accounted for more than 5% of our total net sales for 2004 or for the six months ended June 30, 2005.

We principally pursue the development and marketing of generic pharmaceuticals that have one or more barriers to entry. The characteristics of the products that we may target for generic development may include:

complex formulation or development characteristics;

regulatory or legal challenges; or

difficulty in raw material sourcing.

We believe products with these characteristics will face a lesser degree of competition, therefore providing longer product life cycles and/or higher profitability than commodity generic products.

Products in Development

Our pipeline portfolio contains products intended to address acute pain, chronic pain and neuropathic pain conditions as well as products in complementary therapeutic areas. We cannot predict when or if any of these products will be approved by the FDA.

Oxymorphone ER. We are co-developing an oral extended-release version of oxymorphone with Penwest Pharmaceuticals. If approved, we expect oxymorphone ER will compete in the approximately $4.2 billion U.S. long-acting strong opioid market. See " Recent Developments Oxymorphone ER Trials."

Oxymorphone IR. In December 2002, we filed an NDA for oxymorphone IR with the FDA. If approved, oxymorphone IR is intended to treat acute moderate-to-severe pain. See " Recent Developments Oxymorphone IR Trial."

LidoPAIN® BP. Currently in Phase II clinical trial development, LidoPAIN® BP is a patent-protected, adhesive-backed, high-concentration lidocaine-based patch product, intended for the treatment of acute lower back pain. LidoPAIN® BP is being developed by EpiCept.

Propofol IDD-D . Currently in the end of Phase II clinical trial development, Propofol IDD-D is an intravenous, or IV, formulation of propofol as the sole active ingredient using SkyePharma's patented Insoluble Drug Delivery (IDD-D) technology. Propofol IDD-D is intended for the maintenance of anesthesia in adults during surgery and for sedation of adults hospitalized in an intensive-care setting.

Rapinyl . Currently in Phase II clinical trial development, Rapinyl is a sub-lingual, fast-dissolving tablet of fentanyl intended for the treatment of breakthrough pain. We believe the benefits of Rapinyl include rapid absorption of the active substance, a fast onset of action and patient convenience, which we believe will improve compliance in patients who experience breakthrough pain. We anticipate that we will commence Phase III clinical trials in 2005.

Topical Ketoprofen Patch. Currently in Phase II clinical trials in the U.S., the ketoprofen patch is being developed for the localized treatment of acute pain associated with soft-tissue injuries such as tendonitis or joint sprains and strains. Two Phase III placebo-controlled studies in soft-tissue injury and ankle sprains have been completed in Europe by ProEthic Pharmaceuticals, Inc.'s European partner APR Applied Pharma Research AG, with statistically significant results. Ketoprofen is a non-steroidal anti-inflammatory drug (NSAID) generally used for the treatment of inflammation and pain and currently available in the U.S. only in oral form. We anticipate that we will commence Phase III clinical trials of this product in the first-half of 2006.

CHRONOGESIC . Currently in early-stage clinical development, CHRONOGESIC is intended to treat patients with opioid responsive chronic pain that results from a variety of causes. CHRONOGESIC is designed to deliver sufentanil continuously for three months of pain therapy. CHRONOGESIC is a self-driven titanium implant that is placed just under the skin, similar in size to a matchstick, from which drug is released by the natural process of osmosis at a controlled rate. The CHRONOGESIC clinical development program is on temporary hold pending DURECT's

implementation of some necessary design and manufacturing enhancements to the CHRONOGESIC product. DURECT anticipates that the implementation of these design and manufacturing enhancements will continue to delay the restart of clinical trials.

Transdermal Sufentanil Patch. The sufentanil patch, which is in early-stage clinical development, employs DURECT's proprietary TRANSDUR drug-adhesive matrix formulation and is intended to provide relief of moderate-to-severe chronic pain for up to seven days.

Transdermal Fentanyl Patch. Currently under FDA review, the ANDA for a transdermal fentanyl patch was accepted for filing as of October 1, 2003. This product was developed by Noven Pharmaceuticals, Inc. If approved, this product would be the generic equivalent of Johnson & Johnson's Duragesic® (fentanyl transdermal system) which had U.S. sales of approximately $1.6 billion in 2004. In February 2005, the FDA approved a Supplemental New Drug Application filed by Johnson & Johnson for new labeling for its Duragesic® product. Noven has been advised by the FDA that all pending ANDAs relating to the Duragesic® product, including its ANDA, will be required to be amended prior to approval to reflect recent changes in the Duragesic® label. Noven is currently working with the FDA with respect to a revised label for the fentanyl patch. Once finalized, existing inventory will be repackaged to reflect the revised labeling. We are unable to predict the timing or impact of all ANDAs' required labeling changes, nor the timing of approval of any of the ANDAs relating to the Duragesic® product.

Other. We also have other undisclosed analgesic products addressing the broad spectrum of pain management in various stages of development, and we are currently exploring potential new indications for Lidoderm®.

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL DATA

The summary historical consolidated financial data for the six months ended June 30, 2004 and 2005 have been derived from our unaudited interim condensed consolidated financial statements. All other summary historical consolidated financial data presented below have been derived from our audited consolidated financial statements. The summary historical consolidated financial data presented below should be read in conjunction with the audited consolidated financial statements, unaudited interim condensed consolidated financial statements and accompanying notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" incorporated by reference in this prospectus supplement and the accompanying prospectus. The summary data in this section is not intended to replace the consolidated financial statements.

	Year Ended December 31,			Six Months Ended June 30,	
	2002	2003	2004	2004	2005
	(in thousands, except per share data)				
Statement of Operations Data:					
Net sales	$ 398,973	$ 595,608	$ 615,100	$ 297,457	$ 334,134
Cost of sales	98,857	135,671	140,989	61,788	71,843
Gross profit	300,116	459,937	474,111	235,669	262,291
Selling, general and administrative	110,907	155,827	180,200	81,759	109,675
Research and development	56,823	51,024	50,546	29,001	47,972
Depreciation and amortization	3,142	6,272	10,630	4,089	7,294
Loss on disposal of other intangible			3,800	3,800	
Compensation related to stock options (primarily selling, general and administrative)	34,659	144,524			
Purchased in-process research and development	20,300	(6,966)			
Manufacturing transfer fee	9,000				
Operating income	65,285	109,256	228,935	117,020	97,350
Interest expense (income), net	4,391	258	(2,161)	(218)	(3,968)
Income before income tax	60,894	108,998	231,096	117,238	101,318
Income tax	30,081	39,208	87,787	44,516	38,457
Net income(1)	$ 30,813	$ 69,790	$ 143,309	$ 72,722	$ 62,861
Net income per share					
Basic	$ 0.30	$ 0.54	$ 1.09	$ 0.55	$ 0.48
Diluted(2)	$ 0.30	$ 0.53	$ 1.08	$ 0.55	$ 0.47
Shares used to compute net income per share					
Basic	102,064	128,417	131,805	131,786	131,922
Diluted	102,126	132,439	132,718	132,759	132,879

(footnotes on following page)

(1) Net income includes charges, net of tax, as follows:

	Year Ended December 31,			Six Months Ended June 30,	
	2002	2003	2004	2004	2005
			(in thousands)		
Net income	$ 30,813	$ 69,790	$ 143,309	$ 72,722	$ 62,861
Upfront and milestone payments to partners		3,079	8,062	6,203	12,409
Termination of development agreement			2,356	2,357	
Compensation related to stock options	21,819	88,989			
Manufacturing costs of oxycodone ER	5,059	15,131			
Manufacturing transfer costs	2,230	3,540			
Manufacturing transfer fee	5,666				
Purchased in-process research and development	20,300	(6,966)			

(2) Diluted net income per share includes charges, net of tax, as follows:

	Year Ended December 31,			Six Months Ended June 30,	
	2002	2003	2004	2004	2005
Net income	$ 0.30	$ 0.53	$ 1.08	$ 0.55	$ 0.47
Upfront and milestone payments to partners		0.02	0.06	0.04	0.10
Termination of development agreement			0.02	0.02	
Compensation related to stock options	0.21	0.67			
Manufacturing costs of oxycodone ER	0.05	0.11			
Manufacturing transfer costs	0.02	0.03			
Manufacturing transfer fee	0.06				
Purchased in-process research and development	0.20	(0.05)			

	As of December 31,			As of June 30,	
	2002	2003	2004	2004	2005
			(in thousands)		
Consolidated Balance Sheet Data:					
Cash and cash equivalents	$ 56,902	$ 229,573	$ 278,034	$ 231,687	$ 276,336
Working capital	105,058	287,922	294,329	360,181	381,762
Total assets	512,972	753,880	947,491	840,171	1,053,082
Other long-term obligations	7,851	589	18,293	1,335	38,334
Stockholders' equity	352,692	567,617	655,950	641,480	723,523

SELLING STOCKHOLDERS

The following table provides information regarding the beneficial ownership of our common stock by the selling stockholders, as of September 20, 2005. Footnote (a) below provides a brief explanation of what is meant by the term "beneficial ownership." No offer or sale under this prospectus supplement and the accompanying prospectus may be made by a holder of the securities unless that holder is listed in the table in this prospectus supplement or until that holder has notified us and an amendment to the related registration statement has become effective.

We have prepared the table based on information given to us by, or on behalf of, the selling stockholders on or before September 20, 2005. Additionally, for purposes of preparing this table, we have assumed the over-allotment option has not been exercised. Pursuant to the terms of our executive stockholder agreement, executive stockholders cannot directly or indirectly sell, assign, mortgage, transfer, pledge, hypothecate or otherwise dispose of any of their shares of our common stock acquired in connection with our formation in 1997 or the shares of our common stock underlying their stock options granted pursuant to the Endo Pharma LLC stock option plans, in each case, without the consent of Endo Pharma LLC's Board of Managers, except to Endo Pharma LLC, Kelso Investment Associates V, L.P. and Kelso Equity Partners V, L.P. in accordance with the terms of the executive stockholders agreement. Furthermore, under this prospectus supplement and the accompanying prospectus, executive stockholders can only sell such shares or shares of our common stock underlying such options in connection with a sale of shares by Endo Pharma LLC. Certain employee and former employee stockholders are subject to similar transfer restrictions which will be lifted with respect to 2.8 million shares of common stock upon the earlier of (i) October 24, 2005 or (ii) the consummation of this offering. See "Selling Stockholders" in the accompanying prospectus.

Our executive stockholders will use substantially all of the proceeds from the sales of their shares of common stock to satisfy their tax withholding obligations and the payment of the exercise price in connection with their exercises of their Class C stock options.

Name of Beneficial Owner	Number of Shares of Common Stock Beneficially Owned Prior to the Offering*(a)	Number of Shares That Will Be Offered(a)	Number of Shares of Common Stock Beneficially Owned Following the Offering(a)	Percentage of Shares of Common Stock to be Beneficially Owned After Completion of the Offering(a)
Directors and Executive Officers:				
Carol A. Ammon(b)(c)(d)	8,717,923	3,528,552	5,189,371	3.9%
Brian T. Clingen(e)	25,000		25,000	**
Michael B. Goldberg(f)(g)				
Michael Hyatt(h)***	626,967	166,217	460,750	**
Roger H. Kimmel(i)***	607,521	89,662	517,859	**
Frank J. Loverro(f)(g)				
Clive A. Meanwell, M.D., Ph.D(j)	25,000		25,000	**
Michael W. Mitchell(k)	40,000		40,000	**
Joseph T. O'Donnell, Jr(l)	40,000		40,000	**
David I. Wahrhaftig(f)(g)				
Peter A. Lankau(b)(m)	1,242,148	67,002	1,175,146	**
David A. H. Lee, M.D., Ph.D.(b)(d)(n)	3,195,899	1,409,213	1,786,686	1.3%
Jeffrey R. Black(b)(d)(o)	2,841,743	1,239,137	1,602,606	1.2%
Caroline B. Manogue(b)(p)	330,158	86,163	243,995	**
All current directors and executive officers of Endo Pharmaceuticals Holdings Inc. as a group (14 persons)	17,692,359	6,585,946	11,106,413	8.3%

Other Selling Stockholders:				
Endo Pharma LLC(d)(f)	63,184,284	25,744,121	37,440,163	28.2%
Kelso Investment Associates V, L.P.(d)(f)(q)	29,030,677	12,726,155	16,304,522	12.3%
Kelso Equity Partners V, L.P.(d)(f)(q)	2,442,746	1,070,825	1,371,921	1.0%
Joseph S. Schuchert(f)(g)				
Frank T. Nickell(f)(g)				
Thomas R. Wall, IV(f)(g)				
George E. Matelich(f)(g)				
Frank K. Bynum, Jr.(f)(g)				
Philip E. Berney(f)(g)				
James J. Connors, II(f)(g)				
Greenwich Street Capital Partners, L.P.(d)(r)	3,719,751	1,630,624	2,089,127	1.6%
Greenwich Street Capital Offshore Fund, Ltd.(d)(r)	230,875	101,208	129,667	**
Citigroup Employees Fund GSP, L.P.(d)(r)***	903,997	396,284	507,713	**
The Travelers Insurance Company(d)(r)***	191,897	84,122	107,775	**
The Travelers Life and Annuity Company(d)(r)***	94,516	41,433	53,083	**
Mariann T. MacDonald(b)(d)(s)	7,331,146	3,029,858	4,301,288	3.2%
Other selling stockholders representing less than 1% owners of our common stock(t)	760,875	333,544	427,331	**

*

Number of shares assumes the exercise of all options reserved pursuant to the Endo Pharma LLC 1997 Stock Option Plans and Endo Pharma LLC 2000 Supplemental Stock Option Plans.

**

The percentage of the class to be owned by such security holder after completion of the offering represents less than 1%.

***

These selling stockholders have identified themselves as affiliates of broker-dealers. See also "Underwriting."

(a)

"Beneficial ownership" is a term broadly defined by the SEC in Rule 13d-3 under the Exchange Act, and includes more than the typical form of stock ownership, that is, stock held in the person's name. The term also includes what is referred to as "indirect ownership," meaning ownership of shares as to which a person has or shares investment power. For purposes of this table, a person or group of persons is deemed to have "beneficial ownership" of any shares as of a given date that such person has the right to acquire within 60 days after such date.

(b)

The business address for this person is c/o Endo Pharmaceuticals Holdings Inc., 100 Endo Boulevard, Chadds Ford, Pennsylvania 19317.

(c)

Ms. Ammon is our Chairman. The shares to be sold by Ms. Ammon include up to 60,098 shares, which represent Ms. Ammon's pro rata portion of Endo Pharma LLC's shares that may be offered, and up to 3,468,454 shares, which represent the shares of common stock underlying her Endo Pharma LLC employee stock options that she may exercise and sell in one or more offerings pursuant to this prospectus. Ms. Ammon owns 0.36% of Endo Pharma LLC and may be deemed

to share beneficial ownership of shares of common stock owned of record by Endo Pharma LLC by virtue of her status as a member of Endo Pharma LLC. Ms. Ammon shares voting power along with the other members of Endo Pharma LLC with respect to shares of Endo common stock owned by Endo Pharma LLC, but disclaims beneficial ownership of such securities except to the extent of her pecuniary interest. Ms. Ammon's beneficial ownership after the offering includes 3,942,409 shares of Endo common stock and 1,246,962 shares underlying options to acquire Endo common stock that she holds pursuant to the Endo Pharma LLC 1997 Stock Option Plans and the Endo Pharma LLC 2000 Supplemental Stock Option Plans, 584,396 of which are currently exercisable. However, the shares of common stock that Ms. Ammon receives upon exercise of these stock options are currently subject to significant restrictions that are set forth in the stockholders agreement including restrictions on sale, assignment, mortgage, transfer, pledge or other disposals or transfers.

(d)

Members of Endo Pharma LLC will receive a pro rata distribution of the net proceeds from one or more offerings pursuant to this prospectus received by Endo Pharma LLC based on the number of Endo Pharma LLC units held by each such member. Affiliates of Kelso & Company own 83.6% of Endo Pharma LLC; Greenwich Street Capital Partners, L.P., Greenwich Street Capital Offshore Fund, Ltd., Citigroup Employees Fund GSP, L.P., The Travelers Insurance Company and The Travelers Life and Annuity Company together own 13.7% of Endo Pharma LLC; our management, in the aggregate, owns 0.7% of Endo Pharma LLC; and certain other outside investors own 2.0% of Endo Pharma LLC. The number of shares of common stock beneficially owned by Endo Pharma LLC after the offering includes 10,253,102 shares of common stock that after the offering will be held by executive stockholders as a result of the exercise of Class C Endo Pharma LLC stock options, which shares are subject to significant restrictions that are set forth in the amended executive stockholders agreement. See "Selling Stockholders" in the accompanying prospectus. Following the completion of this offering and the transfer of the 10,253,102 shares of common stock from Endo Pharma LLC to the executive stockholders, and assuming the over-allotment option has not been exercised, Endo Pharma LLC will beneficially own approximately 20.5% of our common stock.

(e)

Mr. Clingen is a director of Endo. The business address for Mr. Clingen is c/o BP Capital Management, 5101 Darmstadt Road, Suite A, Hillside, Illinois 60162. Mr. Clingen's beneficial ownership represents options to purchase 25,000 shares of common stock under the Endo Pharmaceuticals Holdings Inc. 2000 and 2004 Stock Incentive Plans, 5,000 of which are currently exercisable.

(f)

The business address for this person is c/o Kelso & Company, 320 Park Avenue, 24th Floor, New York, New York 10022.

(g)

Messrs. Goldberg, Loverro and Wahrhaftig are directors of Endo. Messrs. Schuchert, Nickell, Wall, Matelich, Goldberg, Wahrhaftig, Bynum, Berney, Loverro and Connors may be deemed to share beneficial ownership of shares of common stock owned of record by Endo Pharma LLC by virtue of the status of Kelso Investment Associates V, L.P., or KIA V, and Kelso Equity Partners V, L.P., or KEP V, as members of Endo Pharma LLC. Messrs. Schuchert, Nickell, Wall, Matelich, Goldberg, Wahrhaftig, Bynum, Berney, Loverro and Connors may be deemed to share beneficial ownership of securities owned of record by KIA V and KEP V, by virtue of the status of each of them as a general partner of the general partner of KIA V and as a general partner of KEP V. Messrs. Schuchert, Nickell, Wall, Matelich, Goldberg, Wahrhaftig, Bynum, Berney, Loverro and Connors share investment and voting power along with the other general partners with respect to shares of Endo common stock owned indirectly by KIA V and KEP V through Endo Pharma LLC, but disclaim beneficial ownership of such securities except to the extent of each individual's pecuniary interest.

(h)

Mr. Hyatt is a director of Endo. The business address for Mr. Hyatt is c/o Bear, Stearns & Co. Inc., 383 Madison Avenue, New York, New York 10179. Mr. Hyatt's beneficial ownership includes (i) 566,217 shares of common stock owned directly by Mr. Hyatt, (ii) 20,750 shares held in

trusts for which Mr. Hyatt serves as trustee and as to which shares Mr. Hyatt holds either the sole or the shared power of disposition or the power to vote and (iii) options to purchase 40,000 shares of common stock granted under the Endo Pharmaceuticals Holdings Inc. 2000 and 2004 Stock Incentive Plans, 18,750 of which are currently exercisable. Mr. Hyatt's beneficial ownership excludes 139,662 shares of common stock held in a trust for the benefit of the children of Mr. Hyatt, as to which shares Mr. Hyatt has neither the power of disposition nor the power to vote.

(i)

Mr. Kimmel is a director of Endo. The business address for Mr. Kimmel is c/o Rothschild, Inc., 1251 Avenue of the Americas, New York, New York 10022. Mr. Kimmel's beneficial ownership includes (i) 567,521 shares of common stock held in trusts for which Mr. Kimmel serves as trustee and as to which shares Mr. Kimmel holds either the sole or the shared power of disposition and power to vote and (ii) options to purchase 40,000 shares of common stock granted under the Endo Pharmaceuticals Holdings Inc. 2000 and 2004 Stock Incentive Plans, 18,750 of which are currently exercisable. Mr. Kimmel's beneficial ownership excludes a total of 40,367 shares of common stock held in trusts for the benefit of Mr. Kimmel's adult children, as to which shares Mr. Kimmel has neither the power of disposition nor the power to vote. Of the 567,521 shares of common stock held in the trusts, 177,865 are anticipated to be placed in a 10b5-1 pre-set selling program for a period of six months pursuant to which sales may occur as soon as November 1, 2005.

(j)

Dr. Meanwell is a director of Endo. The business address for Dr. Meanwell is c/o The Medicines Company, 5 Sylvan Way, Parsippany, New Jersey 07054. Dr. Meanwell's beneficial ownership represents options to purchase 25,000 shares of our common stock granted under the Endo Pharmaceuticals Holdings Inc. 2000 and 2004 Stock Incentive Plans, 5,000 of which are currently exercisable.

(k)

Mr. Mitchell is a director of Endo. The business address for Mr. Mitchell is c/o Skadden, Arps, Slate, Meagher & Flom LLP, Four Times Square, New York, New York 10036. Mr. Mitchell's beneficial ownership represents options to purchase 40,000 shares of our common stock granted under the Endo Pharmaceuticals Holdings Inc. 2000 and 2004 Stock Incentive Plans, 18,750 of which are currently exercisable.

(l)

Mr. O'Donnell is a director of Endo. The business address for Mr. O'Donnell is Briscoe Capital Management, L.L.C., 295 Madison Avenue, 31st Floor, New York, New York 10017. Mr. O'Donnell's beneficial ownership represents options to purchase 40,000 shares of our common stock granted under the Endo Pharmaceuticals Holdings Inc. 2000 and 2004 Stock Incentive Plans, 18,750 of which are currently exercisable.

(m)

Mr. Lankau is our President and Chief Executive Officer and is a director of Endo. The shares to be sold by Mr. Lankau include up to 67,002 shares, which represent the shares of common stock underlying his Endo Pharma LLC employee stock options that he may exercise and sell in one or more offerings pursuant to this prospectus. Mr. Lankau's beneficial ownership after the offering includes 73,110 shares of Endo common stock and 1,102,036 shares underlying options granted under the Endo Pharmaceuticals Holdings Inc. 2000 and 2004 Stock Incentive Plans, 592,899 of which are currently exercisable.

(n)

Dr. Lee is our Executive Vice President and Chief Scientific Officer. The shares to be sold by Dr. Lee include up to 3,756 shares, which represent Dr. Lee's pro rata portion of Endo Pharma LLC's shares that may be offered, and up to 1,405,457 shares, which represent the shares of common stock underlying his Endo Pharma LLC employee stock options that he may exercise and sell in one or more offerings pursuant to this prospectus. Dr. Lee owns 0.02% of Endo Pharma LLC and may be deemed to share beneficial ownership of shares of common stock owned of record by Endo Pharma LLC by virtue of his status as a member of Endo Pharma LLC. Dr. Lee shares voting power along with the other members of Endo Pharma LLC with respect to shares of common stock owned by Endo Pharma LLC, but disclaims beneficial ownership of such securities except to the extent of his pecuniary interest. Dr. Lee's beneficial ownership after the offering includes 1,551,404 shares and 235,282 shares underlying options that he holds in the Endo Pharma

LLC 1997 Stock Option Plans and the Endo Pharma LLC 2000 Supplemental Stock Option Plans, 111,450 of which are currently exercisable.

(o)

Mr. Black is our Executive Vice President, Chief Financial Officer and Treasurer. The shares to be sold by Mr. Black include up to 7,512 shares, which represent Mr. Black's pro rata portion of Endo Pharma LLC's shares that may be offered, and up to 1,231,625 shares, which represent the shares of common stock underlying his Endo Pharma LLC employee stock options that he may exercise and sell in one or more offerings pursuant to this prospectus. Mr. Black owns 0.05% of Endo Pharma LLC and may be deemed to share beneficial ownership of shares of common stock owned of record by Endo Pharma LLC by virtue of his status as a member of Endo Pharma LLC. Mr. Black shares voting power along with the other members of Endo Pharma LLC with respect to shares of common stock owned by Endo Pharma LLC, but disclaims beneficial ownership of such securities except to the extent of his pecuniary interest. Mr. Black's beneficial ownership after the offering includes 1,367,324 shares and 235,282 underlying options that he holds in the Endo Pharma LLC 1997 Stock Option Plans and the Endo Pharma LLC 2000 Supplemental Stock Option Plans, 111,450 of which are currently exercisable.

(p)

Ms. Manogue is our Executive Vice President, Chief Legal Officer and Secretary. The shares to be sold by Ms. Manogue include up to 86,163 shares, which represent the shares of common stock underlying her Endo Pharma LLC employee stock options that she may exercise and sell in one or more offerings pursuant to this prospectus. Ms. Manogue's beneficial ownership after the offering includes 93,747 shares of Endo common stock and 150,248 shares underlying options granted under the Endo Pharmaceuticals Holdings Inc. 2000 Stock Incentive Plan, 91,740 of which are currently exercisable.

(q)

KIA V and KEP V share investment and voting power along with the other members of Endo Pharma LLC with respect to shares of common stock owned by Endo Pharma LLC, but each disclaims beneficial ownership of such securities except to the extent of its pecuniary interest. Kelso Partners V, L.P., or KP V, may be deemed to share beneficial ownership of shares of common stock owned of record by Endo Pharma LLC by virtue of its status as a general partner of KIA V, which is a member of Endo Pharma LLC. KP V shares investment and voting power along with its general partners with respect to shares of common stock owned by Endo Pharma LLC, but disclaims beneficial ownership of such securities except to the extent of its pecuniary interest.

(r)

The business address for Greenwich Street Capital Partners, L.P. and Greenwich Street Capital Offshore Fund, Ltd. is 500 Campus Drive, Suite 220, Florham Park, New Jersey 07932. The business address for Citigroup Employees Fund GSP, L.P. is 399 Park Avenue, New York, New York 10043. The business address for The Travelers Insurance Company and The Travelers Life and Annuity Company is One City Place, Hartford, Connecticut 06103-3415. Greenwich Street Investments, L.P. is the general partner of Greenwich Street Capital Partners, L.P. Greenwich Street Investments, L.L.C. is the managing general partner of Greenwich Street Investments, L.P. The Travelers Insurance Company is the sole member of Greenwich Street Investments, L.L.C. Andrew Wagner and Woodbourne Corporation (BVI) Limited are the directors of Greenwich Street Capital Offshore Fund, Ltd. TRV Employees Investments, Inc. is the general partner of Citigroup Employees Fund GSP, L.P. and is a wholly-owned subsidiary of Citigroup Inc. GSCP (NJ), L.P. is the manager of Greenwich Street Capital Partners, L.P., Greenwich Street Capital Offshore Fund, Ltd. and Citigroup Employees Fund GSP, L.P. GSCP (NJ), Inc. is the general partner of GSCP (NJ), L.P. Each of Keith W. Abell, Alfred C. Eckert III, Robert A. Hamwee, Richard M. Hayden, Thomas V. Inglesby, Matthew C. Kaufman, Christine K. Vanden Beukel, Andrew Wagner and Frederick H. Horton is an executive officer and stockholder of GSCP (NJ), Inc. and a limited partner of GSCP (NJ), L.P. Greenwich Street Investments, L.P., Greenwich Street Investments, L.L.C. and The Travelers Insurance Company, because of their relationships with Greenwich Street Capital Partners, L.P., may be deemed to beneficially own the securities held by Greenwich Street Capital Partners, L.P. Notwithstanding the foregoing, the above persons

and entities disclaim beneficial ownership of the securities held by Greenwich Street Capital Partners, L.P. except to the extent of their respective pecuniary interest in the securities. Andrew Wagner and Woodbourne Corporation (BVI) Limited, because of their relationships to Greenwich Street Capital Offshore Fund, Ltd., may be deemed to beneficially own the securities held by Greenwich Street Capital Offshore Fund, Ltd. Notwithstanding the foregoing, the above person and entity disclaim beneficial ownership of the securities held by Greenwich Street Capital Offshore Fund, Ltd. except to the extent of their respective pecuniary interest in the securities. TRV Employees Investments, Inc. and Citigroup Inc., because of their relationships with Citigroup Employees GSP Fund, L.P., may be deemed to beneficially own the securities held by Citigroup Employees GSP Fund, L.P. Notwithstanding the foregoing, the above persons and entities disclaim beneficial ownership of the securities held by Citigroup Employees GSP Fund, L.P. except to the extent of their respective pecuniary interest in the securities. GSCP (NJ), L.P., GSCP (NJ), Inc., Keith W. Abell, Alfred C. Eckert III, Robert A. Hamwee, Richard M. Hayden, Thomas V. Inglesby, Matthew C. Kaufman, Christine K. Vanden Beukel, Andrew Wagner and Frederick H. Horton, because of their relationships with Greenwich Street Capital Partners, L.P., Greenwich Street Capital Offshore Fund, Ltd. and Citigroup Employees Fund GSP, L.P., may be deemed to beneficially own the securities held by Greenwich Street Capital Partners, L.P., Greenwich Street Capital Offshore Fund, Ltd. and Citigroup Employees Fund GSP, L.P. Notwithstanding the foregoing, the above persons and entities disclaim beneficial ownership of the securities held by Greenwich Street Capital Partners, L.P., Greenwich Street Capital Offshore Fund, Ltd. and Citigroup GSP Fund, L.P. except to the extent of their respective pecuniary interest in the securities. The Travelers Life and Annuity Company is a wholly-owned subsidiary of The Travelers Insurance Company, which is a subsidiary of Metlife, Inc. The Travelers Insurance Company and Metlife, Inc. may be deemed to be the beneficial owner of the securities held by The Travelers Life and Annuity Company. The above persons and entities may be deemed to share beneficial ownership of the shares of common stock owned of record by Endo Pharma LLC because they are members of Endo Pharma LLC or affiliates of members of Endo Pharma LLC. The above persons and entities disclaim beneficial ownership of the securities owned by Endo Pharma LLC, except to the extent of their respective pecuniary interest in the securities.

(s)

Until December 31, 2003, Ms. MacDonald was our Executive Vice President of Operations, at which time she resigned from her executive office, while remaining an employee. The shares to be sold by Ms. MacDonald include up to 45,074 shares, which represent Ms. MacDonald's pro rata portion of Endo Pharma LLC's shares that may be offered, and up to 2,984,784 shares, which represent the shares of common stock underlying her Endo Pharma LLC employee stock options that she may exercise and sell in one or more offerings pursuant to this prospectus. Ms. MacDonald owns 0.27% of Endo Pharma LLC and may be deemed to share beneficial ownership of shares of common stock owned of record by Endo Pharma LLC by virtue of her status as a member of Endo Pharma LLC. Ms. MacDonald shares voting power along with the other members of Endo Pharma LLC with respect to securities owned by Endo Pharma LLC, but disclaims beneficial ownership of such securities except to the extent of her pecuniary interest.
Ms. MacDonald's beneficial ownership after the offering includes 3,374,289 shares and 926,999 shares underlying options that she holds in the Endo Pharma LLC 1997 Stock Option Plans and the Endo Pharma LLC 2000 Supplemental Stock Option Plans, 434,402 of which are currently exercisable.

(t)

The 333,544 shares that will be sold by the other selling stockholders represent shares which represent the selling stockholders pro rata portion of Endo Pharma LLC's shares that will be offered. The other selling stockholders own 2.02% of Endo Pharma LLC and may be deemed to share beneficial ownership of shares of common stock owned of record by Endo Pharma LLC by virtue of their status as members of Endo Pharma LLC. Each selling stockholder's shares voting power along with the other members of Endo Pharma LLC with respect to securities owned by Endo Pharma LLC, but each disclaims beneficial ownership of such securities except to the extent of each selling stockholder's pecuniary interest.

UNDERWRITING

Bear, Stearns & Co. Inc. and Citigroup Global Markets Inc. are acting as joint book-running managers of the offering and, together with Morgan Stanley & Co. Incorporated, SG Cowen & Co., LLC, UBS Securities LLC, C.E. Unterberg, Towbin, Jefferies & Company, Inc. and J.P. Morgan Securities, Inc., are acting as representatives of the underwriters named below. Subject to the terms and conditions of an underwriting agreement, dated , 2005, the underwriters named below have severally agreed with us and the selling stockholders, subject to the terms and conditions contained in the underwriting agreement, to purchase from the selling stockholders the number of shares of common stock set forth below opposite their respective names.

Underwriter	Number of shares
Bear, Stearns & Co. Inc.	
Citigroup Global Markets Inc.	
Morgan Stanley & Co. Incorporated	
SG Cowen & Co., LLC	
UBS Securities LLC	
C.E. Unterberg, Towbin	
Jefferies & Company, Inc.	
J.P. Morgan Securities, Inc.	
Total	26,000,000

The obligations of the underwriters under the underwriting agreement are several and not joint. This means that each underwriter is obligated to purchase from the selling stockholders only the number of shares of common stock set forth opposite its name in the table above. Except in limited circumstances set forth in the underwriting agreement, an underwriter has no obligation in relation to the shares of common stock which any other underwriter has agreed to purchase.

The underwriting agreement provides that the obligations of the several underwriters are subject to approval of various legal matters by their counsel and to various other conditions including delivery of legal opinions by our counsel and counsel for the selling stockholders, the delivery of a comfort letter by our independent auditors and the accuracy of the representations and warranties made by us and the selling stockholders in the underwriting agreement. Under the underwriting agreement, the underwriters are obliged to purchase and pay for all of the above shares of common stock if any are purchased.

The underwriters propose initially to offer the shares of common stock offered by this prospectus to the public at the public offering price per share set forth on the cover page of this prospectus and to certain dealers at that price less a concession not in excess of per share. The underwriters may allow, and these dealers may reallow, concessions not in excess of per share on sales to certain other dealers. After commencement of this offering, the offering price, concessions and other selling terms may be changed by the underwriters. No such change will alter the amount of proceeds to be received by us or the selling stockholders as set forth on the cover page of this prospectus supplement.

The selling stockholders have granted the underwriters an option, which may be exercised within 30 days after the date of this prospectus, to purchase up to an aggregate of 3,900,000 additional shares of common stock from the selling stockholders, to cover over-allotments, if any, at the public offering price less the underwriting discount, each set forth on the cover page of this prospectus. If the underwriters exercise this option in whole or in part, each of the underwriters will be severally committed, subject to certain conditions, to purchase these additional shares of common stock in proportion to their respective purchase commitments as indicated in the preceding table, and the selling stockholders will be obligated to sell these additional shares to the underwriters. The

underwriters may exercise this option only to cover over-allotments made in connection with the sale of the shares of common stock offered by this prospectus supplement. These additional shares will be sold by the underwriters on the same terms as those on which the shares offered by this prospectus supplement are being sold.

The following table summarizes the compensation to be paid to the underwriters by the selling stockholders in connection with this offering:

		Total	
	Per share	Without Over-allotment	With Over-allotment
Underwriting discounts and commissions	$	$	$

The expenses of the offering, other than the underwriting discount, are estimated at approximately $800,000 and are payable entirely by us.

In the underwriting agreement, we and the selling stockholders have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in connection with these liabilities.

We, our executive officers, our directors, Endo Pharma LLC and the other selling stockholders have agreed, subject to limited exceptions, that for a period of 60 days from the date of this prospectus, we and they will not, without the prior written consent of Bear, Stearns & Co. Inc. and Citigroup Global Markets Inc., offer, sell, contract to sell, pledge or otherwise dispose of any shares of our common stock or any securities convertible into or exchangeable for our common stock. Bear, Stearns & Co. Inc. and Citigroup Global Markets Inc. in their sole discretion may release any of the securities subject to these lock-up agreements at any time without notice. We anticipate that Mr. Kimmel, one of our directors, will establish a Rule 10b5-1 pre-set selling program pursuant to which sales may occur as soon as November 1, 2005. See "Selling Stockholders."

Our common stock is quoted on the Nasdaq National Market under the symbol "ENDP."

In connection with the offering, Citigroup Global Markets Inc., on behalf of the underwriters may engage in stabilizing transactions, over-allotment transactions, syndicate covering transactions and penalty bids.

Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum price.

Over-allotment involves sales by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase, which creates a syndicate short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of shares over-allotted by the underwriters is not greater than the number of shares that they may purchase in the over-allotment option. In a naked short position, the number of shares involved is greater than the number of shares in the over-allotment option. The underwriters may close out any short position by either exercising their over-allotment option and/or purchasing shares in the open market.

Syndicate covering transactions involve purchases of the common stock in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. If the underwriters sell more shares than could be covered by the over-allotment option, a naked short position, the position can only be closed out by buying shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on

the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.

Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the common stock originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of the common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. These transactions may be effected on the Nasdaq National Market or otherwise and, if commenced, may be discontinued at any time.

A prospectus in electronic format may be made available on the web sites maintained by one or more of the underwriters, or selling group members, if any, participating in this offering and one or more of the underwriters participating in this offering may distribute prospectuses electronically. The representatives may agree to allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the underwriters and selling group members that will make internet distributions on the same bases as other allocations.

Any selling stockholder who is a "broker-dealer" will be deemed to be an "underwriter" within the meaning of Section 2(11) of the Securities Act, unless such selling stockholder purchased its shares in the ordinary course of business, and at the time of its purchase of the shares to be resold, did not have any view to or arrangements or understandings, directly or indirectly, with any person to distribute the shares. The selling stockholders have each informed us that they are not registered broker-dealers. Certain selling stockholders have identified themselves to us as affiliates of broker-dealers. See "Selling Stockholders." The selling stockholders who are affiliates of broker-dealers have each informed us that they did not receive the common stock outside of the ordinary course of business nor, at the time of issuance of the common stock, did they have any view to or any arrangements or understandings, directly or indirectly, with any person to distribute the shares of common stock.

The underwriters and certain of their affiliates have in the past provided, and may in the future provide, investment banking and other financial and banking services to us for which they have in the past received, and may in the future receive, customary fees. Mr. Hyatt, one of our directors, is a Senior Managing Director of Bear, Stearns & Co. Inc. In addition, Mr. Nickell, President and Chief Executive Officer of Kelso & Company, is an outside director of The Bear Stearns Companies, Inc.

United Kingdom

Each of the underwriters has represented and agreed that:

it has not made or will not make an offer of shares to the public in the United Kingdom within the meaning of section 102B of the Financial Services and Markets Act 2000 (as amended) ("FSMA") except to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities or otherwise in circumstances which do not require the publication by the company of a prospectus pursuant to the Prospectus Rules of the Financial Services Authority;

it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) to persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or in circumstances in which section 21 of FSMA does not apply to the company; and

it has complied with, and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the shares in, from or otherwise involving the United Kingdom.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of shares to the public in that Relevant Member State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of shares to the public in that Relevant Member State at any time:

to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR43,000,000 and (3) an annual net turnover of more than EUR50,000,000, as shown in its last annual or consolidated accounts; or

in any other circumstances which do not require the publication by the issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of shares to the public" in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

LEGAL MATTERS

Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York is acting as legal counsel to Endo Pharmaceuticals Holdings Inc. Skadden, Arps, Slate, Meagher & Flom LLP represents Kelso & Company and its affiliates from time to time. Debevoise & Plimpton LLP, New York, New York is acting as legal counsel to the underwriters. Debevoise & Plimpton LLP also represents Kelso and its affiliates from time to time.

EXPERTS

The financial statements, the related financial statement schedule, and management's report on the effectiveness of internal control over financial reporting incorporated in this prospectus supplement by reference from the Company's Annual Report on Form 10-K have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference, and have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

INTERESTS OF EXPERTS

Mr. Michael Mitchell, of counsel to Skadden, Arps, Slate, Meagher & Flom LLP, which provides legal services to us from time to time, is a director of Endo Pharmaceuticals Holdings Inc. and beneficially owns 40,000 options exercisable into shares of Endo Pharmaceuticals Holdings Inc.'s common stock.

PROSPECTUS

30,000,000 Shares

Endo Pharmaceuticals Holdings Inc.

Common Stock

This prospectus relates to the sale by selling stockholders of up to 30,000,000 shares of our common stock. We will not receive any proceeds from the sale of shares offered by the selling stockholders.

The shares are being registered to permit the selling stockholders to sell the shares from time to time in the public market. The selling stockholders will only sell their shares through underwriters. See "Plan of Distribution."

You should read this prospectus and any accompanying prospectus supplement carefully before you make your investment decision. The prospectus supplement will describe, among other things, the means of distribution for any shares of our common stock sold by the selling stockholders.

Our common stock is quoted on the Nasdaq National Market under the symbol "ENDP." The last reported sale price of our common stock on the Nasdaq National Market on September 23, 2005 was $28.81 per share.

Investing in our common stock involves risks. See "Risk Factors" beginning on page 2.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is September 26, 2005.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement on Form S-3 that we filed with the Securities and Exchange Commission, the SEC, using a "shelf" registration or continuous offering process. Under this shelf process, selling stockholders may from time to time sell the securities described in this prospectus in one or more offerings.

This prospectus provides you with a general description of the securities that the selling stockholders may offer. Each time a selling stockholder sells securities, the selling stockholders are required to provide you with a prospectus and/or a prospectus supplement containing specific information about the selling stockholder, the terms of the securities being offered and the means of distribution. A prospectus supplement may include other special considerations applicable to those securities. The prospectus supplement may also add, update or change information in this prospectus. If there is any inconsistency between the information in this prospectus and any prospectus supplement, you should rely on the information in that prospectus supplement. You should read carefully both this prospectus and any prospectus supplement together with the additional information described under the heading "Where You Can Find More Information."

THE COMPANY

We are a specialty pharmaceutical company with market leadership in pain management. We are engaged in the research, development, sale and marketing of branded and generic prescription pharmaceuticals used primarily to treat and manage pain. According to IMS Health data, the total U.S. market for pain management pharmaceuticals, excluding over-the-counter products, totaled $18.9 billion in 2004. This represents an approximately 16% compounded annual growth rate since 1999. Our primary area of focus within this market is analgesics and, specifically, opioid analgesics. In 2004, analgesics were the third most prescribed medication in the United States with over 272 million prescriptions written for this classification. Opioid analgesics is a segment that comprised approximately 75% of the analgesics prescriptions in 2004. Total U.S. sales for the opioid analgesic segment were $6.3 billion in 2004, representing a compounded annual growth rate of 20% since 1999.

We have a portfolio of branded products that includes established brand names such as Lidoderm®, Percocet®, Frova®, Percodan®, Zydone®, and DepoDur . Branded products comprised approximately 69% of our net sales in 2004. Our non-branded generic portfolio, which accounted for 31% of net sales in 2004, currently consists of products primarily focused in pain management. We focus on selective generics that have one or more barriers to market entry, such as complex formulation, regulatory or legal challenges or difficulty in raw material sourcing.

We have established research and development expertise in analgesics and devote significant resources to this effort so that we can maintain and develop our product pipeline. Our late-stage branded products pipeline includes two filed new drug applications, or NDAs, one product in phase III clinical trials and five products in Phase II clinical trials. Through a dedicated sales force of approximately 370 sales representatives in the United States, we market our branded pharmaceutical products to high-prescribing physicians in pain management, neurology, surgery, anesthesiology, oncology and primary care. Our sales force also targets retail pharmacies and other healthcare professionals throughout the United States.

Our wholly-owned subsidiary, Endo Pharmaceuticals Inc., commenced operations in 1997 by acquiring certain pharmaceutical products, related rights and assets of The DuPont Merck Pharmaceutical Company, which subsequently became DuPont Pharmaceuticals Company and was purchased by the Bristol-Myers Squibb Pharma Company in 2001. Endo Pharmaceuticals Inc. was formed by some members of the then-existing management of DuPont Merck and an affiliate of Kelso & Company who were also parties to the purchase agreement, under which we acquired these initial assets. We were incorporated in Delaware as a holding company on November 18, 1997. Our common stock is quoted on the Nasdaq National Market under the symbol "ENDP."

Our executive offices are located at 100 Endo Boulevard, Chadds Ford, Pennsylvania 19317. Our telephone number is (610) 558-9800. The address of our website is www.endo.com (this is an inactive textual reference only). The information on our website is not part of this prospectus.

RISK FACTORS

You should carefully consider the following risk factors in addition to the other information in this prospectus before investing in our common stock.

Risks Related to Our Business

We face intense competition, in particular from companies that develop rival products to our branded products and from companies with which we compete to acquire rights to intellectual property assets.

The pharmaceutical industry is intensely competitive, and we face competition across the full range of our activities. If we fail to compete successfully in any of these areas, our business, profitability and cash flows could be adversely affected. Our competitors include many of the major brand name and generic manufacturers of pharmaceuticals, especially those doing business in the United States. In the market for branded pharmaceutical products, our competitors, including Abbott Laboratories, Johnson & Johnson, Ligand Pharmaceuticals Incorporated, Pfizer, Inc. and The Purdue Frederick Company, vary depending on product category, dosage strength and drug-delivery systems. In addition to product safety, development and efficacy, other competitive factors in the branded pharmaceutical market include product quality and price, reputation, service and access to scientific and technical information. It is possible that developments by our competitors will make our products or technologies uncompetitive or obsolete. Because we are smaller than many of our national competitors in the branded pharmaceutical products sector, we may lack the financial and other resources needed to maintain our profit margins and market share in this sector.

The intensely competitive environment of the branded products business requires an ongoing, extensive search for medical and technological innovations and the ability to market products effectively, including the ability to communicate the effectiveness, safety and value of branded products to healthcare professionals in private practice, group practices and managed care organizations.

Our branded products face competition from generic versions. Generic versions are generally significantly cheaper than the branded version, and, where available, may be required or encouraged in preference to the branded version under third-party reimbursement programs, or substituted by pharmacies for branded versions by law. The entrance of generic competition to our branded products generally reduces our market share and adversely affects our profitability and cash flows. For example, according to the IMS National Prescription Audit, generic versions of Percocet® were used to fill approximately 93% of the approximately 17.9 million new prescriptions for this drug in 2004 compared to 83% of the approximately 16.0 million new prescriptions for this drug in 2003. Percocet® 7.5/325 and Percocet® 10/325, which prior to the introduction of generic competition then represented approximately 75% of our dispensed Percocet® prescriptions, currently face generic competition. Percocet® net sales decreased to $86.5 million for the year ended December 31, 2004 from $214.2 million in the comparable 2003 period due to the introduction of generic versions of Percocet® 7.5/325 and 10/325 during the fourth quarter of 2003. Generic competition with our branded products, including Percocet®, has had and will continue to have a material adverse effect on the net sales and profitability of our branded products.

Additionally, we compete to acquire the intellectual property assets that we require to continue to develop and broaden our product range. In addition to our in-house research and development efforts, we seek to acquire rights to new intellectual property through corporate acquisitions, asset acquisitions, licensing and joint venture arrangements. Competitors with greater resources may acquire assets that we seek, and even where we are successful, competition may increase the acquisition price of such assets. If we fail to compete successfully, our growth may be limited.

If generic manufacturers use litigation and regulatory means to obtain approval for generic versions of our branded drugs, our sales may suffer.

The Hatch-Waxman Act permits the U.S. Food & Drug Administration, or FDA, to approve abbreviated new drug applications, or ANDAs, for generic versions of branded drugs. The ANDA process permits competitor companies to obtain marketing approval for a drug with the same active ingredient for the same uses but does not require the conduct and submission of clinical studies demonstrating safety and efficacy for that product. In place of such clinical studies, an ANDA applicant needs only to submit data demonstrating that its product is bioequivalent to the branded product.

The Hatch-Waxman Act requires an applicant for a drug that relies, at least in part, on data from the branded drug regarding the safety and efficacy of the same active ingredient, to notify us of their application and potential infringement of our patent rights. Upon receipt of this notice we would have 45 days to bring a patent infringement suit in federal district court against the company seeking to violate our patent rights. The discovery, trial and appeals process in such suits can take several years. If such a suit is commenced, the Hatch-Waxman Act provides a 30-month stay on the approval of the competitor's application. If the litigation is resolved in favor of the generic applicant or the challenged patent expires during the 30-month stay period, the stay is lifted and the FDA's review of the application may proceed. Such litigation is often time-consuming and quite costly and may result in generic competition if such patent(s) are not upheld or if the generic competitor does not infringe such patent(s). The filing of any ANDA in respect of any of our branded drugs, particularly Lidoderm®, could have an adverse impact on our stock price and, if the patents covering our branded drugs, including Lidoderm®, were not upheld in litigation or if the generic competitor is found to not infringe these patents, the resulting generic competition would have a material adverse effect on our net sales, gross profit, operating income, net income and cash flows.

We face intense competition from other manufacturers of generic versions of our generic products.

Our generic products compete with branded products and with generic versions made by or for other manufacturers, such as Impax Laboratories, Inc., Ivax Corporation, Mallinckrodt Inc., Mylan Laboratories Inc., Roxane Laboratories, Inc., Sandoz (a Novartis company), Teva Pharmaceutical Industries Ltd. and Watson Pharmaceuticals, Inc. When additional versions of one of our generic products enter the market, we generally lose market share and our selling prices and margins on the product decline. Because we are smaller than many of our full-line competitors in the generic pharmaceutical products sector, we may lack the financial and other resources needed to maintain our profit margins and market share in this sector.

On June 7, 2005, we launched the 10mg, 20mg, 40mg and 80mg strengths of our bioequivalent versions of OxyContin®. The FDA has confirmed that we have 180 days of marketing exclusivity under the Hatch-Waxman Act with respect to the 10mg, 20mg and 40mg strengths of this product, since we were the first applicant to file an ANDA containing a Paragraph IV certification for these oxycodone extended-release strengths. After the expiration of our marketing exclusivity period, other generic competitors may market bioequivalent versions of the 10mg, 20mg and 40mg strengths of OxyContin®. The entrance of other competitors will reduce our market share for bioequivalent versions of OxyContin® and adversely affect the profitability of these products.

Most of our net sales come from a small number of products.

For the year ended December 31, 2004, 50% of our net sales came from sales of Lidoderm®, and 19% came from sales of Endocet®, 14% came from sales of our Percocet® franchise and 10% came from sales of morphine sulfate extended-release tablets. For the six months ended June 30, 2005, 49% of our net sales came from sales of Lidoderm®, 11% came from sales of Endocet®, 16% came from sales of our Percocet® franchise and 6% came from sales of morphine sulfate extended-release tablets. The FDA has granted Lidoderm® orphan drug status for the treatment of the pain associated with

post-herpetic neuralgia, which means, generally, that no other lidocaine-containing product can be approved for this indication prior to March 19, 2006. In addition, on June 7, 2005, we launched our generic extended-release oxycodone product, our bioequivalent, or generic, version of OxyContin®, which accounted for 15% of our product sales for the three months ended June 30, 2005. The FDA has confirmed that we have 180 days of marketing exclusivity under the Hatch-Waxman Act with respect to the 10mg, 20mg and 40mg strengths of our generic OxyContin® product. After the expiration of our marketing exclusivity period, other generic competitors may market bioequivalent versions of these strengths of this product. In addition, we could be forced to stop selling our generic OxyContin® product if the Federal Circuit Court of Appeals reverses its decision in our favor or is reversed by the Supreme Court and one or more of the Purdue patents is found valid and enforceable and there is a final court decision adverse to us. See " We were successful in our patent challenge against Purdue for our generic OxyContin® product, both at trial and on appeal. Purdue has petitioned the Court of Appeals for a rehearing, and if we receive an unfavorable ruling by the appeals court, we may be liable for damages and the price of our common stock may decline." If we were unable to continue to market any of these products, if any of them were to lose market share, for example, as the result of the entry of new competitors, particularly from generic versions of branded drugs, or if the prices of any of these products were to decline significantly, our net sales, profitability and cash flows would be materially adversely affected.

We face intense competition from brand-name companies that sell or license their own generic versions of our generic products or seek to delay the introduction of generic products.

Brand-name pharmaceutical companies have taken aggressive steps to thwart competition from generic equivalents of their brand-name products. In particular, brand-name companies sell directly to the generics market or license their products for sale to the generics market through licensing arrangements or strategic alliances with generic pharmaceutical companies (so-called "authorized generics"). No significant regulatory approvals are required for a brand-name manufacturer to sell directly or through a third party to the generic market. Brand-name manufacturers do not face any other significant barriers to entry into such market. On June 8, 2005, Ivax Corporation, a generic pharmaceutical company, announced that it would distribute the so-called "authorized generic" version of OxyContin® pursuant to a distribution arrangement with Purdue. On July 29, 2005, Ivax Corporation announced that it would also distribute the so-called "authorized generic" version of MS Contin®, the branded version of our morphine sulfate extended- release tablets, pursuant to a distribution arrangement with Purdue. The introductions of these so-called "authorized generics" have had and may continue to have an adverse effect by reducing our market share and adversely affecting our profitability and cash flows that we otherwise would have achieved in 2005 and subsequent periods if we were the exclusive generic equivalent to the 10mg, 20mg and 40mg strengths of OxyContin® and to MS Contin®.

In addition, brand-name companies continually seek new ways to delay generic introduction and decrease the impact of generic competition, such as filing new patents on drugs whose original patent protection is about to expire; filing an increasing number of patents that are more complex and costly to challenge; filing suits for patent infringement that automatically delay approval by the FDA; developing patented controlled-release or other next generation products, which often reduces the demand for the generic version of the existing product for which we may be seeking approval; changing product claims and product labeling; developing and marketing as over-the-counter products those branded products which are about to face generic competition; or filing citizens' petitions with the FDA seeking restraints on our products or seeking to prevent them from coming to market. These strategies may increase the costs and risks associated with our efforts to introduce generic products and may delay or prevent such introduction altogether.

We entered into a tax sharing agreement with Endo Pharma LLC in July 2000, pursuant to which we have made and may continue to make large cash payments to Endo Pharma LLC.

Endo Pharma LLC is a limited liability company that currently holds a significant portion of our common stock, in which affiliates of Kelso & Company and certain members of management have an interest. Endo Pharma LLC was formed in connection with the acquisition of Algos Pharmaceutical Corporation in July 2000 to ensure that the stock options granted pursuant to the Endo Pharma LLC stock option plans diluted only the Endo common stock held by persons and entities that held such shares prior to our merger with Algos. Upon the exercise of the stock options granted under the Endo Pharma LLC stock option plans, only currently outstanding shares of our common stock held by Endo Pharma LLC will be received by holders of such options upon exercise.

Upon exercise of any of these Endo Pharma LLC stock options, we generally will be permitted to deduct as a compensation charge, for income tax purposes, an amount equal to the difference between the market price of our common stock and the exercise price paid upon exercise of these options (as of June 30, 2005, we had recognized compensation deductions of approximately $149 million, which is estimated to result in a tax benefit amount and payment obligation to Endo Pharma LLC of approximately $57 million). Because Endo Pharma LLC, and not us, will provide the shares upon the exercise of the stock options granted pursuant to the Endo Pharma LLC stock option plans, we entered into a tax sharing agreement with Endo Pharma LLC under which we are required to pay to Endo Pharma LLC upon the occurrence of a liquidity event, as described further below, the amount of the tax benefit usable by us as a result of the exercise of these stock options into shares of our common stock held by Endo Pharma LLC. As of June 30, 2005, approximately 10.6 million of these stock options had been exercised into shares of our common stock held by Endo Pharma LLC. Under the tax sharing agreement, we are required to pay approximately $57 million, approximately $35 million of which has already been paid to Endo Pharma LLC through June 30, 2005, to Endo Pharma LLC to the extent that a compensation charge deduction is usable by us to reduce our taxes and based upon the assumption that all other deductions of Endo are used prior thereto.

We had no obligation to make any payments under the tax sharing agreement to Endo Pharma LLC prior to the occurrence of a liquidity event. The tax sharing agreement defines a liquidity event as a transaction or series of transactions resulting in (a) a sale of greater than 20% on a fully diluted basis of our common equity (either through (i) primary offerings by us, (ii) secondary sales by Endo Pharma LLC or other holders of common stock or (iii) a combination of both such primary and secondary offerings), (b) a change in control of Endo or (c) a sale of all or substantially all of our assets. On April 30, 2004, we amended the tax sharing agreement to clarify when a liquidity event has occurred and to provide for a specific schedule upon which payments currently contemplated by the tax sharing agreement would be made once a liquidity event has occurred. The amendment established a formula for calculating when a sale of 20% of the common equity of Endo had occurred and specified that secondary sales of Endo common stock include sales pursuant to a shelf registration statement. The amendment also provides that upon the occurrence of a liquidity event, we are obligated to pay to Endo Pharma LLC, within 30 business days, the amount of the tax benefits usable by us in each of the previous taxable years for which we have filed a federal income tax return. Moreover, with respect to all taxable years for which we file our federal income tax return after the occurrence of a liquidity event, the amount of the tax benefits usable by us in each such year will be paid to Endo Pharma LLC in two installments: (i) 50% of the estimated amount shall be paid within 15 business days of our receipt from our independent registered public accounting firm of an opinion on our final audited financial statements, and (ii) the remaining amount shall be paid within 30 business days of the filing of our federal income tax return.

A liquidity event occurred on August 9, 2004, when Endo Pharma LLC completed the secondary sale of 11 million shares of common stock. The closing of this offering, when combined with the sale by Endo Pharma LLC of the sale of 16.6 million shares on July 8, 2003, constituted a liquidity event under

the tax sharing agreement and triggered a payment obligation with respect to tax benefits usable by us in previous years. In 2004, we paid $13.5 million to Endo Pharma LLC to satisfy the tax sharing obligations attributable to 2001, 2002 and 2003.

In connection with the secondary offering that closed on August 9, 2004, 3.8 million stock options granted under the Endo Pharma LLC stock option plans were exercised into common stock at a weighted average exercise price of $2.44, and the underlying shares were sold in the offering, at a price of $17.46. The options exercises in connection with the August 9, 2004 share sale are expected to reduce our taxes related to 2004 by approximately $22 million, and thus obligated us to make a tax sharing payment of approximately $22 million to Endo Pharma LLC. On November 29, 2004, an additional 2.8 million stock options granted under the Endo Pharma LLC stock option plans were exercised into common stock at a weighted average exercise price of $2.44, and the underlying shares were sold in a secondary offering at a price of $20.02. The option exercises in connection with the November 29, 2004 share sale are expected to reduce our taxes related to 2004 by approximately $19 million and thus obligated us to make a tax sharing payment to Endo Pharma LLC of approximately $19 million. We made a tax sharing payment of $21.4 million to Endo Pharma LLC in April 2005, equal to fifty percent of the tax benefit amount attributable to these two 2004 offerings and other Endo Pharma LLC stock option exercises in 2004. The remaining fifty percent of the tax benefit amount attributable to 2004 is due within 30 business days of the date on which we file our 2004 tax return with the Internal Revenue Service (which we estimate will occur in September 2005). As of June 30, 2005, approximately $22.2 million is payable to Endo Pharma LLC related to estimated tax sharing payments that we are obligated to pay which are attributable to 2004 and 2005. All payments made and accrued pursuant to the tax sharing agreement have been reflected as a reduction of stockholders' equity in our consolidated financial statements. The estimated tax benefit amount payment to Endo Pharma LLC attributable to Endo Pharma LLC stock options exercised may increase if certain holders of Endo Pharma LLC stock options exercise additional stock options in the future.

The Class C Endo Pharma LLC stock options (all of which are vested) become exercisable at the earlier of an exit event, as defined, or January 1, 2006. If the Class C stock options are not exercised by January 1, 2006, they will terminate. Although Endo Pharma LLC has considered extending the term of the Class C stock options, following enactment of the 2004 Jobs Creation Act, an extension of the term of the stock options would result in adverse tax consequences for the option holders. As a result, we and Endo Pharma LLC have decided to accelerate the exercisability of the Class C stock options to allow approximately 22 million Class C stock options to be exercised before their expiration on January 1, 2006. See "Selling Stockholders." The exercise of the Class C stock options is expected to generate a significant tax deduction for us and create a significant tax sharing payment obligation to Endo Pharma LLC.

Of the 30 million shares of common stock registered on this shelf registration statement, approximately 9.2 million shares represent shares underlying stock options granted to executives under the Endo Pharma LLC stock option plans. Using a weighted average exercise price of $2.70 per share, an offer price of $30.00 per share (the closing price on August 31, 2005) and an assumed tax rate of 38.3%, and assuming the exercise of all 19.5 million Class C stock options granted under the Endo Pharma LLC executive stock option plans, we would be able to deduct, for income tax purposes, compensation of approximately $532 million, and we would be obligated to pay to Endo Pharma LLC a tax sharing payment of approximately $204 million.

Following the exercise by the executive stockholders of the 19.5 million Class C stock options, there will be approximately 6 million stock options remaining to be exercised under the Endo Pharma LLC stock option plans. Using a weighted average exercise price of $2.70 per share and an assumed tax rate of 38.3%, if all of these remaining stock options under the Endo Pharma LLC stock options plans were vested and exercised, and assuming the price of our common stock was $30.00 per share (the closing price on August 31, 2005), we generally would be able to deduct, for income tax purposes,

compensation of approximately $164 million, which could result in a tax benefit amount of approximately $63 million payable to Endo Pharma LLC. Under the terms of the tax sharing agreement, we must pay all such tax benefit amounts to Endo Pharma LLC to the extent these tax benefits are usable by us as described above.

We were successful in our patent challenge against Purdue for our generic OxyContin® product, both at trial and on appeal. Purdue has petitioned the Court of Appeals for a rehearing, and if we receive an unfavorable ruling by the appeals court, we may be liable for damages and the price of our common stock may decline.

The Purdue Frederick Company and related parties filed suit against us and our subsidiary, Endo Pharmaceuticals Inc., or EPI, in October 2000 (and again in March 2001 and August 2001) alleging that our 10mg, 20mg, 40mg and 80mg bioequivalent versions of OxyContin®, for which we filed an ANDA, violate three of their patents. The trial of the patent claims concluded in June 2003. The U.S. District Court for the Southern District of New York issued an Opinion and Order on January 5, 2004 holding that, while Endo infringes the three Purdue patents, the patents are unenforceable due to Purdue's inequitable conduct. Accordingly, the district court dismissed Purdue's patent infringement suit against us and EPI, declared the patents invalid, and enjoined Purdue from further enforcement of the patents. Purdue filed an appeal as well as motions to stay the injunction against the enforcement of their patents pending the outcome of the appeal and to expedite the appeal. Both motions were denied on March 18, 2004. On June 7, 2005, the U.S. Court of Appeals for the Federal Circuit in Washington, D.C. affirmed the Opinion and Order of the District Court issued in Endo's favor on January 5, 2004. This affirmance by the Federal Circuit Court dismissed the claims that Endo's oxycodone extended-release tablets infringe Purdue patents, and permanently enjoined Purdue from enforcing these patents.

On June 21, 2005, Purdue filed a petition with the Federal Circuit Court of Appeals seeking rehearing of the case by the panel that issued the June 7, 2005 decision, or alternatively by the entire court. On July 18, 2005, the Federal Circuit Court of Appeals requested that Endo submit a response brief as part of its review process of Purdue's petition for rehearing and rehearing en banc. Endo submitted this response on August 1, 2005. We can make no prediction as to how or when the appellate court will rule on the petition for rehearing, which ruling may be made at any time. Because we commenced commercial sale of our bioequivalent versions of OxyContin®, we could face substantial damages for patent infringement if the Federal Circuit reverses itself or is reversed by the Supreme Court and one or more of the Purdue patents is found valid and enforceable and there is a final court decision adverse to us.

Most of our core products contain narcotic ingredients. As a result of reports of misuse or abuse of prescription narcotics, the sale of such drugs may be subject to new regulation, including the development and implementation of risk management programs, which may prove difficult or expensive to comply with, and we and other pharmaceutical companies may face lawsuits.

Most of our core products contain narcotic ingredients. Misuse or abuse of such drugs can lead to physical or other harm. Specifically, in the past two years, reportedly widespread misuse or abuse of OxyContin®, a Purdue product containing the narcotic oxycodone, resulted in the strengthening of warnings on its labeling. In addition, Purdue, the manufacturer of OxyContin®, faces numerous lawsuits, including class action lawsuits, related to OxyContin® misuse or abuse. On June 7, 2005, we began commercial sale of our oxycodone extended-release tablets, 10mg, 20mg, 40mg and 80mg strengths, each bioequivalent versions of OxyContin®. We may be subject to litigation similar to the OxyContin® suits related to our generic version of OxyContin® or any other narcotic-containing product we market.

The FDA or the U.S. Drug Enforcement Administration, or DEA, may impose new regulations concerning the manufacture and sale of prescription narcotics. Such regulations may include new labeling requirements, the development and implementation of risk management programs, restrictions on prescription and sale of these products and mandatory reformulation of our products in order to

make abuse more difficult. In addition, state health departments and boards of pharmacy have authority to regulate distribution and may modify their regulations with respect to prescription narcotics in an attempt to curb abuse. In either case, any such new regulations may be difficult and expensive for us to comply with, may delay our introduction of new products, may adversely affect our net sales and may have a material adverse effect on our business, profitability and cash flows. See " The DEA limits the availability of the active ingredients used in our current products and products in development and, as a result, our procurement quota may not be sufficient to meet commercial demand or complete clinical trials."

On July 13, 2005, the FDA asked Purdue to withdraw its product Palladone (hydromorphone hydrochloride extended-release capsules) from the market after acquiring new information that serious and potentially fatal adverse reactions can occur when the product is taken together with alcohol. The data were gathered from a Purdue-sponsored study testing the potential effects of alcohol use and showed that when Palladone is taken with alcohol the extended-release mechanism is harmed, which can lead to dose-dumping. Dose-dumping is a term that describes the rapid release of the active ingredient from an extended-release product into the blood stream, resulting in serious, even fatal, adverse events in some patients. Although we do not currently market any product comprised of a formulation similar to Purdue's Palladone, we cannot predict what, if any, new regulations may result from the FDA's actions with regard to Palladone and what effect such regulations would have on our business.

The pharmaceutical industry is heavily regulated, which creates uncertainty about our ability to bring new products to