

ENDO PHARMACEUTICALS HOLDINGS INC

Form 424B5

November 24, 2004

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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-115032

PROSPECTUS SUPPLEMENT
(To prospectus dated August 3, 2004)

8,000,000 Shares

Endo Pharmaceuticals Holdings Inc.
Common Stock

The selling stockholders are offering 8,000,000 shares of our common stock, \$.01 par value per share, by this prospectus supplement and the accompanying prospectus. Our common stock is quoted on the Nasdaq National Market under the symbol "ENDP." On November 22, 2004, the last reported sale price of our common stock was \$21.05 per share.

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

	Per Share	Total
Public Offering Price	\$20.40	\$163,200,000
Underwriting Discount	\$ 0.38	\$ 3,040,000
Proceeds to Selling Stockholders, Before Expenses	\$20.02	\$160,160,000

In addition to the underwriting discount, the underwriter will receive a commission equivalent from investors in the amount of \$0.05 for each share of common stock sold to those investors in the offering.

Delivery of shares will be made on or about November 29, 2004.

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.

Bear, Stearns & Co. Inc.

The date of this prospectus supplement is November 22, 2004.

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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 into this prospectus supplement and the accompanying prospectus. We have not, and the underwriter has not, authorized anyone to provide you with different or additional information. We are not, and the underwriter is 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.

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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;
- 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;
- 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;
- 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.

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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 \$16.6 billion in 2003. This represents an approximately 20% compounded annual growth rate since 1998. Our primary area of focus within this market is in the opioid analgesics segment. Total U.S. sales for this segment were \$5.6 billion in 2003, representing a compounded annual growth rate of 25% since 1998.

We have a portfolio of branded products that includes established brand names such as Lidoderm[®], Percocet[®], Percodan[®], Frova[®] and Zydone[®]. Branded products comprised approximately 70% of our net sales in 2003. Our non-branded generic portfolio, which accounted for 30% of our net sales in 2003, currently consists of products that cover a variety of indications, most of which are focused in pain management. We concentrate on 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, two products in Phase III clinical trials and four products in Phase II clinical trials. Through a dedicated sales force of approximately 255 sales representatives in the United States, we market our branded pharmaceutical products to high-prescribing physicians in pain management, surgery, 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 executive offices are located at 100 Painters Drive, 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.

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RECENT DEVELOPMENTS

Generic Oxycodone Extended-Release Tablets

Although there can be no assurance, we remain confident that the decision of the U.S. District Court for the Southern District of New York declaring The Purdue Frederick Company's (Purdue) OxyContin patents unenforceable will be affirmed by the U.S. Court of Appeals for the Federal Circuit. On November 3, 2004, the oral arguments relating to the appeal of this case were heard by the U.S. Court of Appeals for the Federal Circuit in Washington, D.C. Both sides presented their arguments before a three-judge panel at the hearing. We are awaiting the outcome of this appeal.

At this time we have decided to launch our bioequivalent versions of OxyContin after appellate review of the district court's decision. We will continue to monitor the situation and may in the future decide to launch our bioequivalent versions of OxyContin in advance of the appellate decision. If we launch our bioequivalent versions of OxyContin in advance of the appellate decision and the district court's ruling is overturned, we may be liable for lost profits and damages to Purdue and costs associated with the launching of our products. Our payment of those amounts may materially adversely affect our business, financial condition and cash flows. Whether or not we have launched our bioequivalent versions of OxyContin, if we receive an unfavorable ruling from the appeals court, we may be unable to sell our generic oxycodone.

Oxymorphone Extended-Release Tablets

On November 22, 2004, we announced that the FDA has granted final approval of the protocol relating to a clinical trial of oxymorphone extended-release tablets (oxymorphone ER) under the FDA's special protocol assessment, or SPA, process. Under the terms of the SPA, we will conduct a 12-week, multicenter, double-blinded, placebo-controlled Phase III trial of oxymorphone ER in patients who have had no prior or recent treatment with opioid analgesics. We currently believe that we will be in a position to file our complete response to the FDA's approvable letter for oxymorphone ER in early 2006.

Generic Transdermal Fentanyl Patch

As of November 19, 2004, three Citizen Petitions have been filed with the FDA essentially seeking to prevent or delay the launch of all generic versions of Johnson & Johnson's Duragesic that utilize [non-reservoir] technology, including our transdermal fentanyl patch. While we believe that these Citizen Petitions are without merit, we cannot currently assess whether they will have any impact on the approval or timing of the introduction of our transdermal fentanyl patch, which we currently believe will receive FDA approval in January 2005 following the conclusion of Duragesic's pediatric exclusivity period.

CHRONOGESIC

On July 21, 2004, our development partner DURECT Corporation announced that it would not be resuming human clinical trials of the CHRONOGESIC product in 2004. DURECT had initiated the process of clinical manufacturing of CHRONOGESIC following a series of promising results of in vitro studies and in vivo animal studies of the most recent CHRONOGESIC system design. However, they learned recently from a further animal study that they have not yet solved the premature shutdown problem (a stoppage in the delivery of drug before the intended full duration of delivery). DURECT continues to work to address this issue in order to bring this product to market. On November 22, 2004, we amended our agreement with DURECT, thereby modifying our funding obligations of the ongoing development costs of CHRONOGESIC to take into account the program delay. Under the terms of this agreement, as amended, for the period commencing January 1, 2005 until the earlier of January 1, 2006 or the commencement of a specified clinical trial, we will fund 25% of the ongoing development costs for the CHRONOGESIC product in the United States and Canada excluding system redesign costs and pharmacokinetic trials necessitated by any system redesign up to an aggregate amount of \$250,000 for the period. Once a specified clinical trial of CHRONOGESIC is started or beginning on January 1, 2006, whichever is earlier, we will be obligated to fund 50% of the ongoing development costs of CHRONOGESIC unless the agreement is earlier terminated.

[Back to Contents](#)**Tax Sharing Agreement □ Liquidity Event**

Under our amended tax sharing agreement, the sale of 11 million shares of our common stock on August 9, 2004 when added to the 16.6 million shares sold by the selling stockholders in July 2003 caused a liquidity event to occur. We were obligated to pay to Endo Pharma LLC, within 30 business days of the liquidity event, the tax benefit amounts attributable to 2001 and 2002 of approximately \$2.0 million and \$1.2 million, respectively. We were also obligated to pay to Endo Pharma LLC 50% of the estimated tax benefit amount of approximately \$10.4 million attributable to 2003 within 30 business days of the liquidity event, and the remaining tax benefit amount attributable to 2003 within 30 business days of the date on which we filed our 2003 tax return with the Internal Revenue Service (which occurred in September 2004). Accordingly, in September 2004 we paid \$8.3 million, and in October 2004 we paid \$5.2 million, in each case, to Endo Pharma LLC to satisfy the tax sharing obligations attributable to 2001, 2002 and 2003. In addition, since 3.8 million shares underlying stock options granted under the Endo Pharma LLC stock option plans were exercised into common stock and sold in the August 9, 2004 offering, at a price of \$17.46, with a weighted average exercise price of \$2.44, an assumed tax rate of 38.3% and assuming the attributable compensation charge deductions are usable to reduce our taxes in 2004, we will be obligated to pay to Endo Pharma LLC a tax benefit amount of approximately \$22 million. In addition, since 2.8 million shares underlying stock options granted under the Endo Pharma LLC stock option plans are being exercised and sold in this offering, at a price of \$20.02, with a weighted average exercise price of \$2.44, an assumed tax rate of 38.3% and assuming the attributable compensation charge deductions are usable to reduce our taxes in 2004, we will be obligated to pay to Endo Pharma LLC an additional tax benefit amount of approximately \$19 million. Fifty percent of the estimated tax benefit amount attributable to this offering, the August 9, 2004 offering and any additional offering in 2004 will be due within 15 business days of the date we receive an opinion on our final audited 2004 financial statements from our independent registered public accounting firm (which we estimate will occur within 75 days of our fiscal year-end of December 31, 2004) and the remaining 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). All payments that have been, or will be, made or accrued pursuant to the tax sharing agreement have been, or will be, reflected as a reduction of stockholders' equity in our financial statements. This estimated tax benefit amount payment to Endo Pharma LLC attributable to Endo Pharma LLC stock options exercised in 2004 may increase if certain holders of Endo Pharma LLC stock options exercise stock options in addition to those registered on the accompanying prospectus.

Assuming the remaining 3.8 million shares underlying stock options granted under the Endo Pharma LLC stock option plans that are registered on this prospectus following this offering are exercised into common stock and sold (and assuming no additional stock options under the Endo Pharma LLC stock option plans are exercised), there will be approximately 22 million stock options remaining to be exercised under the Endo Pharma LLC stock option plans. Using a weighted average exercise price of \$2.60 per share and an assumed tax rate of 38.3%, if all of these remaining stock options under the Endo Pharma LLC stock option plans were vested and exercised, and assuming the price of our common stock was \$21.05 per share, we generally would be able to deduct, for income tax purposes, compensation of approximately \$406 million, which could result in a tax benefit amount of approximately \$155 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.

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THE OFFERING

Common Stock Offered	8,000,000 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.

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SELLING STOCKHOLDERS

The following table provides information regarding the beneficial ownership of our common stock by the selling stockholders, as of November 22, 2004. 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 November 22, 2004. Pursuant to the terms of our stockholder agreements, executive and employee 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 stockholders agreement. Furthermore, under this prospectus supplement and the accompanying prospectus, executive and employee 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.

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Name of Beneficial Owner	Number of Shares of Common Stock Beneficially Owned Prior to the Offering*	Number of Shares That Will Be Offered	Number of Shares of Common Stock Beneficially Owned Following the Offering	Percentage of Shares of Common Stock to be Beneficially Owned After Completion of the Offering
Directors and Executive Officers:				
Carol A. Ammon(b)(c)(d)	9,702,852(c)	984,930	8,717,922	6.6%
Brian T. Clingen (e)	15,000	□	15,000	**
Michael B. Goldberg(f)(g)				
Michael Hyatt(h)	1,079,827	66,667	1,013,160	**
Roger H. Kimmel(i)	627,992	46,933	581,059	**
Frank J. Loverro(f)(g)				
Clive A. Meanwell, M.D., Ph.D(j)	15,000	□	15,000	**
Michael W. Mitchell(k)	30,000	□	30,000	**
Joseph T. O'Donnell, Jr.(l)	30,000	□	30,000	**
David I. Wahrhaftig(f)(g)				
Peter A. Lankau(b)	1,031,976(m)	39,828	992,148	**
David A. H. Lee, M.D., Ph.D.(b)(d)	3,558,839(n)	362,940	3,195,899	2.4%
Jeffrey R. Black(b)(d)	3,164,343(o)	322,600	2,841,743	2.2%
Caroline B. Manogue(b)	353,229(p)	23,071	330,158	**
All current directors and executive officers of Endo Pharmaceuticals Holdings Inc. as a group (14 persons)	19,154,532(q)	1,820,302(r)	17,334,230(s)	13.0%
Other Selling Stockholders:				
Endo Pharma LLC(d)(f)	71,348,988	7,869,377(t)	63,479,611	48.1%
Kelso Investment Associates V, L.P.(d)(f)(u)	32,942,682	3,912,005	29,030,677	22.0%
Kelso Equity Partners V, L.P.(d)(f)(u)	2,771,916	329,170	2,442,746	1.9%
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)	□	□	□	□
Michael B. Lazar(f)(g)	□	□	□	□
Greenwich Street Capital Partners, L.P.(d)(v)	4,221,004	501,253	3,719,751	2.8%
Greenwich Street Capital Offshore Fund, Ltd.(d)(v)	261,986	31,111	230,875	**
Citigroup GSP Employees Fund, L.P.(d)(v)	1,025,814	121,817	903,997	**
The Travelers Insurance Company(d)(v)	217,756	25,859	191,897	**
The Travelers Life and Annuity Company(d)(v)	107,252	12,736	94,516	**
Mariann T. MacDonald(b)(d)	8,160,626(w)	829,480	7,331,146	5.6%
Other selling stockholders representing less than 1% owners of our common stock(x)	4,830,633	416,267(y)	4,414,366	3.3%

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- * 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%.
- (a) [Beneficial ownership] is a term broadly defined by the Securities and Exchange Commission 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 Painters Drive, Chadds Ford, Pennsylvania 19317.
- (c) Ms. Ammon is our Chairman and Chief Executive Officer. The shares to be sold by Ms. Ammon include 18,474 shares, which represent Ms. Ammon's pro rata portion of Endo Pharma LLC's shares that will be offered, and 966,456 shares, which represent the shares of common stock underlying her Endo Pharma LLC employee stock options that she will exercise and sell 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 securities 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 137,094 shares and 8,580,828 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 that she will not exercise and sell in an offering pursuant to this prospectus.
- (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 83.61% of Endo Pharma LLC; Greenwich Street Capital Partners, L.P., Greenwich Street Capital Offshore Fund, Ltd., Citigroup GSP Employees Fund, L.P., The Travelers Insurance Company and The Travelers Life and Annuity Company together own 13.66% of Endo Pharma LLC; our management, in the aggregate, owns 0.71% of Endo Pharma LLC; and certain other outside investors own 2.02% of Endo Pharma LLC. The number of shares shown that may be offered by Endo Pharma LLC does not include shares of common stock underlying the Endo Pharma LLC employee stock options that may be exercised and sold in one or more offerings pursuant to this prospectus.
- (e) Mr. Clingen is a director of Endo. The business address for Mr. Clingen is c/o BP Capital Management, 2215 York Road, Suite 510, Oak Brook, Illinois 60523. Mr. Clingen's beneficial ownership represents options to purchase 15,000 shares of Common Stock under the Endo Pharmaceuticals Holdings Inc. 2000 Stock Incentive Plan.
- (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 Lazar 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 Lazar 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 Lazar share investment and voting power along with the other general partners with respect to securities owned by KIA V and KEP V, 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) 592,884 shares of common stock owned directly by Mr. Hyatt, (ii) 456,943 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

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disposition or the power to vote (including 454,526 shares with respect to which beneficial ownership is shared with Mr. Kimmel) and (iii) options to purchase 30,000 shares of common stock granted under the Endo Pharmaceuticals Holdings Inc. 2000 Stock Incentive Plan. 26,667 of the 454,526 shares with respect to which beneficial ownership is shared with Mr. Kimmel are included in Mr. Hyatt's number of shares that will be offered and are not to be accounted for in addition to the shares listed for Mr. Kimmel herein. Mr. Hyatt's beneficial ownership excludes 171,332 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) 597,992 shares 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 (including 454,526 shares with respect to which beneficial ownership is shared with Mr. Hyatt) and (ii) options to purchase 30,000 shares of common stock granted under the Endo Pharmaceuticals Holdings Inc. 2000 Stock Incentive Plan. Mr. Kimmel's beneficial ownership excludes a total of 201,530 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.
- (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 15,000 shares of our common stock granted under the Endo Pharmaceuticals Holdings Inc. 2000 Stock Incentive Plan.
- (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, NY 10036. Mr. Mitchell's beneficial ownership represents options to purchase 30,000 shares of our common stock granted under the Endo Pharmaceuticals Holdings Inc. 2000 Stock Incentive Plan.
- (l) Mr. O'Donnell is a director of Endo. The business address for Mr. O'Donnell is Briscoe Capital Management, LLC, 295 Madison Avenue, New York, New York 10017. Mr. O'Donnell's beneficial ownership represents options to purchase 30,000 shares of our common stock granted under the Endo Pharmaceuticals Holdings Inc. 2000 Stock Incentive Plan.
- (m) Mr. Lankau is our President and Chief Operating Officer. The 39,828 shares to be sold by Mr. Lankau represent the shares of common stock underlying Mr. Lankau's Endo Pharma LLC employee stock options that he will exercise and sell pursuant to this prospectus. Mr. Lankau's beneficial ownership after the offering include 140,112 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 and 852,036 shares underlying options granted under the Endo Pharmaceuticals Holdings Inc. 2000 Stock Incentive Plan that he will not exercise and sell in an offering pursuant to this prospectus.
- (n) Dr. Lee is our Executive Vice President and Chief Scientific Officer. The shares to be sold by Dr. Lee include 1,155 shares, which represent Dr. Lee's pro rata portion of Endo Pharma LLC's shares that will be offered, and 361,785 shares, which represent the shares of common stock underlying his Endo Pharma LLC employee stock options that he will exercise and sell 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 securities 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 8,568 shares and 3,187,331 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 that he will not exercise and sell in an offering pursuant to this prospectus.
- (o) Mr. Black is our Executive Vice President, Chief Financial Officer and Treasurer. The shares to be sold by Mr. Black include 2,309 shares, which represent Mr. Black's pro rata portion of Endo Pharma LLC's shares that will be offered, and 320,291 shares, which represent his shares of common stock underlying his Endo Pharma LLC employee stock options that he will exercise and sell 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 securities owned by Endo Pharma LLC, but disclaims beneficial ownership of such securities

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except to the extent of his pecuniary interest. Mr. Black's beneficial ownership after the offering includes 17,137 shares and 2,824,606 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 that he will not exercise and sell in an offering pursuant to this prospectus.

- (p) Ms. Manogue is our Executive Vice President, Chief Legal Officer and Secretary. The 23,071 shares that will be sold by Ms. Manogue represent the shares of common stock underlying Ms. Manogue's Endo Pharma LLC employee stock options that she will exercise and sell pursuant to this prospectus. Ms. Manogue's beneficial ownership after the offering includes 179,910 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 and 150,248 shares underlying options granted under the Endo Pharmaceuticals Holdings Inc. 2000 Stock Incentive Plan that she will not exercise and sell in an offering pursuant to this prospectus.
- (q) This number excludes 454,526 shares held in trust for which Mr. Hyatt serves as trustee and for which he shares beneficial ownership with Mr. Kimmel and thus are not to be accounted for in addition to the shares listed for Mr. Kimmel herein.
- (r) This number excludes 26,667 of the 454,526 shares with respect to which Mr. Hyatt shares beneficial ownership with Mr. Kimmel which are included in Mr. Hyatt's number of shares that may be offered and thus are not to be accounted for in addition to the shares listed for Mr. Kimmel herein.
- (s) This number excludes 427,859 shares held in trust for which Mr. Hyatt serves as trustee and for which he shares beneficial ownership with Mr. Kimmel and thus are not to be accounted for in addition to the shares listed for Mr. Kimmel herein.
- (t) This number represents the aggregate number of shares beneficially owned by all selling stockholders with the exception of Roger H. Kimmel and Michael Hyatt and 43,690 shares owned directly by current and former employees and are therefore not to be accounted for in addition to the shares individually listed herein.
- (u) KIA V and KEP V share investment and voting power along with the other members of Endo Pharma LLC with respect to securities owned by Endo Pharma LLC, but disclaim 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 securities owned by Endo Pharma LLC, but disclaims beneficial ownership of such securities except to the extent of its pecuniary interest.
- (v) The business address for Greenwich Street Capital Partners, L.P., Greenwich Street Capital Offshore Fund, Ltd. and Citigroup GSP Employees Fund, L.P. is 500 Campus Drive, Suite 220, Florham Park, New Jersey 07932. The business address for Travelers Insurance Company and The Travelers Life and Annuity Company is One City Place, Hartford, CT 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 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 GSP Employees Fund, 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 GSP Employees Fund, L.P. GSCP, 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 and Andrew Wagner 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 entities disclaim beneficial ownership of the securities held by Greenwich Street Capital Partners, L.P. except to the extent of their 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 individual and entity disclaim beneficial ownership of the securities held by Greenwich Street Capital Offshore Fund, Ltd. except to the extent of their pecuniary

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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 entities disclaim beneficial ownership of the securities held by Citigroup Employees GSP Fund, L.P. except to the extent of their 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 and Andrew Wagner, because of their relationships with Greenwich Street Capital Partners, L.P., Greenwich Street Capital Offshore Fund, Ltd. and Citigroup GSP Fund, 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 GSP Fund, L.P. Notwithstanding the foregoing, the above entities and individuals 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 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 Citigroup Inc. The Travelers Insurance Company and Citigroup Inc. may be deemed to be the beneficial owner of the securities held by The Travelers Life and Annuity Company. The above entities and individuals 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 entities and individuals disclaim beneficial ownership of the securities owned by Endo Pharma LLC, except to the extent of their pecuniary interest.

- (w) 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 13,856 shares, which represent Ms. MacDonald's pro rata portion of her Endo Pharma LLC's shares that will be offered, and 815,624 shares, which represent the shares of common stock underlying Endo Pharma LLC employee stock options that she will exercise and sell 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 102,821 shares and 7,228,325 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 that she will not exercise and sell in an offering pursuant to this prospectus.
- (x) The 416,267 shares that will be sold by the other selling stockholders represent (1) the shares of common stock underlying Endo Pharma LLC employee stock options that they will exercise and sell pursuant to this prospectus; (2) shares which represent the selling stockholders pro rata portion of Endo Pharma LLC's shares that will be offered; and (3) other shares of common stock owned outright by the selling stockholders. Certain of the 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.
- (y) This number is comprised of 43,690 shares and 270,046 shares underlying Endo Pharma LLC stock options beneficially owned by our current and former employees and 102,531 shares beneficially owned by members of Endo Pharma LLC.

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UNDERWRITING

We and the selling stockholders have entered into an underwriting agreement, dated November 22, 2004, with Bear, Stearns & Co. Inc. Subject to the terms and conditions of the underwriting agreement, the underwriter has agreed to purchase 8,000,000 shares of common stock from the selling stockholders.

The underwriter has advised us that, initially, the underwriter proposes to offer the shares of common stock to the public at the public offering price set forth on the cover page of this prospectus supplement. If all the shares are not sold at the public offering price, the underwriter may change the offering price and the other selling terms. The shares are offered by the underwriter as stated herein, subject to receipt and acceptance by the underwriter and subject to the underwriter's right to reject any order in whole or in part.

The underwriting agreement provides that the obligations of the underwriter are conditional and may be terminated at its discretion based on its assessment of the state of the financial markets. The obligations of the underwriter may also be terminated upon the occurrence of the events specified in the underwriting agreement. The underwriter is committed to purchase all of the shares offered if any shares are purchased.

The following table shows the public offering price, underwriting discount and proceeds to the selling stockholders from the sale of common stock.

	<u>Per Share</u>	<u>Total</u>
Public offering price	\$ 20.40	\$ 163,200,000
Underwriting discount	\$ 0.38	\$ 3,040,000
Proceeds, before expenses, to the selling stockholders	\$ 20.02	\$ 160,160,000

In addition to the underwriting discount, the underwriter will receive a commission equivalent from investors in the amount of \$0.05 for each share of common stock sold to those investors in the offering.

The expenses of the offering, other than the underwriting discount referred to above, are estimated at approximately \$0.5 million and are payable entirely by us.

We and the selling stockholders have agreed to indemnify the underwriter against certain liabilities, including liabilities under the Securities Act of 1933 or to contribute to payments that the underwriter may be required to make in respect of those liabilities.

We, our executive officers, our directors and Endo Pharma LLC have agreed, subject to limited exceptions, that, for a period of 45 days from the date of this prospectus, we and they will not, without the prior written consent of the underwriter, 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. The underwriter in its sole discretion may release any of the securities subject to these lock-up agreements at any time without notice.

Our common stock trades on the Nasdaq National Market under the symbol "ENDP." On November 22, 2004, the last reported sale price of our common stock was \$21.05 per share.

In connection with the offering, the underwriter may purchase and sell shares of common stock in the open market. These transactions may include short sales or stabilizing transactions. Short sales involve syndicate sales of common stock in excess of the number of shares to be purchased by the underwriter in the offering, which creates a syndicate short position. Stabilizing transactions consist of bids for or purchases of shares in the open market while the offering is in progress.

Any of these activities may have the effect of preventing or retarding a decline in the market price of the common stock. They may also cause the price of the common stock to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The underwriter may conduct these transactions on the Nasdaq National Market or otherwise. If the underwriter commences any of these transactions, the underwriter may discontinue them at any time.

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The underwriter and certain of its 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.

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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 underwriter. Debevoise & Plimpton LLP also represents Kelso and its affiliates from time to time.

EXPERTS

The financial statements and the related financial statement schedule incorporated in this prospectus supplement by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 2003 have been audited by Deloitte & Touche LLP, independent registered public accounting firm, as stated in their report (which report expresses an unqualified opinion and includes an explanatory paragraph relating to the Company's change in method of accounting for goodwill and other intangible assets upon adoption of Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets, effective January 1, 2002), which is incorporated herein by reference, and have been so incorporated in reliance upon the report 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 30,000 options exercisable into shares of Endo Pharmaceuticals Holdings Inc.'s common stock.

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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 August 3, 2004 was \$18.72 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 August 3, 2004.

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