

**PAR PHARMACEUTICAL COMPANIES, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

(In Thousands, Except Share Data)  
(Unaudited)

	<b>June 28,</b>	<b>December</b>
	<b>2008</b>	<b>31,</b>
	<u>2007</u>	<u>2007</u>
<b><u>ASSETS</u></b>		
Current assets:		
Cash and cash equivalents	\$177,656	\$200,132
Available for sale debt and marketable equity securities	115,306	85,375
Accounts receivable, net	61,284	64,182
Inventories	51,774	84,887
Prepaid expenses and other current assets	15,684	14,294
Deferred income tax assets	54,868	56,921
Income taxes receivable	21,715	17,516
Total current assets	<u>498,287</u>	<u>523,307</u>
Property, plant and equipment, at cost less accumulated depreciation and amortization		
	84,771	82,650
Available for sale debt and marketable equity securities	5,156	6,690
Investment in joint venture	-	6,314
Other investments	2,500	2,500
Intangible assets, net	55,350	36,059
Goodwill	63,729	63,729
Deferred financing costs and other assets	2,085	2,544
Non-current deferred income tax assets, net	59,252	57,730
Total assets	<u><u>\$771,130</u></u>	<u><u>\$781,523</u></u>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
Current liabilities:		
Current portion of long-term debt	\$200,000	\$200,000
Accounts payable	27,850	32,200
Payables due to distribution agreement partners	44,885	36,479
Accrued salaries and employee benefits	8,807	16,596
Accrued expenses and other current liabilities	31,196	27,518
Total current liabilities	<u>312,738</u>	<u>312,793</u>
Long-term debt, less current portion	-	-
Other long-term liabilities	32,108	30,975
Commitments and contingencies	-	-
Stockholders' equity		
Preferred Stock, par value \$0.0001 per share, authorized 6,000,000 shares; none		
issued and outstanding	-	-
Common Stock, par value \$0.01 per share, authorized 90,000,000 shares; issued		
37,187,155 and 36,460,461 shares	372	364
Additional paid-in capital	282,033	274,963
Retained earnings	212,718	230,195
Accumulated other comprehensive loss	(1,235)	(1,362)
Treasury stock, at cost 2,666,226 and 2,604,977 shares	<u>(67,604)</u>	<u>(66,405)</u>
Total stockholders' equity	<u>426,284</u>	<u>437,755</u>
Total liabilities and stockholders' equity	<u><u>\$771,130</u></u>	<u><u>\$781,523</u></u>

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**PAR PHARMACEUTICAL COMPANIES, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In Thousands, Except Per Share Data)  
(Unaudited)

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>June 28,</u> <u>2008</u>	<u>June 30,</u> <u>2007</u>	<u>June 28,</u> <u>2008</u>	<u>June 30,</u> <u>2007</u>
Revenues:				
Net product sales	\$108,289	\$160,014	\$259,526	\$382,603
Other product related revenues	4,648	7,626	8,339	19,247
Total revenues	<u>112,937</u>	<u>167,640</u>	<u>267,865</u>	<u>401,850</u>
Cost of goods sold	<u>87,829</u>	<u>111,085</u>	<u>193,236</u>	<u>257,606</u>
Gross margin	25,108	56,555	74,629	144,244
Operating expenses:				
Research and development	15,955	14,277	33,113	28,316
Selling, general and administrative	36,690	33,999	68,037	66,556
Settlements, net	-	-	-	(578)
Total operating expenses	<u>52,645</u>	<u>48,276</u>	<u>101,150</u>	<u>94,294</u>
Gain on sale of product rights and other	<u>(500)</u>	<u>-</u>	<u>(2,125)</u>	<u>(20,000)</u>
Operating (loss) income	<u>(27,037)</u>	<u>8,279</u>	<u>(24,396)</u>	<u>69,950</u>
Other (expense) income, net	-	(30)	-	(49)
Equity in loss of joint venture	(310)	(80)	(330)	(228)
Loss on marketable securities and other investments, net	(433)	(6,040)	(433)	(4,643)
Interest income	2,129	3,901	5,143	6,585
Interest expense	<u>(1,667)</u>	<u>(1,727)</u>	<u>(3,334)</u>	<u>(3,445)</u>
(Loss) income from continuing operations before provision for income taxes	<u>(27,318)</u>	<u>4,303</u>	<u>(23,350)</u>	<u>68,170</u>
(Benefit) provision for income taxes	<u>(7,523)</u>	<u>1,505</u>	<u>(6,081)</u>	<u>23,858</u>
(Loss) income from continuing operations	<u>(19,795)</u>	<u>2,798</u>	<u>(17,269)</u>	<u>44,312</u>
Discontinued operations:				
Gain from discontinued operations	-	-	505	-
Provision for income taxes	<u>268</u>	<u>-</u>	<u>713</u>	<u>-</u>
Loss from discontinued operations	<u>268</u>	<u>-</u>	<u>208</u>	<u>-</u>
Net (loss) income	<u><u>(\$20,063)</u></u>	<u><u>\$2,798</u></u>	<u><u>(\$17,477)</u></u>	<u><u>\$44,312</u></u>
Basic (loss) earnings per share of common stock:				
(Loss) income from continuing operations	(\$0.59)	\$0.08	(\$0.52)	\$1.28
Loss from discontinued operations	<u>(0.01)</u>	<u>-</u>	<u>(0.01)</u>	<u>-</u>
Net (loss) income	<u><u>(\$0.60)</u></u>	<u><u>\$0.08</u></u>	<u><u>(\$0.53)</u></u>	<u><u>\$1.28</u></u>
Diluted (loss) earnings per share of common stock:				
(Loss) income from continuing operations	(\$0.59)	\$0.08	(\$0.52)	\$1.27
Loss from discontinued operations	<u>(0.01)</u>	<u>-</u>	<u>(0.01)</u>	<u>-</u>
Net (loss) income	<u><u>(\$0.60)</u></u>	<u><u>\$0.08</u></u>	<u><u>(\$0.53)</u></u>	<u><u>\$1.27</u></u>
Weighted average number of common shares outstanding:				
Basic	<u>33,304</u>	<u>34,676</u>	<u>33,262</u>	<u>34,647</u>
Diluted	<u>33,304</u>	<u>34,943</u>	<u>33,262</u>	<u>34,970</u>