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program, half of the stock options granted to our Named Executives are subject to performance-based vesting based on our achievement of specified adjusted EBITDA goals or generating certain returns on the Sponsor's investment in us. See "*Annual cash incentive*" and "*Long-term incentive*" below.

- No tax gross ups and limited benefits. We do not provide our executive officers with special benefits, supplemental executive retirement plans, or tax gross-ups. We provide our executive officers with modest perquisites and other personal benefits which we believe are reasonable and serve as useful retention tools. See *"Traditional employee benefits and executive perquisites"* below.
- Compensation risk assessment. We believe that our compensation programs are not designed to encourage our Named Executives or other employees to take unnecessary risks that would be reasonably likely to have a material adverse effect on us. See *"Compensation risk assessment"* below.
- Clawback policy. Each of our Named Executives is subject to our Executive Financial Recoupment Program under which we can recoup incentive compensation in the event the executive engages in certain types of misconduct or fails to properly supervise employees who engage in misconduct.
- No single trigger vesting. We do not provide for automatic single trigger vesting of our long-term incentive awards.

Highlights of our 2014 performance and related compensation decisions

The following are highlights of our 2014 performance and related compensation decisions:

- We achieved adjusted EBITDA (as described below) of $433.8 million for the year, exceeding our adjusted EBITDA target by 18.5%.
- We generated $414.8 million in operating cash flow (as described below) in 2014, which exceeded our operating cash flow target by 29.8%.
- Consistent with the Company's strategic goal of obtaining exclusive marketing rights for generic pharmaceutical products, we submitted 30 ANDAs to the FDA in 2014, exceeding our target by 15.4%.
- We significantly bolstered our product offerings through the acquisition and integration of Par Sterile.
- In accordance with our "pay for performance" philosophy, because we significantly exceeded most of our financial targets and strategic objectives for 2014, we funded our annual incentive bonus plan at 193% of the aggregate target for the Named Executives (154% of the aggregate target for all other eligible employees). See "*Annual cash incentive*" below.

Compensation philosophy and policies regarding executive compensation

In addition to maintaining an executive compensation program that will provide competitive levels of total compensation necessary to attract and retain talented executives who will contribute to our financial success, our executive compensation program is guided by a "pay for performance" philosophy. This philosophy is intended to align executives' interests with those of our stockholders and to reward executives when Company and individual performance are strong. Therefore, we provide a substantial portion of Named Executives' overall compensation opportunity in the form of an annual incentive bonus, the payment of which is subject to the achievement of key financial and strategic business objectives. We also provide a substantial portion of Named Executives' overall compensation opportunity in the form of stock options, the value of which is directly tied to the performance of our stock. In addition, half of the stock options granted to our Named Executives are subject to time-based vesting and the other half are subject to performance-based vesting based on our achievement of specified adjusted EBITDA goals or generating certain returns on the Sponsor's investment in us.

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The following principles influence and guide our compensation decisions:

- compensation should attract, motivate and retain qualified executives;
- compensation should reflect a "pay for performance" philosophy by focusing on financial targets and strategic objectives;
- compensation should reflect accountability and achievement; and
- compensation decisions should reflect alignment with stockholder interests.

The Committee follows these principles when making compensation decisions with respect to our Named Executives.

The compensation setting process and benchmarking

A year-round process

Our compensation planning process, including evaluation of management performance and consideration of the business environment, is a year-round process. Compensation decisions are designed to promote our fundamental business objectives and strategies which, in turn, drive long-term stockholder value.

The Committee's role in the process

The compensation of our Named Executives is determined by the Committee, except where our board of directors has approved certain arrangements, such as Mr. Coughlin's compensation arrangements and grants of certain equity awards. The Committee's responsibilities generally include:

- reviewing and evaluating our equity incentive arrangements and granting equity incentive awards to our Named Executives;
- determining bonus payouts under the prior year's annual incentive program;
- reviewing performance milestones and strategic objectives for the annual incentive program for the upcoming year;
- reviewing management recommendations regarding our compensation program;
- reviewing our Chief Executive Officer's achievement of the prior year's goals and setting of objectives for the upcoming year; and
- addressing any other compensation related matters that require the attention of the Committee.

Mr. Campanelli recuses himself from all Committee determinations of his own compensation.

Management's role in the process

Management plays a role in the compensation-setting process, other than with respect to compensation for our Chief Executive Officer. The most significant aspects of management's role are:

- our Chief Executive Officer, Chief Financial Officer and Senior Vice President of Human Resources review and recommend compensation plans;
- our Named Executives recommend business targets and goals;

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- our Chief Executive Officer evaluates the performance of the other Named Executives based on agreed-upon objectives; and
- our Chief Executive Officer recommends salary, bonus levels and awards and long-term incentive awards for the other Named Executives.

Our Chief Executive Officer and Senior Vice President of Human Resources establish the agenda for Committee meetings. Our Chief Executive Officer provides compensation recommendations as to our Named Executives and other key employees (other than himself) and participates in Committee meetings as the chair of the Committee.

Competitive compensation practices

Our compensation arrangements must be competitive in the marketplace in order to attract and retain highly-qualified executives to lead the Company. We have not, however, engaged in formal benchmarking practices with a third-party consultant since prior to the Merger in 2012. The components and levels of compensation for our Named Executives (other than Mr. Coughlin) were established by our board of directors in 2012 after the completion of the Merger, and have been adjusted since the Merger, after considering the factors described below. The components and levels of Mr. Coughlin's compensation arrangement were negotiated between Mr. Coughlin, on the one hand, and the Company and Par Pharmaceutical, Inc., on the other hand in connection with his commencement of employment with us, based on industry compensation practices for the position of chief operating officer and Mr. Coughlin's prior experience.

The Committee has also relied on the experience of its Sponsor-affiliated members and on analysis performed by the Sponsor that considers the compensation of our Named Executives in light of the compensation structure of other portfolio companies or private equity-backed companies in general.

Employment agreements

We have entered into employment agreements with our Named Executives in order to attract a high level of talent to the Company and, equally important to our success, to retain key executives to execute our business strategies. Our executive employment agreements also protect us by setting forth the applicable terms for terminations of employment and provide valuable protection against improper use of our confidential business information, competition with our business and solicitation of employees and customers during and following the employment term.

A more detailed description of our employment agreements appears under the heading "*Narrative disclosure to summary compensation table and grants of plan based-awards table*" below.

Components of executive compensation and decisions related to 2014 compensation for Named Executives

Described below are the key components and objectives of our executive compensation program for 2014 as it relates to our Named Executives.

Base salary

Base cash compensation is a critical element of executive compensation because it enables us to recruit and retain key executives. Base salaries for our Named Executives are set forth in employment agreements that were negotiated between each individual, on the one hand, and the Company and Par Pharmaceutical, Inc., on the other hand.

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The following table sets forth, as of December 31, 2014, each Named Executive's base salary and percentage increase over the prior year.

Name / position	Base salary	Increase over prior year
Paul V. Campanelli, *Chief Executive Officer*	$ 871,250	2.5%
Michael A. Tropiano, *Executive Vice President and Chief Financial Officer*	$ 486,875	2.5%
Thomas J. Haughey, *General Counsel and Chief Administrative Officer*	$ 666,250	2.5%
Terrance J. Coughlin, *Chief Operating Officer*	$ 550,000	N/A

The increases shown above reflect cost-of-living increases in base salaries that were approved for our employees generally and became effective in 2014.

In December 2014, each of our Named Executives (other than Mr. Campanelli) received an additional 2.5% cost of living increase in his base salary and, in recognition of his success in driving the Company's exceptional performance, Mr. Campanelli's base salary was increased to $950,000. The base salary increases approved in December 2014 became effective on January 1, 2015, and are not reflected in the table above.

Annual cash incentive

We provide an annual cash bonus opportunity to our Named Executives under our annual incentive program in order to drive Company and individual performance. Cash bonus payouts under the program are contingent on the achievement of key financial and strategic goals that are established at the beginning of the year by our Named Executives under the guidance and ultimate approval of the Committee. However, we do not follow a strict mathematical formula-based approach for determining the actual bonus awards, except that, as described below, threshold and maximum bonuses are determined based on the achievement of specified performance targets. Instead, we weigh each individual's contribution to our performance in determining individual awards, as described below.

The "target" amount of each Named Executive's cash bonus award is set as a percentage of his base salary. As position and responsibility increase, a greater portion of the Named Executive's overall cash compensation opportunity is attributable to the annual incentive program, subjecting it to the achievement of our performance targets and thus placing it "at risk." Accordingly, for 2014, the target bonus amount was set at 100% of base salary for Mr. Campanelli, 65% of base salary for Mr. Tropiano (increased from 60% for 2013 based on his outstanding performance and in recognition of the importance of his responsibilities for the business as a whole), 75% of base salary for Mr. Haughey, and 70% of base salary for Mr. Coughlin, which was pro-rated based upon the commencement date of his employment.

The chief component of the bonus funding target for 2014 consisted of key financial metric targets approved by our board of directors at the beginning of the year and formally incorporated in our 2014 operating plan. We chose these metrics based upon our detailed analysis of projected sales, on a product-by-product basis, and expenses, based on annual spending required to achieve our short- and long-term goals. Taken as a group, these selected financial parameters provided an objective basis for determining whether our executives had

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successfully executed on our 2014 operating plan. The second component of the bonus funding target consisted of key strategic objectives that our board of directors determined would contribute to our longer-term growth and increased stockholder value. The following table sets forth the key financial targets set by our board of directors for 2014 and our actual performance for 2014:

2014 Financial performance objectives and actual performance

2014 Financial metrics:	2014 Performance target	2014 Performance results	% of 2014 performance target achieved
Adjusted EBITDA(1)	$366.1 million	$433.8 million	118.5%
Adjusted Gross Margin(2)	$613.3 million	$674.7 million	110%
Operating Cash Flow(3)	$319.5 million	$414.8 million	129.8%
Capital Expenditures	$52.1 million	$45.5 million	87.3%
Research & Development Expenditures	$124.2 million	$119.1 million	95.9%
ANDAs Submitted	21 - 26	30	115.4%
Product Launches(4)	18 - 24	13	54.2%

(1) "Adjusted EBITDA" is a non-GAAP financial measure that generally represents earnings (e.g., revenues less expenses) excluding interest, taxes, depreciation and amortization. In calculating adjusted EBITDA for cash incentive purposes in 2014, we added back to loss from continuing operations before benefit for income taxes: (a) amortization of inventory step up established with the purchase accounting related to the acquisition of Par Sterile, (b) certain legal and restructuring costs, (c) amortization expense related to intangible assets as well as intangible asset impairment recorded, (d) certain transaction costs, (e) litigation settlements and loss contingencies, (f) depreciation expense related to property, plant and equipment, (g) interest expense, including costs associated with debt repricing and extinguishment, (h) share-based compensation and (i) management fees. See the reconciliation of net income (loss) to adjusted EBITDA contained under "Selected historical consolidated financial data" above.

(2) "Adjusted Gross Margin" is a non-GAAP measure that represents GAAP gross margin excluding amortization expense.

(3) "Operating Cash Flow" is a non-GAAP measure that represents adjusted EBITDA, as defined above, adjusted for the net change in working capital (current assets less current liabilities) and other cash settled items related to restructuring charges, an annual monitoring fee paid to the Sponsor, and certain legal and accounting fees.

(4) Our achievement level relative to our target number of products launched in 2014 was largely due to delays in the regulatory approval process that were outside of our control. We anticipate introducing many of the products we expected to launch in 2014 after receiving further regulatory approvals.

Evaluation of achievement

We set a minimum threshold and a maximum payout for cash bonus payments: In the event that less than 85% of our targeted 2014 adjusted EBITDA goal was achieved, there would be no bonus payable (irrespective of the executive's individual performance and the achievement of our other targets) unless the Committee exercised its discretion to fund the bonus pool for achievement against the other financial and performance metrics; and in the event that 133% or greater of targeted 2014 adjusted EBITDA goal was achieved, the bonus pool would be funded at 200% of target, subject to the Committee's ability to make downward adjustments in amounts earned. The "Grants of plan-based awards for fiscal year 2014" table sets forth the hypothetical bonus awards available to our Named Executives in 2014 for achieving the minimum (or "threshold") performance target, the "target" bonus award, and the maximum bonus award.

The Committee viewed 2014 as a very successful year as measured by our financial and operational performance and determined that it was appropriate to fund our annual incentive bonus plan at 193% of the aggregate target for our Named Executives. The primary reason for this funding level was the fact that the Company substantially exceeded its 2014 adjusted EBITDA goal and exceeded, or performed well against, a number of its other key financial metrics. In determining the funding level, the Committee also reviewed and took into account our strong 2014 operational performance, focusing specifically on the number of ANDAs

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submitted, the successful acquisition and integration of Par Sterile, which substantially enhanced our competitive standing, and the approval and launch of our generic version of Lovaza®, which represented the successful achievement of a long-term goal of the Company. For actual amounts awarded to each Named Executive, see the "Non-equity incentive plan compensation" column of the "Summary compensation table for fiscal years 2014, 2013 and 2012" below.

Long-term incentive

Equity-based compensation is an important element of our compensation program for our Named Executives. We believe that equity-based compensation is an effective long-term incentive and retention tool, and serves to align the interests of our Named Executives with our stockholders.

Our board of directors has granted options to purchase common stock of the Company ("options" or "stock options") to senior management, including our Named Executives, under the Sky Growth Holdings Corporation 2012 Equity Incentive Plan, as amended (the "2012 EIP").

All of our Named Executives, other than Mr. Coughlin, were employed at the time the Merger occurred and were granted option awards at that time that were intended to serve as long-term incentives covering a five-year time frame. In determining the size of each executive's equity award, our board of directors considered factors such as the estimated long-term values of these awards, the size of prior awards granted to the executive, and the executive's position and responsibilities. In 2014, we made additional option grants to each of our Named Executives (other than Mr. Coughlin) following the Sponsor's purchase of additional shares of our common stock in connection with the acquisition of Par Sterile (described above under the heading "*Recent acquisitions*"), which had resulted in the equity ownership of our Named Executives (other than Mr. Coughlin) and other holders of our common stock being diluted. Our board of directors decided to make these grants in order to generally maintain the equity ownership levels of our Named Executives (on a fully diluted basis) before and after the additional equity purchase by the Sponsor. Because the long-term equity incentive grants made to our Named Executives (other than Mr. Coughlin) in 2012 were intended to provide incentives over a multi-year period, except for the anti-dilution grants described above, no equity grants were made to our Named Executives in 2014, other than Mr. Coughlin's grants, as described below.

Mr. Coughlin's option award, granted at his time of hire, was intended to be comparable in size to the awards made to our Named Executives who were employed at the time of the Merger, while still providing an appropriately-sized incentive based on factors such as internal equity and market conditions. Mr. Coughlin's option award was also intended to cover a four-year time frame that generally aligns with the last four years of vesting opportunities for option awards granted to our other Named Executives in connection with the Merger. The Committee, upon the recommendation of Mr. Campanelli, also approved a supplemental stock option award to Mr. Coughlin in December 2014, which was granted to him on January 26, 2015, and therefore does not appear in the tables below. This supplemental grant of 588,235 stock options was made in recognition of Mr. Coughlin's successful assumption of a key leadership role within the Company and contributions to our financial and operational results in 2014 and has vesting terms that align with the grants made to other Named Executives in connection with the Merger, except that it is intended to cover a three-year time frame that generally aligns with the last three years of vesting opportunities for those option awards.

Half of the stock options granted to our Named Executives in connection with the Merger are subject to time-based vesting; the other half of the stock options are subject to performance-based vesting. The time-based stock options vest over a five-year period and the performance-based stock options are eligible to vest over a five-year period based on our achievement of specified adjusted EBITDA goals for each of the five fiscal years beginning with our 2013 fiscal year, subject to the executive's remaining in continuous employment with (or provides other service to) us through an applicable anniversary of the vesting commencement date (which is September 28, 2012

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for option awards granted in connection with the Merger). To the extent the performance-based stock options do not vest because the adjusted EBITDA goal is not met (and is not met based on the combined adjusted EBITDA for a given fiscal year and the next succeeding fiscal year), the stock options will remain outstanding and vest (together with any other unvested performance-based stock options) if the Sponsor realizes certain returns on its investment in us. Each stock option award granted to our Named Executives in 2014 was also evenly split between time- and performance-based stock options and was subject to the same vesting conditions as are described above, except that, other than the supplemental grant approved for Mr. Coughlin at the end of 2014, the stock options are generally subject to vesting over a four-year period beginning in our 2014 fiscal year.

The vesting of stock options is described in greater detail in footnote 2 to the "Outstanding equity awards at 2014 fiscal year-end" table below. In addition, as discussed below in "Potential payments upon termination or change in control for fiscal year 2014—2012 EIP," time-based stock options are subject to accelerated vesting in limited circumstances relating to change in control events and certain terminations of employment.

For our 2014 fiscal year, performance-based stock options were eligible to vest if we achieved an adjusted EBITDA of $374 million (determined in the same manner as is described above). Because we achieved adjusted EBITDA of $433.8 million for our 2014 fiscal year, performance-based stock options that were first eligible to vest with respect to our 2014 fiscal year have vested or, in certain cases, will vest if the holder remains employed with (or otherwise provides service to) us through an applicable anniversary of the vesting commencement date as set forth in his or her option agreement.

In connection with the Merger, we also provided our Named Executives (and other executives) with the opportunity to roll over outstanding equity of Par Pharmaceutical Companies, Inc. held by them immediately prior to the consummation of the Merger into our equity, and each of our Named Executives (other than Mr. Coughlin, who was not employed by us at the time) elected to do so.

Traditional employee benefits and executive perquisites

In 2014, we maintained broad-based benefits programs for all eligible employees, including our Named Executives, which included health insurance, life and disability insurance and dental insurance, to remain competitive in the marketplace and enable us to attract and retain quality employees. We maintained a 401(k) plan, in which eligible employees, including our Named Executives, were permitted to contribute from 1% to 25% of their compensation to the plan. We also matched employee contributions, including those made by our Named Executives, to our 401(k) plan in an amount equal to 50% of up to 6% of the employee's compensation.

In addition, we provided our Named Executives with perquisites and other personal benefits that we believed were reasonable and consistent with our overall compensation program and were intended to enable us to attract and retain highly-qualified employees for key positions. In 2014, perquisites granted to our Named Executives included an automobile allowance, supplemental life insurance, supplemental disability benefits, gym memberships and executive physicals. Please see "Summary compensation table for fiscal years 2014, 2013 and 2012" for a further description of the value of perquisites provided to each of our Named Executives.

Compensation mix

The mix of fixed versus variable compensation is an important factor in motivating our Named Executives and other key employees to contribute to our financial performance over the short- and long-term and in aligning management interests with stockholder interests. Our view is that, the more senior the executive, (i) the greater the percentage of the executive's cash compensation that should be in the form of an annual bonus opportunity, which is contingent on achieving the Company's short-term performance objectives, and (ii) the greater the percentage of the executive's overall target total direct compensation that should be comprised of

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equity compensation, the value of which is dependent on the Company's stock performance. We believe this compensation framework focuses executives on improving financial results and creating value for our stockholders.

Our philosophy on the appropriate compensation mix for our Named Executives is evident in the long-term incentive awards we have granted to them since the Merger in 2012. As shown in the "Summary compensation table for fiscal years 2014, 2013 and 2012" below, a very significant portion of the compensation paid to our Named Executives since the Merger has been in the form of stock options (including, in 2012, grants to Messrs. Campanelli, Tropiano and Haughey that were intended to serve as an incentive to them over a five-year vesting period). The Committee views long-term incentive compensation as a critical tool for linking executive pay with the interests of our stockholders and therefore has weighted it heavily in our overall compensation program. For more information on these awards, see the "Outstanding equity awards at 2014 fiscal year-end" table below.

Severance and change of control

We provide our Named Executives with certain benefits upon termination of their employment in various circumstances, including in connection with a change of control, pursuant to employment agreements and our Change in Control Severance Policy (the "Change in Control Policy"). However, the benefits payable to a Named Executive under the Change in Control Policy would be reduced by the severance benefits provided under an applicable employment or severance agreement. We believe providing severance benefits to our Named Executives helps retain their continued services and keep them focused on our long-term interests. Please see "Potential payments upon termination or change of control for fiscal year 2014" for a description of the benefits provided to our Named Executives upon termination of their employment in various circumstances.

Executive financial recoupment program

We established the Executive Financial Recoupment Program (the "Recoupment Program"), which generally permits us to recover incentive compensation (which includes equity awards and cash bonuses) from a "covered person" upon a determination that (a) such covered person engaged in significant misconduct (*e.g.*, a violation of a significant law or regulation or our policy) and/or (b) a company representative for whom such covered person had supervisory responsibility engaged in significant misconduct that does not constitute an isolated occurrence and that such covered person knew or should have known was occurring, with respect to the circumstances described in each of subsections (a) and (b), which makes (or with respect to cash bonuses or equity awards already made, would have made) such covered person and/or company representative ineligible for an annual bonus, bonus deferral or other deferred or unvested equity award in the applicable plan year or subsequent plan year. Subject to applicable law, the Recoupment Program permits us to recover incentive compensation from an executive (i) in the case of a cash bonus, for a period of three years from the date that such bonus was paid (or if the payment of the bonus is deferred, the date that such bonus would have been paid but for the deferral), (ii) in the case of deferred or unvested equity awards, until three years after such executive's employment termination date and (iii) in the case of vested equity awards, for the three-year period prior to the date that the applicable recoupment determination is made. Under the Recoupment Program, a "covered person" is any company executive at the level of Vice President or above, including each of our Named Executives.

Tax consequences and deductibility of executive compensation

Because our common stock is not currently publicly traded, executive compensation paid in our 2014 fiscal year was not subject to the provisions of Section 162(m) of the Internal Revenue Code, which limits the deductibility of compensation paid to certain individuals to $1 million, excluding qualifying performance-based compensation and certain other compensation. Following this offering, at such time as we are subject to the

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deduction limitation under Section 162(m) of the United States Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), we expect that the Committee will consider the impact of Section 162(m) of the Internal Revenue Code when structuring our executive compensation arrangements with our Named Executives. However, the Committee will retain flexibility to approve compensation arrangements that promote the objectives of our compensation program but that may not qualify for full or partial tax deductibility.

Accounting considerations with regard to compensation practices

We review on an on-going basis our compensation programs and the impact of such compensation programs on our financial statements, including the accounting treatment of equity-based compensation, and our compensation decisions may be influenced by such factors.

Compensation risk assessment

We last completed a comprehensive compensation risk assessment in 2012, when the common stock of the Company's indirect wholly owned subsidiary, Par Pharmaceutical Companies, Inc., publicly-traded on the New York Stock Exchange. Since that time, management has continued to monitor the Company's compensation programs to ensure that our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company.

Summary compensation table for fiscal years 2014, 2013 and 2012

The following table sets forth information regarding compensation earned or paid, as applicable, for the fiscal years ended December 31, 2014, December 31, 2013, and December 31, 2012, by or to our Named Executives.

Name and principal position	Year	Salary($)	Stock awards(1)($)	Option awards(2)($)	Non-equity incentive plan compensation (3)($)	All other compensation (4)($)	Total ($)
Paul V. Campanelli,	2014	870,933	0	3,360,000	2,200,000	25,343	6,456,276
Chief Executive Officer	2013	850,000	0	0	1,250,000	25,163	2,125,163
	2012	615,385	1,666,698	9,067,841	550,000	26,043	11,925,967
Michael A. Tropiano,	2014	486,418	0	201,600	448,000	26,674	1,162,692
Executive Vice President and	2013	475,000	0	0	358,750	27,474	861,224
Chief Financial Officer	2012	434,615	375,004	2,646,157	425,000	26,374	3,907,150
Thomas J. Haughey,	2014	665,625	0	373,800	734,000	23,477	1,796,902
Chief Administrative Officer and	2013	650,000	0	0	587,500	23,827	1,261,327
General Counsel	2012	569,231	1,666,698	5,017,841	550,000	23,177	7,826,947
Terrance J. Coughlin, ***Chief Operating Officer(5)***	2014	399,808	0	2,400,000	433,125	7,800	3,240,733

(1) The amounts listed reflect the grant date values of stock awards determined in accordance with FASB ASC 718-10 Compensation—Stock Compensation. For assumptions used in determining these values, see Note 17 to our audited consolidated financial statements which are included elsewhere in this prospectus. No stock awards were granted to our Named Executives from the effective date of the Merger through the end of our 2014 fiscal year.

(2) The amounts listed reflect the grant date fair values of option awards determined in accordance with FASB ASC 718-10 Compensation—Stock compensation. For assumptions used in determining these values, see Note 17 to our audited consolidated financial statements which are included elsewhere in this prospectus. Please see "Outstanding equity awards at 2014 fiscal year-end" below for a description of the vesting terms that apply to outstanding stock options held by our Named Executives.

(3) The amounts listed represent amounts paid pursuant to our annual incentive program. See the discussion under "Components of executive compensation and decisions related to 2014 compensation for Named Executives- Annual cash incentive" for a description of how the amounts paid for 2014 were determined. For the performance-based option awards, the maximum payout level of such awards is equal to the target payout level, which is reflected in the amounts listed.

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(4) The total amounts shown in the "All other compensation" column are comprised of the following items, as applicable to each Named Executive for our 2014 fiscal year:

Name	Year	401(k) plan matching contributions ($)	Premiums for executive life and disability insurance ($)	Car allowance ($)	Gym membership ($)
Paul V. Campanelli	2014	7,800	4,398	12,600	500
Michael A. Tropiano	2014	7,800	6,274	12,600	0
Thomas J. Haughey	2014	7,800	3,077	12,600	0
Terrance J. Coughlin	2014	7,800	0	0	0

(5) Mr. Coughlin commenced employment with us on April 1, 2014.

Grants of plan-based awards for fiscal year 2014

The following table sets forth the grants of plan-based awards made to our Named Executives during 2014.

Name	Grant date	Estimated possible payouts under non-equity incentive plan awards(1)($) Threshold	Target	Maximum	All other option awards: number of securities underlying options(#)	Exercise price of option awards ($/Sh)(2)	Grant date fair value of option awards(3)($)
Paul V. Campanelli	—	566,312	871,250	1,742,500			
	5/9/14				4,000,000	$ 1.40	$ 3,360,000
Michael A. Tropiano	—	205,705	316,469	632,938			
	5/9/14				240,000	$ 1.40	$ 201,600
Thomas J. Haughey	—	324,797	499,688	999,376			
	5/9/14				445,000	$ 1.40	$ 373,800
Terrance J. Coughlin	—	187,688	288,750	—			
	4/1/14				2,857,143	$ 1.40	$ 2,400,000

(1) We provide performance-based annual incentive awards to our Named Executives under our annual incentive program administered by the Committee. These columns indicate the ranges of possible payouts for 2014 performance for each of our Named Executives. "Threshold" refers to the minimum amount payable for a certain level of performance under the annual incentive program, whereas "Target" refers to the amount payable if the specified performance target is reached, and "Maximum" refers to the maximum payout possible under the program. Actual bonus awards paid in 2014 are set forth in the "Non-equity incentive plan compensation" column of the "Summary compensation table for fiscal years 2014, 2013 and 2012" above. For additional discussion of our annual incentive program, see "Components of executive compensation and decisions related to 2014 compensation for Named Executives-Annual cash incentive."

(2) The exercise price of the stock options represents the fair market value of a share of our common stock on the applicable grant date as determined by our board of directors.

(3) The amounts listed reflect the grant date fair values of option awards determined in accordance with FASB ASC 718-10 Compensation—Stock Compensation. For assumptions used in determining these fair values, see Note 17 to our audited consolidated financial statements which are included elsewhere in this prospectus. Please see "Outstanding equity awards at 2014 fiscal year-end" below for a description of the vesting terms that apply to outstanding stock options held by our Named Executives.

Narrative disclosure to summary compensation table and grants of plan based-awards table

Employment agreements. On September 28, 2012, Par Pharmaceutical, Inc. and the Company entered into employment agreements with each of Messrs. Campanelli, Tropiano and Haughey. The agreements with Messrs. Campanelli, Tropiano and Haughey amended and restated the employment agreement to which each executive was party immediately prior to September 28, 2012. Each amended and restated employment agreement provides for an initial term that runs from September 28, 2012 to September 28, 2017 and automatically renews for an additional year on September 29, 2017 and on each September 29 thereafter, unless terminated by the parties pursuant to the agreement's terms. Under his employment agreement, Mr. Campanelli's annual base salary was initially set at $850,000 and he is eligible to receive an annual cash bonus with a target of 100% of his annual base salary and a maximum of 200% of his annual base salary. Under his employment agreement, Mr. Tropiano's annual base salary was initially set at $475,000 and he is eligible to receive an annual cash

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bonus with a target of 60% of his annual base salary (his target annual cash bonus has since been increased to 65% of his annual base salary, as discussed above) and a maximum of 120% of his annual base salary (increased to 130% of his annual base salary). Under his employment agreement, Mr. Haughey's annual base salary was initially set at $650,000 and he is eligible to receive an annual cash bonus with a target of 75% of his annual base salary and a maximum of 150% of his annual base salary. Each of Messrs. Campanelli, Tropiano and Haughey is entitled to an automobile allowance equal to $1,050 per month under his employment agreement.

On February 12, 2014, Par Pharmaceutical, Inc. and the Company entered into an employment agreement with Mr. Coughlin. The agreement provides for an initial term that runs from April 1, 2014 through March 31, 2017 and automatically renews for an additional year on April 1, 2017 and on each April 1 thereafter, unless terminated by the parties pursuant to the agreement's terms. Under his employment agreement, Mr. Coughlin's annual salary was initially set at $550,000 and he is eligible to receive an annual cash bonus with a target of 70% of his base salary.

Pursuant to his employment agreement, each Named Executive is also entitled to participate in our employee benefit and welfare plans and programs, subject to their terms, and to Company-paid premiums for a $1 million life insurance policy.

Severance. The severance and restrictive covenants provisions of each Named Executive's employment agreement are described below under "Potential payments upon termination or change of control for fiscal year 2014."

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Outstanding equity awards at 2014 fiscal year-end

The following table sets forth certain information with respect to the number of shares of common stock covered by exercisable and unexercisable stock options held by our Named Executives at December 31, 2014. None of our Named Executives held any stock awards at December 31, 2014.

	Option awards			
Name	Number of securities underlying unexercised options exercisable (#)	Number of securities underlying unexercised options unexercisable (2)(#)	Option exercise price (3)($)	Option expiration date
(a)	(b)	(c)	(d)	(e)
Paul V. Campanelli	1,329,840(1)		0.25	1/07/2019
	522,864(1)		0.25	1/03/2020
	319,253(1)		0.25	1/05/2021
	1,169,446(1)		0.25	1/04/2022
	5,000,000(2)	7,500,000	1.00	10/31/2022
		4,000,000(4)(5)	1.40	5/9/2024
Michael A. Tropiano	179,063(1)		0.25	1/03/2020
	294,684(1)		0.25	1/05/2021
	526,257(1)		0.25	1/04/2022
	1,400,000(2)	2,100,000	1.00	10/31/2022
		240,000(4)	1.40	5/9/2024
Thomas J. Haughey	427,174(1)		0.25	1/07/2019
	750,787(1)		0.25	1/03/2020
	319,253(1)		0.25	1/05/2021
	1,169,446(1)		0.25	1/04/2022
	2,600,000(2)	3,900,000	1.00	10/31/2022
		445,000(4)	1.40	5/9/2024
Terrance J. Coughlin		2,857,143(5)	1.40	4/1/2024

(1) In conjunction with the Merger, our Named Executives were given the opportunity to exchange their stock options in Par Pharmaceutical Companies, Inc. ("Par Options") for stock options to acquire common stock of the Company ("Rollover Stock Options"). All Rollover Stock Options maintained the same 10-year term as the corresponding Par Option. All of the Rollover Stock Options were either vested prior to September 28, 2012 or their vesting was accelerated as of September 28, 2012 in accordance with the terms of the Par Option agreements and the equity plan under which the Par Options were granted.

(2) In conjunction with the Merger, our Named Executives (other than Mr. Coughlin, who was not employed by us at the time) were granted stock options on October 31, 2012. Each option award granted in connection with or since the Merger is divided into two equal tranches of stock options, called "Tranche 1 Options" and "Tranche 2 Options." Tranche 1 Options are time-based options and Tranche 2 Options are performance-based options.

Tranche 1 Options granted in connection with the Merger vest in five equal annual installments beginning on the first anniversary of the vesting commencement date (September 28, 2012), provided that the executive remains in continuous employment with (or provides other service to) us from the date of grant. Tranche 2 Options granted in connection with the Merger vest based upon the executive's remaining in continuous employment with (or providing other service to) us and the achievement of specified annual adjusted EBITDA targets. If any installment of these Tranche 2 Options does not vest based on the achievement of the specified annual adjusted EBITDA targets for a particular year, such installment is eligible to vest in respect of the next succeeding fiscal year if a two-year cumulative adjusted EBITDA target is met, except with respect to the 2017 performance tranche, for which there is no cumulative adjusted EBITDA target. In circumstances where the specified annual or cumulative adjusted EBITDA targets are not met, Tranche 2 Options will also vest in amounts of either 50% or 100% of the number of Tranche 2 Options subject to the award in the event that the Sponsor receives a specified level of return on investment calculated as a multiple of the total equity invested in the Company in respect of the shares of our common stock owned by it. In December 2013, the Committee, in its discretion as allowed by the terms of the 2012 EIP and based on the level of 2013 adjusted EBITDA achievement relative to target (approximately 99.6%), authorized the vesting of the 2013 portion of Tranche 2 Options, including the first 20% installment of all Tranche 2 Options granted in connection with the Merger that are held by our Named Executives. All Tranche 2 Options eligible to vest based on our 2014 performance vested based on our level of 2014 adjusted EBITDA achievement relative to target (as determined by the Committee in February 2015).

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(3) The exercise price of the Rollover Stock Options, as described in note (1) above, was set at $0.25 per option in connection with the exchange of the Par Options for Rollover Stock Options at the Merger. The exercise price of stock options granted on October 31, 2012, April 1, 2014 and May 9, 2014 represents the fair market value of a share of our common stock on the applicable date of grant as determined by our board of directors.

(4) Each option award granted to our Named Executives in 2014 was evenly split between time- and performance-based stock options and was subject to the same vesting conditions as are described in footnote (2) above, except that the option awards are subject to time- and performance-based vesting over a four-year period beginning in our 2014 fiscal year. Tranche 2 Options granted to our Named Executives in 2014 will also vest where the specified annual or cumulative adjusted EBITDA targets are not met, in amounts of either 50% or 100% of the number of Tranche 2 Options subject to the award, in the event that the Sponsor receives a specified level of return on investment calculated as a multiple of the total amount invested in the Company in respect of the shares of our common stock owned by it.

(5) Mr. Coughlin's grant of stock options was made to him in connection with the commencement of his employment with us.

Adjustments in connection with dividend recapitalization. On February 25, 2015, in connection with the payment of an extraordinary cash dividend to holders of the Company's common stock, our board of directors approved cash payments to holders of certain stock options and a reduction in the exercise price of certain stock options. In connection with this dividend, all option award holders, including our Named Executives, received payments equal to $0.6303 per share underlying 100% of their Rollover Stock Options, 80% of the shares underlying their options with a vesting commencement date of September 28, 2012 and 50% of the shares underlying their options with vesting commencement dates between February 20, 2014 and August 5, 2014. In addition, with respect to outstanding and unexercised options with a vesting commencement date of September 28, 2012, the exercise prices were reduced (i) from $1.00 to $0.69 for option awards eligible to vest based either on the optionee's continued service through September 28, 2016 or the Company's annual adjusted EBITDA for 2016, and (ii) from $1.00 to $0.68 for options eligible to vest based either on the optionee's continued service through September 28, 2017 or the Company's annual adjusted EBITDA for 2017. With respect to outstanding and unexercised options with vesting commencement dates between February 20, 2014 and August 5, 2014, the exercise prices were reduced from $1.40 to $0.77 for options eligible to vest based either on the optionee's continued service through a date later than August 14, 2016 or the Company's annual adjusted EBITDA for 2016 or 2017.

Option exercises and stock vested for fiscal year 2014

During 2014, none of our Named Executives acquired shares of common stock either by exercise of stock options or the vesting of other stock awards.

Potential payments upon termination or change of control for fiscal year 2014

This section describes the compensation to which a Named Executive may be entitled upon his separation or termination of employment, assuming such events were to occur on December 31, 2014. The amount of such compensation is illustrated in the "Potential payments upon termination for fiscal year 2014" table below.

Change in control policy

We provide our Named Executives (and other eligible employees) up to 18 months' salary continuation, paid COBRA coverage and outplacement services pursuant to our Change in Control Policy upon termination of their employment in connection with a "change in control." However, the benefits payable to a Named Executive under the Change in Control Policy will be reduced by any severance benefits provided to him under any employment or severance agreement with us. A Named Executive would be entitled to payments under the Change in Control Policy if, within the 24 month period following a change in control, his employment is either terminated by us without "cause" or he terminates employment with "good reason."

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The Change in Control Policy defines the terms "cause", "good reason" and "change in control" as follows:

The term "cause" has the meaning defined in the eligible employee's employment or severance agreement, and if there is no employment or severance agreement, means (i) any act or omission that would reasonably be likely to have a material adverse effect on our business; (ii) conviction of (including any no contest plea) a felony or any other crime (other than ordinary traffic violations); (iii) material misconduct or willful and deliberate non-performance of his duties (other than as a result of disability); (iv) theft, embezzlement, dishonesty or fraud with respect to the Company; (v) commission of any act of fraud, dishonesty or moral turpitude which is actually or potentially injurious to the our business interests or reputation; (vi) material breach of any written policy applicable to employees of the Company and its affiliates, where such breach is actually or potentially injurious to our business interests or reputation; or (vii) unauthorized disclosure of any confidential or proprietary information of our company or its affiliates.

The term "good reason" has the meaning defined in the eligible employee's employment agreement, and if there is no employment agreement, (i) a material reduction in the eligible employee's base salary; (ii) the eligible employee's job responsibilities are substantially reduced in scope; or (iii) a material change in the eligible employee's principal place of employment to a location more than 35 miles from his or her place of employment as of the date immediately prior to a change in control.

A "change in control" of the Company generally means (i) any individual, firm, corporation or other entity, or any group (as defined in the Exchange Act) becomes, directly or indirectly, the beneficial owner (as defined in the Exchange Act) of more than twenty percent (20%) of the then outstanding shares entitled to vote generally in the election of our directors; (ii) the consummation of (a) a merger or other business combination of the Company with or into another corporation pursuant to which our stockholders do not own, immediately after the transaction, more than 50% of the voting power of the corporation that survives and is a publicly owned corporation and not a subsidiary of another corporation, or (b) a sale, exchange or other disposition of all or substantially all of our assets; or (iii) our stockholders approve any plan or proposal for our liquidation or dissolution.

Since the employment agreements with the Named Executives and the Company's practice with respect to outplacement services (as described below in footnote 3 to the "Potential payments upon termination for fiscal year 2014" table), taken together, provide for greater payments than those payable under the Change in Control Policy, the Named Executives would not receive any payments under the Change in Control Policy.

Employment agreements with named executives

In connection with the consummation of the Merger, the Company and Par Pharmaceutical, Inc. entered into amended and restated employment agreements with Messrs. Campanelli, Tropiano and Haughey. In connection with his commencement of employment with us, we entered into an employment agreement with Mr. Coughlin. These employment agreements entitle the executives to receive compensation and benefits in the event of termination of employment under certain circumstances, whether before or after a change of control of our company. The various events of termination of employment and the payments and benefits (if any) to which a Named Executive may be entitled under such situations pursuant to his amended and restated employment agreement are described below and illustrated in the "Potential payments upon termination for fiscal year 2014" table below.

Upon death or disability

Upon termination of employment for death or disability, each of our Named Executives would be entitled to a payment calculated as two times the sum of (i) his annual base salary in effect as of the termination date plus

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(ii) an amount equal to his annual target cash bonus, in effect as of the termination date, less any life insurance or disability insurance received by the executive or his estate. Such amounts will be payable in a lump sum upon termination of employment for death, and in installments for two years in accordance with the Company's regular payroll practices in the event of termination of employment for disability. Upon termination of employment for disability, each of our Named Executives would also be entitled to participate, at our expense, in our group health plans in accordance with COBRA for a period of up to 18 months.

Upon termination by us without "cause"; upon termination by the Named Executive for "good reason"; or our non-renewal of the employment agreement

Upon termination of employment of any of our Named Executives (i) by us without "cause"; (ii) by the executive for "good reason"; or (iii) by our non-renewal of the employment agreement, the affected executive would be entitled to a payment calculated as two times the sum of (a) his annual base salary in effect as of the termination date plus (b) an amount equal to his annual target cash bonus in effect as of the termination date. Each of our Named Executives would also be entitled to participate, at our expense, in our group health plans in accordance with COBRA for a period of up to 18 months.

Upon non-renewal of the employment agreement by the Named Executive; upon termination by the Named Executive without "good reason"; or upon termination by us for "cause"

If the employment of any of our Named Executives is terminated (i) by his non-renewal of the employment agreement, (ii) by his resignation without "good reason" or (iii) by us for "cause," the executive would not be entitled to any severance payments.

The employment agreements with each of our Named Executives define the terms "cause" and "good reason" as follows:

The term "cause" generally means (i) conviction of, guilty or no contest plea to, or confession of guilt of, a felony, or other crime involving moral turpitude; (ii) an act or omission in connection with employment that constitutes fraud, criminal misconduct, breach of fiduciary duty, dishonesty, gross negligence, malfeasance, willful misconduct or other conduct that is materially harmful or detrimental to us; (iii) a material breach by the executive of his employment agreement; (iv) continuing failure to perform such duties as are assigned to the executive, other than a failure resulting from disability; (v) knowingly taking any action on our behalf without appropriate authority to take such action; (vi) knowingly taking any action in conflict of interest with us given the executive's position with us; or (vii) the commission of an act of personal dishonesty by the executive that involves personal profit in connection with the Company.

The term "good reason" generally means (i) our failure to make any payment that we are required to make to the executive when due or within two business days; (ii) the assignment to the executive, without his written consent, of duties inconsistent with positions, responsibilities and status with us, a change in the executive's reporting responsibilities, titles or offices or any act constituting a constructive termination or removal of the executive; (iii) a reduction in the executive's base salary; or (iv) a permanent reassignment (without the executive's consent) to a primary work location more than 35 miles from our present executive offices.

2012 EIP

If the employment of a Named Executive (or other executive) is terminated without "cause" by us or for "good reason" by the executive, in each case, within two years after a "change of control", all unvested time-based stock options (Tranche 1 Options) held by the executive would become vested and exercisable. However, all unvested performance-based stock options (Tranche 2 Options) held by the executive would be forfeited upon a termination for any reason.

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For this purpose, the terms "cause" and "good reason" have the meanings ascribed to them, in the case of termination of any of our Named Executives, in the affected executive's employment agreement. The term "change of control" means (i) any change in the ownership of the capital stock of the Company if, immediately after giving effect thereto, any person (or group of persons acting in concert) other than the Sponsor and its affiliates will have the direct or indirect power to elect a majority of the members of our board of directors; (ii) any change in the ownership of the capital stock of the Company if, immediately after giving effect thereto, the Sponsor and its affiliates own less than 25% of the common shares of the Company; or (iii) the sale of all or substantially all of the assets of the Company and its subsidiaries.

Non-compete, non-solicitation and release of claims

Each of our Named Executives has agreed for 18 months following termination of his employment with us not to solicit business or employees away from us and not to provide any services that may compete with our business, regardless of the reason for such termination. Each Named Executive is required to sign a separation agreement that includes a release of claims against us as a condition to receiving the severance amounts described above.

Estimated value of benefits to be received upon involuntary separation not related to a change of control or upon qualifying termination following a change of control

The following table shows the estimated value of payments and other benefits to be received by our Named Executives under the terms of their respective employment agreements or other arrangements in effect on December 31, 2014, assuming the employment of such individual terminates under one of the following circumstances as of December 31, 2014. There are no income tax or excise tax gross-ups of any kind provided to our Named Executives.

Potential payments upon termination for fiscal year 2014

Compensation program	For "cause"	By us without cause; by executive for good reason; non-renewal of agreement by company	Death or disability	By the executive without good reason; or non-renewal of agreement by executive	By us without cause or for good reason by executive if within the two-year period after change in control
Cash Severance(1)					
Mr. Campanelli	—	$ 3,485,000	$3,485,000	—	$ 3,485,000
Mr. Tropiano	—	$ 1,606,688	$1,606,688	—	$ 1,606,688
Mr. Haughey	—	$ 2,331,876	$2,331,876	—	$ 2,331,876
Mr. Coughlin		$ 1,870,000	$1,870,000		$ 1,870,000
Equity Value(2)					
Mr. Campanelli	—	—	—	—	$ 14,720,000
Mr. Tropiano	—	—	—	—	$ 2,995,200
Mr. Haughey	—	—	—	—	$ 5,561,600
Mr. Coughlin	—	—	—	—	$ 3,657,144
Perquisites/Benefits(3)					
Mr. Campanelli	—	$ 49,050	$ 32,550	—	$ 49,050
Mr. Tropiano	—	$ 49,205	$ 32,705	—	$ 49,205
Mr. Haughey	—	$ 49,205	$ 32,705	—	$ 49,205
Mr. Coughlin	—	$ 49,205	$ 32,705	—	$ 49,205

(1) Upon termination, the Named Executive would be entitled to two times the sum of annual base salary plus an amount equal to his target bonus in effect as of the termination date, which would be paid over the two-year period following the Named Executive's termination. Any life insurance and disability insurance payments received by the Named Executive would be deducted from the amount payable upon termination.

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(2) Assumes the triggering event took place on the last day of the fiscal year, December 31, 2014, and the price per share is the fair market value as of that date as determined by our board of directors ($2.56). Time-based stock options (Tranche 1 Options) would vest upon a termination of employment by us without cause or for good reason by executive if it occurred within the two-year period after a change of control. The amounts shown in the last column represent the number of Tranche 1 Options held by the Named Executive that would vest in connection with a qualifying termination of employment following a change in control, multiplied by the positive difference between the exercise price for those stock options and $2.56.

(3) Represents the value of each Named Executive's entitlement to participate, at our expense, in all of our medical and health plans and programs in accordance with COBRA for a period of 18 months (not applicable upon termination in the event of death), as well as, in the case of a qualifying termination following a change in control, the value of outplacement services ($16,500 as of December 31, 2014) for a period of 12 months provided pursuant to our Change in Control Policy. Pursuant to Company practice, outplacement services would also be provided in the event of a Named Executive's termination of employment by us without cause, termination of employment by the Named Executive for good reason or non-renewal of the Named Executive's employment agreement by us.

Director compensation for fiscal year 2014

Dr. Mansukani, who was appointed to our board of directors by the Sponsor effective as of the closing of the Merger, and Mr. LePore, since the expiration of his employment term on January 31, 2013, are the only members of our board of directors who receive compensation for their service to our board of directors. The other members of our board of directors were employees of either (i) us or (ii) the Sponsor and received no compensation for services rendered to our board of directors during 2014.

The following table sets forth the 2014 compensation of the directors serving on our board of directors (other than directors who are Named Executives):

Director	Fees earned or paid in cash	Stock awards	Option awards	All other compensation	Total
Patrick G. LePore(1)	$ 300,000(2)	—	—	$ 2,252,547(3)	$2,552,547
Sharad Mansukani(4)	$ 60,000(5)	—	$415,000(6)		$ 475,000
Todd B. Sisitsky(7)	—	—	—		—
Jeffrey K. Rhodes(7)	—	—	—		—

(1) At the end of 2014, Mr. LePore held 1,780,000 stock options, 712,000 of which were vested and 1,068,000 of which were unvested. Mr. LePore's stock options vest in the same manner as the stock options granted to our Named Executives in connection with the Merger. See note 2 under the "Outstanding equity awards at 2014 fiscal year-end" table above for a description of those vesting terms. Mr. LePore did not hold any other stock options or any stock awards at the end of 2014.

(2) Pursuant to the terms of his employment agreement, which governed the terms of his employment with us and includes certain terms relating to his service as the non-employee chairman of our board of directors, Mr. LePore is entitled to cash compensation at an annual rate of $300,000, which is paid to him on a quarterly basis.

(3) Pursuant to the terms his separation agreement with us, which governed the terms of his termination of employment with us, Mr. LePore received $2,245,000 in cash severance payments from us in 2014. Under his separation agreement, we are obligated to pay Mr. LePore severance payments totaling $4,490,000 in equal semi-monthly installments, commencing March 2013 through March 2015. In addition, for up to 18 months following January 31, 2013, we were obligated to make monthly payments to Mr. LePore, at his election, to cover the cost of premiums for COBRA continuation coverage. During 2014, we paid Mr. LePore $7,547 to cover the cost of his COBRA premiums. Our obligation to reimburse Mr. LePore for COBRA premiums ended in July 2014.

(4) At the end of 2014, Dr. Mansukani held (i) 25,000 restricted stock units, all of which were granted to him in 2013 and are scheduled to vest on September 28, 2015, subject to his continued service to us through that date, and (ii) 1,000,000 stock options, 450,000 of which were vested and 550,000 of which were unvested. The vesting of the 500,000 stock options granted to Dr. Mansukani in 2014 is described in note 6 below. Dr. Mansukani's 500,000 other stock options were granted to him on March 12, 2013. 20% of this stock option vests on each of the first, second, third, fourth and fifth anniversaries of September 28, 2012, subject to Dr. Mansukani's continued service to us through the applicable vesting date. Dr. Mansukani did not hold any other stock options or stock awards at the end of 2014.

(5) Represents the 2014 annual cash retainer payable to Dr. Mansukani.

(6) Dr. Mansukani was granted 500,000 stock options on June 13, 2014 with an exercise price of $1.40. 25% of these stock options were vested on the grant date, an additional 25% of these stock options vested on September 28, 2014, and 25% of these stock options are scheduled to vest on each of the third and fourth anniversaries of September 28, 2012, subject to Dr. Mansukani's continued service to us through the applicable vesting date. The amount listed reflects the grant date fair value of the stock options in accordance with FASB ASC 718-10 Compensation—Stock Compensation. For assumptions used in determining these values, see Note 17 to our audited consolidated financial statements which are included elsewhere in this prospectus.

(7) Messrs. Sisitsky and Rhodes are affiliated with the Sponsor and neither of them received any compensation from us for their service on our board of directors in 2014. Neither of Messrs. Sisitsky or Rhodes held any stock options or stock awards as of the end of 2014.

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On February 25, 2015, the payments and reductions in exercise prices described above under "Adjustments in connection with dividend recapitalization" were also made with respect to stock options held by Dr. Mansukani and Mr. LePore. The restricted stock units held by Dr. Mansukani were not adjusted in connection with the payment of the cash dividend and no payments were made in respect of them.

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Certain relationships and related party transactions

Agreements with TPG and management

In connection with the Merger, we entered into various agreements with TPG and members of our management. These include a management stockholders' agreement, a management services agreement and a management rights agreement. These and related arrangements are described below.

Management stockholders' agreement

We are party to a management stockholders' agreement with TPG and certain members of management who were employed by us at the time of the Merger and other members of management that have joined the agreement since the Merger (collectively, "Management"). This agreement requires Management to vote on certain matters as directed by the Sponsor, restricts Management's ability to transfer shares, provides for certain Company and Sponsor call rights with respect to shares held by Management, and provides for drag along rights, tag along rights and lock-up restrictions. In connection with this offering, other than with respect to the restrictions on share transfer and lock-up restrictions, the material provisions of this agreement will terminate in accordance with their terms.

Management services agreement

Pursuant to our management services agreement with TPG, we retained an affiliate of TPG (the "Management Company") to provide us with certain management, consulting and financial services to us when and as requested by us. Under that agreement, we agreed to pay the Management Company an aggregate annual monitoring fee equal to 1% of adjusted EBITDA (as defined in the indenture that governs our Notes), up to a maximum of $4.0 million per calendar year. The monitoring fee is payable in quarterly installments in arrears at the end of each fiscal quarter. The management services agreement further provides that the Management Company will be entitled to receive fees in connection with certain subsequent financing, acquisition, disposition and change of control transactions equal to customary fees charged by internationally recognized investment banks for serving as financial advisor in similar transactions. The management services agreement also provides for reimbursement of out-of-pocket expenses incurred by the Management Company. The management services agreement includes customary exculpation and indemnification provisions in favor of the Management Company and its affiliates. In connection with this offering, TPG will be entitled to receive, on its request and in lieu of any continuing payment of the monitoring fee, an aggregate termination fee of $ million.

We paid $4.0 million and $3.6 million in aggregate fees and out-of-pocket expenses to TPG for fiscal 2014 and 2013, respectively. In the period July 12, 2012 (inception) to December 31, 2012 (Successor), we paid a total of $20.7 million to TPG (which included a transaction fee of $20.0 million related to the closing of the Merger) in aggregate fees and out-of-pocket expenses.

Management rights agreement

We are party to a management rights agreement with TPG pursuant to which we granted to TPG Partners VI, L.P. the majority owner of TPG Sky, L.P. the right to appoint at least one member of our board of directors, together with certain consultation, advisement, information and inspection rights with respect to the Company. These rights will continue following this offering, so long as TPG Partners VI, L.P. owns any interest in TPG Sky, L.P. and TPG Sky, L.P. owns any interest in the Company.

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Transactions with other sponsor portfolio companies

TPG is a private equity firm that has investments in companies that do business with us in the ordinary course of business. We believe these transactions are conducted on an arms-length basis. For fiscal 2014, 2013 and 2012, we purchased services of approximately $4.0 million, $6.6 million and $6.2 million, respectively, from companies in which TPG has investments.

Related party transactions policy

In connection with this offering, we will adopt a policy with respect to the review, approval and ratification of related party transactions. Under the policy, our audit committee is responsible for reviewing and approving related party transactions. In the course of its review and approval of related party transactions, our audit committee will consider the relevant facts and circumstances to decide whether to approve such transactions. Related party transactions must be approved or ratified by the audit committee based on full information about the proposed transaction and the related party's interest.

We did not have a written policy regarding the review and approval of related party transactions immediately prior to this offering. Nevertheless, with respect to such transactions, it was our policy for our board of directors to consider the nature of and business reason for such transactions, how the terms of such transactions compared to those which might be obtained from unaffiliated third parties and whether such transactions were otherwise fair to and in the best interests of, or not contrary to, our best interests.

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Principal and selling stockholders

The following table sets forth information with respect to the beneficial ownership of our common stock as of February 28, 2015 for (a) each person, or group of affiliated persons, known by us to own beneficially more than 5% of our outstanding shares of common stock, (b) each member of our board of directors, (c) each of our named executive officers, (d) all of our directors and executive officers as a group and (e) each other selling stockholder.

Beneficial ownership is determined in accordance with SEC rules. The information is not necessarily indicative of beneficial ownership for any other purpose. In general, under these rules a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise has or shares voting power or investment power with respect to such security. A person is also deemed to be a beneficial owner of a security if that person has the right to acquire beneficial ownership of such security within 60 days. To our knowledge, except as otherwise indicated, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock held by that person.

The percentage of shares beneficially owned is computed on the basis of 784,229,115 shares of our common stock outstanding as of February 28, 2015. Shares of our common stock that a person has the right to acquire within 60 days of February 28, 2015 are deemed outstanding for purposes of computing the percentage ownership of such person's holdings, but are not deemed outstanding for purposes of computing the percentage ownership of any other person, except with respect to the percentage ownership of all directors and executive officers as a group. Unless otherwise indicated in a footnote, the address for each individual listed below is c/o Par Pharmaceutical Holdings, Inc., One Ram Ridge Road, Chestnut Ridge, New York 10977.

Name and address of beneficial owners	Shares beneficially owned prior to this offering		Number of shares being offered	Number of shares subject to option	Shares beneficially owned after this offering (without option)		Shares beneficially owned after this offering (with option)	
	Number	Percent			Number	Percent	Number	Percent
5% stockholders:								
TPG(1)	776,071,428	99.0%						
Directors and named executive officers:								
Paul V. Campanelli(2)	9,343,403	1.2%						
Michael A. Tropiano(3)	2,460,004	*						
Thomas J. Haughey(4)	5,377,910	*						
Terrance J. Coughlin(5)	1,714,286	*						
Patrick G. LePore(6)	4,712,000	*						
Todd B. Sisitsky(7)	—	—						
Jeffrey K. Rhodes(8)	—	—						
Sharad Mansukani(9)	640,000	*						
All executive officers and directors as a group (8 persons)(10)	24,245,603	3.0%						

* Less than 1%.

(1) Includes 609,737,616 shares of common stock held by TPG Sky, L.P., a Delaware limited partnership ("Sky"), 158,833,812 shares held by TPG Sky Co-Invest, L.P., a Delaware limited partnership ("Sky Co-Invest"), and 7,500,000 shares held by TPG Biotechnology Partners IV, L.P., a Delaware limited partnership ("Biotech IV" and together with Sky and Sky Co-Invest, the "TPG Funds"). The general partner of Sky is TPG Advisors V, Inc., a Delaware corporation ("Advisors V"). The general partner of Sky Co-Invest is TPG Advisors VI, Inc., a Delaware corporation ("Advisors VI"). The

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general partner of Biotech IV is TPG Biotechnology GenPar IV, L.P., a Delaware limited partnership, whose general partner is TPG Biotech GenPar IV Advisors, LLC, a Delaware limited liability company, the sole member of TPG Biotech GenPar IV Advisors, LLC is TPG Holdings I, L.P., a Delaware limited partnership, whose general partner is TPG Holdings I-A, LLC, a Delaware limited liability company, whose sole member is TPG Group Holdings (SBS), L.P., a Delaware limited partnership, whose general partner is TPG Group Holdings (SBS) Advisors, Inc., a Delaware corporation ("Group Advisors"). David Bonderman and James G. Coulter are officers and sole stockholders of each of Advisors V, Advisors VI and Group Advisors and may therefore be deemed to be the beneficial owners of the shares held by the TPG Funds. The business address of each of the entities listed in this note is c/o TPG Global, LLC, 301 Commerce Street, Suite 3300, Fort Worth, TX 76102.

(2) Shares shown as beneficially owned by Mr. Campanelli includes 9,341,403 shares underlying stock options that are currently exercisable or vest within 60 days.

(3) Shares shown as beneficially owned by Mr. Tropiano includes 2,460,004 shares underlying stock options that are currently exercisable or vest within 60 days.

(4) Shares shown as beneficially owned by Mr. Haughey includes 5,377,910 shares underlying stock options that are currently exercisable or vest within 60 days.

(5) Shares shown as beneficially owned by Mr. Coughlin includes 714,286 shares underlying stock options that are currently exercisable or vest within 60 days.

(6) Shares shown as beneficially owned by Mr. LePore includes 2,000,000 shares of common stock, 712,000 shares underlying stock options that are currently exercisable or vest within 60 days and 2,000,000 shares held by Park Street Investors, L.P., a Delaware limited partnership. The General Partnership of Park Street Investors, L.P. is Park Street Investment Corporation ("PSIC"), a Delaware corporation, of which Mr. LePore and his spouse are officers and directors, and together they own a majority of the outstanding stock of PSIC.

(7) Todd B. Sisitsky, who is one of our directors, is a TPG Partner. Mr. Sisitsky has no voting or investment power over the shares held by the TPG Funds. The address of Mr. Sisitsky is c/o TPG Global, LLC, 301 Commerce Street, Suite 3300, Fort Worth, TX 76102.

(8) Jeffrey K. Rhodes, who is one of our directors, is a TPG Principal. Mr. Rhodes has no voting or investment power over the shares held by the TPG Funds. The address of Mr. Rhodes is c/o TPG Global, LLC, 301 Commerce Street, Suite 3300, Fort Worth, TX 76102.

(9) Includes 450,000 shares underlying stock options that are currently exercisable or vest within 60 days. Sharad S. Mansukani, who is one of our directors, is a TPG Senior Advisor. Dr. Mansukani has no voting or investment power over the shares held by the TPG Funds. The address of Dr. Mansukani is c/o TPG Global, LLC, 301 Commerce Street, Suite 3300, Fort Worth, TX 76102.

(10) Shares shown as beneficially owned includes 19,055,603 shares underlying stock options that are currently exercisable or vest within 60 days.

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Description of indebtedness

We summarize below the principal terms of the agreements that govern our existing indebtedness. We refer you to the exhibits to the registration statement of which this prospectus forms a part for copies of agreements governing the indebtedness described below.

Senior credit facilities

Overview

In connection with the Merger, on September 28, 2012, our indirect subsidiaries, Par Pharmaceutical Companies and Par Pharmaceutical, Inc. entered as co-borrowers into a credit agreement (the "Original Credit Agreement") with a syndicate of banks, led by Bank of America, N.A., as Administrative Agent, Bank of America, N.A., Deutsche Bank Securities Inc., Goldman Sachs Bank USA, Citigroup Global Markets, Inc., RBC Capital Markets LLC and BMO Capital Markets as Joint Lead Arrangers and Joint Lead Bookrunners, Deutsche Bank Securities Inc. and Goldman Sachs Bank USA as Co-Syndication Agents, and Citigroup Global Markets Inc. and RBC Capital Markets LLC as Co-Documentation Agents, to provide Senior Credit Facilities comprised of a seven-year senior secured term loan in an initial aggregate principal amount of $1,055.0 million, the Tranche B Term Loans, and a five-year senior secured revolving credit facility in an initial amount of $150.0 million.

On February 6, 2013, Par Pharmaceutical Companies entered into an amendment ("Amendment No. 1") to replace the Tranche B Term Loans with a new class of term loans in an aggregate principal amount of $1,066.0 million (the "Tranche B-1 Term Loans"). Among other things, the Tranche B-1 Term Loans reduced the interest rate applicable to the term loans.

Par Pharmaceutical Companies entered into an amendment on February 22, 2013 ("Amendment No. 2") and another amendment on February 28, 2013 ("Amendment No. 3") which, collectively, extended the maturity date of revolving credit commitments of certain existing lenders who elected to do so, resulting in a $127.5 million senior secured revolving credit facility (the "Tranche B Revolving Credit Facility") comprised of those existing lenders who elected to extend the maturity date of their revolving commitments, and created a $22.5 million senior secured revolving credit facility (the "Tranche A Revolving Credit Facility" and, together with the Tranche B Revolving Credit Facility, the "Revolving Credit Facility") comprised of those existing lenders who elected not to extend the maturity date of their revolving credit commitments.

On February 20, 2014, in conjunction with the Par Sterile acquisition, Par Pharmaceutical Companies entered into an amendment to the Original Credit Agreement ("Amendment No. 4") to replace the Tranche B-1 Term Loans with a new class of term loans in an aggregate principal amount of $1,066.0 million (the "Original Tranche B-2 Term Loans"). Among other things, the Original Tranche B-2 Term Loans reduced the interest rate applicable to the term loans and increased the maximum senior secured net leverage ratio in compliance with which Par Pharmaceutical Companies can incur new incremental debt. Additionally, in connection therewith Par Pharmaceutical Companies also borrowed an additional $395.0 million of Tranche B-2 Term Loans (the "Incremental B-2 Term Loans" and, together with the Original Tranche B-2 Term Loans, the "Tranche B-2 Term Loans") from the lenders participating therein for the purpose of consummating the Par Sterile acquisition.

On February 20, 2015, Par Pharmaceutical Companies entered into Amendment No. 5 which was effective as of February 25, 2015 and increased the maximum first lien senior secured net leverage ratio levels included in the financial maintenance covenant, which covenant only applies to the extent there are borrowings under the Revolving Credit Facility (excluding undrawn letters of credit to the extent cash collateralized) outstanding.

On February 25, 2015, Par Pharmaceutical Companies entered into Amendment No. 6 which authorized the funding of a new tranche of Incremental B-3 Term Loans in an aggregate principal amount of $425.0 million,

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the proceeds of which were used to pay the Dividend Recapitalization and related fees and expenses. The terms of the Incremental B-3 Term Loans are substantially the same as the terms of the Tranche B-2 Term Loans, except that (1) the interest rate margins applicable to the Incremental B-3 Term Loans are 3.25% for LIBOR and 2.25% for base rate, a 25 basis point increase compared to the Tranche B-2 Term Loans and (2) the Incremental B-3 Term Loans are subject to a soft call provision applicable to the optional prepayment of the loans which requires a premium equal to 1.00% of the aggregate principal amount of the loans being prepaid if, on or prior to August 25, 2015, the Par Pharmaceutical Companies enters into certain repricing transactions. Additionally, all voluntary and mandatory prepayments of outstanding term loans must be made pro rata among the Incremental B-3 Term Loans and the Tranche B-2 Term Loans.

As of December 31, 2014, on an as-adjusted basis giving effect to the funds borrowed to fund the Dividend Recapitalization and the application of the proceeds from this offering, the Senior Credit Facilities consisted of the following:

- a $127.5 million Tranche B Revolving Credit Facility, all of which remained undrawn as of December 31, 2014;
- a $22.5 million Tranche A Revolving Credit Facility, all of which remained undrawn as of December 31, 2014;
- a $1,450.0 million Tranche B-2 Term Loan; and
- a $425.0 million Incremental B-3 Term Loan.

The following is a summary of the material terms of the Original Credit Agreement, as amended by the above-described Amendment No. 1, Amendment No. 2, Amendment No. 3, Amendment No. 4, Amendment No. 5 and Amendment No. 6 (the "Credit Agreement"). The description does not purport to be complete and is qualified in its entirety by reference to the provisions of the Credit Agreement.

Maturity

The Tranche B-2 Term Loan and Incremental B-3 Term Loans (collectively, the "Term Loans") each mature on September 28, 2019. The commitments under the Tranche B Revolving Credit Facility terminate on December 28, 2017 and the commitments under the Tranche A Revolving Credit Facility terminate on September 28, 2017.

Interest rates, fees and amortization

Repayments of the proceeds of the Term Loans are due in quarterly installments in an amount equal to 0.25% of the original aggregate principal amount of the Term Loans over the term of the Credit Agreement, with such payments scheduled for the last business day of each March, June, September and December. Amounts borrowed under the Revolving Credit Facility are payable in full upon expiration of the Credit Agreement. Par Pharmaceutical Companies is also obligated to pay a 0.50% commitment fee based on the unused portion of the Revolving Credit Facility.

Borrowings of the Term Loans bear interest at a rate per annum equal to an applicable margin plus, at Par Pharmaceutical Companies' option, either LIBOR (which is subject to a 1.00% floor) or the base rate (which is subject to a 2.00% floor). The applicable margin for borrowings under the Tranche B-2 Term Loans is 3.00% for LIBOR borrowings and 2.00% for base rate borrowings. The applicable margin for borrowings under the Incremental B-3 Term Loans is 3.25% for LIBOR borrowings and 2.25% for base rate borrowings.

Borrowings under the Revolving Credit Facility bear interest at a rate per annum equal to an applicable margin plus, at Par Pharmaceutical Companies' option, either LIBOR or the base rate. The applicable margin and commitment fee rates for borrowings under the Revolving Credit Facility vary depending on the senior secured net leverage ratio. If the senior secured net leverage ratio is greater than 3.0 to 1.0, the applicable margin

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under the Tranche B Revolving Credit Facility is 3.25% for LIBOR borrowings and 2.25% for base rate borrowings, with a commitment fee rate of 0.50% and the applicable margin under the Tranche A Revolving Credit Facility is 3.75% for LIBOR borrowings and 2.75% for base rate borrowings, with a commitment fee rate of 0.50%. If the senior secured net leverage ratio is between 2.5 to 1.0 and 3.0 to 1.0, the applicable margin under the Tranche B Revolving Credit Facility is 3.25% for LIBOR borrowings and 2.25% for base rate borrowings, with a commitment fee rate of 0.375% and the applicable margin under the Tranche A Revolving Credit Facility is 3.50% for LIBOR borrowings and 2.50% for base rate borrowings, with a commitment fee rate of 0.375%. If the senior secured net leverage ratio is less than or equal to 2.5 to 1.0, the applicable margin under the Tranche B Revolving Credit Facility is 3.00% for LIBOR borrowings and 2.00% for base rate borrowings, with a commitment fee rate of 0.375% and the applicable margin under the Tranche A Revolving Credit Facility is 3.25% for LIBOR borrowings and 2.25% for base rate borrowings, with a commitment fee rate of 0.375%. Borrowings and repayments of loans under the Tranche B Revolving Credit Facility and the Tranche A Revolving Credit Facility may be made on a non-pro rata basis with one another, and the commitments under the Tranche A Revolving Credit Facility may be terminated prior to the commitments under the Tranche B Revolving Credit Facility.

Accordion

The Credit Agreement includes an accordion feature pursuant to which Par Pharmaceutical Companies may increase the amount available to be borrowed by up to an additional $250.0 million (or a greater amount if certain specified financial ratios are met) under certain circumstances. The maximum senior secured net leverage ratio in compliance with which Par Pharmaceutical Companies can incur new incremental debt is 3.75 to 1.00.

Prepayments

Par Pharmaceutical Companies may, at its option, voluntarily prepay any amounts outstanding under the Term Loans and the Revolving Credit Facility in whole or in part without premium or penalty, other than customary "breakage" costs with respect to LIBOR loans. However, the Incremental B-3 Term Loans are subject to a soft call provision applicable to the voluntary prepayment of the loans which requires a premium equal to 1.00% of the aggregate principal amount of the loans being prepaid if, on a date prior to August 25, 2015, Par Pharmaceutical Companies enters into certain repricing transactions. All voluntary and mandatory prepayments of outstanding term loans must be made pro rata among the Tranche B-2 Term Loan and the Incremental B-3 Term Loans.

Par Pharmaceutical Companies is obligated to make mandatory principal prepayments for any fiscal year if the ratio of total amount of outstanding senior secured debt less cash and cash equivalents divided by our consolidated EBITDA is greater than 2.50 to 1.00 as of December 31 of any fiscal year, subject to acceptance of the Credit Agreement lenders. When the ratio is greater than 2.50 to 1.00 but less than or equal to 3.00 to 1.00, Par Pharmaceutical Companies is required to pay 25% of excess cash flows, as defined in the Credit Agreement. When the ratio is greater than 3.00 to 1.00, Par Pharmaceutical Companies is required to pay 50% of excess cash flows in the form of principal prepayments, subject to acceptance of the Credit Agreement lenders.

For the year ended December 31, 2013, we were obligated to pay $10.8 million of principal prepayments during the first quarter of 2014. However, certain Term Loan lenders exercised their right under the Credit Agreement to decline their pro rata share of the mandatory principal prepayment. Therefore our actual mandatory principal prepayment in the first quarter of 2014 was $5.0 million. As permitted under the Credit Agreement, we applied this mandatory principal prepayment amount against scheduled principal payments for the second, third and fourth quarters of 2014.

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For the year ended December 31, 2014, we will not be obligated to make any mandatory principal payments during the first quarter of 2015.

Covenants; Representations & Warranties

The Credit Agreement contains customary representations and warranties, as well as customary events of default, in certain cases subject to reasonable and customary periods to cure, including but not limited to: failure to make payments when due, breach of covenants, breach of representations and warranties, insolvency proceedings, certain judgments and any change of control.

The Credit Agreement also contains various customary covenants that, in certain instances, restrict our ability to: (i) create liens on assets; (ii) incur additional indebtedness; (iii) engage in mergers or consolidations with or into other companies; (iv) engage in dispositions of assets, including entering into a sale and leaseback transaction; (v) pay dividends and distributions or repurchase capital stock; (vi) make investments, loans, guarantees or advances in or to other companies; (vii) change the nature of our business; (viii) repay or redeem certain junior indebtedness; (ix) engage in transactions with affiliates; and (x) enter into restrictive agreements. In addition, the Credit Agreement requires Par Pharmaceutical Companies to demonstrate compliance with a maximum senior secured first lien net leverage ratio whenever amounts are outstanding under the Revolving Credit Facility (excluding undrawn letters of credit to the extent cash collateralized) as of the last day of any quarterly testing period. All obligations under the Credit Agreement are guaranteed by Par Pharmaceutical Companies' material domestic subsidiaries. All obligations under the Credit Agreement are secured by a pledge of (i) all of Par Pharmaceutical Companies' equity interests, (ii) all equity interests of each material domestic subsidiary of Par Pharmaceutical Companies and (iii) approximately 65% of the equity interests of each material foreign subsidiary that is a wholly owned direct subsidiary of any loan party.

7.375% senior notes

Overview

In connection with the Merger, on September 28, 2012, Par Pharmaceutical Companies issued $490.0 million aggregate principal amount of the Notes. The Notes were issued pursuant to an indenture dated as of the same date between Par Pharmaceutical Companies and Wells Fargo Bank, National Association, as trustee. Interest on the Notes is payable semi-annually on April 15 and October 15, commencing on April 15, 2013. The Notes mature on October 15, 2020.

Redemption

Par Pharmaceutical Companies may redeem the Notes at its option, in whole or in part on one or more occasions, at any time on or after October 15, 2015, at specified redemption prices that vary by year, together with accrued and unpaid interest, if any, to the date of redemption. At any time prior to October 15, 2015, Par Pharmaceutical Companies may redeem up to 40% of the aggregate principal amount of the Notes with the net proceeds of certain equity offerings at a redemption price equal to the sum of (i) 107.375% of the aggregate principal amount thereof, plus (ii) accrued and unpaid interest, if any, to the redemption date. At any time prior to October 15, 2015, Par Pharmaceutical Companies may also redeem the Notes, in whole or in part on one or more occasions, at a price equal to 100% of the principal amount of the notes, plus accrued and unpaid interest and a specified "make-whole premium."

Guarantee

The Notes are guaranteed on a senior unsecured basis by Par Pharmaceutical Companies' material existing direct and indirect wholly-owned domestic subsidiaries and, subject to certain exceptions, each of Par

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Pharmaceutical Companies' future direct and indirect domestic subsidiaries that guarantee the Senior Credit Facilities or Par Pharmaceutical Companies' other indebtedness or indebtedness of the guarantors will guarantee the Notes. Under certain circumstances, the subsidiary guarantors may be released from their guarantees without consent of the holders of Notes.

Security and ranking

The Notes and the subsidiary guarantees are Par Pharmaceutical Companies' and the guarantors' senior unsecured obligations and (i) rank senior in right of payment to all of Par Pharmaceutical Companies' and the subsidiary guarantors' existing and future subordinated indebtedness; (ii) rank equally in right of payment with all of Par Pharmaceutical Companies' and the subsidiary guarantors' existing and future senior indebtedness; (iii) are effectively subordinated to any of Par Pharmaceutical Companies' and the subsidiary guarantors' existing and future secured debt, to the extent of the value of the assets securing such debt; and (iv) are structurally subordinated to all of the existing and future liabilities (including trade payables) of each of Par Pharmaceutical Companies' subsidiaries that do not guarantee the Notes.

Covenants

The indenture governing the Notes contains customary events of default, in certain cases subject to reasonable and customary periods to cure, including but not limited to: failure to make payments when due, breach of covenants, a payment default or acceleration equaling $40 million or more according to the terms of certain other indebtedness, failure to pay final judgments aggregating in excess of $40 million when due, insolvency proceedings, a required guarantee shall cease to remain in full force.

The indenture also contains various customary covenants that, in certain instances, restrict our ability to: (i) pay dividends and distributions or repurchase capital stock; (ii) incur additional indebtedness; (iii) make investments, loans, guarantees or advances in or to other companies; (iv) engage in dispositions of assets, including entering into a sale and leaseback transaction; (v) engage in transactions with affiliates; (vi) create liens on assets; (vii) repurchase or redeem certain subordinated indebtedness, (viii) engage in mergers or consolidations with or into other companies; and (ix) change the nature of our business.

The covenants are subject to a number of exceptions and qualifications. Certain of these covenants will be suspended during any period of time that (1) the Notes have Investment Grade Ratings (as defined in the indenture) from both Moody's Investors Service, Inc. and Standard & Poor's, and (2) no default has occurred and is continuing under the indenture. In the event that the Notes are downgraded to below an Investment Grade Rating, Par Pharmaceutical Companies and certain subsidiaries will again be subject to the suspended covenants with respect to future events.

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Description of capital stock

General

Upon completion of this offering, our authorized capital stock will consist of shares of common stock, par value $0.001 per share, and shares of preferred stock, par value $0.01 per share. The following description of our capital stock is intended as a summary only and is qualified in its entirety by reference to our certificate of incorporation and bylaws to be in effect at the closing of this offering, which are filed as exhibits to the registration statement of which this prospectus forms a part, and to the applicable provisions of the DGCL.

Common stock

Dividend rights. Subject to preferences that may apply to shares of preferred stock outstanding at the time, holders of outstanding shares of common stock will be entitled to receive dividends out of assets legally available at the times and in the amounts as the board of directors may determine from time to time. See "Dividend policy."

Voting rights. Each outstanding share of common stock will be entitled to one vote on all matters submitted to a vote of stockholders. Holders of shares of our common stock will have no cumulative voting rights.

Preemptive rights. Our common stock will not be entitled to preemptive or other similar subscription rights to purchase any of our securities.

Conversion or redemption rights. Our common stock will be neither convertible nor redeemable.

Liquidation rights. Upon our liquidation, the holders of our common stock will be entitled to receive pro rata our assets that are legally available for distribution, after payment of all debts and other liabilities and subject to the prior rights of any holders of preferred stock then outstanding.

Preferred stock

Our board of directors may, without further action by our stockholders, from time to time, direct the issuance of shares of preferred stock in series and may, at the time of issuance, determine the designations, powers, preferences, privileges and relative participating, optional or special rights, as well as the qualifications, limitations or restrictions thereof, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights of the common stock. Satisfaction of any dividend preferences of outstanding shares of preferred stock would reduce the amount of funds available for the payment of dividends on shares of our common stock. Holders of shares of preferred stock may be entitled to receive a preference payment in the event of our liquidation before any payment is made to the holders of shares of our common stock. Under certain circumstances, the issuance of shares of preferred stock may render more difficult or tend to discourage a merger, tender offer or proxy contest, the assumption of control by a holder of a large block of our securities or the removal of incumbent management. Upon the affirmative vote of a majority of the total number of directors then in office, our board of directors, without stockholder approval, may issue shares of preferred stock with voting and conversion rights which could adversely affect the holders of shares of our common stock and the market value of our common stock. Upon consummation of this offering, there will be no shares of preferred stock outstanding, and we have no present intention to issue any shares of preferred stock.

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Anti-takeover effects of our certificate of incorporation and our bylaws

Our certificate of incorporation and our bylaws contain provisions that may delay, defer or discourage another party from acquiring control of us. We expect that these provisions will discourage coercive takeover practices or inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with the board of directors, which we believe may result in an improvement of the terms of any such acquisition in favor of our stockholders. However, they may also discourage acquisitions that some stockholders may favor.

Corporate opportunities

Our certificate of incorporation provides that we renounce any interest or expectancy in the business opportunities of TPG and of its officers, directors, agents, stockholders, members, partners, affiliates and subsidiaries and each such party shall not have any obligation to offer us those opportunities unless presented to one of our directors or officers in his or her capacity as a director or officer.

Limitations on liability and indemnification of directors and officers

Our certificate of incorporation limits the liability of our directors to the fullest extent permitted by the DGCL and requires that we will provide them with customary indemnification. We expect to enter into customary indemnification agreements with each of our executive officers and directors that provide them, in general, with customary indemnification in connection with their service to us or on our behalf. We also maintain officers' and directors' liability insurance that insures against liabilities that our officers and directors may incur in such capacities.

Transfer agent and registrar

The transfer agent and registrar for our common stock is .

Listing

We intend to apply to list our common stock on under the symbol "PRX."

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Shares eligible for future sale

Before this offering, there has been no public market for our common stock. As described below, only a limited number of shares currently outstanding will be available for sale immediately after this offering due to contractual and legal restrictions on resale. Nevertheless, future sales of substantial amounts of our common stock, including shares issued upon the exercise of outstanding options or warrants, in the public market after this offering, or the perception that those sales may occur, could cause the prevailing market price for our common stock to fall or impair our ability to raise capital through sales of our equity securities.

Upon the closing of this offering, we will have outstanding shares of our common stock, after giving effect to the issuance of shares of our common stock in this offering, assuming no exercise by the underwriters of their option to purchase additional shares and no exercise of options outstanding as of December 31, 2014.

Of the shares that will be outstanding immediately after the closing of this offering, we expect that the shares to be sold in this offering will be freely tradable without restriction under the Securities Act unless purchased by our "affiliates," as that term is defined in Rule 144 under the Securities Act. Shares purchased by our affiliates may not be resold except pursuant to an effective registration statement or an exemption from registration, including the safe harbor under Rule 144 of the Securities Act described below. In addition, following this offering, shares of common stock issuable pursuant to awards granted under certain of our equity plans that are covered by a registration statement on Form S-8 will be freely tradable in the public market, subject to certain contractual and legal restrictions described below.

The remaining shares of our common stock outstanding after this offering will be "restricted securities," as that term is defined in Rule 144 of the Securities Act, and we expect that substantially all of these restricted securities will be subject to the lock-up agreements described below. These restricted securities may be sold in the public market only if the sale is registered or pursuant to an exemption from registration, such as the safe harbor provided by Rule 144.

Lock-up agreements

We and each of our directors, executive officers and certain other stockholders, who collectively own shares of our common stock following this offering, have agreed that, without the prior written consent of certain of the underwriters, we and they will not, subject to limited exceptions, directly or indirectly sell or dispose of any shares of common stock or any securities convertible into or exchangeable or exercisable for shares of common stock for a period of 180 days after the date of this prospectus, unless extended pursuant to its terms. The lock-up restrictions and specified exceptions are described in more detail under "Underwriting."

Rule 144

In general, under Rule 144, beginning 90 days after the date of this prospectus, any person who is not our affiliate and has held their shares for at least six months, including the holding period of any prior owner other than one of our affiliates, may sell shares without restriction, subject to the availability of current public information about us. In addition, under Rule 144, any person who is not our affiliate and has not been our affiliate at any time during the preceding three months and has held their shares for at least one year, including the holding period of any prior owner other than one of our affiliates, would be entitled to sell an unlimited number of shares immediately upon the closing of this offering without regard to whether current public information about us is available.

Beginning 90 days after the date of this prospectus, a person who is our affiliate or who was our affiliate at any time during the preceding three months and who has beneficially owned restricted securities for at least six

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months, including the holding period of any prior owner other than one of our affiliates, is entitled to sell a number of shares within any three-month period that does not exceed the greater of: (i) 1% of the number of shares of our common stock outstanding, which will equal approximately shares immediately after this offering; and (ii) the average weekly trading volume of our common stock on during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

Sales under Rule 144 by our affiliates are also subject to certain manner of sale provisions, notice requirements and the availability of current public information about us.

Rule 701

In general, under Rule 701 under the Securities Act, beginning 90 days after we become subject to the public company reporting requirements of the Exchange Act, any of our employees, directors, officers, consultants or advisors who acquired shares of common stock from us in connection with a written compensatory stock or option plan or other written agreement in compliance with Rule 701 is entitled to sell such shares in reliance on Rule 144 but without compliance with certain of the requirements contained in Rule 144. Accordingly, subject to any applicable lock-up agreements, beginning 90 days after we become subject to the public company reporting requirements of the Exchange Act, under Rule 701 persons who are not our affiliates may resell those shares without complying with the minimum holding period or public information requirements of Rule 144, and persons who are our affiliates may resell those shares without compliance with Rule 144's minimum holding period requirements.

Equity incentive plans

Following this offering, we intend to file with the SEC a registration statement on Form S-8 under the Securities Act covering the shares of common stock that are subject to outstanding options and other awards issuable pursuant to our equity incentive plans. Shares covered by such registration statement will be available for sale in the open market following its effective date, subject to certain Rule 144 limitations applicable to affiliates and the terms of lock-up agreements applicable to those shares.

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Material United States federal income tax considerations for non-U.S. holders

The following is a summary of material U.S. federal income and estate tax considerations relating to the purchase, ownership and disposition of shares of our common stock issued pursuant to this offering by Non-U.S. Holders (as defined below). This summary does not purport to be a complete analysis of all the potential tax considerations relevant to Non-U.S. Holders of shares of our common stock. This summary is based upon the Internal Revenue Code, the United States Treasury regulations promulgated or proposed thereunder and administrative and judicial interpretations thereof, all as of the date hereof and all of which are subject to change or differing interpretations at any time, possibly with retroactive effect.

This summary assumes that shares of our common stock are held by a Non-U.S. Holder as "capital assets" within the meaning of Section 1221 of the Internal Revenue Code (generally, property held for investment). This summary does not purport to deal with all aspects of U.S. federal income and estate taxation that might be relevant to particular Non-U.S. Holders in light of their particular investment circumstances or status, nor does it address specific tax considerations that may be relevant to particular persons who are subject to special treatment under U.S. federal income tax laws (including, for example, financial institutions, broker-dealers, insurance companies, partnerships or other pass-through entities, certain U.S. expatriates or former long-term residents of the United States, tax-exempt organizations, pension plans, "controlled foreign corporations," "passive foreign investment companies," corporations that accumulate earnings to avoid U.S. federal income tax, persons in special situations, such as those who have elected to mark securities to market or those who hold shares of our common stock as part of a straddle, hedge, conversion transaction, synthetic security or other integrated investment, persons that have a "functional currency" other than the U.S. dollar, or holders subject to the alternative minimum tax or the 3.8% tax on net investment income). In addition, except as explicitly addressed herein with respect to estate tax, this summary does not address certain estate and any gift tax considerations or considerations arising under the tax laws of any state, local or non-U.S. jurisdiction.

For purposes of this summary, a "Non-U.S. Holder" means a beneficial owner of shares of our common stock that for U.S. federal income tax purposes, is an individual, corporation, estate or trust other than:

- an individual who is a citizen or resident of the United States;
- a corporation, or any other organization taxable as a corporation for U.S. federal income tax purposes, that is created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is included in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust if (1) a U.S. court is able to exercise primary supervision over the trust's administration and one or more United States persons (as defined in the Internal Revenue Code) have the authority to control all of the trust's substantial decisions or (2) the trust has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

A modified definition of Non-U.S. Holder applies for U.S. federal estate tax purposes (as discussed below).

If an entity that is classified as a partnership for U.S. federal income tax purposes holds shares of our common stock, the tax treatment of persons treated as its partners for U.S. federal income tax purposes will generally depend upon the status of the partner and the activities of the partnership. Partnerships and other entities that are classified as partnerships for U.S. federal income tax purposes and persons holding our common stock through a partnership or other entity classified as a partnership for U.S. federal income tax purposes are urged to consult their own tax advisors.

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There can be no assurance that the IRS will not challenge one or more of the tax consequences described herein, and we have not obtained, nor do we intend to obtain, a ruling from the IRS or an opinion of counsel with respect to the U.S. federal income or estate tax consequences to a Non-U.S. Holder of the purchase, ownership or disposition of shares of our common stock.

THIS SUMMARY IS FOR GENERAL INFORMATION ONLY AND IS NOT INTENDED TO BE TAX ADVICE. PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS CONCERNING THE U.S. FEDERAL INCOME AND ESTATE TAXATION AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF SHARES OF OUR COMMON STOCK, AS WELL AS THE APPLICATION OF STATE, LOCAL AND NON-U.S. INCOME AND OTHER TAX LAWS.

Distributions on shares of our common stock

As discussed under "Dividend policy" above, following the completion of the offering, our board of directors does not intend to pay dividends on our common stock. However, we expect to reevaluate our dividend policy on a regular basis following the offering and may, subject to compliance with the covenants contained in our credit facilities and other instruments governing our indebtedness which limit our ability to pay dividends and other considerations, determine to pay dividends in the future. The declaration, amount and payment of any future dividends on shares of our common stock will be at the sole discretion of our board of directors, which may take into account general and economic conditions, our financial condition and results of operations, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax and regulatory restrictions, the implications of the payment of dividends by us to our stockholders or by our subsidiaries to us, and any other factors that our board of directors may deem relevant. See "Description of indebtedness" for restrictions on payment of dividends. In February 2015, our board of directors declared a cash dividend of $0.6303 per share (or approximately $494.3 million in the aggregate) to stockholders of record as of February 25, 2015.

In the event that we do make a distribution of cash or property with respect to shares of our common stock (or make a redemption that is treated as a distribution for U.S. federal income tax purposes), any such distributions generally will constitute dividends for U.S. federal income tax purposes to the extent of our current or accumulated earnings and profits as determined under U.S. federal income tax principles, and will be subject to withholding as described in the next paragraph below. If a distribution exceeds both our current and accumulated earnings and profits, the excess will be treated as a tax-free return of the Non-U.S. Holder's investment, up to such holder's adjusted tax basis in its shares of our common stock. Any remaining excess will be treated as capital gain, subject to the tax treatment described below in "—Gain on sale, exchange or other taxable disposition of shares of our common stock." Any distribution described in this paragraph would also be subject to the discussion below under "—Additional withholding and information reporting requirements for shares of our common stock held by or through non-U.S. entities."

Any dividends paid to a Non-U.S. Holder with respect to shares of our common stock generally will be subject to a 30% U.S. federal withholding tax unless such Non-U.S. Holder provides us or our agent, as the case may be, with an appropriate IRS Form W-8, such as:

- IRS Form W-8BEN (or successor form) or IRS Form W-8BEN-E (or successor form) certifying, under penalties of perjury, that such Non-U.S. Holder is entitled to a reduction in withholding under an applicable income tax treaty; or
- IRS Form W-8ECI (or successor form) certifying, under penalties of perjury, that a dividend paid on shares of our common stock is not subject to withholding tax because it is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States (in which case such dividend generally will be subject to U.S. federal income tax rates on a net income basis as described below).

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The certifications described above must be provided to us or our agent prior to the payment of dividends and must be updated periodically. The certification also may require a Non-U.S. Holder that provides an IRS form or that claims treaty benefits to provide its U.S. taxpayer identification number. Special certification and other requirements apply in the case of certain Non-U.S. Holders that are intermediaries or pass-through entities for U.S. federal income tax purposes.

Each Non-U.S. Holder is urged to consult its own tax advisor about the specific methods for satisfying these requirements. A claim for exemption will not be valid if the person receiving the applicable form has actual knowledge or reason to know that the statements on the form are false.

If dividends are effectively connected with the conduct by the Non-U.S. Holder of a trade or business in the United States (and, if required by an applicable income tax treaty, are attributable to a permanent establishment or fixed base maintained by such Non-U.S. Holder in the United States), the Non-U.S. Holder, although exempt from the withholding tax described above (provided that the certifications described above are satisfied), will generally be subject to U.S. federal income tax on such dividends on a net income basis in the same manner as if it were a resident of the United States, unless otherwise provided in an applicable income tax treaty. In addition, if such Non-U.S. Holder is treated as a corporation for U.S. federal income tax purposes, such Non-U.S. Holder may be subject to a "branch profits tax" on its effectively connected earnings and profits at a rate of 30%, unless an applicable income tax treaty provides otherwise.

Non-U.S. Holders that do not timely provide us or our agent with the required certifications, but which are eligible for a reduced rate of U.S. federal withholding tax pursuant to an applicable income tax treaty may obtain a refund or credit of any excess amount withheld by timely filing an appropriate claim for refund with the IRS.

Gain on sale, exchange or other taxable disposition of shares of our common stock

Subject to the discussion below under "—Additional withholding and information reporting requirements for shares of our common stock held by or through non-U.S. entities" and "—Backup withholding and information reporting," in general, a Non-U.S. Holder will not be subject to U.S. federal income tax or withholding tax on any gain realized upon such holder's sale, exchange or other disposition of shares of our common stock (including a redemption, but only if the redemption would be treated as a sale or exchange rather than a distribution for U.S. federal income tax purposes) unless (i) such Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition, and certain other conditions are met, (ii) we are, or have been, at any time during the five-year period preceding such disposition (or the Non-U.S. Holder's holding period, if shorter) a "U.S. real property holding corporation," unless our common stock is regularly traded on an established securities market and the Non-U.S. Holder holds no more than 5% of our outstanding common stock, directly or indirectly, during the shorter of the 5-year period ending on the date of the disposition or the period that the Non-U.S. Holder held our common stock, or (iii) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment or fixed base maintained by such Non-U.S. Holder in the United States).

If the first exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (unless an applicable income tax treaty provides otherwise) on the amount by which such Non-U.S. Holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of the disposition.

With respect to the second exception above, if we are determined to be a U.S. real property holding corporation and the foregoing exception does not apply, then a purchaser may withhold 10% of the proceeds payable to a

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Non-U.S. Holder from a sale of our common stock and the Non-U.S. Holder generally will be subject to U.S. federal income tax on a net income basis with respect to such gain in the same manner as if such holder were a resident of the United States, unless otherwise provided in an applicable income tax treaty. Generally, a corporation is a U.S. real property holding corporation if the fair market value of its U.S. real property interests equals or exceeds 50% of the sum of the fair market values of its worldwide real property interests plus its other assets used or held for use in a trade or business. Although there can be no assurance, we do not believe that we are, or have been, a U.S. real property holding corporation, or that we are likely to become one in the future. No assurance can be provided that our common stock will be regularly traded on an established securities market for purposes of the rules described above.

If the third exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax on a net income basis with respect to such gain in the same manner as if such holder were a resident of the United States, unless otherwise provided in an applicable income tax treaty, and a Non-U.S. Holder that is treated as a corporation for U.S. federal income tax purposes may also be subject to a "branch profits tax" on its effectively connected earnings and profits at a rate of 30%, unless an applicable income tax treaty provides otherwise.

Additional withholding and information reporting requirements for shares of our common stock held by or through non-U.S. entities

Sections 1471 to 1474 of the Internal Revenue Code (referred to as the "Foreign Account Tax Compliance Act" or "FATCA") impose a U.S. federal withholding tax at a rate of 30% on payments of dividends on, and gross proceeds from the sale or other disposition of, our common stock paid to certain foreign entities, unless (i) if the foreign entity is a "foreign financial institution," such foreign entity undertakes certain due diligence, reporting, withholding, and certification obligations, (ii) if the foreign entity is not a "foreign financial institution," such foreign entity identifies certain of its U.S. investors or provides certification that it does not have any such investors, or (iii) the foreign entity is otherwise exempt under FATCA. Under applicable United States Treasury regulations, withholding under FATCA will generally apply to payments of (1) dividends on our common stock and (2) gross proceeds from a sale or other disposition of our common stock made after December 31, 2016. Non-U.S. rules that implement intergovernmental agreements between the United States and other countries in which a Non-U.S. Holder or intermediary is located may modify the FATCA rules described above. Non-U.S. holders should consult their own tax advisors regarding the possible implications of FATCA (or non-U.S. rules that implement intergovernmental agreements) on Non-U.S. Holders' investment in our common stock and the entities (including financial intermediaries) through which they hold our common stock, including, without limitation, the process and deadlines for meeting the applicable requirements to prevent the imposition of the 30% withholding tax under FATCA.

Backup withholding and information reporting

We must report annually to the IRS and to each Non-U.S. Holder the gross amount of the distributions on shares of our common stock paid to such holder and the tax withheld, if any, with respect to such distributions. These information reporting requirements apply even if withholding was not required. In addition to the requirements described above under "—Additional withholding and information reporting requirements for shares of our common stock held by or through non-U.S. entities," a Non-U.S. Holder may have to comply with specific certification procedures to establish that the holder is not a United States person (as defined in the Internal Revenue Code) or otherwise establish an exemption in order to avoid backup withholding at the applicable rate with respect to dividends on our common stock. Dividends paid to Non-U.S. Holders subject to the U.S. federal withholding tax, as described above in "—Distributions on Shares of our Common Stock," generally will be exempt from U.S. backup withholding.

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Information reporting and backup withholding will generally apply to the payment of the proceeds of a disposition of shares of our common stock by a Non-U.S. Holder effected by or through the U.S. office of any broker, U.S. or non-U.S., unless the holder certifies that it is not a United States person (as defined in the Internal Revenue Code) and satisfies certain other requirements, or otherwise establishes an exemption. For information reporting purposes, dispositions effected through a non-U.S. office of a broker with certain specified connections to the United States generally will be treated in a manner similar to dispositions effected through a U.S. office of a broker, and dispositions otherwise effected through a non-U.S. office generally will not be subject to information reporting. Generally, backup withholding will not apply to a payment of disposition proceeds to a Non-U.S. Holder where the transaction is effected through a non-U.S. office of a U.S. broker or non-U.S. office of a non-U.S broker. Prospective investors are urged to consult their own tax advisors regarding the application of the information reporting and backup withholding rules to them.

Copies of information returns may be made available to the tax authorities of the country in which the Non-U.S. Holder resides or is incorporated, under the provisions of a specific treaty or agreement.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment made to a Non-U.S. Holder can be refunded or credited against such Non-U.S. Holder's U.S. federal income tax liability, if any, provided that an appropriate claim is timely filed with the IRS.

Federal estate tax

Shares of our common stock held (or treated as held) by an individual who is not a U.S. citizen or resident (as defined for U.S. federal estate tax purposes) at the time of such individual's death will be included in such individual's gross estate for U.S. federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

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Underwriting (conflicts of interest)

We and the selling stockholders are offering the shares of common stock described in this prospectus through a number of underwriters. J.P. Morgan Securities LLC and Goldman, Sachs & Co. are acting as joint book-running managers of the offering and as representatives of the underwriters. We and the selling stockholders have entered into an underwriting agreement with the underwriters dated the date of this prospectus. Subject to the terms and conditions of the underwriting agreement, we and the selling stockholders have agreed to sell to the underwriters, and each underwriter has severally agreed to purchase, at the public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus, the number of shares of common stock listed next to its name in the following table:

Underwriter	Number of shares
J.P. Morgan Securities LLC	
Goldman, Sachs & Co.	
Citigroup Global Markets Inc.	
Morgan Stanley & Co.	
Deutsche Bank Securities Inc.	
Evercore Group L.L.C.	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
RBC Capital Markets, LLC	
TPG Capital BD, LLC	
Total	

The underwriters are committed to purchase all the shares of common stock offered by us and the selling stockholders if they purchase any shares. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may also be increased or the offering may be terminated.

The underwriters propose to offer the shares of common stock directly to the public at the initial public offering price 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. Any such dealers may resell shares to certain other brokers or dealers at a discount of up to $ per share from the initial public offering price. After the initial public offering of the shares, the offering price and other selling terms may be changed by the underwriters. Sales of shares made outside of the U.S. may be made by affiliates of the underwriters. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

The underwriters have an option to buy up to additional shares of common stock from us and the selling stockholders. The underwriters have 30 days from the date of this prospectus to exercise this option to purchase additional shares of common stock. If any shares are purchased with this option to purchase additional shares of common stock, the underwriters will purchase such shares in approximately the same proportion as shown in the table above. If any additional shares of common stock are purchased, the underwriters will offer the additional shares on the same terms as those on which the shares are being offered.

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The underwriting fee is equal to the public offering price per share of common stock less the amount paid by the underwriters to us per share of common stock. The underwriting fee is $ per share. The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters by us assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

	Paid by us	
	Without exercise of option to purchase additional shares	With full exercise of option to purchase additional shares
Per Share	$	$
Total	$	$

We estimate that the total expenses of this offering, including registration, filing and listing fees, printing fees, legal and accounting expenses and transfer agent and registrar expenses, but excluding the underwriting discounts and commissions, will be approximately $.

A prospectus in electronic format may be made available on the web sites maintained by one or more underwriters, or selling group members, if any, participating in the offering. The underwriters 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 representatives of the underwriters and selling group members that may make Internet distributions on the same basis as other allocations.

We have agreed that we will not (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly or file with the SEC a registration Statement under the Securities Act relating to any shares of our common stock or any securities convertible into or exercisable or exchangeable for our common stock, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, or (2) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of our common stock or any such other securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of common stock or such other securities, in cash or otherwise, without the prior written consent of the representatives of the underwriters for a period of 180 days after the date of this prospectus, other than the shares of our common stock to be sold hereunder and any shares of our common stock issued upon the exercise of options granted under our existing management incentive plans. Notwithstanding the foregoing, if (1) during the last 17 days of the 180-day restricted period, we issue an earnings release or material news or a material event relating to us occurs; or (2) prior to the expiration of the 180-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 180-day period, the restrictions described above shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

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Our directors and executive officers and the selling stockholders have entered into lock-up agreements with the underwriters prior to the commencement of this offering pursuant to which each of these persons or entities, with limited exceptions, for a period of 180 days after the date of this prospectus, may not, without the prior written consent of certain of the underwriters, (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, or file with the SEC a registration statement under the Securities Act relating to, any shares of our common stock or any securities convertible into or exercisable or exchangeable for our common stock (including without limitation, common stock or such other securities which may be deemed to be beneficially owned by such directors, officers and selling stockholders in accordance with the rules and regulations of the SEC and securities which may be issued upon exercise of a stock option or warrant), or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, (2) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of our common stock or such other securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of common stock or such other securities, in cash or otherwise, or (3) make any demand for or exercise any right with respect to the registration of any shares of our common stock or any security convertible into or exercisable or exchangeable for our common stock. Notwithstanding the foregoing, if (1) during the last 17 days of the 180-day restricted period, we issue an earnings release or material news or a material event relating to us occurs; or (2) prior to the expiration of the 180-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 180-day period, the restrictions described above shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

We and the selling stockholders have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act.

We intend to apply to have our common stock listed on the under the symbol "PRX".

In connection with this offering, the underwriters may engage in stabilizing transactions, which involves making bids for, purchasing and selling shares of common stock in the open market for the purpose of preventing or retarding a decline in the market price of the common stock while this offering is in progress. These stabilizing transactions may include making short sales of the common stock, which involves the sale by the underwriters of a greater number of shares of common stock than they are required to purchase in this offering, and purchasing shares of common stock on the open market to cover positions created by short sales. Short sales may be "covered" shorts, which are short positions in an amount not greater than the underwriters' option to purchase additional shares of our common stock referred to above, or may be "naked" shorts, which are short positions in excess of that amount. The underwriters may close out any covered short position either by exercising their option to purchase additional shares of our common stock, in whole or in part, or by purchasing shares in the open market. In making this determination, the underwriters will consider, among other things, the price of shares available for purchase in the open market compared to the price at which the underwriters may purchase shares through their option to purchase additional shares of our common stock. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market that could adversely affect investors who purchase in this offering. To the extent that the underwriters create a naked short position, they will purchase shares in the open market to cover the position.

The underwriters have advised us that, pursuant to Regulation M of the Securities Act, they may also engage in other activities that stabilize, maintain or otherwise affect the price of the common stock, including the imposition of penalty bids. This means that if the representatives of the underwriters purchase common stock

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in the open market in stabilizing transactions or to cover short sales, the representatives of the underwriters can require the underwriters that sold those shares as part of this offering to repay the underwriting discount received by them.

These activities may have the effect of raising or maintaining the market price of the common stock or preventing or retarding a decline in the market price of the common stock, and, as a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. If the underwriters commence these activities, they may discontinue them at any time. The underwriters may carry out these transactions on the , in the over-the-counter market or otherwise.

Prior to this offering, there has been no public market for our common stock. The initial public offering price will be determined by negotiations between us and the representatives of the underwriters. In determining the initial public offering price, we and the representatives of the underwriters expect to consider a number of factors including:

- the information set forth in this prospectus and otherwise available to the representatives of the underwriters;
- our prospects and the history and prospects for the industry in which we compete;
- an assessment of our management;
- our prospects for future earnings;
- the general condition of the securities markets at the time of this offering;
- the recent market prices of, and demand for, publicly traded common stock of generally comparable companies; and
- other factors deemed relevant by the underwriters and us.

Neither we nor the underwriters can assure investors that an active trading market will develop for our common shares, or that the shares will trade in the public market at or above the initial public offering price.

Selling restrictions

General

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

United Kingdom

This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act

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2000, or the FSMA, (Financial Promotion) Order 2005, or the Order, or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order, all such persons together being referred to as "relevant persons". The securities are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Each underwriter has represented and agreed that:

(1) 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 the FSMA) received by it in connection with the issue or sale of our common shares in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(2) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to our common 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 of which we refer to as a Relevant Member State, an offer to the public of any shares which are the subject of the offering contemplated by this prospectus, which for purposes of this section we refer to as the Shares, may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(1) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(2) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives of the underwriters for any such offer; or

(3) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Shares shall result in a requirement for the publication by us or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer 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 any Shares to be offered so as to enable an investor to decide to purchase any Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State, and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Hong Kong

The shares may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong),

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or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA, (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the shares under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

Japan

The securities have not been and will not be registered under the Financial Instruments and Exchange Law of Japan, or the Financial Instruments and Exchange Law, and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Switzerland

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange, or SIX, or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules

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or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, us or the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority, or FINMA, and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes, or CISA. The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

Dubai international financial centre

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority, or DFSA. This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The shares to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus, you should consult an authorized financial advisor.

Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission, in relation to the offering. This prospectus does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001, or the Corporations Act, and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the shares may only be made to persons, which we refer to as Exempt Investors, who are "sophisticated investors" (within the meaning of section 708(8) of the Corporations Act), "professional investors" (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the shares without disclosure to investors under Chapter 6D of the Corporations Act.

The shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring shares must observe such Australian on-sale restrictions.

This prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

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Other relationships

The underwriters and their respective affiliates are full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities.

Certain of the underwriters and their affiliates have provided in the past to us and our affiliates and may provide from time to time in the future certain commercial banking, financial advisory, investment banking and other services for us and such affiliates in the ordinary course of their business, for which they have received and may continue to receive customary fees and commissions. Certain underwriters and/or their affiliates, including J.P. Morgan Securities LLC, Goldman, Sachs & Co., Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Deutsche Bank Securities Inc. and RBC Capital Markets, LLC are lenders and/or agents under our Senior Credit Facilities or acted as bookrunners in connection with the offering of our Notes. In addition, from time to time, certain of the underwriters and their affiliates may effect transactions for their own account or the account of customers, and hold on behalf of themselves or their customers, long or short positions in our debt or equity securities or loans, and may do so in the future. In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the issuer. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments

Conflicts of interest

Affiliates of TPG Capital BD, LLC, an underwriter of this offering, will beneficially own in excess of 10% of our issued and outstanding common stock following this offering. Therefore, TPG Capital BD, LLC is deemed to have a "conflict of interest" under FINRA Rule 5121(f)(5)(B). In addition, because the TPG Funds are affiliates of TPG Capital BD, LLC and, as selling stockholders, will receive more than 5% of the net proceeds of this offering, TPG Capital BD, LLC is deemed to have a "conflict of interest" under FINRA Rule 5121(f)(5)(C)(ii). Accordingly, this offering will be made in compliance with the applicable provisions of FINRA Rule 5121. Pursuant to that rule, the appointment of a qualified independent underwriter is not necessary in connection with this offering because the underwriters primarily responsible for managing this public offering do not have a "conflict of interest" under Rule 5121, are not an affiliate of any underwriter that does have a "conflict of interest" under Rule 5121 and meet the requirements of paragraph (f)(12)(E) of Rule 5121. In accordance with FINRA Rule 5121(c), no sales of the shares will be made by TPG Capital BD, LLC to any discretionary account over which TPG Capital BD, LLC exercises discretion without the prior specific written approval of the account holder. See "Use of proceeds."

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Legal matters

The validity of the issuance of our common stock offered in this prospectus will be passed upon for us by Ropes & Gray LLP, Boston, Massachusetts. Ropes & Gray LLP and some of its attorneys are limited partners of RGIP, LP, which is an investor in certain investment funds affiliated with TPG and sometimes a co-investor with such funds. RGIP, LP directly or indirectly owns less than 1% of our outstanding shares of common stock. The underwriters have been represented by Cravath, Swaine & Moore LLP.

Experts

The consolidated financial statements of Par Pharmaceutical Holdings, Inc. as of December 31, 2014 and 2013 and for each of the two years in the period ended December 31, 2014 appearing in this Prospectus and Registration Statement have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

The consolidated financial statements of Par Pharmaceutical Holdings, Inc. and subsidiaries comprised of the consolidated statements of operations, comprehensive (loss) income, stockholders' equity, and cash flows for the period July 12, 2012 (Date of Inception) through December 31, 2012 (Successor) included in this Prospectus, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein (which report expresses an unqualified opinion on the consolidated financial statements and includes an explanatory paragraph referring to the merger transaction with Par Pharmaceutical Companies, Inc. and Sky Growth Acquisition Corporation). Such consolidated financial statements have been so included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statements of Par Pharmaceutical Companies, Inc. and subsidiaries comprised of the consolidated statements of operations, comprehensive (loss) income, stockholders' equity, and cash flows for the period January 1, 2012 through September 28, 2012 (Predecessor) included in this Prospectus, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein (which report expresses an unqualified opinion on the consolidated financial statements and includes an explanatory paragraph referring to the merger transaction with Par Pharmaceutical Companies, Inc. and Sky Growth Acquisition Corporation). Such consolidated financial statements have been so included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

Where you can find more information

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of common stock offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules filed therewith. For further information with respect to us and the common stock offered hereby, please refer to the registration statement and the exhibits and schedules filed therewith. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and each such statement is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit to the registration statement. A copy of the registration statement and the exhibits and schedules filed therewith may be inspected without charge at the public reference room maintained by the SEC, located at 100 F Street N.E., Washington, D.C. 20549, and copies of all or any part of the registration statement may be obtained from such offices upon the payment of the fees

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prescribed by the SEC. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. The SEC also maintains a website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The SEC's website address is www.sec.gov.

Upon completion of this offering, we will become subject to the information and periodic reporting requirements of the Exchange Act and, in accordance therewith, we will file periodic reports, proxy statements and other information with the SEC. Such periodic reports, proxy statements and other information will be available for inspection and copying at the public reference room and website of the SEC referred to above.

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Index to consolidated financial statements

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Report of independent registered public accounting firm

The Board of Directors and Stockholders of
Par Pharmaceutical Holdings, Inc.

We have audited the accompanying consolidated balance sheets of Par Pharmaceutical Holdings, Inc. as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive loss, stockholders' equity and cash flows for each of the two years in the period ended December 31, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Par Pharmaceutical Holdings, Inc. at December 31, 2014 and 2013, and the consolidated results of its operations and its cash flows for each of the two years in the period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

MetroPark, New Jersey
March 12, 2015

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Report of independent registered public accounting firm

To the Board of Directors and Stockholders of
Par Pharmaceutical Holdings, Inc.

We have audited the accompanying consolidated statements of operations, comprehensive (loss) income, stockholders' equity, and cash flows of Par Pharmaceutical Holdings, Inc. and subsidiaries (the "Company") for the period July 12, 2012 (Date of Inception) through December 31, 2012 (Successor). These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the results of operations and cash flows of the Company for the period July 12, 2012 (Date of Inception) through December 31, 2012 (Successor), in conformity with accounting principles generally accepted in the United States of America.

As discussed in the notes to the consolidated financial statements, Par Pharmaceutical Companies, Inc. was acquired at the close of business on September 28, 2012 through a merger transaction with Sky Growth Acquisition Corporation, a wholly-owned subsidiary of Par Pharmaceutical Holdings, Inc. The acquisition was accomplished through a reverse subsidiary merger of Sky Growth Acquisition Corporation with and into the Company, with the Company being the surviving entity. The transaction was accounted for as a business combination and the basis of assets and liabilities were adjusted to their estimated fair values.

/s/ DELOITTE & TOUCHE LLP

Philadelphia, Pennsylvania
March 12, 2015

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Report of independent registered public accounting firm

To the Board of Directors and Stockholders of
Par Pharmaceutical Holdings, Inc.

We have audited the accompanying consolidated statements of operations, comprehensive (loss) income, stockholders' equity, and cash flows of Par Pharmaceutical Companies, Inc. and subsidiaries (the "Company") for the period January 1, 2012 through September 28, 2012 (Predecessor). These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the results of operations and cash flows of the Company for the period January 1, 2012 through September 28, 2012 (Predecessor), in conformity with accounting principles generally accepted in the United States of America.

As discussed in the notes to the consolidated financial statements, Par Pharmaceutical Companies, Inc. was acquired at the close of business on September 28, 2012 through a merger transaction with Sky Growth Acquisition Corporation, a wholly-owned subsidiary of Par Pharmaceutical Holdings, Inc. The acquisition was accomplished through a reverse subsidiary merger of Sky Growth Acquisition Corporation with and into the Company, with the Company being the surviving entity. The transaction was accounted for as a business combination and the basis of assets and liabilities were adjusted to their estimated fair values.

/s/ DELOITTE & TOUCHE LLP

Philadelphia, Pennsylvania
March 20, 2013
(March 12, 2015 as to Note 18)

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Par Pharmaceutical Holdings, Inc.
Consolidated balance sheets
(In thousands, except share and per share data)

	December 31, 2014	December 31, 2013	Proforma December 31, 2014 (unaudited)
ASSETS			
Current assets:			
Cash and cash equivalents	$ 244,440	$ 130,080	$ 134,440
Available for sale marketable debt securities	—	3,541	—
Accounts receivable, net	158,732	143,279	158,732
Inventories	154,687	117,307	154,687
Prepaid expenses and other current assets	28,255	15,438	28,255
Deferred income tax assets	66,936	55,932	66,936
Total current assets	653,050	465,577	543,050
Property, plant and equipment, net	217,314	127,276	217,314
Intangible assets, net	1,040,753	1,092,648	1,040,753
Goodwill	1,012,108	855,726	1,012,108
Other assets	83,909	96,342	83,909
Total assets	$ 3,007,134	$ 2,637,569	$ 2,897,134
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Current portion of long-term debt	$ 14,503	$ 21,462	$ 18,753
Accounts payable	79,987	31,181	79,987
Payables due to distribution agreement partners	53,213	79,117	53,213
Accrued salaries and employee benefits	32,246	20,700	32,246
Accrued government pricing liabilities	42,647	35,829	42,647
Accrued legal settlements	—	41,367	—
Accrued interest payable	7,529	7,629	7,529
Accrued expenses and other current liabilities	47,679	21,686	47,679
Total current liabilities	277,804	258,971	282,054
Long-term liabilities	17,004	20,322	17,004
Non-current deferred tax liabilities	242,177	288,783	242,177
Long-term debt, less current portion	1,904,069	1,516,057	2,324,819
Commitments and contingencies	—	—	—
Stockholders' equity:			
Common stock, $0.001 par value per share, 900,000,000 shares authorized in 2014 and 2013; 784,335,270 and 703,791,017 issued and outstanding in 2014 and 2013, respectively	784	704	784
Additional paid-in capital	835,880	714,509	341,580
Accumulated deficit	(266,094)	(160,577)	(306,794)
Accumulated other comprehensive loss	(3,648)	(799)	(3,648)
Treasury stock	(842)	(401)	(842)
Total stockholders' equity	566,080	553,436	31,080
Total liabilities and stockholders' equity	$ 3,007,134	$ 2,637,569	$ 2,897,134

The accompanying notes are an integral part of these consolidated financial statements.

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Par Pharmaceutical Holdings, Inc.
Consolidated statements of operations
(In thousands, except share and per share data)

	For the year ended December 31, 2014	For the year ended December 31, 2013	July 12, 2012 to December 31, 2012	For the period January 1, 2012 to September 28, 2012
	(Successor)	(Successor)	(Successor)	(Predecessor)
Revenues:				
Net product sales	$ 1,278,106	$ 1,062,453	$ 237,338	$ 780,797
Other product related revenues	30,515	35,014	8,801	23,071
Total revenues	1,308,621	1,097,467	246,139	803,868
Cost of goods sold, excluding amortization expense	643,851	595,166	157,893	431,174
Amortization expense	185,655	184,258	42,801	30,344
Total cost of goods sold	829,506	779,424	200,694	461,518
Gross margin	479,115	318,043	45,445	342,350
Operating expenses:				
Research and development	119,095	100,763	19,383	66,606
Selling, general and administrative	181,136	155,164	73,760	165,604
Intangible asset impairment	146,934	100,093	—	5,700
Settlements and loss contingencies, net	90,107	25,650	10,059	45,000
Restructuring costs	5,413	1,816	241	—
Total operating expenses	542,685	383,486	103,443	282,910
Loss on sale of product rights	(3,042)	—	—	—
Operating (loss) income	(66,612)	(65,443)	(57,998)	59,440
Gain on marketable securities and other investments, net	—	1,122	—	—
Gain on bargain purchase	—	—	5,500	—
Interest income	18	87	50	424
Interest expense	(108,427)	(95,484)	(25,985)	(9,159)
Loss on debt extinguishment	(3,989)	(7,335)	—	—
Other income	500	—	—	—
(Loss) income before (benefit) provision for income taxes	(178,510)	(167,053)	(78,433)	50,705
(Benefit) provision for income taxes	(72,993)	(61,182)	(23,727)	29,530
Net (loss) income	$ (105,517)	$ (105,871)	$ (54,706)	$ 21,175
Net (loss) income per common share:				
Basic	$ (0.14)	$ (0.15)	$ (0.08)	$ 0.58
Diluted	$ (0.14)	$ (0.15)	$ (0.08)	$ 0.57
Weighted average number of common shares outstanding:				
Basic	772,728	704,009	698,047	36,449
Diluted	772,728	704,009	698,047	37,231
Proforma net loss (unaudited)	$			
Proforma net loss per common share (unaudited):				
Basic and diluted	$			
Pro forma weighted average number of common shares outstanding (unaudited):				
Basic and diluted				

The accompanying notes are an integral part of these consolidated financial statements.

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Par Pharmaceutical Holdings, Inc.
Consolidated statements of comprehensive (loss) income
(In thousands)

	For the year ended December 31, 2014	For the year ended December 31, 2013	July 12, 2012 to December 31, 2012	For the period January 1, 2012 to September 28, 2012
	(Successor)	(Successor)	(Successor)	(Predecessor)
Net (loss) income	$ (105,517)	$ (105,871)	$ (54,706)	$ 21,175
Other comprehensive (loss) income:				
Unrealized (loss) gain on marketable securities, net of tax	(3)	(27)	(10)	36
Unrealized loss on cash flow hedges, net of tax	(5,765)	(1,411)	—	—
Less: reclassification adjustment for net losses included in net income (loss), net of tax	2,880	649	—	—
Other	39	—	—	—
Other comprehensive (loss) income	(2,849)	(789)	(10)	36
Comprehensive (loss) income	$ (108,366)	$ (106,660)	$ (54,716)	$ 21,211

The accompanying notes are an integral part of these consolidated financial statements.

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Par Pharmaceutical Holdings, Inc.
Consolidated statements of stockholders' equity
(In thousands)

	Common stock		Additional paid-in capital	Retained earnings / (accumulated deficit)	Accumulated other comprehensive income/(loss)	Treasury stock	Total stockholders' equity
	Shares	Amount					
Balance, December 31, 2011 (Predecessor)	39,678	$ 397	$ 389,166	$ 302,984	$ 13	$ (82,979)	$ 609,581
Net income	—	—	—	21,175	—	—	21,175
Unrealized loss on available for sale securities, $48 net of tax of $12	—	—	—	—	36	—	36
Exercise of stock options	394	4	11,312	—	—	—	11,316
Tax benefit related to share-based compensation	—	—	7,946	—	—	—	7,946
Employee stock purchase program	—	—	266	—	—	—	266
Purchase of treasury stock	—	—	—	—	—	(2,163)	(2,163)
Compensatory arrangements	—	—	7,282	—	—	—	7,282
Restricted stock grants	99	1	(1)	—	—	—	—
Forfeitures of restricted stock	(10)	—	—	—	—	—	—
Balance, September 28, 2012 (Predecessor)	40,161	402	415,971	324,159	49	(85,142)	655,439
Balance, July 12, 2012 (Successor)	—	—	—	—	—	—	—
Net loss	—	—	—	(54,706)	—	—	(54,706)
Unrealized loss on available for sale securities, $17 net of tax of $7	—	—	—	—	(10)	—	(10)
Issuance of common stock	703,701	704	702,997	—	—	—	703,701
Compensatory arrangements	—	—	2,240	—	—	—	2,240
Other	—	—	(56)	—	—	—	(56)
Balance, December 31, 2012 (Successor)	703,701	704	705,181	(54,706)	(10)	—	651,169
Net loss	—	—	—	(105,871)	—	—	(105,871)
Unrealized loss on available for sale securities, $43 net of tax of $16	—	—	—	—	(27)	—	(27)
Unrealized loss on cash flow hedges, $2,203 net of tax of $792	—	—	—	—	(1,411)	—	(1,411)
Reclassification adjustment for realized losses included in net loss, $1,014 net of tax of $365	—	—	—	—	649	—	649
Compensatory arrangements	—	—	9,154	—	—	—	9,154
Issuance of common stock	100	—	100	—	—	—	100
Stock-based compensation plan settlements	(50)	—	(154)	—	—	—	(154)
Vesting of restricted stock	40	—	—	—	—	—	—
Excess tax benefit on exercise of stock options	—	—	228	—	—	—	228
Purchase of treasury stock	—	—	—	—	—	(401)	(401)
Balance, December 31, 2013 (Successor)	703,791	704	714,509	(160,577)	(799)	(401)	553,436
Net loss	—	—	—	(105,517)	—	—	(105,517)
Unrealized loss on available for sale securities, $5 net of tax of $2	—	—	—	—	(3)	—	(3)
Unrealized loss on cash flow hedges, $9,011 net of tax of $3,246	—	—	—	—	(5,765)	—	(5,765)
Reclassification adjustment for realized losses included in net loss, $4,500 net of tax of $1,620	—	—	—	—	2,880	—	2,880
Compensatory arrangements	—	—	8,678	—	—	—	8,678
Issuance of common stock	80,540	80	112,676	—	—	—	112,756
Stock-based compensation plan settlements	(46)	—	(126)	—	—	—	(126)
Vesting of restricted stock	50	—	—	—	—	—	—
Excess tax benefit on exercise of stock options	—	—	143	—	—	—	143
Purchase of treasury stock	—	—	—	—	—	(441)	(441)
Other	—	—	—	—	39	—	39
Balance, December 31, 2014 (Successor)	784,335	$ 784	$ 835,880	$ (266,094)	$ (3,648)	$(842)	$ 566,080

The accompanying notes are an integral part of these consolidated financial statements.

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Par Pharmaceutical Holdings, Inc.
Consolidated statements of cash flows
(In thousands)

	For the year ended December 31, 2014	For the year ended December 31, 2013	July 12, 2012 to December 31, 2012	For the period January 1, 2012 to September 28, 2012
	(Successor)	(Successor)	(Successor)	(Predecessor)
Cash flows from operating activities:				
Net (loss) income	$ (105,517)	$ (105,871)	$ (54,706)	$ 21,175
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:				
Deferred income taxes	(128,377)	(81,847)	(27,060)	12,103
Resolution of tax contingencies	—	—	—	(5,256)
Non-cash interest expense	10,363	10,734	2,633	1,876
Depreciation and amortization	213,564	207,646	50,348	44,426
Cost of goods on acquired inventory step up	9,031	6,557	21,543	4,048
Intangible asset impairment	146,934	100,093	—	5,700
Allowances against accounts receivable	148,221	44,367	33,232	19,206
Share-based compensation expense	8,678	9,154	2,240	7,282
Gain on bargain purchase	—	—	(5,500)	—
Loss on debt extinguishment	3,989	7,335	—	—
Loss sale of product rights	3,042	—	—	—
Other, net	612	439	367	242
Changes in assets and liabilities:				
Increase in accounts receivable	(158,262)	(64,554)	(42,421)	(7,168)
(Increase) decrease in inventories	(12,712)	(11,690)	(15,013)	11,790
(Increase) decrease in prepaid expenses and other assets	(11,345)	16,846	(20,700)	(21,315)
Increase (decrease) in accounts payable, accrued expenses and other liabilities	36,503	(44,891)	(23,351)	58,050
(Decrease) increase in payables due to distribution agreement partners	(25,910)	12,597	10,537	(13,376)
Decrease in income taxes receivable/payable	6,431	6,130	13,106	14,977
Net cash provided by (used in) operating activities	145,245	113,045	(54,745)	153,760
Cash flows from investing activities:				
Capital expenditures	(45,460)	(17,465)	(10,306)	(11,454)
Sky Growth Merger	—	—	(1,908,725)	—
Business acquisitions, net of any cash acquired	(478,226)	(1,733)	(110,000)	(34,868)
Purchases of intangibles	(153)	(1,000)	—	(15,000)
Purchases of available for sale marketable debt securities	—	—	—	(6,566)
Proceeds from available for sale of marketable debt securities	3,514	8,000	2,500	17,500
Other, net	750	—	—	3,786
Net cash used in investing activities	(519,575)	(12,198)	(2,026,531)	(46,602)
Cash flows from financing activities:				
Proceeds from debt	525,541	198,889	1,545,000	—
Proceeds from equity contributions, net	112,756	100	703,701	—
Stock-based compensation plan settlements	(126)	(154)	—	—
Payments of debt	(146,032)	(206,881)	(339,512)	(8,750)
Payments to extinguish debt	—	(1,412)	—	—
Debt issuance costs	(3,150)	—	(67,928)	—
Proceeds from share-based compensation plans	—	—	—	11,582
Excess tax benefits on share-based compensation	142	228	—	8,536
Purchase of treasury stock	(441)	(401)	—	(2,163)
Net cash provided by (used in) financing activities	488,690	(9,631)	1,841,261	9,205
Net increase (decrease) in cash and cash equivalents	114,360	91,216	(240,015)	116,363
Cash and cash equivalents at beginning of period	130,080	38,864	278,879	162,516
Cash and cash equivalents at end of period	$ 244,440	$ 130,080	$ 38,864	$ 278,879
Supplemental disclosure of cash flow information:				
Cash paid (received) during the period for:				
Income taxes, net	$ 39,215	$ 14,902	$ (11,667)	$ 6,165
Interest paid	$ 97,305	$ 86,187	$ 13,969	$ 6,615
Non-cash transactions:				
Capital expenditures incurred but not yet paid	$ 1,242	$ 2,254	$ 460	$ 708
Equity contribution from management shareholders	$ —	$ —	$ 4,131	$ —

The accompanying notes are an integral part of these consolidated financial statements.

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Par Pharmaceutical Holdings, Inc.
Notes to consolidated financial statements

Par Pharmaceutical Holdings, Inc., ("Holdings"), formerly known as Sky Growth Holdings Corporation, formed July 12, 2012, operates primarily through its indirect, wholly owned domestic subsidiaries Par Pharmaceutical Companies, Inc. ("PPCI"), issuer of the outstanding public debt and Par Pharmaceutical Inc. (collectively with Holdings and PPCI, referred to herein as "the Company," "we," "our," or "us"). PPCI was the holding company prior to the Merger. Prior to the Merger, we conducted our operations through the subsidiaries of PPCI and we continue to do so subsequent to the Merger. On March 4, 2015, Sky Growth Holdings Corporation changed its name to Par Pharmaceutical Holdings, Inc. The Company operates in two business segments or divisions. The generic products division, Par Pharmaceutical ("Par"), develops (including through third party development arrangements and product acquisitions), manufactures and distributes generic and sterile pharmaceuticals in the United States. The branded products division, Par Specialty Pharmaceuticals ("Par Specialty"), formerly known as Strativa Pharmaceuticals, acquires, manufactures and distributes branded pharmaceuticals in the United States. The products we market are principally in the solid oral dosage form (tablet, caplet and two-piece hard-shell capsule), although we also distribute several oral suspension products, and nasal spray products.

PPCI entered into an Agreement and Plan of Merger on July 14, 2012 (the "Merger Agreement) and was acquired at the close of business on September 28, 2012, through a merger transaction with Sky Growth Acquisition Corporation, a wholly owned subsidiary of the Company. Holdings was formed on July 12, 2012 by investment funds affiliated with TPG Capital, L.P. ("TPG" and, together with certain affiliated entities, collectively, the "Sponsor"). PPCI is owned by affiliates of the Sponsor and members of management. The acquisition was accomplished through a reverse subsidiary merger of Sky Growth Acquisition Corporation with and into PPCI, with PPCI being the surviving entity (the "Merger"). Subsequent to the Merger, PPCI became an indirect, wholly owned subsidiary of Holdings (see Note 2—"Sky Growth Merger"). Prior to September 29, 2012, PPCI operated as a public company with its common stock traded on the New York Stock Exchange.

Although PPCI continued as the same legal entity after the Merger, the accompanying consolidated statements of operations, comprehensive income (loss), stockholders' equity and cash flows are presented for two periods in 2012: Predecessor and Successor, which relate to the period preceding the September 28, 2012 consummation of the Merger (January 1, 2012 to September 28, 2012) and the period succeeding the execution of the Merger Agreement with Holdings (July 14, 2012 to December 31, 2012). After the Merger, consolidated PPCI and consolidated Holdings have the same financial statements, excluding merger-related costs that were recorded on the books and records of Holdings (see Note 2—"Sky Growth Merger"). The Merger and the allocation of the purchase price were recorded as of September 29, 2012. Although the accounting policies followed by Holdings are consistent for the Predecessor and Successor periods, with the exception of the change in the annual evaluation date for goodwill from December 31st to October 1st, financial information for such periods have been prepared under two different historical cost bases of accounting and are therefore not comparable. The results of the periods presented are not necessarily indicative of the results that may be achieved in future periods.

Note 1—Summary of significant accounting policies:

Principles of consolidation:

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, where the operations are conducted and who are the obligators under the Senior Credit Facilities and the 7.375% Senior Notes (refer to Note 14—"Debt"). All intercompany transactions are eliminated in consolidation.

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Basis of financial statement presentation:

Our accounting and reporting policies conform to the accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board ("FASB") codified all the accounting standards and principles in the Accounting Standards Codification ("ASC") as the single source of U.S. GAAP recognized by the FASB to be applied by nongovernmental entities in preparation of financial statements in conformity with U.S. GAAP. Rules and interpretive releases of the Securities and Exchange Commission (the "SEC") under federal securities laws are also sources of authoritative U.S. GAAP for SEC registrants. All content within the ASC carries the same level of authority.

As a result of the Merger, a new basis of accounting was established as of September 29, 2012. The consolidated financial statements and notes differentiate the results of operations and cash flows for the period from July 12, 2012 (inception) to December 31, 2012 denoting the new basis of accounting as "Successor" in such statements, with a black line separating that information from the results of operations and cash flows for the period from January 1, 2012 to September 28, 2012, which is identified as "Predecessor" in such statements and which reflects the basis of accounting prior to the Merger. For additional information on the effects of the Merger, including a discussion of the Company's accounting for the Merger, refer to Note 2, "Sky Growth Merger".

Pro forma financial information

Pro forma balance sheet information (unaudited)

As more fully described in Note 23—Subsequent Events, in February 2015, we amended our existing Credit Agreement, which included new borrowings that were used to pay a cash dividend to the stockholders of Holdings and a special discretionary dividend-equivalent bonus to certain Company employees (the "Dividend Recapitalization").

The pro forma balance sheet information has been presented to give effect to the Dividend Recapitalization, including:

- the adjustment of $494.3 million to additional paid-in-capital to reflect the distribution declared and paid after December 31, 2014 and prior to the effective date of this registration statement;
- the amendment of our existing Credit Agreement that included new borrowings in an aggregate principal amount of $425.0 million;
- the adjustment for the special discretionary dividend-equivalent bonus to certain Company employees to accumulated deficit totaling $40.7 million; and
- the adjustment of $110.0 million to cash and cash equivalents to reflect the amount of cash used to fund the dividend and the special discretionary dividend-equivalent bonus above the amount borrowed.

Pro forma earnings per share (unaudited)

For the purposes of the pro forma earnings per share of common stock calculations, Holdings has assumed that the Dividend Recapitalization had occurred as of January 1, 2014. The basic and diluted pro forma per share of common stock calculations presented below give effect to the Dividend Recapitalization and the number of shares whose proceeds would be necessary to fund the Dividend Recapitalization in addition to historical EPS. The basic pro forma earnings per share of common stock is computed by dividing net (loss) income available to common shareholders by the pro forma weighted average number of shares of common stock outstanding during the period. The diluted pro forma earnings per share of common stock calculation also assumes the conversion, exercise or issuance of all potential shares of common stock, unless the effect of inclusion would be anti-dilutive.

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The below table sets forth the computation of unaudited pro forma basic and diluted loss per share for the year ended December 31, 2014:

(In thousands, except per share data)	December 31, 2014
Numerator:	
Net loss as reported	$
Net loss pro forma adjustments:	
Interest expense, net of tax	
Amortization of debt issuance costs and discount, net of tax	
Pro forma net loss	$
Denominator:	
Weighted average common shares used in computing basic and diluted loss per common share outstanding	
Adjustment for common stock issued whose proceeds will be used to fund the Dividend Recapitalization	
Pro forma weighted average common shares used in computing basic and diluted loss per common share outstanding	
Pro forma basic and diluted loss per share	$

Use of estimates:

The consolidated financial statements include certain amounts that are based on management's best estimates and judgments. Estimates are used in determining such items as provisions for sales returns, rebates and incentives, chargebacks, and other sales allowances, depreciable/amortizable lives, asset impairments, excess inventory, valuation allowance on deferred taxes, purchase price allocations and amounts recorded for contingencies and accruals. Because of the uncertainties inherent in such estimates, actual results may differ from these estimates. Management periodically evaluates estimates used in the preparation of the consolidated financial statements for continued reasonableness.

Use of forecasted financial information in accounting estimates:

The use of forecasted financial information is inherent in many of our accounting estimates, including but not limited to, determining the estimated fair value of goodwill and intangible assets, matching intangible amortization to underlying benefits (e.g. sales and cash inflows), establishing and evaluating inventory reserves, and evaluating the need for valuation allowances for deferred tax assets. Such forecasted financial information is comprised of numerous assumptions regarding our future revenues, cash flows, and operational results. Management believes that its financial forecasts are reasonable and appropriate based upon current facts and circumstances. Because of the inherent nature of forecasts, however, actual results may differ from these forecasts. Management regularly reviews the information related to these forecasts and adjusts the carrying amounts of the applicable assets prospectively, if and when actual results differ from previous estimates.

Cash and cash equivalents:

We consider all highly liquid money market instruments with an original maturity of three months or less when purchased to be cash equivalents. These amounts are stated at cost, which approximates fair value. At

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December 31, 2014, cash equivalents were held in a number of money market funds and consisted of immediately available fund balances. We maintain our cash deposits and cash equivalents with well-known and stable financial institutions. At December 31, 2014, our cash and cash equivalents were invested primarily in AAA-rated money market funds, which hold high-grade corporate securities or invest in government and/or government agency securities. We have not experienced any losses on our deposits of cash and cash equivalents to date.

Our primary source of liquidity is cash received from customers. In the years ended December 31, 2014 and December 31, 2013 (Successor), we collected $1,462.0 million and $1,150.0 million with respect to net product sales. In the period from July 12, 2012 (inception) to December 31, 2012 (Successor), we collected $258.0 million with respect to net product sales. In the period from January 1, 2012 to September 28, 2012 (Predecessor), we collected $854.0 million with respect to net product sales. Our primary use of liquidity includes funding of general operating expenses, normal course payables due to distribution agreement partners, capital expenditures, business development and product acquisition activities, and corporate acquisitions.

The ability to monetize our current product portfolio, our product pipeline, and future product acquisitions and generate sufficient operating cash flows that along with existing cash, cash equivalents and available for sale securities will allow us to meet our financial obligations over the foreseeable future. The timing of our future financial obligations and the introduction of products in the pipeline as well as future product acquisitions may require additional debt and/or equity financing; there can be no assurances that we will be able to obtain any such additional financing when needed or on acceptable or favorable terms.

Concentration of credit risk:

Financial instruments that potentially subject us to credit risk consist of trade receivables. We market our products primarily to wholesalers, drug store chains, supermarket chains, mass merchandisers, distributors, mail order accounts and drug distributors. We believe the risk associated with this concentration is somewhat limited due to the number of customers and their geographic dispersion and our performance of certain credit evaluation procedures (see Note 9—"Accounts Receivable—Major Customers—Gross Accounts Receivable").

Investments in debt securities:

We determine the appropriate classification of all debt securities as held-to-maturity, available-for-sale or trading at the time of purchase, and re-evaluate such classification as of each balance sheet date in accordance with FASB ASC 320. We assess whether temporary or other-than-temporary unrealized losses on our marketable securities have occurred due to declines in fair value or other market conditions based on the extent and duration of the decline, as well as other factors. Because we have determined that all of our debt securities are available for sale, unrealized gains and losses are reported as a component of accumulated other comprehensive income (loss) in stockholders' equity. Any other-than-temporary unrealized losses would be recorded in the consolidated statement of operations.

Inventories:

Inventories are typically stated at the lower of cost (first-in, first-out basis) or market value. The nature of the costs capitalized for inventories are generally related to amounts required to acquire materials and amounts incurred to produce salable goods. We establish reserves for our inventory to reflect situations in which the cost of the inventory is not expected to be recovered. In evaluating whether inventory is stated at the lower of cost or market, management considers such factors as the amount of inventory on hand, estimated time required to sell such inventory, remaining shelf life, remaining contractual terms of any supply and distribution agreements

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including authorized generic agreements, and current expected market conditions, including level of competition. Such evaluations utilize forecasted financial information. We record provisions for inventory to cost of goods sold.

Property, plant and equipment:

As detailed in Note 2—"Sky Growth Merger" and Note 3—"Par Sterile Acquisition", property, plant and equipment was increased to its fair value in the allocation of purchase price as of September 28, 2012 and February 20, 2014, respectively. The revised carrying values of the property, plant and equipment are depreciated over their remaining useful lives. The costs of repairs and maintenance are expensed when incurred, while expenditures for refurbishments and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized.

Depreciation and amortization:

Property, plant and equipment are reported at acquisition cost, less accumulated depreciation and amortization, and are generally depreciated or amortized over their estimated useful lives. Leasehold improvements are amortized over the shorter of their estimated useful life or the term of the lease. The following is the estimated useful life for each applicable asset group:

Buildings	10 to 40 years
Machinery and equipment	3 to 15 years
Office equipment, furniture and fixtures	3 to 7 years
Computer software and hardware	3 to 7 years

Impairment of long-lived assets:

We evaluate long-lived assets, including intangible assets with definite lives, for impairment periodically or whenever events or other changes in circumstances indicate that the carrying value of an asset may no longer be recoverable. If such circumstances are determined to exist, the estimated fair value is compared to the carrying value to determine whether impairment exists at its lowest level of identifiable cash flows. If impairment is identified, the assets are adjusted to fair value and a loss is recorded. Our judgments related to the expected useful lives of long-lived assets and our ability to realize undiscounted cash flows in excess of the carrying amounts of such assets are affected by factors such as ongoing maintenance and improvements of the assets, changes in economic and market conditions, our ability to successfully launch products, and changes in operating performance. In addition, we regularly evaluate our other assets and may accelerate depreciation over the revised useful life if the asset has limited future value.

Costs of computer software:

We capitalize certain costs associated with computer software developed or obtained for internal use in accordance with the provisions of FASB ASC 350-40. We capitalize those costs from the acquisition of external materials and services associated with developing or obtaining internal use computer software. We capitalize certain payroll costs for employees that are directly associated with internal use computer software projects once specific criteria of ASC 350-40 are met. Those costs that are associated with preliminary stage activities, training, maintenance, and all other post-implementation stage activities are expensed as they are incurred. All costs capitalized in connection with internal use computer software projects are amortized on a straight-line basis over a useful life of three to seven years, beginning when the software is ready for its intended use.

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Research and development agreements:

Research and development costs are expensed as incurred. These expenses include the costs of our internal product development efforts, acquired in-process research and development, as well as costs incurred in connection with our third party collaboration efforts. Milestone payments made under contract research and development arrangements or product licensing arrangements prior to regulatory approval of the associated product are expensed when the milestone is achieved. Once the product receives regulatory approval we record any subsequent milestone payments as intangible assets. We make the determination to capitalize or expense amounts related to the development of new products and technologies through agreements with third parties based on our ability to recover our cost in a reasonable period of time from the estimated future cash flows anticipated to be generated pursuant to each agreement. Market (including competition), regulatory and legal factors, among other things, may affect the realizability of the projected cash flows that an agreement was initially expected to generate. We regularly monitor these factors and subject all capitalized costs to periodic impairment testing.

Costs for patent litigation and legal proceedings:

Costs for patent litigation or other legal proceedings are expensed as incurred and included in selling, general and administrative expenses.

Goodwill and intangible assets:

We determine the estimated fair values of goodwill and intangible assets with definite and/or indefinite lives based on valuations performed at the time of their acquisition in accordance with FASB ASC 350. Such valuations utilize forecasted financial information. In addition, certain amounts paid to third parties related to the development of new products and technologies, as described above, are capitalized and included in intangible assets on the accompanying consolidated balance sheets.

Goodwill and indefinite lived intangible assets are evaluated for impairment at least annually. We may first consider qualitative factors as set forth in the guidance, when appropriate to determine if it is more likely than not (defined as 50% or more) that the fair value of the reporting unit is less than its carrying amount. If it is determined that it is not more likely than not that the fair value of the reporting unit is less than its carrying amount, no additional steps are taken. If we chose not to consider qualitative factors or it is determined that it is more likely than not that the fair value of the reporting unit is less than its carrying amount, the Company then uses a two-step process that compares the fair value of the reporting unit to which the goodwill is assigned to the reporting unit's carrying amount, including goodwill. The first step is to identify a potential impairment, and the second step measures the amount of the impairment loss, if any. Goodwill is impaired if the carrying amount of a reporting unit's goodwill exceeds its estimated fair value. As of October 1, 2014, the Company performed its annual goodwill and indefinite lived intangible asset impairment assessments noting no impairment of goodwill and impairment of certain of our intangible assets. Refer to Note 12—"Intangible Assets, net". No changes in business or other factors are known as of the December 31, 2014 balance sheet date that would necessitate an evaluation for impairment.

Definite-lived intangibles are amortized over the period in which the related cash flows are expected to be generated or on a straight-line basis over the products' estimated useful life if the estimated cash flows method approximates straight-line basis.

We review the carrying value of our long-term assets for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows

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expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets.

As discussed above with respect to determining an asset's fair value and useful life, because this process involves management making certain estimates and because these estimates form the basis of the determination of whether or not an impairment charge should be recorded, these estimates are considered to be critical accounting estimates. We will continue to assess the carrying value of our goodwill and intangible assets in accordance with applicable accounting guidance.

Income taxes:

We account for income taxes in accordance with FASB ASC 740. Deferred taxes are provided using the asset and liability method, whereby deferred income taxes result from temporary differences between the reported amounts in the financial statements and the tax basis of assets and liabilities, as measured by presently enacted tax rates. We establish valuation allowances against deferred tax assets when it is more likely than not that the realization of those deferred tax assets will not occur. In establishing valuation allowances, management makes estimates such as projecting future taxable income. Such estimates utilize forecasted financial information.

ASC 740-10 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement attribute for financial statement recognition, measurement and disclosure of tax positions that a company has taken or expects to be taken in a tax return. Additionally, ASC 740-10 provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods and transition. See Note 19—"Income Taxes".

Revenue recognition and accounts receivable reserves and allowances:

We recognize revenues for product sales when title and risk of loss transfer to our customers, when reliable estimates of rebates, chargebacks, returns and other adjustments can be made, and collectability is reasonably assured. Included in our recognition of revenues are estimated provisions for sales allowances, the most significant of which include rebates, chargebacks, product returns, and other sales allowances, recorded as reductions to gross revenues, with corresponding adjustments to the accounts receivable reserves and allowances (see Note 9—"Accounts Receivable"). In addition, we record estimates for rebates paid under federal and state government Medicaid drug reimbursement programs as reductions to gross revenues, with corresponding adjustments to accrued liabilities. We have the experience and access to relevant information that we believe are necessary to reasonably estimate the amounts of such deductions from gross revenues. Some of the assumptions we use for certain of our estimates are based on information received from third parties, such as customers' inventories at a particular point in time and market data, or other market factors beyond our control. The estimates that are most critical to our establishment of these reserves, and therefore would have the largest impact if these estimates were not accurate, are our estimates of non-contract sales volumes, average contract pricing, customer inventories, processing time lags, and return volumes. We regularly review the information related to these estimates and adjust our reserves accordingly, if and when actual experience differs from previous estimates.

Distribution costs:

We record distribution costs related to shipping product to our customers, primarily through the use of common carriers or external distribution services, in selling, general and administrative expenses. Distribution costs for the years ended December 31, 2014 and December 31, 2013 (Successor) were approximately $3.4 million and

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$3.3 million, respectively. Distribution costs for the period from July 12, 2012 (inception) to December 31, 2012 (Successor) were approximately $1.0 million. Distribution costs for the period from January 1, 2012 to September 28, 2012 (Predecessor) were approximately $2.3 million.

Fair value of financial instruments:

The carrying amounts of our cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate fair values based upon the relatively short-term nature of these financial instruments.

Concentration of suppliers of distributed products and internally manufactured products:

We have entered into a number of license and distribution agreements pursuant to which we distribute generic pharmaceutical products and brand products developed and/or supplied to us by certain third parties. We have also entered into contract manufacturing agreements for third-parties to manufacture some of our own generic products for us. For the year ended December 31, 2014 (Successor), a significant percentage of our total net product sales were generated from such contract-manufactured and/or licensed products. We cannot provide assurance that the efforts of our contractual partners will continue to be successful, that we will be able to renew such agreements or that we will be able to enter into new agreements in the future. Any alteration to or termination of our current material license and distribution agreements, our failure to enter into new and similar agreements, or the interruption of the supply of our products under such agreements or under our contract manufacturing agreements, could have a material adverse effect on our business, condition (financial and other), prospects or results of operations.

We produce substantially all of our internally manufactured products at our manufacturing facilities in New York, Michigan, and California as of December 31, 2014. A significant disruption at those facilities, even on a short-term basis, could impair our ability to produce and ship products to the market on a timely basis, which could have a material adverse effect on our business, financial position and results of operations.

Segments:

FASB ASC 280-10 codifies the standards for reporting of financial information about operating segments in annual financial statements. Management considers our business to be in two reportable business segments, generic and brand pharmaceuticals. Refer to Note 21—"Segment Information". Our four largest customers in terms of our consolidated total revenues accounted for approximately 70% of our total revenues as of December 31, 2014, as follows: McKesson Drug Co. (24.7%), Cardinal Health Inc. (18.3%), CVS Health Corporation (14.5%) and AmerisourceBergen Corporation (13.4%) for the year ended December 31, 2014.

Contingencies and legal fees:

We are subject to various patent litigations, product liability litigations, government investigations and other legal proceedings in the ordinary course of business. Legal fees and other expenses related to litigation are expensed as incurred and included in selling, general and administrative expenses. Contingent accruals are recorded when we determine that a loss is both probable and reasonably estimable. Due to the fact that legal proceedings and other contingencies are inherently unpredictable, our assessments involve significant judgment regarding future events.

Debt issuance costs:

We capitalize direct costs incurred with obtaining debt financing, which are included in other assets on the consolidated balance sheet. Debt issuance costs are amortized to interest expense over the term of the underlying

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debt using the effective interest method. We recognized amortized debt issuance costs of $10.7 million for the year ended December 31, 2014 (Successor), $10.7 million for the year ended December 31, 2013 (Successor), $2.8 million for the period July 12, 2012 (inception) to December 31, 2012 (Successor), and $1.9 million for the period January 1, 2012 to September 28, 2012 (Predecessor).

Derivative instruments and hedging activities:

As required by FASB ASC 815, Derivatives and Hedging ("ASC 815"), we record all derivatives on our consolidated balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether we have elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Derivatives may also be designated as hedges of the foreign currency exposure of a net investment in a foreign operation. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge. We may enter into derivative contracts that are intended to economically hedge certain of our risks, even though hedge accounting does not apply or we elect not to apply hedge accounting under ASC 815.

Earnings / (loss) per common share data:

Basic loss per common share is calculated based upon net income/loss available to holders of common shares divided by the weighted average number of shares outstanding. Diluted loss per common share is based upon the weighted-average number of common shares outstanding during the period plus additional weighted-average common equivalent shares outstanding during the period when the effect is dilutive. Common equivalent shares result from the assumed exercise of outstanding stock options, the proceeds of which are then assumed to have been used to repurchase outstanding stock and the vesting of unvested restricted stock units. Common equivalent shares are not included in the net income/loss per common share calculations because the effect would have been anti-dilutive.

Recent accounting pronouncements:

In April 2014, the FASB issued ASU 2014-08, "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity" ("ASU 2014-08"). ASU 2014-08 amends guidance for reporting discontinued operations and disposals of components of an entity. Under the new guidance, only disposals representing a strategic shift in operations should be presented as discontinued operations. Those strategic shifts should have a major effect on the organization's operations and financial results. Examples include a disposal of a major geographic area, a major line of business, or a major equity method investment. The new guidance requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income, and expenses of discontinued operations. The guidance also expands the disclosure of the pre-tax income attributable to a disposal of a significant part of an organization that does not qualify for discontinued operations reporting. This disclosure is intended to provide users with information about the ongoing trends in a reporting organization's results from continuing operations. ASU 2014-08 is effective prospectively for fiscal years, and interim reporting periods within those years, beginning

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after December 15, 2014 with early adoption permitted only for disposals that have not been previously reported. We currently do not anticipate an impact of ASU 2014-08 on our consolidated financial statements and related disclosures.

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers" ("ASU 2014-09"). ASU 2014-09 supersedes nearly all existing revenue recognition guidance under accounting principles generally accepted in the United States of America. ASU 2014-09 affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards (e.g., insurance contracts or lease contracts). The core principle of ASU 2014-09 is to recognize revenues to depict the transfer of promised goods or services to customers in an amount that reflects the consideration that is expected to be received for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle: 1) identify the contract with a customer, 2) identify the separate performance obligations in the contract, 3) determine the transaction price, 4) allocate the transaction price to the separate performance obligations in the contract, and 5) recognize revenue when (or as) the entity satisfies a performance obligation. ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2016. Early adoption is not permitted. ASU 2014-09 can be applied retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the change recognized at the date of the initial application in retained earnings or accumulated deficit. We are currently evaluating the impact of ASU 2014-09 on our consolidated financial statements and related disclosures and we have not yet selected a transition method.

In August 2014, the FASB issued ASU 2014-15, "Presentation of Financial Statements-Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern" ("ASU 2014-15"), which defines management's responsibility to assess an entity's ability to continue as a going concern, and to provide related footnote disclosures if there is substantial doubt about its ability to continue as a going concern. The pronouncement is effective for annual reporting periods ending after December 15, 2016 with early adoption permitted. We currently do not anticipate an impact of ASU 2014-15 on our consolidated financial statements and related disclosures.

In November 2014, the FASB issued ASU 2014-17, "Business Combinations (Topic 805): Pushdown Accounting" ("ASU 2014-17"). The amendments in ASU 2014-17 provide an acquired entity with an option to apply pushdown accounting in its separate financial statements upon occurrence of an event in which an acquirer obtains control of the acquired entity. The pronouncement is effective for annual reporting periods ending after November 14, 2014 with early adoption permitted. There is no impact from ASU 2014-17 on our consolidated financial statements and related disclosures.

Note 2—Sky Growth merger:

The transactions

PPCI was acquired at the close of business on September 28, 2012 through the Merger. Holdings and its wholly-owned subsidiaries were formed by affiliates of TPG solely for the purposes of completing the Merger and the related transactions. At the time of the Merger, each share of our common stock issued and outstanding immediately prior to the close of the Merger was converted into the right to receive cash. Aggregate consideration tendered at September 28, 2012 was for 100% of the equity of PPCI. Subsequent to the Merger, PPCI became an indirect, wholly owned subsidiary of Holdings.

The Merger was accounted for as a purchase business combination in accordance with FASB ASC 805, "Business Combinations," ("ASC 805") whereby the purchase price paid to effect the Merger was allocated to recognize

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the acquired assets and liabilities assumed at fair value. The acquisition method of accounting uses the fair value concept defined in ASC 820, "Fair Value Measurements and Disclosures" ("ASC 820").

The sources and uses of funds in connection with the Transactions are summarized below ($ in thousands):

Sources:		Uses:	
Senior secured term loan	$1,055,000	Cash purchase of equity	$1,908,725
7.375% Senior notes	490,000	Prior debt and accrued interest	337,704
Sponsor equity contribution	690,000	Total purchase price	2,246,429
Company cash on hand	144,791	Transaction costs	133,362
Total source of funds	$2,379,791	Total use of funds	$2,379,791

The final allocation of the purchase price at September 29, 2012 was as follows ($ in thousands):

	As of September 29, 2012
Cash on hand	$ 278,879
Accounts receivable, net	113,902
Inventories	118,704
Property, plant and equipment, net	129,416
Intangible assets	1,303,300
Other current and non-current assets	83,493
Total identifiable assets	2,027,694
Accounts payable	36,304
Payables due to distribution agreement partners	55,983
Accrued government pricing liabilities	43,010
Accrued legal settlements	58,917
Other current liabilities	89,231
Other long-term liabilities	12,568
Deferred income taxes	340,978
Total liabilities assumed	636,991
Net identifiable assets acquired	1,390,703
Goodwill	855,726
Total purchase price allocation	$ 2,246,429

The excess of the purchase price (consideration transferred) over the estimated amounts of identifiable assets acquired and liabilities assumed as of the effective date of the Merger was allocated to goodwill in accordance with ASC 805, which mainly represents intangible assets related to our know-how, including our workforce's expertise in R&D and manufacturing that do not qualify for separate recognition. The purchase price allocation was subject to completion of our analysis of the fair value of the assets and liabilities as of the effective date of the Merger. The final valuation was completed as of September 30, 2013. Refer to Note 13—"Goodwill", for changes during the year ended December 31, 2013. None of the goodwill identified above will be deductible for income tax purposes.

Transactions with manager

In connection with the Merger and the related transactions, PPCI entered into a management services agreement with an affiliate of TPG (the "Manager"). Pursuant to the agreement, in exchange for on-going

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consulting and management advisory services, the Manager receives an annual monitoring fee paid quarterly equal to 1% of EBITDA as defined under the credit agreement for the Senior Credit Facilities (as defined in Note 14—"Debt"). There is an annual cap of $4.0 million for this fee. The Manager also receives reimbursement for out-of-pocket expenses incurred in connection with services provided pursuant to the agreement. Holdings recorded an expense of $4.0 million and $3.6 million for consulting and management advisory service fees which are included in selling, general and administrative expenses in the consolidated statement of operations in the years ended December 31, 2014 (Successor), December 31, 2013 (Successor), and $0.7 million in the period from July 12, 2012 (inception) to December 31, 2012 (Successor). Also, in the period from July 12, 2012 (inception) to December 31, 2012 (Successor), Holdings incurred merger-related costs of $28.2 million. There costs were primarily investment bank fees, accounting fees, legal fees, and other fees.

Note 3—Par Sterile acquisition:

On February 20, 2014, the Company completed its acquisition of JHP Group Holdings, Inc. and its subsidiaries (collectively, "JHP"), a privately-held, specialty sterile products pharmaceutical company. The acquisition was accomplished through a reverse subsidiary merger of an indirect subsidiary of the Company with and into JHP Group Holdings, Inc., in which JHP Group Holdings, Inc. was the surviving entity and became an indirect, wholly owned subsidiary of the Company (the "Par Sterile Acquisition"). The consideration for the Par Sterile Acquisition consisted of $487.0 million in cash, after finalization of certain customary working capital adjustments. The Company financed the Par Sterile Acquisition with proceeds received in connection with the debt financing provided by third party lenders of $395.0 million and an equity contribution of $110.0 million from certain investment funds associated with TPG. Among the primary reasons the Company acquired JHP and the factors that contributed to the preliminary recognition of goodwill was that the Par Sterile Acquisition expanded its capability and presence into the rapidly growing sterile drug market for injectable products including ophthalmics and otics. The result is a broader and more diversified product portfolio, and an expanded development pipeline.

JHP operated principally through its operating subsidiary, JHP Pharmaceuticals, LLC, which was renamed Par Sterile Products, LLC ("Par Sterile") subsequent to the Par Sterile Acquisition. We continue to operate Par Sterile as a leading specialty pharmaceutical company developing and manufacturing sterile injectable products. Par Sterile marketed a portfolio of 14 specialty injectable products, including Aplisol® and Adrenalin®, and had developed a pipeline of approximately 30 products, 17 of which had been submitted for approval to the U.S. Food and Drug Administration at the time of the Par Sterile Acquisition. Par Sterile's products are predominately sold to hospitals through the wholesale distribution channel. Par Sterile targets products with limited competition due to difficulty in manufacturing and/or the product's market size. Our Par Sterile manufacturing facility in Rochester, Michigan has the capability to manufacture small-scale clinical through large-scale commercial products.

The operating results of Par Sterile from February 20, 2014 to December 31, 2014 are included in the accompanying consolidated statement of operations as part of the Par Pharmaceutical segment, reflecting total revenues of approximately $140.3 million. Par Sterile's contribution to the overall Par Pharmaceutical segment's operating (loss) or income is not tracked separately. The consolidated balance sheet as of December 31, 2014 reflects the acquisition, including goodwill, which represents Par Sterile's workforce expertise in research & development, marketing and manufacturing.

The acquisition has been accounted for as a business combination using the acquisition method of accounting under the provisions of ASC 805. The acquisition method of accounting uses the fair value concept defined in ASC 820. ASC 805 requires, among other things, that most assets acquired and liabilities assumed in a business purchase combination be recognized at their fair values as of the acquisition date and that the fair value of

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acquired in-process research and development ("IPR&D") be recorded on the balance sheet regardless of the likelihood of success of the related product or technology as of the completion of the acquisition. The process for estimating the fair values of IPR&D, identifiable intangible assets and certain tangible assets requires the use of significant estimates and assumptions, including estimating future cash flows, developing appropriate discount rates, estimating the costs, timing and probability of success to complete in-process projects and projecting regulatory approvals. Under ASC 805, transaction costs are not included as a component of consideration transferred and were expensed as incurred. The acquisition and financing transaction costs totaled $12.4 million of which $8.2 million were included in operating expenses as selling, general and administrative expenses on the condensed consolidated statements of operations and $4.1 million were capitalized as deferred financing costs or debt discount on the consolidated balance sheet. The acquisition-related transaction costs were comprised of bank fees ($10.4 million), legal fees ($1.5 million), and other fees ($0.5 million). The excess of the purchase price (consideration transferred) over the estimated amounts of identifiable assets and liabilities of Par Sterile as of the effective date of the acquisition was allocated to goodwill, as part of the Par Pharmaceutical segment, in accordance with ASC 805. The purchase price allocation was finalized with the completion of our analysis of the fair value of the assets and liabilities of Par Sterile as of the effective date of the acquisition. The establishment of the fair value of the consideration for an acquisition, and the allocation to identifiable tangible and intangible assets and liabilities, requires the extensive use of accounting estimates and management judgment. We believe the fair values assigned to the assets acquired and liabilities assumed are based on reasonable estimates and assumptions.

The sources and uses of funds in connection with the Par Sterile Acquisition are summarized below ($ in thousands):

Sources:		Uses:	
Senior secured term loan	$395,000	Cash purchase of equity	$487,429(a)
Sponsor equity contribution	110,000	Transaction costs	12,350
Company cash on hand	1,133(a)	Accrued interest on Company debt	6,354
Total source of funds	$506,133	Total use of funds	$506,133

(a) Adjusted to reflect the finalization of working capital adjustments noted above.

Fair value estimate of assets acquired and liabilities assumed

The purchase price of Par Sterile has been allocated to the following assets and liabilities ($ in thousands):

	As of February 20, 2014	
Cash and cash equivalents	$	9,204
Accounts receivable, net		5,413
Inventories		35,959
Prepaid expenses and other current assets		10,583
Property, plant and equipment		73,579
Intangible assets		283,500
Total identifiable assets		418,238
Accounts payable		13,796
Accrued expenses and other liabilities		1,902
Deferred tax liabilities		71,493
Total liabilities assumed		87,191
Net identifiable assets acquired		331,047
Goodwill		156,382
Net assets acquired	$	487,429

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Approximately $20.0 million of the goodwill identified above and recorded on the consolidated balance sheet as of December 31, 2014 will be deductible for income tax purposes.

Supplemental pro forma information (unaudited)

The following unaudited pro forma information for the years ended December 31, 2014 , and December 31, 2013 assumes the Par Sterile Acquisition occurred as of January 1, 2013. The pro forma information is not necessarily indicative either of the combined results of operations that actually would have been realized had the acquisition been consummated during the periods for which pro forma information is presented, nor is it intended to be a projection of future results or trends.

	For the Year Ended	
(In thousands, except per share data)	**December 31, 2014**	**December 31, 2013**
Total revenues	$ 1,327,683	$ 1,249,682
Net loss	$ (97,444)	$ (136,599)
Net loss per basic and diluted share	$ (0.13)	$ (0.19)

These amounts have been calculated after adjusting for the additional expense that would have been recorded assuming the fair value adjustments to long-lived assets ($205.1 million) and inventory ($9.0 million) had been applied on January 1, 2013, and the debt incurred as a result of the Par Sterile Acquisition ($395.0 million) had been outstanding since January 1, 2013, along with the related repricing of the Term Loan Facility (as defined in Note 14—"Debt"), together with the consequential tax effects.

Pro forma loss from continuing operations for the year ended December 31, 2014 was adjusted to exclude $8.2 million of Par Sterile Acquisition-related costs incurred in 2014 with the consequential tax effects. These costs were primarily bank fees, accounting fees, and legal fees. Pro forma loss from continuing operations for the year ended December 31, 2014 was adjusted to include the Par Sterile Acquisition-related costs with the consequential tax effects. Pro forma loss from continuing operations for the years ended December 31, 2014 and 2013 have been adjusted to exclude certain historical amounts such as intangible asset amortization.

Note 4—Acquisition of divested products from the Watson/Actavis Merger:

In connection with the merger of Watson Pharmaceuticals, Inc. and Actavis Group on November 6, 2012 (the "Watson/Actavis Merger"), we acquired the U.S. marketing rights to five generic products that were marketed by Watson or Actavis, as well as eight Abbreviated New Drug Applications ("ANDA") awaiting regulatory approval, and a generic product in late-stage development, for $110.0 million. We also acquired a number of related supply agreements, each with a term of three years. The purchase price was paid in cash and funded from our cash on hand.

The acquisition was accounted for as a business combination resulting in a bargain purchase under ASC 805. The purchase price of the acquisition was allocated to the assets acquired, with the excess of the fair value of assets acquired over the purchase price recorded as a gain. The bargain purchase was mainly attributed to the FTC-mandated divestiture of products by Watson and Actavis in conjunction with the approval of the related Watson/Actavis Merger.

Note 5—Edict acquisition:

On February 17, 2012, through Par Pharmaceutical, Inc., our wholly-owned subsidiary, we completed our acquisition of privately-held Edict Pharmaceuticals Private Limited, which has been renamed Par Formulations

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Private Limited (referred to as "Par Formulations"), for cash and our repayment of certain additional pre-close indebtedness (the "Edict Acquisition"). The operating results of Par Formulations were included in our consolidated financial results from the date of acquisition. The operating results were reflected as part of the Par Pharmaceutical segment. We funded the purchase from cash on hand.

The addition of Par Formulations broadened our industry expertise and expanded our research & development and manufacturing capabilities. The Edict Acquisition was revalued as part of the business combination accounting for the Merger. Refer to Note 2—"Sky Growth Merger."

Note 6—Pending acquisitions as of December 31, 2014:

In December 2014, our wholly-owned subsidiary, Par Formulations Private Limited, entered into an agreement to purchase certain assets of privately-held Nuray Chemicals Private Limited ("Nuray"), a Chennai, India based developer and manufacturer of active pharmaceutical ingredients ("API") for approximately $20.0 million in cash, contingent payments and other consideration. A vice president of the Company is a minority shareholder of Nuray. The assets to be acquired via a definitive agreement consist of a FDA approved facility that manufactures API, including real property, improvements and related assets. The closing of the acquisition is subject to the receipt of applicable regulatory approvals and other customary closing terms and conditions. The acquisition will be accounted for as a business combination under the guidance of ASC 805. The operating results of the acquired business will be included in our consolidated financial results from the date of the closing of the acquisition as part of the Par Pharmaceutical segment. We intend to fund the purchase from cash on hand.

In January 2015, we completed our acquisition of Innoteq, Inc., a privately-held domestic corporation that is engaged in the business of researching, developing and manufacturing transdermal patches and thin film, slow dissolve film, coated/non-woven film and other coated pharmaceutical and consumer products, for approximately $27.0 million.

In January 2015, we acquired Par Biosciences Private Limited (formerly Ethics Bio Lab Private Limited), a clinical research organization located in India for $10.0 million.

The Company will account for these transactions as business combinations using the acquisition method of accounting in accordance with ASC 805, Business Combinations. The Company will provide this information in its Quarterly Report on Form 10-Q for the quarter ended March 31, 2015 for the acquisitions completed in January 2015.

Note 7—Available for sale marketable debt securities:

At December 31, 2014, we had no marketable debt securities. As of December 31, 2013, all of our investments in marketable debt securities were classified as available for sale and, as a result, were reported at their estimated fair values on the condensed consolidated balance sheets. Refer to Note 8—"Fair Value Measurements."

Available for sale marketable debt securities are generally classified as current on our consolidated balance sheet.

The following is a summary of amortized cost and estimated fair value of our investments in marketable debt securities available for sale at December 31, 2013 ($ in thousands):

		Unrealized		Estimated
	Cost	Gain	(Loss)	Fair Value
Corporate bonds	$3,522	$ 19	$ —	$ 3,541