



King Pharmaceuticals

Fourth Quarter and Year End 2008 Financial Results

*February 26, 2009*

## Forward-looking Statements

This presentation contains forward-looking statements which reflect management's current view of future events and operations, including, but not limited to, statements pertaining to the Company's strategic plan for growth, development pipeline, financial expectations, and the potential of its products and business segments. The forward-looking statements involve certain significant risks and uncertainties, and actual results may differ materially from the forward-looking statements. Certain factors that may cause actual results to differ materially from the forward-looking statements are discussed in the "Risk Factors" section and other sections of the Company's Form 10-K for the year ended December 31, 2007 and Form 10-Q for the third quarter ended September 30, 2008, which are on file with the U.S. Securities and Exchange Commission. King does not undertake to publicly update or revise any of its forward-looking statements even if experience or future changes show that the indicated results or events will not be realized.

## About Special Items

Under Generally Accepted Accounting Principles (“GAAP”), reported “net earnings” and “diluted earnings per share” include special items. In addition to the reported results determined in accordance with GAAP, King provides its net earnings and diluted earnings per share results for the fourth quarters and years ended December 31, 2008 and 2007, excluding special items. These non-GAAP financial measures exclude special items which are those particular material income or expense items that King considers to be unrelated to the Company’s ongoing, underlying business, non-recurring, or not generally predictable. King believes the identification of special items enhances the analysis of the Company’s ongoing, underlying business and the analysis of the Company’s financial results when comparing those results to that of a previous or subsequent like period. However, it should be noted that the determination of whether to classify an item as a special item involves judgments by King’s management.

## Alpharma Acquisition Strengthens Platform for Long-Term Growth

- Creates a leading specialty pharmaceutical company with greater scale and capabilities
- Multiple product launches organized around a focused sales force effort
- Adds expertise and portfolio depth in pain management
- Expands portfolio of pain management products – including multiple platform technologies designed to deliver new innovative products
- Alpharma's Animal Health division, a leading medicated feed additives business, provides an additional reliable source of cash flow

## 2008 Milestones

- Flector<sup>®</sup> Patch shows impressive growth following 1Q 2008 launch
- Thrombin-JMI<sup>®</sup> maintains position as a leading topical hemostat
- Embeda<sup>™</sup> NDA accepted for filing; awaiting completion of FDA review
- Remoxy<sup>®</sup> NDA accepted for filing; complete response letter received December 2008
- Acurox<sup>®</sup> NDA submitted December 2008
- CorVue<sup>™</sup> NDA submitted December 2008
- T-62 Phase II neuropathic pain clinical trial initiated December 2008

## Cash/Debt Position

December 31, 2008

Cash (U.S./available)	\$698*
Cash (ex-U.S.)	\$243
Auction Rate Securities – Par Value	\$417
\$475 Revolver	\$425
Term Loan	\$200
Existing Convertible Senior Notes	\$400
Alpharma Convertible Notes	\$385*

-All amounts \$ in millions

\*In February 2009, utilizing available U.S. cash, King redeemed the Alpharma convertible bonds for a total of approximately of \$385

# King Pharmaceuticals

## Full Year 2008 Performance Versus Forecast

	<u>2008 FORECAST</u>	<u>2008 ACTUAL</u>
Cash Flow from Ops	\$400 - \$450	\$491
SG&A	\$420 - \$435	\$413
Gross Margin	75%	75%

-All amounts exclude special items  
-All amounts \$ in millions

## King Pharmaceuticals Selected Financial Information Fourth Quarter and Year Ended December 31, 2008

	<u>4Q 2008</u>	<u>Full Year 2008</u>
Revenue	\$348	\$1,565
Gross Margin	73%	75%
Total SG&A	\$102	\$413
Total D&A	\$29	\$148
Total R&D	\$34	\$145
EPS GAAP	\$(2.25)	\$(1.37)
EPS Excluding Special Items	\$0.24	\$1.24
<u>Select Segment Revenues</u>		
Branded Pharmaceuticals	\$277	\$1,263
Meridian Auto-Injector	\$53	\$218

-All amounts exclude special items and any 4Q or year end 2008 operating results for Alpharma  
 -All amounts \$ in millions except EPS

## Alpharma Inc. Selected Financial Information Fourth Quarter and Year Ended December 31, 2008

	<u>4Q 2008</u>	<u>Full Year 2008</u>
<u>Select Product Net Sales</u>		
Flector <sup>®</sup> Patch	\$37	\$129
<u>Select Segment Revenues</u>		
Animal Health	\$89	\$360

-All amounts are unaudited  
-All amounts \$ in millions

## King Pharmaceuticals Selected 2009 Forecasts

Gross Margin	68%
Total SG&A	\$560 - \$580
Total D&A	\$220 - \$225
Total R&D	\$100 - \$110*
Net Interest Expense	\$70
Tax Rate	37%
Cash Flow from Operations	\$375 - \$400

-All amounts exclude special items

-All amounts \$ in millions

\*Excludes any development milestones King may pay to its partners

## Near-term Outlook for King Continued Focus on Execution

- Fully Integrate Alpharma
  - Capture synergies and drive efficiency
- Maximize revenue and profitability of currently marketed products
- Opportunities to Introduce New Products
  - Secure regulatory approvals
  - Commercial readiness
  - Successful launch
- Advance the pipeline
- Now a stronger, more efficient and competitive company with enhanced ability to deliver superior value to stockholders

## About Forward-looking Statements

This presentation contains forward-looking statements which reflect management's current view of future events and operations, including, but not limited to, statements pertaining to the Company's plan to maximize its current product portfolio, develop and launch pipeline products, enhance capabilities and maximize efficiency; statements pertaining to the Company's ability to capture synergies and effectively integrate Alpharma; statements pertaining to the Company's expectations regarding the acceptance, review or approval of New Drug Applications ("NDA") for REMOXY<sup>®</sup>, EMBEDA<sup>™</sup>, ACUROX<sup>®</sup> Tablets and CORVUE<sup>™</sup> by the U.S. Food and Drug Administration ("FDA"); statements pertaining to the Company's plan to develop products that utilize the ORADUR<sup>™</sup>, Sequestered Naltrexone, and AVERSION<sup>®</sup> formulation technology platforms; and statements pertaining to the market opportunity for opioid products that are designed to resist and/or deter common methods of abuse. These forward-looking statements involve certain significant risks and uncertainties, and actual results may differ materially from the forward-looking statements. Some important factors which may cause actual results to differ materially from the forward-looking statements include King's ability to achieve the synergies and value creation contemplated by the acquisition of Alpharma; King's ability to promptly and effectively integrate the businesses of Alpharma and King; the potential of the Company's branded pharmaceutical products; expectations regarding the enforceability and effectiveness of product-related patents; expected trends and projections with respect to particular products, reportable segments and income and expense line items; the adequacy of King's liquidity and capital resources; anticipated capital expenditures; the unpredictability of the duration and results of the FDA's review of Investigational New Drug applications ("IND") and NDAs, and/or the review of other regulatory agencies worldwide that relate to projects in King's development pipeline; the development, approval and successful commercialization of certain products; the successful execution of growth and restructuring strategies; anticipated developments and expansions of King's business; plans for the manufacture of some of King's products; the potential costs, outcomes and timing of research, clinical trials and other development activities involving pharmaceutical products; the development of product line extensions; the expected timing of the initial marketing of certain products; products developed, acquired or in-licensed (continued on next page)

## About Forward-looking Statements

that may be commercialized; King's intent, beliefs or current expectations, primarily with respect to future operating performance; expectations regarding sales growth, gross margins, manufacturing productivity, capital expenditures and effective tax rates; expectations regarding the outcome of various pending legal proceedings; expectations regarding King's financial condition and liquidity as well as future cash flows and earnings; expectations regarding the ability to liquidate King's holdings of auction rate securities; unexpected events which could affect the Company's future cash flows from operations; the availability and cost of raw materials; dependence on no material interruptions in the manufacture of adequate commercial supply of King's products; the potential affect on sales of the Company's existing branded pharmaceutical products as a result of the potential development and approval of a generic substitute for any such product or other new competitive products; the potential effect of future acquisitions and other transactions pursuant to the Company's growth strategy; King's compliance with FDA and other government regulations that relate to the Company's business; King's ability to manufacture adequate commercial quantities of new products it develops; changes in general economic and business conditions; changes in current pricing levels; changes in federal and state laws and regulations; changes in competition; changes in technologies and technological advances; and manufacturing capacity constraints. Other important factors that may cause actual results to differ materially from the forward-looking statements are discussed in the "Risk Factors" section and other sections of King's Form 10-K for the year ended December 31, 2007, and Form 10-Q for the quarter ended September 30, 2008, which are on file with the U.S. Securities and Exchange Commission. King does not undertake to publicly update or revise any of its forward-looking statements even if experience or future changes show that the indicated results or events will not be realized.



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