

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2011 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2011 or fiscal plan year beginning <u>01/01/2011</u> and ending <u>12/31/2011</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information				
1a Name of plan <u>FERRING PHARMACEUTICALS INC DEFINED CONTRIBUTION PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>002</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>03/01/2009</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>002</u>	1c Effective date of plan <u>03/01/2009</u>	
1b Three-digit plan number (PN) ▶	<u>002</u>				
1c Effective date of plan <u>03/01/2009</u>					
2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan) <u>FERRING PHARMACEUTICALS INC</u> <u>4 GATEHALL DR STE 3</u> <u>PARSIPPANY, NJ 07054-4522</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>54-1179881</u></td> </tr> <tr> <td>2c Sponsor's telephone number <u>973-796-1637</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>424210</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>54-1179881</u>	2c Sponsor's telephone number <u>973-796-1637</u>	2d Business code (see instructions) <u>424210</u>	
2b Employer Identification Number (EIN) <u>54-1179881</u>					
2c Sponsor's telephone number <u>973-796-1637</u>					
2d Business code (see instructions) <u>424210</u>					

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/12/2012	LALIT AHLUWALIA
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/12/2012	LALIT AHLUWALIA
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2011)
v.012611

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") FERRING PHARMACEUTICALS INC 4 GATEHALL DR STE 3 PARSIPPANY, NJ 07054-4522	3b Administrator's EIN 54-1179881 3c Administrator's telephone number 973-796-1637
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
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5 Total number of participants at the beginning of the plan year	5	293
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6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	298
b Retired or separated participants receiving benefits.....	6b	0
c Other retired or separated participants entitled to future benefits.....	6c	14
d Subtotal. Add lines 6a , 6b , and 6c	6d	312
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	0
f Total. Add lines 6d and 6e	6f	312
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	195
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	0

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:

2E 2F 2G 2T 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1) ☒ **R** (Retirement Plan Information)
- (2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- (3) ☐ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1) ☒ **H** (Financial Information)
- (2) ☐ **I** (Financial Information – Small Plan)
- (3) ☒ 1 **A** (Insurance Information)
- (4) ☒ **C** (Service Provider Information)
- (5) ☐ **D** (DFE/Participating Plan Information)
- (6) ☐ **G** (Financial Transaction Schedules)

SCHEDULE A (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Insurance Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500. ▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).	OMB No. 1210-0110
		2011
		This Form is Open to Public Inspection

For calendar plan year 2011 or fiscal plan year beginning **01/01/2011** and ending **12/31/2011**

A Name of plan FERRING PHARMACEUTICALS INC DEFINED CONTRIBUTION PLAN	B Three-digit plan number (PN) ▶ 002
C Plan sponsor's name as shown on line 2a of Form 5500 FERRING PHARMACEUTICALS INC	D Employer Identification Number (EIN) 54-1179881

Part I	Information Concerning Insurance Contract Coverage, Fees, and Commissions Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.
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1 Coverage Information:

(a) Name of insurance carrier
PRINCIPAL LIFE INSURANCE COMPANY

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
42-0127290	61271	613953	312	01/01/2011	12/31/2011

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in item 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	(b) Total amount of fees paid
4282	297

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

J M BRAYBOY
ROSE AND KIERNAN, INC
99 TROY RD
E GREENBUSH, NY 12061-1027

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	
4282	297	REFERRAL/SERVICE FEE	3

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4 Current value of plan's interest under this contract in the general account at year end	4	0
5 Current value of plan's interest under this contract in separate accounts at year end	5	0

6 Contracts With Allocated Funds:**a** State the basis of premium rates ▶

b Premiums paid to carrier	6b	
c Premiums due but unpaid at the end of the year	6c	
d If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount. Specify nature of costs ▶	6d	

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity
(3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan check here ▶ ☐**7** Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee
(3) ☐ guaranteed investment (4) ☒ other ▶ CUSTODIAL GUARANTEED INTEREST CONTRACT

b Balance at the end of the previous year	7b	17076
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c Additions: (1) Contributions deposited during the year	7c(1)	17690	
(2) Dividends and credits	7c(2)		
(3) Interest credited during the year	7c(3)	465	
(4) Transferred from separate account	7c(4)		
(5) Other (specify below)	7c(5)	3971	

▶ OUTSIDE INVESTMENT TRANSFER

(6) Total additions	7c(6)	22126
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d Total of balance and additions (add b and c(6))	7d	39202
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e Deductions:

(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	21290	
(2) Administration charge made by carrier	7e(2)	15	
(3) Transferred to separate account	7e(3)		
(4) Other (specify below)	7e(4)	5778	

▶ OUTSIDE INVESTMENT TRANSFER

(5) Total deductions	7e(5)	27083
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f Balance at the end of the current year (subtract e(5) from d)	7f	12119
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Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** ☐ Health (other than dental or vision)
 b ☐ Dental
 c ☐ Vision
 d ☐ Life insurance
e ☐ Temporary disability (accident and sickness)
 f ☐ Long-term disability
 g ☐ Supplemental unemployment
 h ☐ Prescription drug
i ☐ Stop loss (large deductible)
 j ☐ HMO contract
 k ☐ PPO contract
 l ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:

a Premiums: (1) Amount received.....	9a(1)		
(2) Increase (decrease) in amount due but unpaid.....	9a(2)		
(3) Increase (decrease) in unearned premium reserve.....	9a(3)		
(4) Earned ((1) + (2) - (3)).....		9a(4)	
b Benefit charges (1) Claims paid.....	9b(1)		
(2) Increase (decrease) in claim reserves.....	9b(2)		
(3) Incurred claims (add (1) and (2)).....		9b(3)	
(4) Claims charged.....		9b(4)	
c Remainder of premium: (1) Retention charges (on an accrual basis) --			
(A) Commissions.....	9c(1)(A)		
(B) Administrative service or other fees.....	9c(1)(B)		
(C) Other specific acquisition costs.....	9c(1)(C)		
(D) Other expenses.....	9c(1)(D)		
(E) Taxes.....	9c(1)(E)		
(F) Charges for risks or other contingencies.....	9c(1)(F)		
(G) Other retention charges.....	9c(1)(G)		
(H) Total retention.....		9c(1)(H)	
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.).....		9c(2)	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement.....		9d(1)	
(2) Claim reserves.....		9d(2)	
(3) Other reserves.....		9d(3)	
e Dividends or retroactive rate refunds due. (Do not include amount entered in c(2).).....		9e	

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier.....	10a	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, item 2 above, report amount.	10b	

Specify nature of costs ▶

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2011
		This Form is Open to Public Inspection.

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan <u>FERRING PHARMACEUTICALS INC DEFINED CONTRIBUTION PLAN</u>	B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>FERRING PHARMACEUTICALS INC</u>	D Employer Identification Number (EIN) <u>54-1179881</u>

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
PRINCIPAL LIFE INSURANCE COMPANY

42-0127290

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

PRINCIPAL LIFE INSURANCE COMPANY

42-0127290

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
13 50 64	CONTRACT ADMINISTRATOR	12948	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name: WITHUM SMITH AND BROWN	b EIN: 22-2027092
c Position: ACCOUNTANT	
d Address: 465 SOUTH STREET, SUITE 200 MORRISTOWN, NJ 07960	e Telephone: 973-898-9494

Explanation: AWARDED THE BUSINESS TO ANOTHER FIRM.

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2011 This Form is Open to Public Inspection
For calendar plan year 2011 or fiscal plan year beginning <u>01/01/2011</u> and ending <u>12/31/2011</u>		
A Name of plan <u>FERRING PHARMACEUTICALS INC DEFINED CONTRIBUTION PLAN</u>		B Three-digit plan number (PN) ► <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>FERRING PHARMACEUTICALS INC</u>		D Employer Identification Number (EIN) <u>54-1179881</u>

Part I	Asset and Liability Statement		(a) Beginning of Year	(b) End of Year
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.				
	Assets			
a	Total noninterest-bearing cash	1a		
b	Receivables (less allowance for doubtful accounts):			
	(1) Employer contributions	1b(1)	1193367	0
	(2) Participant contributions	1b(2)	0	0
	(3) Other	1b(3)	0	0
c	General investments:			
	(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
	(2) U.S. Government securities	1c(2)		
	(3) Corporate debt instruments (other than employer securities):			
	(A) Preferred	1c(3)(A)		
	(B) All other	1c(3)(B)		
	(4) Corporate stocks (other than employer securities):			
	(A) Preferred	1c(4)(A)		
	(B) Common	1c(4)(B)		
	(5) Partnership/joint venture interests	1c(5)		
	(6) Real estate (other than employer real property)	1c(6)		
	(7) Loans (other than to participants)	1c(7)		
	(8) Participant loans	1c(8)		
	(9) Value of interest in common/collective trusts	1c(9)		
	(10) Value of interest in pooled separate accounts	1c(10)		
	(11) Value of interest in master trust investment accounts	1c(11)		
	(12) Value of interest in 103-12 investment entities	1c(12)		
	(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	924922	1875942
	(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)	17076	12119
	(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	2135365	1888061

Liabilities

g Benefit claims payable	1g	0	
h Operating payables	1h	0	
i Acquisition indebtedness	1i	0	
j Other liabilities	1j	0	
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	2135365	1888061
---	-----------	---------	---------

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	0	
(B) Participants	2a(1)(B)	0	
(C) Others (including rollovers)	2a(1)(C)	0	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		0
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	0	
(B) U.S. Government securities	2b(1)(B)	0	
(C) Corporate debt instruments	2b(1)(C)	0	
(D) Loans (other than to participants)	2b(1)(D)	0	
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)	465	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		465
(2) Dividends: (A) Preferred stock	2b(2)(A)	0	
(B) Common stock	2b(2)(B)	0	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	30863	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		30863
(3) Rents	2b(3)		0
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	0	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	0	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)	0	
(B) Other	2b(5)(B)	0	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B).....	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		0
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		0
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		0
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		0
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		-117502
c Other income.....	2c		0
d Total income. Add all income amounts in column (b) and enter total.....	2d		-86174

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	148182	
(2) To insurance carriers for the provision of benefits	2e(2)	0	
(3) Other	2e(3)	0	
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		148182
f Corrective distributions (see instructions)	2f		0
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)	0	
(2) Contract administrator fees	2i(2)	12948	
(3) Investment advisory and management fees	2i(3)	0	
(4) Other	2i(4)	0	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		12948
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		161130

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		-247304
l Transfers of assets:			
(1) To this plan.....	2l(1)		0
(2) From this plan	2l(2)		0

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: MCGLADREY LLP

(2) EIN: 42-0714325

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	0
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	0
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	0
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	0
e Was this plan covered by a fidelity bond?.....	X		3000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?

If "Yes," enter the amount of any plan assets that reverted to the employer this year..... ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

5b(2) EIN(s)	5b(3) PN(s)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2011 This Form is Open to Public Inspection.
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For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan <u>FERRING PHARMACEUTICALS INC DEFINED CONTRIBUTION PLAN</u>	B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>FERRING PHARMACEUTICALS INC</u>	D Employer Identification Number (EIN) <u>54-1179881</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>42-0127290</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☐ N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.).....	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. Complete as many entries as needed to report all applicable employers.

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

a Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

Ferring Pharmaceuticals Inc. Defined Contribution Plan

Financial Report
December 31, 2011

Ferring Pharmaceuticals Inc. Defined Contribution Plan

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Independent Auditor's Report

To the Trustees and Participants
Ferring Pharmaceuticals Inc. Defined Contribution Plan
Parsippany, New Jersey

We were engaged to audit the accompanying statement of net assets available for benefits of the Ferring Pharmaceuticals Inc. Defined Contribution Plan (the "Plan") as of December 31, 2011, and the related statement of changes in net assets available for benefits for the year then ended, and supplemental schedule of assets (held at end of year) as of December 31, 2011. These financial statements and the supplemental schedule are the responsibility of the Plan's management. The financial statements of the Plan as of December 31, 2010, were audited by other auditors whose report dated September 27, 2011, did not express an opinion on the 2010 financial statements for the same reasons described in the following paragraph.

As permitted by 29 CFR 2520.103-8 of the United States Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3 which was certified by Principal Trust Company, the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedule. We have been informed by the Plan Administrator that the trustee holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from the trustee regarding the completeness and accuracy of the information summarized in Note 3 that was provided to the Plan Administrator by the trustee as of and for the year ended December 31, 2011 and as of December 31, 2010.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the 2011 accompanying financial statements and supplemental schedule taken as a whole. The supplemental schedule is presented for the purposes of additional analysis and is not a required part of the financial statements but is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The form and content of the information included in the 2011 financial statements and supplemental schedule, other than that derived from the information certified or provided by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the United States Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

McGladrey LLP

Blue Bell, Pennsylvania
October 12, 2012

Ferring Pharmaceuticals Inc. Defined Contribution Plan

Statements of Net Assets Available for Benefits December 31, 2011 and 2010

	2011	2010
Assets		
Investments, at fair value		
Registered investment companies	\$ 1,875,942	\$ 924,922
Guaranteed investment contract	12,119	17,076
	<u>1,888,061</u>	<u>941,998</u>
Total investments, at fair value	<u>1,888,061</u>	<u>941,998</u>
Receivables		
Employer contributions	<u>1,537,494</u>	<u>1,193,367</u>
Net assets available for benefits	<u><u>\$ 3,425,555</u></u>	<u><u>\$ 2,135,365</u></u>

See Notes to Financial Statements.

Ferring Pharmaceuticals Inc. Defined Contribution Plan

Statement of Changes in Net Assets Available for Benefits Year Ended December 31, 2011

Additions

Investment income	
Net depreciation in fair value of investments	\$ (123,752)
Interest	465
Dividends	<u>37,113</u>
Total investment loss	<u>(86,174)</u>
Contributions	
Employer	<u>1,537,494</u>
Total contributions	<u>1,537,494</u>
Total additions	<u>1,451,320</u>

Deductions

Benefits paid to participants	148,182
Administrative expenses	<u>12,948</u>
Total deductions	<u>161,130</u>
Increase in net assets available for benefits	1,290,190

Net assets available for benefits:

Beginning	<u>2,135,365</u>
Ending	<u><u>\$ 3,425,555</u></u>

See Notes to Financial Statements.

Ferring Pharmaceuticals Inc. Defined Contribution Plan

Notes to Financial Statements

Note 1. Description of Plan

General: The Ferring Pharmaceuticals Inc. Defined Contribution Plan (the "Plan") was established on March 1, 2009 for the benefit of employees of Ferring Pharmaceuticals Inc. (the "Company" or the "Plan Sponsor") to share in Company discretionary contributions. There are no participant funded contributions under the terms of this Plan. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

The Plan is a defined contribution plan covering all employees of the Company. Employees become eligible to participate on January 1 or July 1 of a given year, after completion of twelve months of defined service with the Company. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). Earnings in future periods will accumulate in the Plan with deferral of Federal and state income tax. Principal Trust Company ("Principal" or the "Trustee") is the trustee of Plan assets.

Employer Contributions: The Company may make a discretionary contribution to the Plan each year in an amount equal to a percentage of annual compensation for the Plan year for persons who met the eligibility requirements discussed above. The allocation of the contribution to each employee is based on when the employee was hired. Any employee hired prior to January 1, 2011 receives 6.25%, employees hired on or after January 1, 2011 receive 3% and employees of an adopting employer receive 3%. The contribution is not to exceed the maximum amount per Internal Revenue Service limits.

Participant Accounts: Each participant's account is credited with the participant's pro rata share of the Company's contribution and an allocation of Plan earnings and expenses. A participant may direct Company contributions into a variety of investment funds offered by the Trustee. Participants direct the investments of their own accounts within such investment funds and may periodically change their investment options.

Vesting: Participant account balances are fully vested after 3 years of defined service. In the event participants leave the Company for any reason and the vested balance is \$5,000 or less, they are required to withdraw their vested account balance. Participants become fully vested in balances upon death, disability, and normal or early retirement. The normal benefit under the Plan is a lump sum payment equal to the participant's vested account balance upon retirement or termination. In addition, terminated employees with vested account balances in excess of \$5,000 may elect to leave their account balance in the Plan and share in future investment results only.

Forfeitures: If a participant terminates employment with the Company and is less than 100% vested in Company contributions, the participant will forfeit the non-vested portion. Any future amounts forfeited would be used to reduce Company discretionary contributions. Forfeitures applied to the 2011 and 2010 contribution totaled \$59,232 and \$64,507, respectively.

Benefit Payments: After participants reach age 59 ½, they may withdraw all or a portion of their vested account balance. Termination withdrawals are a result of termination of employment, retirement, or death. Distributions are paid directly to an eligible retirement plan specified by the participant (or designated beneficiary) in a lump sum payment. Distributions can also be paid in cash, if so elected.

Plan Termination: Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

Ferring Pharmaceuticals Inc. Defined Contribution Plan

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies

Basis of Accounting: The financial statements of the Plan are prepared on the accrual basis of accounting.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires the Plan's management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition: Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements.

The Plan invests in a benefit-responsive guaranteed investment contract with Principal Life Insurance Company ("Principal"). Principal maintains the contributions in a general account. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The guaranteed investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan. Because the guaranteed investment contract is fully benefit-responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the guaranteed investment contract.

The guaranteed investment contract is included in the statement of net assets available for benefits at fair value. The fair value of the fully benefit-responsive investment contract approximates contract value at December 31, 2011 and 2010.

There are no reserves against contract value for credit risk of the contract issuer or otherwise. The crediting interest rate is based on a formula agreed upon with the issuer. Such interest rates are reviewed on a quarterly basis for resetting. Certain events may limit the ability of the Plan to transact at contract value with the issuer. Such events include, but are not limited to, the following: (1) amendments to the plan documents (including complete or partial plan termination or merger with another plan), (2) bankruptcy of the plan sponsor or other plan sponsor events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the Plan, or (3) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA. At December 31, 2011, the Plan Administrator does not believe that any events which could limit the Plan's ability to transact at contract value with participants are probable of occurring.

The guaranteed investment contract does not permit Principal Life Insurance Company to terminate the agreement prior to the scheduled maturity date.

	2011	2010
Based on actual earnings	2.5%	2.5%
Based on interest rate credited to participants	2.5%	2.5%

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Ferring Pharmaceuticals Inc. Defined Contribution Plan

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Investment Valuation and Income Recognition (Continued): Investment securities are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near-term and such changes could materially affect participant account balances and the amounts reported in the statements of net assets available for benefits.

Contributions: Employer discretionary contributions are recognized upon authorization as the underlying compensation is recognized. All contributions are participant-directed.

Payment of Benefits: Benefits are recorded when paid.

Administrative Expenses: Investment-related and recordkeeping expenses are paid from the Plan's assets. The Company pays all other expenses attributable to establishing and maintaining the Plan.

Subsequent Events: The Plan has evaluated subsequent events through October 12, 2012, the date the financial statements were available to be issued.

Income Taxes: GAAP require Plan management to evaluate tax positions taken by the Plan, and recognize a tax liability (or asset) if the Plan has taken any uncertain tax positions that more likely than not would not be sustained upon examination by a tax authority. Management evaluated the Plan's tax positions and concluded that the Plan had maintained its tax-exempt status and had taken no uncertain tax positions that require adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements. With few exceptions, the Plan is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for years before 2008.

Recent Accounting Pronouncements: In May 2011, the FASB issued ASU 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS*. ASU 2011-04 amended ASC 820, *Fair Value Measurement*, to converge the fair value measurement guidance in GAAP and International Financial Reporting Standards (IFRS). Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change a particular principle in ASC 820. In addition, ASU 2011-04 requires additional fair value disclosures. The amendments are to be applied prospectively and are effective for annual periods beginning after December 15, 2011. Plan management is currently evaluating the effect that the provisions of ASU 2011-04 will have on the Plan's financial statements.

Ferring Pharmaceuticals Inc. Defined Contribution Plan

Notes to Financial Statements

Note 3. Information Certified or Provided by Principal Trust Company ("Trustee")

The following is a summary of the Plan's asset information as of December 31, 2011 and 2010, and for the year ended December 31, 2011, included in the Plan's financial statements and supplemental schedule, that was prepared by or derived from information provided by the trustee and furnished to the Plan Administrator. The Plan Administrator has obtained certifications from the trustee that information provided to the Plan Administrator by the trustee related to the following assets is complete and accurate. Accordingly, as permitted by 29 CFR 2520.103-8 of the DOL's Rules and Regulations for Reporting and Disclosure under ERISA, the Plan Administrator instructed the Plan's independent auditors not to perform any auditing procedures with respect to the information which appears throughout the financial statements and supplemental schedule related to the following assets:

	2011	2010
Investments:		
Registered investment companies	\$ 1,875,942	\$ 924,922
Guaranteed investment contract	12,119	17,076
	<u>\$ 1,888,061</u>	<u>\$ 941,998</u>

Principal Trust Company also certified to the completeness and accuracy of (\$123,752) of net depreciation in fair value of investments and \$37,578 of interest and dividends related to the aforementioned plan assets for the year ended December 31, 2011.

During 2011, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) depreciated in value as follows:

Registered investment companies	\$ (123,752)
Guaranteed investment contract	-
	<u>\$ (123,752)</u>

Note 4. Fair Value Measurements

GAAP establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Ferring Pharmaceuticals Inc. Defined Contribution Plan

Notes to Financial Statements

Note 4. Fair Value Measurements (Continued)

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2011 and 2010.

Registered investment companies: Valued at the closing price reported on the active market on which the individual securities are traded.

Guaranteed investment contract: The fair value is based on the market values of the underlying securities.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2011 and 2010:

Assets at Fair Value as of December 31, 2011				
	Level 1	Level 2	Level 3	Total
Registered investment companies:				
High yield bond	\$ 10,863	\$ -	\$ -	\$ 10,863
Large-cap blend	1,661,269	-	-	1,661,269
Small-cap blend	27,064	-	-	27,064
Mid-cap value	8,903	-	-	8,903
Mid-cap blend	15,748	-	-	15,748
Small-cap value	9,705	-	-	9,705
Mid-cap growth	20,057	-	-	20,057
Large-cap growth	30,516	-	-	30,516
Large-cap value	10,687	-	-	10,687
Intermediate-term bond	81,130	-	-	81,130
Total registered investment companies, at fair value	1,875,942	-	-	1,875,942
Guaranteed investment contract	-	-	12,119	12,119
Total investments at fair value	\$ 1,875,942	\$ -	\$ 12,119	\$ 1,888,061

Ferring Pharmaceuticals Inc. Defined Contribution Plan

Notes to Financial Statements

Note 4. Fair Value Measurements (Continued)

	Assets at Fair Value as of December 31, 2010			
	Level 1	Level 2	Level 3	Total
Registered investment companies:				
High yield bond	\$ 4,324	\$ -	\$ -	\$ 4,324
Large-cap blend	841,760	-	-	841,760
Small-cap blend	8,583	-	-	8,583
Mid-cap value	2,192	-	-	2,192
Mid-cap blend	6,331	-	-	6,331
Small-cap value	1,357	-	-	1,357
Mid-cap growth	8,801	-	-	8,801
Large-cap growth	8,793	-	-	8,793
Large-cap value	3,884	-	-	3,884
Intermediate-term bond	38,897	-	-	38,897
Total registered investment companies, at fair value	924,922	-	-	924,922
Guaranteed investment contract	-	17,076	-	17,076
Total investments at fair value	\$ 924,922	\$ 17,076	\$ -	\$ 941,998

The table below sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the year ended December 31, 2011:

	Level 3 Assets
	Guaranteed Investment Contract
Balance, beginning of year	\$ -
Transfers into Level 3	17,076
Interest	465
Administrative expense	(15)
Purchases	17,690
Sales	(23,097)
Balance, end of year	\$ 12,119

In accordance with the Plan's accounting policy for the reporting of transfers into and out of each level to be reported as of the beginning of each period, effective January 1, 2011, the Plan transferred the guaranteed investment account from a Level 2 asset to a Level 3 asset. The Plan's management believes that significant inputs to the valuation of the guaranteed investment contract are unobservable and therefore require Level 3 classification.

Ferring Pharmaceuticals Inc. Defined Contribution Plan

Notes to Financial Statements

Note 5. Investments

The current value of individual investments that represent 5% or more of the Plan's net assets available for benefits as of December 31, 2011 and 2010 are as follows:

	2011	2010
Principal Global Investors Lifetime 2030 Fund	\$ 361,487	\$ 211,633
Principal Global Investors Lifetime 2040 Fund	204,955	*
Principal Management Corp. Lifetime 2035 Fund	351,745	174,676
Principal Management Corp. Lifetime 2045 Fund	226,838	*

* Investment did not comprise 5% or more of the Plan's net assets available for benefits as of the date indicated.

Note 6. Plan Termination

While the Company intends to continue the Plan, it reserves the right to change or terminate the Plan at any time. In the event the Plan should terminate, the Company will facilitate the distribution of account balances under the provisions of the Plan and Trust Agreement until all assets have been distributed by the Trustee. Upon completion of such distributions, the Trust will terminate, the Trustee will be relieved of all liability under the Trust Agreement, and no participant or other person will have claims thereunder, except as required by applicable law.

Note 7. Income Tax Status

The Plan is intended to be qualified under Section 401(a) of the Internal Revenue Code (the "Code") and is intended to be exempt from taxation under 501(a) of the Code. The Company adopted a non-standardized prototype plan which received an Internal Revenue Service ("IRS") opinion letter dated March 31, 2008. The Company believes the Plan is being operated in compliance with the applicable requirements of the Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

Note 8. Related Party Transactions

Certain Plan investments are shares of mutual funds and an investment contract managed by Principal. Principal is the trustee, as defined by the Plan, and therefore, these transactions qualify as party-in-interest transactions.

Ferring Pharmaceuticals Inc. Defined Contribution Plan

**Schedule H, Line 4(i) - Schedule of Assets (Held at End of Year)
December 31, 2011**

(a)	(b) Identity of Issuer, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral Par, or Maturity Value, Shares or Units	(d) Cost	(e) Current Value
	Registered investment companies			
*	Principal Global Investors Lifetime Strategy Income Fund	Registered investment company	** \$	1,548
*	Principal Global Investors Lifetime 2050 Fund	Registered investment company	**	26,725
*	Principal Global Investors Lifetime 2040 Fund	Registered investment company	**	204,955
*	Principal Global Investors Lifetime 2030 Fund	Registered investment company	**	361,487
*	Principal Global Investors Lifetime 2020 Fund	Registered investment company	**	132,051
*	Principal Global Investors Lifetime 2010 Fund	Registered investment company	**	74,901
*	Principal Management Corp Lifetime 2015 Fund	Registered investment company	**	91,508
*	Principal Management Corp Lifetime 2055 Fund	Registered investment company	**	848
*	Principal Management Corp Lifetime 2045 Fund	Registered investment company	**	226,838
*	Principal Management Corp Lifetime 2035 Fund	Registered investment company	**	351,745
*	Principal Management Corp Lifetime 2025 Fund	Registered investment company	**	106,924
	Franklin High Income Fund	Registered investment company	**	10,863
	Pimco Total Return Fund	Registered investment company	**	81,130
*	Principal Global Investors Real Estate Securities Fund	Registered investment company	**	16,505
	Fidelity Small Cap Fund	Registered investment company	**	8,292
	Prudential 20/20 Focus Fund	Registered investment company	**	15,022
	MFS Investment Management Global Equity Fund	Registered investment company	**	15,494
*	Principal Global Investors S&P 400 Index Fund	Registered investment company	**	15,748
*	Principal Global Investors S&P 500 Index Fund	Registered investment company	**	65,333
*	Principal Global Investors Intl Emerging Markets Fund	Registered investment company	**	10,687
*	Principal Global Investors Diversified International Fund	Registered investment company	**	7,745
*	Principal Global Investors Small Cap Value Fund	Registered investment company	**	9,705
*	Principal Global Investors S&P 600 Index Fund	Registered investment company	**	15,335
	Alliance Capital Management Small Cap Growth Fund	Registered investment company	**	3,436
	Turner Investment Partners Mid Cap Growth Fund	Registered investment company	**	3,552
	T. Rowe Price Large Cap Blend Fund	Registered investment company	**	8,662
	Goldman Sachs Asset Management Mid Cap Value Fund	Registered investment company	**	8,903
				1,875,942
*	Principal Fixed Income Guaranteed Option	Guaranteed investment contract	**	12,119
	Total investments, at fair value			<u><u>\$ 1,888,061</u></u>

* Designates party-in-interest.

** All investments are participant directed; therefore, cost information has not been presented.

The above information has been certified by Principal Trust Company, the trustee, to be complete and accurate.

SCHEDULE H, line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

SCHEDULE H, line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

FERRING PHARMACEUTICALS INC DEFINED CONTRIBUT

EIN 54 1179881
 PLAN NUMBER 002
 PLAN YEAR 01/01/2011 TO 12/31/2011

(A)	(B) Identity of issuer, borrower, lessor or similar party.	(C) Description of investment including maturity date, rate of interest, collateral, par or maturity value.	(D) Cost	(E) Current Value
	Fidelity Investments	Registered Investment Company Fidelity Adv Small Cap T Fund	\$ 0.00	\$ 8,292.15
	Franklin Templeton Investments	Registered Investment Company Franklin High Income R Fund	\$ 0.00	\$ 10,862.95
	MFS Investment Management	Registered Investment Company MFS Global Equity R2 Fund	\$ 0.00	\$ 15,493.95
*	Principal Life Insurance Company	Insurance Company General Prin Fixed Inc Guar Option	\$ 0.00	\$ 12,119.14
*	Principal Funds Inc	Registered Investment Company Prin Intl Emerg Mkts R3 Fund	\$ 0.00	\$ 10,686.68
*	Principal Funds Inc	Registered Investment Company Prin LargeCap Blend II R3 Fund	\$ 0.00	\$ 8,662.38
*	Principal Funds Inc	Registered Investment Company Prin LgCap S&P 500 Idx R3 Fund	\$ 0.00	\$ 65,333.11
*	Principal Funds Inc	Registered Investment Company Prin LifeTime Str Inc R3 Fund	\$ 0.00	\$ 1,546.53
*	Principal Funds Inc	Registered Investment Company Prin LifeTime 2010 R3 Fund	\$ 0.00	\$ 74,900.73
*	Principal Funds Inc	Registered Investment Company Prin LifeTime 2015 R3 Fund	\$ 0.00	\$ 91,508.02
*	Principal Funds Inc	Registered Investment Company Prin LifeTime 2020 R3 Fund	\$ 0.00	\$ 132,050.86
*	Principal Funds Inc	Registered Investment Company Prin LifeTime 2025 R3 Fund	\$ 0.00	\$ 106,923.76
*	Principal Funds Inc	Registered Investment Company Prin LifeTime 2030 R3 Fund	\$ 0.00	\$ 361,486.86
*	Principal Funds Inc	Registered Investment Company Prin LifeTime 2035 R3 Fund	\$ 0.00	\$ 351,745.46
*	Principal Funds Inc	Registered Investment Company Prin LifeTime 2040 R3 Fund	\$ 0.00	\$ 204,954.89

SCHEDULE H, line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

SCHEDULE H, line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

FERRING PHARMACEUTICALS INC DEFINED CONTRIBUT

EIN 54 1179881
PLAN NUMBER 002
PLAN YEAR 01/01/2011 TO 12/31/2011

(A)	(B) Identity of issuer, borrower, lessor or similar party.	(C) Description of investment including maturity date, rate of interest, collateral, par or maturity value.	(D) Cost	(E) Current Value
*	Principal Funds Inc	Registered Investment Company Prin LifeTime 2045 R3 Fund	\$ 0.00	\$ 226,837.59
*	Principal Funds Inc	Registered Investment Company Prin LifeTime 2050 R3 Fund	\$ 0.00	\$ 26,724.93
*	Principal Funds Inc	Registered Investment Company Prin LifeTime 2055 R3 Fund	\$ 0.00	\$ 848.39
*	Principal Funds Inc	Registered Investment Company Prin MidCap Growth III R3 Fund	\$ 0.00	\$ 3,551.63
*	Principal Funds Inc	Registered Investment Company Prin MidCap S&P 400 Idx R3 Fd	\$ 0.00	\$ 15,748.11
*	Principal Funds Inc	Registered Investment Company Prin MidCap Value I R3 Fund	\$ 0.00	\$ 8,903.08
*	Principal Funds Inc	Registered Investment Company Prin Real Estate Secs R3 Fund	\$ 0.00	\$ 16,505.36
*	Principal Funds Inc	Registered Investment Company Prin SmallCap Growth I R3 Fund	\$ 0.00	\$ 3,436.15
*	Principal Funds Inc	Registered Investment Company Prin SmallCap Value R3 Fund	\$ 0.00	\$ 9,705.27
*	Principal Funds Inc	Registered Investment Company Prin SmCap S&P 600 Idx R3 Fund	\$ 0.00	\$ 15,335.35
*	Principal Funds Inc	Registered Investment Company Principal Div Intl R3 Fund	\$ 0.00	\$ 7,745.40
	Jennison Dryden	Registered Investment Company Prud Jenn 20/20 Focus R Fund	\$ 0.00	\$ 15,022.36
	PIMCO Funds	Registered Investment Company PIMCO Total Return R Fund	\$ 0.00	\$ 81,129.56