UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	:	Chapter 11
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K-V Discovery Solutions, Inc., et al.,[1]	:	Case No. 12-13346 ( )
	:	
Debtors.	:	(Joint Administration Pending)

DECLARATION OF THOMAS S. MCHUGH IN SUPPORT OF CHAPTER 11 PETITIONS AND FIRST DAY PLEADINGS

I, Thomas S. McHugh, declare, pursuant to 28 U.S.C. § 1746, under penalty of perjury that:

1. I have served as the Treasurer and Vice President of K-V Discovery Solutions, Inc., a New York corporation, since July 2010 and Treasurer and Vice President or Chief Financial Officer of the other above-captioned debtors and debtors in possession (collectively, the "**Debtors**," and together with their non-debtor subsidiaries, the "**Company**") from various dates beginning in July 2010. In such capacity, I am familiar with the day-to-day operations, business and financial affairs of the Debtors.

2. On the date hereof (the "**Petition Date**"), each of the Debtors filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**"). The Debtors intend to continue in the possession of their respective properties and the management of their respective businesses as debtors in possession.

3. In order to enable the Debtors to operate effectively and to minimize the adverse effects of the chapter 11 filings, the Debtors have requested various types of relief in

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[1] The last four digits of the taxpayer identification numbers of the Debtors follow in parentheses: (i) K-V Discovery Solutions, Inc. (7982); (ii) DrugTech Corporation (3690); (iii) FP1096, Inc. (3119); (iv) K-V Generic Pharmaceuticals, Inc. (7844); (v) K-V Pharmaceutical Company (8919); (vi) K-V Solutions USA, Inc. (4772); (vii) Ther-Rx Corporation (3624); and (viii) Zeratech Technologies USA, Inc. (6911). The Debtors' executive headquarters are located at 2280 Schuetz Road, St. Louis, MO 63146.

"first day" applications and motions (the "**First Day Motions**") filed with the Court concurrently herewith, including a motion seeking to have the Debtors' chapter 11 cases consolidated for procedural purposes and jointly administered (the "**Joint Administration Motion**").

4. I submit this Declaration pursuant to Rule 1007 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**") and Rule 1007-2 of the Local Bankruptcy Rules for the Southern District of New York (the "**Local Bankruptcy Rules**"): (a) in support of the relief requested in the First Day Motions; (b) to explain to the Court and other interested parties the circumstances that compelled the Debtors to seek relief under the Bankruptcy Code; and (c) to provide certain information required by Local Bankruptcy Rule 1007-2. Except as otherwise indicated, all facts set forth in this Declaration are based upon my personal knowledge and the knowledge I have acquired from those who report to me, consultation with other officers of the Debtors, my review of relevant documents, or my opinion based upon experience, knowledge and information concerning the Debtors' operations and financial condition. If called upon to testify, I could and would testify competently to the facts set forth herein. I am duly authorized to submit this Declaration.

5. Part I of this Declaration provides background with respect to the Debtors' business, capital structure and reorganization efforts. Part II sets forth the relevant facts in support of the Debtors' First Day Motions. Part III provides the information required by Local Bankruptcy Rule 1007-2.

I. BACKGROUND

A. Introduction

6. The Company is a successor to a business originally founded in 1942. Historically, the Company was a fully integrated specialty pharmaceutical company that developed, manufactured, acquired and marketed branded and generic/non-branded prescription

pharmaceutical products. Following the divestiture of its generics business, described more fully below, the Company is now a specialty branded pharmaceutical marketing company primarily focused on women's health care products. K-V Pharmaceutical Company ("**KV**") directly owns, or is the sole member of, each of the other seven Debtors as well as one domestic non-Debtor and three non-Debtor foreign subsidiaries (the "**Foreign Subs**"). None of the Foreign Subs, which have limited or no operations, are Debtors herein nor is there any plan for any of them to file insolvency related proceedings in the United States or elsewhere related to the Debtors' restructuring. The Debtors' organization chart is annexed hereto as Exhibit A.

7. The Company, like all pharmaceutical manufacturers, is subject to extensive regulation by the United States Food and Drug Administration (the "**FDA**"), and to a lesser extent, by state, local and foreign governments. The Federal Food, Drug and Cosmetic Act and other federal and state statutes and regulations govern or influence the Company's business. In addition, the Company participates in federal healthcare programs, such as Medicaid and Medicare Part B, and as such, is subject to oversight from the Centers for Medicare & Medicaid Services ("**CMS**").

8. The Company holds numerous domestic and foreign issued patents relating to its controlled-release, site-specific, quick dissolve, and vitamin absorption technologies. In addition, the Company owns or holds licenses to 34 U.S. patents and has 12 U.S. patent applications pending, and approximately 32 foreign patents and numerous foreign patents applications pending primarily in Canada, Europe, Australia, Japan, South America, Mexico and South Korea. The Company also owns more than 300 U.S. and foreign trademark applications and registrations, including trademark protection for certain names of its proprietary controlled-release, taste masking, site-specific and quick dissolve technologies.

9. The Company sells its products directly to wholesalers, distributors, retail pharmacy chains, mail order pharmacies and group purchasing organizations. During fiscal year 2012,[2] the Company's three largest wholesale customers accounted for approximately 62% of gross revenue. In addition, the Company markets to "indirect customers," such as independent pharmacies, managed care organizations, hospitals, pharmacy benefit management companies, government entities, physicians and other healthcare professionals, through its sales force and internal marketing team. Indirect customers generally purchase the Company's products through the wholesale or distributor channels.

B. Facilities and Offices

10. The Company owns four facilities and leases its headquarters. All such facilities are located in the St. Louis metropolitan area. The owned facilities have been marketed for sale since January 2012.

C. Employees

11. As of the Petition Date, the Company employs approximately 210 full time employees, including approximately 150 field based sales representatives, managers and directors. None of the Company's employees are represented by a union.

D. Products and Divisions

12. Historically, the Company operated in three segments – branded products, specialty generic non-branded products and specialty raw materials. The Company ran its generic/non-branded operations through its wholly-owned subsidiary, ETHEX Corporation ("**ETHEX**"), which ceased its operations on March 2, 2010 and was dissolved on December 15,

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[2] The Company's fiscal year runs from April 1st through March 31st of each year.

2010. In addition, the Company developed, manufactured and marketed raw material products for the pharmaceutical industry and other markets through Particle Dynamics, Inc. ("**PDI**"), which was divested in June 2010. In May 2010, the Company formed a wholly-owned subsidiary, Nesher Pharmaceuticals, Inc. (which was subsequently renamed K-V Generic Pharmaceuticals, Inc. ("**KV Generic**"), one of the Debtors in these cases), to operate as the sales and marketing company for its generic products. On August 8, 2011, the Company sold substantially all of the assets of KV Generic and its generic products business to Zydus Pharmaceuticals (USA), Inc. ("**Zydus**") for $60.5 million in cash, of which $7.5 million was deposited in an escrow account to satisfy certain post-closing indemnification obligations. The escrow matures on August 8, 2012. However, Zydus has asserted a claim for post-closing indemnification under the asset purchase agreement, which the Company disputes. Subject to resolving the dispute with Zydus, the Company expects the majority of the funds from the escrow to be released to the Company.

13. Currently, the Company operates only its branded products business through KV's wholly-owned subsidiary, Ther-Rx Corporation ("**Ther-Rx**"). Ther-Rx was established in 1999 to market brand name prescription pharmaceutical products that incorporated the Company's proprietary technologies. Ther-Rx's business peaked in fiscal year 2008, with net revenues of $212.3 million. However, as discussed further in Section F.1 hereof, due to a nationwide recall and suspension of shipment of all products manufactured by the Company in fiscal year 2009, as well as entering into a consent decree (the "**Consent Decree**") with the Department of Justice ("**DOJ**"), Department of Health and Human Services ("**HHS**") and the FDA, for the past three years, the Company's net revenue has continued to track significantly below the level of net revenue for the time prior to the nationwide recall. In the quarter ended

June 30, 2012, the Company recorded net revenue of approximately $13 million and incurred net losses from continuing operations of approximately $14.2 million. As a result of the Consent Decree, the products sold by the Company, which are described below, are now manufactured for the Company by third-parties.

1. Makena®

14. The Company's single-most valuable product is Makena® (hydroxyprogesterone caproate injection), the first and only FDA-approved drug that reduces the risk of preterm birth for pregnant women who have a history of singleton spontaneous preterm birth. Preterm birth is a serious condition that not only carries immeasurable emotional costs, but also extremely high economic costs for affected families and for the nation as a whole. Following FDA approval of Makena and its designation as an orphan drug (i.e., one designated to treat a rare medical condition), in March 2011, the Company filed a Form 8-K that included projections that revenue related to Makena could exceed $400 million in fiscal year 2013, while some industry analysts speculated that the value of Makena would exceed $2 billion by that time.

15. On January 16, 2008, KV entered into an Asset Purchase Agreement (as amended from time, the "**Hologic Agreement**") with Cytyc Prenatal Products Corp. and Hologic, Inc. (Cytyc Prenatal Products Corp. and Hologic, Inc. are referred to collectively as "**Hologic**"), for the purchase of the worldwide rights to Makena®. Under the Hologic Agreement, Makena® and the other assets described therein, were sold to KV effective as of February 4, 2011. In connection with such sale, KV continues to be obligated to make certain payments to Hologic.

16. Under the Hologic Agreement, KV is required to elect between one of two payment schedules prior to August 4, 2012. If the Company does not elect between the two

payment schedules by August 4, 2012, "payment schedule 1" is the default election. Under payment schedule 1, but for the filing of these chapter 11 cases, a payment of $45 million would have been due to Hologic. The outstanding payments to Hologic under the Hologic Agreement total up to $95 million, plus certain royalties. To date, KV has paid approximately $104.5 million on account of milestone payments and approximately $19 million on account of research and development costs to Hologic. KV's obligations under the Hologic Agreement are secured by a lien on certain of the Company's rights in Makena®. In addition to the Company's outstanding payments to Hologic, the Company incurs approximately $10-$15 million of annual costs on account of post-FDA approval required clinical studies for Makena®.

17. On February 4, 2011, the FDA approved Makena® and granted the Company orphan drug marketing designation. As part of this designation, the Company was granted a seven-year marketing exclusivity period with respect to Makena®. The Company began shipping Makena®, which is manufactured by a third party, in March 2011. Thereafter, in March 2011, the Company received letters from certain United States Senators and members of the United States Congress asking the Company to reduce its indicated list pricing of Makena®. The legislators also inquired of CMS about the ramification of Makena®'s pricing on the Medicaid system and asked the Federal Trade Commission to initiate an investigation into Makena®'s pricing.

18. Consequently, on March 30, 2011, under political pressure resulting in part from misleading press reports about Makena's list price, the FDA issued a press release that stated, in order to address purported concerns regarding "access" for patients needing hydroxyprogesterone caproate, the active ingredient in Makena®, the FDA intended to refrain from taking enforcement action with respect to compounding pharmacies producing

compounded 17-alpha hydroxyprogesterone caproate ("**17P**"), a compounded version of the active ingredient and a competitor to Makena®.[3] By its press release, the FDA effectively approved, invited and permitted direct nationwide competition between an entire class of unapproved compounded drug products – without regard to whether such compounded products are customized to meet the medical needs of individual patients for whom Makena is indicated but medically inappropriate – and an approved orphan drug product.

19. Thus, the FDA's statement and the policy it sets forth effectively nullified the Company's right, under the Orphan Drug Act, to seven years of market exclusivity for Makena. In addition, the policy contradicted entirely statements made just weeks earlier by the FDA's chief, who hailed the approval of Makena®. In particular, on March 17, 2011, in testimony before a congressional committee, the Commissioner of the FDA testified that "it is important and an advance that we have an FDA-approved drug to prevent pre-term pregnancy and all of its consequent serious medical concerns for both mother and infant. And while the drug has been available through compounding, . . . compounding as a practice has been associated with serious health risks, [and] contamination . . . ."[4]

20. Within hours following the FDA's press release on March 30 2011, CMS issued an informational bulletin to State Medicaid programs, which allowed states to choose to pay for the extemporaneously compounded hydroxyprogesterone caproate as an active

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[3] Drug compounding is a process by which a pharmacist or doctor combines, mixes, or alters ingredients to create a medication customized to the needs of an individual patient. Compounded drugs, including compounded versions of 17P, generally are not reviewed or approved by the FDA and their individual formulations, manufacturing processes, labeling, and adverse-event and treatment-failure histories are unknown. Moreover, the facilities in which the compounding occurs generally are not registered with or routinely inspected by the FDA.

[4] *FY 2012 FDA Budget: Hearing Before the S. Subcomm. on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies of the S. Comm. on Appropriations*, 112th Cong. 10 (Mar. 17, 2011).

pharmaceutical ingredient as an alternative to Makena®. The Company believes that CMS's action and the resulting actions taken by certain states have had the effect in certain states of prohibiting, or significantly restricting, the availability of Makena® under various state Medicaid programs. In the days following the FDA's and CMS's announcements, the Company's stock dropped precipitously from $7.11 per share on March 29, 2011 to $3.93 per share by April 29, 2011, and continued to slide thereafter.

21. The Company responded to criticisms from legislators and pressure from regulators by reducing the published list price of Makena® from $1,500 per injection to $690 per injection[5] on April 1, 2011, expanding its patient assistance program for patients who are not covered by health insurance or could otherwise not afford Makena® or their respective co-pays, and offering substantial supplemental rebates to state Medicaid agencies. Further, the Company has been working directly with health insurers, pharmacy benefit managers, Medicaid management companies, and others regarding the net cost of Makena® coverage and reimbursement programs and other means by which Makena® would be available to patients.

22. Since the March 2011 FDA announcement, management of the Company and its representatives have met with FDA and CMS staff, respectively, on several occasions to discuss access to, and reimbursement of, Makena® and to provide information to the agencies. The FDA issued public statements on Makena® on November 8, 2011 and June 15, 2012, and in a "Questions and Answers" document on June 29, 2012, which generally discussed the agency's

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[5] Such price is prior to expected further discounting by the mandatory 23.1% Medicaid rebate and other supplemental rebates and discounts already agreed to or currently under negotiation with public and private payors. Moreover, uninsured patients do not pay the list price of Makena. Even before FDA's March 30, 2011 press release, the Company announced that it would provide Makena free to uninsured patients whose household income was below a specified threshold, and at substantial discounts to other patients on the basis of need.

approach to enforcement action against compounding pharmacies and with respect to compounded 17P. The FDA stated, among other things, that when "there is an FDA-approved drug that is medically appropriate for a patient, the FDA-approved product should be prescribed and used," and that "the compounding of any drug, including hydroxyprogesterone caproate, should not exceed the scope of traditional pharmacy compounding." The FDA further stated that it "may take enforcement action against pharmacies that compound large volumes of drugs that are essentially copies of commercially available products and for which there does not appear to be a medical need for individual patients to whom the drug is dispensed." See June 29 Questions and Answers. In addition, CMS issued an updated statement on June 15, 2012 that referenced the June 15 FDA statement and, among other things, reminded states that they must cover Makena® in compliance with federal law and without imposing unreasonable conditions.

23. However, because the FDA refused to state that it would take enforcement action against those entities compounding 17P on a large scale, the market and many other stakeholders interpreted the FDA June statements as very harmful to the Company. Indeed, the day after the June 15, 2012 FDA statement, the Company's stock dropped to a then-historic low of $0.75 per share and the Company's senior secured notes and convertible notes began trading at a more severe discount.

24. Overall, the FDA's public stand on compounding 17P and failure to take enforcement action against compounding pharmacies combined with CMS' reimbursement policies, have invited numerous compounders back into the market and resulted in substantial sales of compounded alternatives to Makena® and effective loss of the Company's orphan drug marketing exclusivity for the affected period of time. Limited reimbursement for Makena®

under various State Medicaid programs has severely negatively impacted Makena® sales and the Company's overall business.[6]

2. Evamist

25. Ther-Rx currently markets and sells Evamist – a unique, once-a-day therapy spray indicated for the treatment of certain moderate-to-severe symptoms due to menopause. As noted above, Evamist is manufactured for the Company by a third party. In fiscal year 2012, the net revenues of Evamist were approximately $10.5 million.

3. Anti-Infective Creams

26. Upon entering into the Consent Decree, the Company also ceased manufacturing Clindesse and Gynazole-1, which are Ther-Rx's vaginal anti-infective products. The Company expects that the FDA may conduct inspections with respect to these and other approved products before deciding whether the Company's third-party manufacturer may resume manufacturing these products and the Company may begin to market them. If these products are approved for return to the market in late fiscal year 2013, they have the potential to contribute significantly to the rebuilding of the Company's branded business beginning fiscal year 2014.

E. Research & Development

27. The Company's research and development ("**R&D**") activities historically included the development of new drug delivery technologies, the formulation of brand name proprietary products and the development of generic versions of previously approved brand name pharmaceutical products. To comply with the financial constraints imposed by the FDA in the Consent Decree, the Company reduced the scope of its R&D programs and cut the number of

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[6] The Company estimates that approximately 40-45% of the total number of pregnancies in the United States are covered by Medicaid, including patients covered by both Medicaid and private insurance plans.

R&D personnel to approximately 10 people. In fiscal year 2012, the Company's total R&D expenses were $16.1 million, which was primarily spent on ongoing clinical trials required for Makena®.

F. Certain Material Prepetition Litigation

1. Voluntary Recall and Consent Decree

28. As mentioned above, during fiscal year 2009, the Company announced a series of separate voluntary recalls of certain tablet form generic products as a precaution due to the potential existence of oversized tablets. Subsequently, the Company suspended shipments of all approved tablet-form products in December 2008 and of all other drug products in January 2009. Also, in January 2009, the Company initiated a nationwide voluntary recall affecting most of its products.

29. On March 2, 2009, the Company entered into the Consent Decree regarding its drug manufacturing and distribution and agreed, among other things, not to cause the manufacture or delivery of any drug for six (6) years or until the Company has satisfied certain requirements designed to demonstrate compliance with the FDA's current good manufacturing practice regulations. In addition, the Consent Decree provides for a series of measures that, when satisfied, will permit the Company to resume the manufacture and distribution of its approved drug products.

30. With the FDA's approval, the Company continued shipping Evamist and, after receiving FDA approval, began shipping Makena® in March 2011. In addition, the Company is continuing to prepare other products for FDA inspection to resume shipping during fiscal year 2013, in accordance with the terms of the Consent Decree.

2. HHS-OIG Plea Agreement

31. On March 2, 2010, ETHEX entered into a plea agreement (the "**Plea Agreement**") with the Office of the United States Attorney for the Eastern District of Missouri and DOJ, pursuant to which ETHEX pled guilty to two felony counts, each stemming from the failure to make and submit a field alert report to the FDA in September 2008 regarding the discovery of certain undistributed tablets that failed to meet product specifications. Pursuant to the Plea Agreement, ETHEX agreed to pay a criminal fine in the amount of $23.4 million, payable in installments over the course of several years, and forfeit $1.8 million that was paid after sentencing in satisfaction of forfeiture obligations resulting from the guilty plea. As of the Petition Date, the Company has made all payments due to date under the Plea Agreement.

32. In connection with the guilty plea, ETHEX was expected to be excluded from participation in federal health care programs, including Medicare and Medicaid. In addition, the Office of the Inspector General of the U.S. Department of Health and Human Services ("**HHS OIG**") asserted it had discretionary authority to seek to similarly exclude KV from participation in federal health care programs.

33. As a result, on November 15, 2010, the Company entered into a divestiture agreement (the "**Divestiture Agreement**") with HHS OIG under which it agreed to sell the assets and operations of ETHEX to unrelated third parties and to dissolve ETHEX. Sales of ETHEX's assets and dissolution were completed prior to the deadlines established by the Divestiture Agreement and as of the Petition Date, ETHEX no longer has any material ongoing assets or operations other than those required to conclude the winding up process under Missouri law. On May 20, 2011, the Company received a letter from HHS OIG stating that, based on its review of the information provided in the Company's monthly reports, it appeared that the Company and ETHEX had completed their obligations under the Divestiture Agreement. On

July 26, 2012, the Company received a letter from HHS advising it that HHS' case involving a proposed exclusion was being closed and that HHS did not anticipate further action being taken.

3. Qui Tam Settlement Agreement

34. On December 6, 2011, the Company entered into a settlement agreement (the "**Qui Tam Settlement Agreement**") with the DOJ, the United States Attorney's Office for the District of Massachusetts, HHS OIG, and the TRICARE Management Activity (collectively, the "**Government Parties**") to resolve certain claims brought by Constance Conrad (the "**Relator**") under the qui tam provisions of the False Claims Act against multiple defendants. Specifically, the Relator alleged that the Company failed to advise CMS that certain products formerly marketed by ETHEX did not qualify for coverage under federal health care programs. Pursuant to the Qui Tam Settlement Agreement, the Company agreed, among other things, to pay a total sum of $17.0 million, plus interest, to the Government Parties over five years. In return, the Government Parties and Relator dismissed with prejudice all claims relating to the alleged conduct with regard to products formerly marketed by ETHEX, and dismissed all remaining claims.

4. Marc S. Hermelin's Exclusion and Settlement Agreement, and Current Litigation

35. In connection with the Plea Agreement, Marc S. Hermelin, the former Chief Executive Officer of KV from 1975 to December 5, 2008 (when he was terminated for cause by KV) and former member of the Board of Directors for KV, pled guilty to two federal misdemeanor counts as a responsible corporate officer of the Company at the time when a misbranding of two morphine sulfate tablets occurred. As part of the sentence resulting from the guilty plea, Mr. M. Hermelin was fined $1.9 million and excluded from participating in federal

health care programs on November 18, 2010. On November 10, 2010, Mr. M. Hermelin voluntarily resigned as a member of the Company's Board of Directors.

36. In an effort to avoid adverse consequences to the Company, including the potential discretionary exclusion of the Company from participating in the federal healthcare programs, HHS OIG, Mr. M. Hermelin and his wife (solely with respect to shares owned jointly between them and certain other obligations therein) entered into a settlement agreement (the "**Hermelin Settlement Agreement**") under which Mr. M. Hermelin resigned as trustee of all family trusts that hold KV stock, agreed to divest his personal ownership interests in the Company's Class A Common and Class B Common stock (approximately 1.8 million shares) over a period of time in accordance with a divestiture plan and schedule approved by HHS OIG, and agreed to refrain from voting stock under his personal control. The Hermelin Settlement Agreement also required Mr. M. Hermelin to agree, for the duration of his exclusion, not to seek to influence or be involved with, in any manner, the governance, management, or operations of the Company. The Company is a signatory to the Hermelin Settlement Agreement with respect to certain obligations therein. As long as the parties comply with the Hermelin Settlement Agreement, HHS OIG has agreed not to exercise its discretionary authority to exclude the Company from participation in federal health care programs, thereby allowing the Company and its subsidiaries (with the single exception of ETHEX) to continue to conduct business through all federal and state health care programs.

37. On March 22, 2011, Mr. M. Hermelin made a demand on the Company for indemnification with respect to the $1.9 million fine imposed on him as a result of the guilty plea. On October 11, 2011, the Company, at the direction of a Special Committee formed to handle these matters, filed a petition for declaratory judgment in the Circuit Court of St. Louis

County against Mr. M. Hermelin seeking a declaration of rights of the parties with regard to Mr. M. Hermelin's employment and indemnification agreements with the Company. The Company alleges that Mr. M. Hermelin is not entitled to payments under such agreements due to breaches of his fiduciary obligations to the Company. On October 14, 2011, Mr. M. Hermelin filed an action in the Court of Chancery in the State of Delaware seeking a determination on the advancement of expenses and indemnification matters. On April 25, 2012, Mr. Hermelin filed an amended counterclaim against the Company and a third-party petition against certain former directors and officers of the Company in the St. Louis action seeking damages in excess of $180.0 million. As of the Petition Date, the Company and Mr. Hermelin are engaged in litigation regarding the above-referenced matters.

5. Investor Class Actions

38. In 2008 and thereafter, a number of investors commenced stockholder class actions against KV and certain of its directors and officers for purportedly making false or misleading statements to the FDA related to inspections of the Company's facilities. As of the Petition Date, several class actions, or purported class actions, are pending against the Company and certain officers and directors in multiple jurisdictions.

6. FDA Action, Georgia Action and South Carolina Action

39. On July 5, 2012, KV and Ther-Rx filed a suit against the FDA and HHS in United States District Court for the District of Columbia seeking temporary, preliminary and permanent declaratory and injunctive relief to restore the Company's right under the Orphan Drug Act to market exclusivity for Makena® (the "**FDA Action**"). In its complaint, the Company alleges that the FDA and HHS put financial interests of Medicaid, other third-party payers and some patients above the medical interest of all patients for whom Makena® is indicated. Accordingly, as a result of actions (or inactions) taken by the FDA and HHS, it is

difficult or impossible for many patients for whom Makena® is intended to obtain access to the only FDA-approved drug that may help prevent pre-term birth. Instead, the FDA and HHS have allowed compounding pharmacies to sell unapproved and untested (and therefore, much cheaper) compounded preparations of 17P of uncertain quality and potency. A hearing on the merits of the FDA Action is scheduled for August 7, 2012.

40. On July 17, 2012, KV and Ther-Rx filed a suit against the Commissioner and Division Chief of the Georgia Department of Community Health in the United States District Court for the Northern District of Georgia regarding Georgia's Medicaid's refusal to cover Makena® (the "**Georgia Action**"). Since March 2011, when Makena® was approved by the FDA and granted Orphan Drug Exclusivity, Georgia has not approved payment for any significant number of vials of the medication for Medicaid patients, despite the state's legal obligation to cover FDA-approved drugs, and effectively relegated such patients to using unapproved compounded versions of 17P.

41. On July 25, 2012, KV and Ther-Rx filed a suit against the Director of Health and Human Services for the State of South Carolina in the United States District Court for the District of South Carolina, Columbia Division, regarding South Carolina's Medicaid's refusal to cover Makena® (the "**South Carolina Action**"). Similar to Georgia, since March 2011, South Carolina has not approved payment for any vials of the medication for Medicaid patients, despite the state's legal obligation to cover FDA-approved drugs, and effectively relegated such patients to using unapproved compounded versions of 17P.

42. A hearing on KV and Ther-Rx's motion for a preliminary injunction and Georgia's motion to dismiss has been scheduled in the Georgia Action for August 6, 2012, and a

hearing to consider KV and Ther-Rx's motion for preliminary injunction in the South Carolina Action has been scheduled for August 28, 2012.

G. Debtors' Prepetition Capital and Debt Structure

43. KV's capital stock consists of two classes of common stock and preferred stock. As of July 19, 2012, KV had 40,000 shares of 7% Cumulative Convertible Preferred Stock (the "**Preferred Stock**") outstanding. Each share of Preferred Stock is convertible at the holder's option into Class A Common Stock ("**Class A Common Stock**"). KV also has 49,007,569 outstanding shares of Class A Common Stock held by approximately 649 record holders, 11,075,435 outstanding shares of Class B Common Stock (the "**Class B Common Stock**") held by approximately 257 record holders, and outstanding warrants to purchase Class A Common Stock. Both classes of common stock currently are listed on the New York Stock Exchange.[7]

44. In June 2012, the Company entered into a Common Stock Purchase Agreement under which it may sell up to $20 million of shares of Class A Common Stock to Commerce Court Small Cap Value Fund, Ltd. ("**Commerce Court**") over a 24-month period subject to a maximum of 11,976,599 shares (the "**Equity Line Financing Facility**"). The amount and timing of how much the Company is able to draw are subject to a variety of factors including the trading price and trading volume of the Class A Common Stock, the number of trading days that must lapse between draw requests and a limit on the amount of shares that Commerce Court will own at any given time. In addition, Commerce Court may terminate the

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[7] On July 16, 2012, KV was notified by the New York Stock Exchange Regulation, Inc. ("**NYSE**") that its Class A Common Stock was below listing standard criteria due to average market capitalization being less than $50 million over a 30-day trading period and its stockholder's equity being less than $50 million.

In addition, KV was notified by the NYSE that its Class B Common Stock is below criteria for the average closing price of a security of less than $1.00 over a consecutive 30-day trading period.

Equity Line Financing Facility in the event the Company files for bankruptcy. As a result of these cases, the Company currently is unable to avail itself of this equity line of credit.

45. As of the Petition Date, the Debtors, on a consolidated book value basis, had an aggregate principal balance of approximately $455.6 million of outstanding long-term indebtedness consisting of amounts owed under the Senior Secured Notes, the Convertible Notes and the Mortgage Loan (each as defined below). In addition, as described above, KV is obligated to pay Hologic up to $95 million plus certain royalty payments.

1. Senior Secured Notes

46. Pursuant to that certain Indenture, dated as of March 17, 2011, between KV, as Issuer, Wilmington Trust FSB, as trustee, and certain subsidiary guarantors party thereto, KV issued $225 million of 12% Senior Secured Notes due 2015 (the "**Senior Secured Notes**"). As of the Petition Date, the outstanding balance on the Senior Secured Notes, including principal and interest, is approximately $235.1 million, which is secured by substantially all of the Debtors' assets other than Makena®, all assets arising from or related to the Hologic Agreement and other specified excluded assets. Each of the other Debtors is a guarantor in respect of the Senior Secured Notes.

2. Convertible Notes

47. Pursuant to that certain Indenture, dated as of May 16, 2003, between KV, as Issuer, and Deutsche Bank Trust Company Americas, as trustee, KV issued $200 million of 2.5% Contingent Convertible Subordinated Notes due 2033 (the "**Convertible Notes**"), which are convertible under certain circumstances into shares of Class A Common Stock. As of the Petition Date, the outstanding balance on the Convertible Notes, including principal and interest, is approximately $201 million. The Convertible Notes are unsecured obligations and are not guaranteed by any of the other Debtors.

3. Mortgage Loan

48. In March 2006, MECW, LLC, a non-debtor affiliate of the Company, entered into a $43 million promissory note (the "**Mortgage Loan**") with LaSalle Bank National Association, which was later assigned to U.S. Bank National Association, as Trustee for the Registered Holders of J.P. Morgan Chase Commercial Mortgage Securities Corp., Commercial Mortgage Pass-Through Certificates, Series 2006-LDP7 (the "**Lender**"), which is guaranteed by KV and Ther-Rx. The Mortgage Loan, which is secured by four of the Company's facilities, bears interest at a rate of 5.91% and matures on April 1, 2021. As noted above, the four facilities currently are being marketed for sale. As of June 30, 2012, approximately $30 million, including principal and interest, remains outstanding on account of the Mortgage Loan.

4. Trade Obligations

49. The Debtors estimate that, as of August 3, 2012, they had approximately $3 million in unpaid trade and other ordinary course obligations.

H. Events Leading to Chapter 11 Cases

50. Leading up to the commencement of these chapter 11 cases, the Debtors have had significant challenges. The Company's inability to realize the full value of Makena® due to the FDA's refusal to enforce its orphan drug marketing exclusivity and restrictions on reimbursement imposed by state Medicaid agencies, as well as significant restrictions on manufacturing and marketing of its other products imposed by the Consent Decree, have had a major negative impact on its revenue and ability to meet its short and long-term obligations. As a result, the Company's revenue and EBITDA have declined substantially from their peak in fiscal year 2008.

51. Since the FDA's March 30, 2011 statement, the Company has spent significant time, effort and cost not only trying to persuade the FDA to reverse its March 30,

2011 statement regarding Makena® and enforce the orphan drug exclusivity granted to KV, but also complying with post-FDA approval clinical trials (which carry a cost of approximately $10-$15 million per year) and various requirements to continue to qualify Makena® as an orphan drug despite FDA's actions that effectively revoked KV's orphan drug exclusivity. Moreover, the FDA's June 2012 public statements caused an exceedingly negative market reaction, including causing the Company's stock to plummet.

52. With the steadfast belief that the value of Makena® would be realized if the FDA enforced the orphan drug exclusivity granted to KV, in May 2012, the Company engaged in preliminary discussions with an ad hoc group of Convertible Noteholders regarding the potential provision of financing to the Company outside of a bankruptcy filing as well as extending a "put" right of the Convertible Noteholders under the terms of the Indenture governing the Convertible Notes, which put right may be exercised in May 2013. Although the ad hoc group of Convertible Noteholders, through its advisors, conducted certain diligence and provided a term sheet to the Company in respect of extending the put right, as a result of, among other things, the Company's looming payment to Hologic, the parties were unable to come to an agreement.

53. Thereafter, in July 2012, after the commencement of the FDA Action, the Company and its advisors restarted discussions with the ad hoc group of Convertible Noteholders as well as an ad hoc group of Senior Noteholders regarding a potential restructuring, with a view towards obtaining a favorable result from the FDA Action.

54. During this time, the Company also attempted to negotiate an amendment to the Hologic Agreement to provide a much needed breathing spell, including, an extension of the looming August 4, 2012 payment. However, the Company was unsuccessful in obtaining a

timely extension of the milestone payment owed to Hologic on terms that were acceptable to the Company. As a result, the Company was forced to file these chapter 11 cases.

II. SUMMARY OF FIRST DAY MOTIONS[8]

55. To enable the Debtors to operate effectively and to avoid the adverse effects of the chapter 11 filings, the Debtors have filed, or will file upon scheduling of a further hearing by this Court, the motions described below.

56. In connection with the preparation for these bankruptcy cases, I have reviewed each of the First Day Motions referenced below. The First Day Motions were prepared with my input and assistance, or the input and assistance of employees working under my supervision. I believe the information contained in the First Day Motions is accurate. As set forth more fully below, I believe that the entry of orders granting the relief requested in these motions and applications is critical to the Debtors' ability to preserve the value of their estates and assist in their reorganization efforts.

A. Motions Related to Case Management

Joint Administration Motion

57. The Debtors seek the joint administration of their chapter 11 cases for procedural purposes only. I believe that it would be far more efficient for the administration of these chapter 11 cases if the Court were to authorize their joint administration. Many of the motions, hearings, and other matters involved in these chapter 11 cases will affect all of the Debtors. Hence, joint administration will reduce costs and facilitate the administrative process by avoiding the need for duplicative hearings, notices, applications, and orders. It is my understanding that no prejudice will befall any party by the joint administration of the Debtors'

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[8] Capitalized terms used but not defined in this section have the meanings given them in the relevant First Day Motion.

cases as the relief sought therein is solely procedural and is not intended to affect substantive rights.

Motion to Approve the Form and Manner of Notice

58. To ease the administrative burden of these cases on the Debtors' estates, the Debtors request relief regarding creditor lists and the form and manner of the notices in these cases. The Debtors request entry of an order: (a) waiving the requirement for filing a list of creditors; (b) authorizing the Debtors to file a consolidated list of creditors; and (c) authorizing the Debtors to establish procedures for notifying creditors of the commencement of these cases. I believe that the relief requested will reduce the administrative costs of these cases and is in the best interests of these estates.

Case Management Motion

59. To promote the efficient and orderly administration of these cases, the Debtors request entry of an order (a) limiting notice and establishing case management and administrative procedures in the Debtors' chapter 11 cases, and (b) scheduling omnibus hearing dates. I believe that the relief requested will reduce the administrative costs of these cases and is in the best interests of these estates.

Motion to Extend Time for Filing Schedules and SOFAs

60. Concurrently herewith, the Debtors have filed a motion seeking a 30-day extension of time to file their Schedules of Assets and Liabilities (the "**Schedules**") and Statements of Financial Affairs (the "**SOFAs**") and a waiver of requirements to file equity lists and provide notice of the bankruptcy cases to equity security holders.

61. Given the substantial burden already imposed on the Debtors' management by the commencement of these chapter 11 cases, the limited number of employees

available to collect the required information and competing demands on such employees, the Debtors may be unable to complete their Schedules and SOFAs by the deadline set forth pursuant to the Bankruptcy Rules. Therefore, I believe that good cause exists for extending the deadline by which the Debtors must file their Schedules and Statements. Granting this motion is in the best interests of the Debtors' estates as it will enable the Debtors and their professionals to concentrate their resources towards an efficient and timely reorganization process.

B. Motions Related to Operations

Motion to Authorize Continued Use of the Debtors' Cash Management System and Bank Accounts

62. In the ordinary course of their business prior to the Petition Date, and as is typical with business organizations of similar size and scope, the Debtors maintained a centralized cash management system to collect, transfer, and disburse funds generated through their operations efficiently and to record such transactions accurately (the "**Cash Management System**").

63. I believe that the Debtors' existing cash management and intercompany accounting procedures are essential to the orderly operation of the Debtors' businesses. The cost and expense of changing bank accounts and related business forms and creating a new Cash Management System would not only cause the Debtors to incur significant and unnecessary costs and expenses, but could weaken the Debtors' operations at a time when the Debtors and their management should be focused primarily on operational stability. A new Cash Management System also could cause confusion, disrupt payroll, introduce inefficiency when efficiency is most essential, and strain the Debtors' relationships with critical third parties, each of which could diminish the prospects for a successful reorganization. Moreover, the Debtors request authority to continue their prepetition practices with respect to intercompany

transactions and to grant superpriority administrative expenses status to obligations arising out of intercompany claims. Thus, the Debtors seek authorization to continue the management of their cash receipts and disbursements in the manner in which they were handled immediately prior to the Petition Date and to continue intercompany transfers.

64. In addition, I understand that section 345(b) of the Bankruptcy Code contains certain deposit and investment requirements. While the Debtors believe their current Cash Management System largely meets those requirements, the Debtors have requested a waiver of such requirements for a period of 45 days without prejudice to seek a further interim waiver, or until final waiver of such requirements upon a final hearing.

65. It is also my understanding that the U.S. Trustee has established certain guidelines which require chapter 11 debtors to, among other things, close all existing bank accounts and obtain, establish and maintain separate debtor in possession accounts, and utilize new checks for all debtor in possession accounts, which bear the designation "Debtor in Possession". The Debtors request a waiver of the requirement that the Debtors open new bank accounts and, as soon as reasonably practicable, intend to begin stamping or printing their check stock with "DIP" and the chapter 11 case number under which these cases are being administered. In the event that the Debtors need to purchase new check stock during the pendency of these chapter 11 cases, such check stock will include a legend referring to the Debtors as "Debtors in Possession" or "DIP."

66. I believe that allowing the Debtors to maintain their Cash Management System, continue intercompany transactions, continue to use their customary business forms and waive certain requirements under section 345(b) and the U.S. Trustee guidelines would be in the best interests of the Debtors' estates, creditors and other parties in interest.

C. Motions Related to Operations

Motion for Authorization to Pay
Certain Prepetition Claims of Employees

67. The Debtors have filed a motion seeking authority to, among other things, satisfy certain of their prepetition obligations to their current employees (the "**Employees**"), including, paying wages and salaries (the "**Employee Wage Claims")**, reimbursing Employees for prepetition business expenses that were incurred on behalf of the Debtors, continuing employee benefit plans, policies and programs, and paying all related prepetition withholdings and payroll-related taxes associated with their payroll obligations and employee benefit plans, policies and programs.

68. In addition, the Debtors seek authority to pay certain outstanding obligations to certain of their non-executive employees under their sales incentive plan ("**Sales Incentive Plan**"). The Debtors' sales personnel are compensated in the ordinary course of business for attaining quarterly sales targets set by management. Payments under the Sales Incentive Plan (the "**Sales Incentive Obligations**") are made approximately sixty days following the end of each fiscal quarter. Sales Incentive Obligations in the amount of approximately $900,000 to non-executive employees, on account of the first fiscal quarter of 2013, are due on or before August 31, 2012. As a result of prepetition amounts owed under the Sales Incentive Plan, some of the Employees may be owed in excess of $11,725 on account of all prepetition employee obligations.[9] The Debtors are not seeking immediate authorization to pay the Sales Incentive Obligations. Instead, the Debtors have requested that the Court

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[9] The Debtors will provide specific information to the extent any Employee is owed in excess of $11,725 to the Office of the United States Trustee and any official creditors' committee appointed in these cases in advance of the hearing on the motion to approve payment of the Sales Incentive Plan.

schedule a hearing regarding entry of the proposed order approving payment the Sales Incentive Obligations.

69. In addition to the Employee Wage Claims, the Debtors are obligated to pay certain taxes on behalf of employees, including FICA (Social Security and Medicare), federal, state, local income and other payroll taxes. A portion of such payments represents amounts withheld from employees' paychecks, and the remainder of such payments represents required employer contributions. The Debtors are seeking authority to continue paying all such taxes and related withholdings to the appropriate third parties, regardless of when the Debtors' employees rendered the services giving rise to such tax obligations.

70. In the ordinary course of their business, the Debtors reimburse employees who incur and pay a variety of business expenses in the course of performing their duties for the Debtors. The Debtors are seeking authority to continue to honor and pay such employee expense obligations regardless of when such expenses were incurred by the applicable employee.

71. As is customary with most large businesses, the Debtors have established various employee benefit plans, programs and policies, including: health insurance, dental insurance, vision insurance, life insurance, disability, and a 401(k) plan. The Debtors seek authority to pay prepetition obligations relating to these policies, and to continue these policies postpetition.

72. In order to achieve a successful reorganization, it is essential that the Employees work with the same or greater degree of commitment and diligence as they did prior to the Petition Date. The requested authority to continue to pay the Employees' prepetition salaries and wages and to maintain the current employee benefits programs is critical to ensure

that: (a) the Debtors can retain personnel knowledgeable about the Debtors' businesses; (b) the Employees continue to provide quality services to the Debtors at a time when they are needed most; and (c) the Debtors remain competitive with comparable employers.

73. If this motion were not granted, I believe that it would result in a significant deterioration in morale among Employees at this critical time, which undoubtedly would have a devastating impact on the Debtors, their customers, the value of estate assets and the Debtors' ability to reorganize. The total amount to be paid if the relief sought in the motion is granted is modest compared with the size of the Debtors' estates and the importance of the Employees to the restructuring effort. As of the Petition Date, no Employees have claims exceeding $11,725 excluding the Sales Incentive Obligations.

74. I believe authorizing the Debtors to pay these obligations in accordance with the Debtors' prepetition business practices is in the best interests of the Debtors, their creditors, and all parties in interest, and will enable the Debtors to continue to operate their business without disruption in an economic and efficient manner.

Motion to Authorize Debtors to Honor Prepetition Customer Programs

75. Prior to the Petition Date and in the ordinary course of their businesses, the Debtors sought to maximize sales, develop and sustain a positive reputation in the marketplace through the implementation of certain customer programs, including, without limitation, payment discount and sales rebate programs, credits, chargebacks and other price adjustment programs, and sales returns programs (collectively, the "**Customer Programs**"). The termination of the Customer Programs undoubtedly would have an adverse effect on the Debtors' business and their ability to reorganize. In addition, the Debtors, like other pharmaceutical companies, pay rebates to state Medicaid programs and to private insurers.

Because rebates to Medicaid and private insurers are paid months in arrears, the Debtors estimate that, as of the Petition Date, approximately $4.9 million has accrued but has not been invoiced for Medicaid rebates and approximately $2.7 million has accrued but has not been invoiced for private insurance rebates. Pursuant to the order, the Debtors seek authority to continue to pay such Medicaid and private insurance rebates in the ordinary course of their business to avoid any harm or disruption to their business.

76. I believe that the continuation of the Customer Programs, including rebates to state Medicaid programs and private insurers, is necessary to preserve the Debtors' critical customer relationships and is in the best interests of the Debtors and their estates. At the request of the U.S. Trustee, the Debtors have agreed to seek the relief in the Customer Programs motion upon the scheduling of a hearing by the Court.

Motion for Authority to Pay Certain Prepetition Sales, Use and Other Taxes and Regulatory Fees

77. The Debtors seek entry of an order authorizing them to pay prepetition sales and use taxes, certain withholding taxes, franchise taxes and regulatory and licensing fees to various federal, state and local government taxing or regulatory authorities. Payment of the prepetition taxes and regulatory fees is critical to the Debtors' continued, uninterrupted operations. The Debtors' failure to pay these obligations may cause the taxing or regulatory authorities to take precipitous action, including, but not limited to, filing liens, preventing the Debtors from conducting business in the applicable jurisdictions, seeking to lift the automatic stay, and imposing personal liability on the Debtors' officers and directors, all of which would disrupt the Debtors' day-to-day operations and could potentially impose significant costs on the Debtors' estates.

78. I believe that the authority to pay the taxing and regulatory authorities in accordance with the Debtors' prepetition business practices is in the best interest of the Debtors and their estates and will enable the Debtors to continue to operate their business in chapter 11 without disruption.

Debtors' Motion for an Order Establishing Notification Procedures and Approving Restrictions on Certain Transfers of Claims Against and Interests in the Debtors' Estates

79. The Debtors intend to file a motion seeking authorization to protect and preserve their estimated federal net tax operating losses of approximately $663.9 million and estimated state net operating losses of approximately $760.4 million ("**NOLs**") and other tax assets by (i) establishing certain notice and hearing procedures governing the transfer or trading in, or any claims of worthlessness with respect to, Class A Common Stock or Class B Common Stock or the 7% Convertible Preferred Stock issued by KV Pharmaceutical Company and (ii) establishing "sell down" procedures with respect to Covered Claims. If left unrestricted, I believe that such trading could severely limit the Debtors' ability to use the NOLs, which are valuable assets of the estates, and could have significant negative consequences for the Debtors, their respective estates and creditors. In addition, the Debtors may need the ability to require creditors who have acquired claims after the Petition Date to "sell-down" to reestablish the status quo among creditors to the extent necessary to preserve the Debtor's ability to avail themselves of the special relief afforded by section 382(l)(5) of the Internal Revenue Code with respect to changes in ownership under a confirmed chapter 11 plan.

80. Thus, in order to preserve the value of their NOLs and other tax assets to the fullest extent possible, I believe that the Debtors must be able to monitor closely certain transfers of, or declarations of worthlessness with respect to, the Stock so as to be in a

position to act expeditiously with respect to transfers or declarations that may diminish the value of the Debtors' NOLs and other tax assets. Further, pursuant to section 362 of the Bankruptcy Code, any sale or any transfer of, or declaration of worthlessness related to, the Stock that would trigger a change of ownership may be null and void ab initio. Accordingly, the Debtors seek: (a) to provide notice to potential transferees and shareholders intending to make a declaration of worthlessness that any such transfers, sales or deductions are ineffective; and (b) otherwise to prevent transfers and declarations of worthlessness that would be detrimental to the Debtors' estates. In addition, the Debtors seek to establish "sell down" procedures with respect to Covered Claims and notify holders of Stock and Covered Claims of the restrictions, notification requirements and procedures.

Motion for Authorization to Pay Prepetition Common Carrier, Warehouse And Related Obligations

81. In connection with the day-to-day operation of their business, the Debtors rely on certain third-party logistics companies and other warehouse providers (the "**Warehouse Providers**") to store their inventory of pharmaceutical products. In connection therewith, the Warehouse Providers regularly possess products owned by the Debtors. As of the Petition Date, the Warehouse Providers held approximately $1.5 million worth of such products. While the Debtors believe that they are substantially current in their payments to the Warehouse Providers, because the Warehouse Providers are paid in arrears, the Debtors estimate that approximately $60,000 has accrued and is owing to the Warehouse Providers relating to the prepetition period (the "**Warehouse Charges**").

82. Also in connection with the day-to-day operation of their business, the Debtors supply and delivery system depends upon the use of common carriers operated by third parties (the "**Common Carriers**") to transport their products from the third-party manufacturers

to the warehouse facilities, and from the warehouse facilities to customers. As a result, the Common Carriers regularly are in possession of certain of the Debtors' products in the ordinary course of business. While the Debtors believe that they are substantially current in their payments to the Common Carriers, because the Common Carriers are paid in arrears, the Debtors estimate that approximately $20,000 has accrued and is owing to the Common Carriers relating to the prepetition period (the "**Carrier Charges**").

83. It is essential for the Debtors' continuing business viability and the success of their restructuring efforts that they maintain the reliable and efficient flow of products through their distribution system. Even a short delay could undermine the Debtors' ability to fulfill their customers' supply needs and adversely impact relationships with their customers. As a result, the Debtors' ability to effect a successful restructuring may be jeopardized. In addition, such parties may otherwise assert possessory liens on the Debtors' property. If so, those entities may refuse to deliver or release such products before their claims have been satisfied. Such relief is necessary to (a) ensure that the essential services provided by the Warehouse Providers and Common Carriers are available to the Debtors without interruption; and (b) preserve to the fullest extent possible the Debtors' relationships with their customers and, in turn, the value of the Debtors' business for the benefit of all stakeholders.

Motion to Provide for Adequate Assurance to Utilities

84. In connection with the operation of their business and management of their properties, the Debtors obtain water, natural gas, sewer, electricity, telephone, cellular phone and other similar utility products and services (collectively, the "**Utility Services**") from approximately eight (8) utility companies (collectively, the "**Utility Companies**"). The Debtors are seeking an order of this Court prohibiting the Utility Companies from altering or

discontinuing services and deeming the Utility Companies adequately assured of future performance by virtue of the Debtors' proposed adequate assurance.

85. To provide adequate assurance of payment for future services to the Utility Companies, the Debtors propose to maintain a deposit equal to two (2) weeks of Utility Service, calculated as a historical average over the past 12 months, in a newly created and segregated interest-bearing account maintained by the Debtors (the "**Adequate Assurance Deposit**").

86. I believe that the Adequate Assurance Deposit constitutes sufficient adequate assurance to the Utility Companies. However, in light of the adverse consequences to the Debtors of any interruption in services by the Utility Companies and the recognition that Utility Companies have the right to evaluate the proposed adequate assurance on a case-by-case basis, if any Utility Company believes additional assurance is needed, the Debtors have proposed procedures for the Utility Companies to request such additional adequate assurance. I believe these procedures, as outlined in the motion, are not only fair and reasonable, but also necessary for the Debtors to be able to continue to operate properly. Furthermore, the Debtors fully intend to timely comply with their postpetition obligations to Utility Companies.

87. I believe that without the relief requested in the motion, the Debtors could be forced to address multiple requests by Utility Companies in an unorganized manner at a critical period in their reorganization efforts, and during a time when their efforts could be more productively focused for the benefit of all of their stakeholders.

D. Applications and Motions Related to the Retention of Professionals

Application to Employ and Retain
Epiq Bankruptcy Solutions, LLC as Claims and Noticing Agent

88. Concurrently herewith, the Debtors filed an application to retain Epiq Bankruptcy Solutions, LLC ("**Epiq**") as this Court's notice and claims agent for the Debtors' chapter 11 cases. I believe that the retention of Epiq is critical because of the large number of creditors identified in these cases.

89. I understand that Epiq is a data processing firm with extensive experience in noticing, claims processing and other administrative tasks in chapter 11 cases. Given the need for the services described above and Epiq's expertise in providing such services, I believe that retaining Epiq will expedite service of notices and streamline the claims administration, and permit the debtors to focus on their reorganization efforts.

90. The Debtors intend to file a separate application to retain Epiq as an administrative agent to provide, among other things, certain solicitation and balloting services.

Other Retention Applications

91. The Debtors intend to file certain applications, upon the scheduling of a further hearing by the Court, to retain professionals who will assist the Debtors in the administration of these chapter 11 cases. Among certain other professionals, the Debtors will seek to retain Willkie Farr & Gallagher LLP as bankruptcy counsel with regard to the filing and prosecution of these chapter 11 cases, Williams & Connolly LLP as special litigation counsel, and SNR Denton as special litigation counsel. In addition, the Debtors will seek to retain Jefferies & Company, Inc. as financial advisor and investment banker. The Debtors also intend to file a motion regarding interim compensation, seeking authorization and establishing

procedures for compensating and reimbursing professionals on a monthly basis, on terms comparable to the procedures established in other chapter 11 cases in this district.

92. In addition, the Debtors intend to file a motion authorizing the Debtors to retain certain professionals utilized in the ordinary course of their business ("**OCPs**") without the submission of separate retention applications and the issuance of separate orders approving the retention of each individual professional and authorizing the Debtors to pay each OCP in accordance with the terms set forth in the motion without application to the Court by such professional, 100% of postpetition fees and disbursements, subject to monthly caps of $50,000 per month for each individual OCP, and $500,000 for all fees paid to each individual OCP during the course of these cases. I believe that retention of the OCPs is essential and should be authorized to avoid any disruption in the Debtors' day-to-day business operations. Further, since the amount of fees and disbursements owed to any such individual professional in respect of postpetition services is expected to be relatively modest, the requested relief will allow the Debtors to avoid additional fees that would be incurred by the OCPs in connection with preparing and prosecuting numerous interim fee applications. I believe granting the relief sought in this motion is in the best interest of the estates and all the parties involved.

III. INFORMATION REQUIRED BY LOCAL RULE 1007-2

93. It is my understanding that Local Rule 1007-2 requires certain information related to the Debtors, which is set forth below.

94. Local Rule 1007-2(3) requires the Debtors provide the names and addresses and members of any committee organized prior to the Petition Date. Two groups of noteholders were formed prior to the Petition Date, however, neither group has held themselves out as committees. Exhibit A references such groups.

95. Concurrently herewith, the Debtors have filed a motion for authorization to file a list of the thirty (30) largest unsecured creditors on a consolidated basis. Exhibit B hereto provides the following information with respect to each of the holders of the Debtors' thirty (30) largest unsecured claims: (a) each creditor's name, address (including the number, street, apartment or suite number, and zip code, if not included in the post office address) and telephone number, where available; (b) the nature and approximate amount of such creditor's claim; and (c) an indication of whether the claim is contingent, unliquidated, disputed, or partially secured.

96. Exhibit C hereto provides the following information with respect to the holders of the two (2) largest secured claims against the Debtors: (a) the creditor's name, address (including the number, street, apartment or suite number, and zip code, if not included in the post office address) and telephone number; (b) the amount of the claim; (c) a brief description of such creditor's claim; (d) if known, an estimate of the value of the collateral securing the claim; and (e) whether the claim or lien is contingent, unliquidated or disputed.

97. Exhibit D hereto provides a summary of the Debtors' assets and liabilities.

98. Exhibit E hereto provides the number and classes of shares of stock, debentures, and other public securities of the Debtors that are publicly held and the number of holders thereof.

99. Exhibit F hereto provides a list of the Debtors' property in the possession of any custodian, public officer, mortgagee, pledgee, assignee of rents, or secured creditor, or agent for any such entity, including the name, address and telephone number of each.

100. Exhibit G hereto sets forth a list of the owned or leased premises from which the Debtors operate their businesses.

101. Exhibit H hereto sets forth the location of the Debtors' substantial assets and the location of their books and records.

102. Exhibit I hereto sets forth the nature and present status of each action or proceeding, pending or threatened, against the Debtors or their property where a judgment or seizure of their property may be imminent.

103. Exhibit J hereto provides a list of the names of the individuals who comprise the Debtors' existing senior management, their tenure with the Debtors and a brief summary of their relevant responsibilities and experience.

104. Exhibit K hereto sets forth the estimated amount to be paid to (a) employees, (b) officers, stockholders and directors, and (c) financial and business consultants retained by the Debtors, for the thirty (30) day period following the Petition Date.

105. Exhibit L hereto sets forth a list of the Debtors' estimated cash receipts and disbursements, net gain or loss, and obligations and receivables expected to accrue that remain unpaid, other than professional fees for the thirty (30) day period following the Petition Date.

CONCLUSION

In furtherance of their reorganization efforts, the Debtors respectfully request that orders granting the relief requested in the First Day Motions be entered.

Dated: August 4, 2012

K-V Discovery Solutions, Inc., et al.,
Debtors and Debtors in Possession

Thomas S. McHugh
Treasurer and Vice President

SCHEDULE 1

Organizational Chart

K-V PHARMACEUTICAL COMPANY

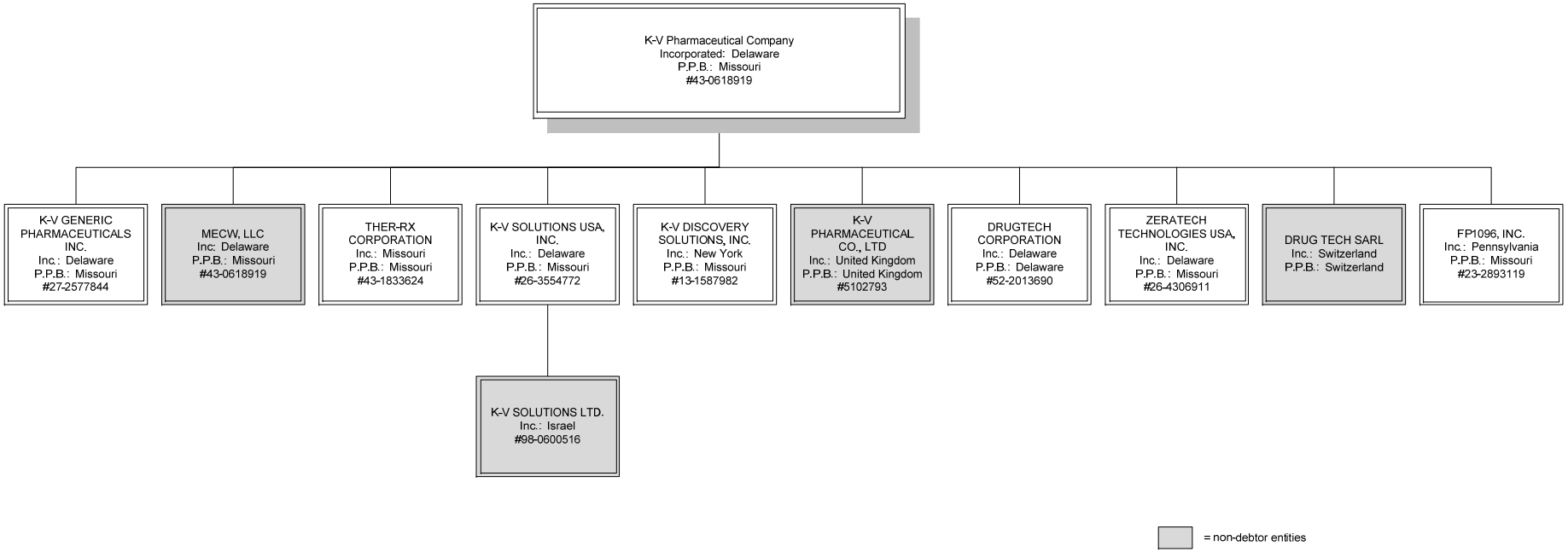

EXHIBIT A

Committees Organized Prior to the Order for Relief

As of the Petition Date, two informal groups of noteholders have been formed.

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EXHIBIT B

30 Largest Unsecured Claims[1] (on a consolidated basis)

Name of creditor and complete mailing address, including zip code	Name, telephone number, and fax number of employees, agent or department of creditor familiar with claim who may be contacted	Nature of claim (trade debt, bank loan, government contract, etc.)	Amount of claim as of August 3, 2012[2]	Indicate if claim is contingent, unliquidated, disputed (C/U/D)
Deutsche Bank Trust Company Americas, as Indenture Trustee 60 Wall Street MS NYC 60-2515 New York, NY 10005	Corporate Trust and Agency Services Attn: Dorothy Robinson Facsimile: (212) 454-4274	Debt Securities	$201,000,000[3]	
IMS Health 660 West Germantown Pike Plymouth Meeting, PA 19462	Attn: Len Marcinek Telephone: (610) 244-2000 Email: lmarcinek@us.imshealth.com	Services Contract	$274,314.86	
Abelson-Taylor, Inc. 33 West Monroe Street Chicago, IL 60603	Attn: Accounting Department Telephone: (312) 894-550 Facsimile: (312) 894-5658	Marketing Services	$160,675.50	
Applied Discovery, Inc. 13427 NE 16th Street Bellevue, WA 98005	Attn: Accounts Receivable Telephone: (877) 613-3010 ext. 3563 Email: billing@applieddiscovery.com	Services Contract	$128,625.20	
Concur Technologies Inc. 62157 Collections Center Drive Chicago, IL 60693	Attn: General Counsel	Trade Debt	$98,227.70	

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1 The Top 30 List does not include: (1) persons who come within the definition of an "insider" set forth in 11 U.S.C. § 101(31); or (2) secured and partially secured creditors. The information presented in the Top 30 List shall not constitute an admission by, nor is it binding on, the Debtors. The information presented herein, including, without limitation: (a) the failure of the Debtors to list any claim as contingent, unliquidated, disputed or subject to a setoff; or (b) the listing of any claim as unsecured, does not constitute an admission by the Debtors that the secured lenders listed hold any deficiency claims, nor does it constitute a waiver of any Debtors' rights to contest the validity, priority, nature, characterization and/or amount of any claim.

2 These claim amounts represent maximum potential liabilities. Any actual amounts owed may be significantly lower.

3 Amount represents principal and interest accrued as of July 31, 2012 with respect to the 2.5% Convertible Subordinated Notes issued by K-V Pharmaceutical Company.

Name of creditor and complete mailing address, including zip code	Name, telephone number, and fax number of employees, agent or department of creditor familiar with claim who may be contacted	Nature of claim (trade debt, bank loan, government contract, etc.)	Amount of claim as of August 3, 2012[2]	Indicate if claim is contingent, unliquidated, disputed (C/U/D)
Medco Health Services 100 Parsons Pond Drive Franklin Lakes, NJ 07417	Attn: Alison Curley Telephone: (201) 269-5817 Facsimile: (201) 269-1032 Email: alison_curley@medco.com	Services Contract	$89,317.29	
CuraScript SD 6272 Lee Vista Boulevard Orlando, FL 32822	Attn: Pamela L. Gass Telephone: (407) 826-8570 Email: plgass@express-scripts.com	Services Contract	$86,593.97	
REPCO Graphics 8405 St. Charles Rock Road St. Louis, MO 63114	Attn: Betsy Kirburz Telephone: (314) 884-7214 Facsimile: (314) 426-6022 Email: bkiburz@repcographics.com	Services Contract	$86,379.70	
Poretta & Orr, Inc. 450 East Street Doylestown, PA 18901	Attn: Janie Swanson Telephone: (215) 345-1515 Facsimile: (215) 345-6459 Email: jswanson@porettaorr.com	Services Contract	$83,686.35	
Bick Group 12969 Manchester Road St. Louis, MO 63131	Attn: General Counsel Telephone: (800) 295-2425	Services Contract	$76,500.79	
Golin Harris International 111 East Wacker Drive Chicago, IL 60601 -and- Golin Harris International CMGRP, Inc. PO Box 7247-6595 Philadelphia, PA 1170-6595	Attn: Tyler Peterre Telephone: (312) 729-4384 Facsimile: (312) 729-4023	Services Contract	$71,768.56	
White Company Inc. 1600 S. Brentwood Boulevard Suite 770 St. Louis, MO 63144	Attn: Shannon Tayon Telephone: (314) 373-7785 Facsimile: (314) 961-5903 Email: stayon@white-co.com	Services Contract	$71,303.81	
Nesher Pharmaceuticals USA LLC 73 Route 31 North Pennington, NJ 08534	Attn: Scott Fuhremann Telephone: (609) 730-1900 Facsimile: (609) 730-1998 Email: sfuhremann@nesher.com	Trade Debt	$70,889.05	

Name of creditor and complete mailing address, including zip code	Name, telephone number, and fax number of employees, agent or department of creditor familiar with claim who may be contacted	Nature of claim (trade debt, bank loan, government contract, etc.)	Amount of claim as of August 3, 2012[2]	Indicate if claim is contingent, unliquidated, disputed (C/U/D)
California Department of Health (CA COHS) Accounting Section Medi-Cal Drug Rebate Accounts Receivable MS1101 Sacramento, CA 95899-7413	Attn: Daniel Jones Telephone: (916) 552-9176 Email: daniel.jones@dhcs.ca.gov	Medicaid Rebate	$67,067.38	
JurisTemps 8000 Maryland Avenue Suite 650 St. Louis, MO 63105	Attn: Andrew J. Koshner Telephone: (314) 862-5554 Facsimile: (314) 862-5654 Email: ajk@juristemps.com	Trade Debt	$58,251.03	
Almac Group 25 Fretz Road Souderton, PA 18964	Attn: Clinical Services Telephone: (919) 479-8850 Facsimile: (919) 471-2633 Email: clinicalservices@almacgroup.com	Services Contract	$57,036.63	
CBIZ Valuation Group LLC One City Place Drive Suite 570 St. Louis, MO 63141 -and- CBIZ Valuation Group LLC PO Box 849846 Dallas, TX 75284-9846	Attn: Kevin Moentmann/ Accounts Receivable Telephone: (314) 692-2249 Facsimile: (314) 692-4222 Email: kmoentmann@cbiz.com	Services Contract	$49,700.50	
SMS Systems Maintenance Service 14416 Collections Center Drive Chicago, IL 60693	Attn: Jim Stanton Telephone: (980) 939-7001 Facsimile: (877) 346-0998	Services Contract	$44,698.16	
Baxter Pharmaceutical 927 South Curry Pike Bloomington, IN 47402	Attn: Joanie Tincher Telephone: (224) 948-2000 Facsimile: (800) 568-5020	Trade Debt	$44,000.00	
Patton Boggs LLP 2550 M Street NW Washington, DC 20037	Attn: Managing Partner Telephone: (202) 457-6000 Facsimile: (202) 457-6315	Legal Services	$42,827.24	
CDF Rx 6900 North Dallas Parkway Suite 125 Plano, TX 75024	Attn: General Counsel Telephone: (972) 608-7156 Facsimile: (214) 570-3659	Trade Debt	$41,100.00	

Name of creditor and complete mailing address, including zip code	Name, telephone number, and fax number of employees, agent or department of creditor familiar with claim who may be contacted	Nature of claim (trade debt, bank loan, government contract, etc.)	Amount of claim as of August 3, 2012[2]	Indicate if claim is contingent, unliquidated, disputed (C/U/D)
Snell & Wilmer LLP One Arizona Center 400 East Van Buren Street Suite 1900 Phoenix, AZ 85004	Attn: Managing Partner Telephone: (602) 382-6000 Facsimile: (602) 382-6070	Legal Services	$38,652.00	
Cortegra 15220 Foundation Avenue Evansville, IN 47725	Attn: General Counsel Telephone: (812) 422-4104 Facsimile: (812) 429-1601	Trade Debt	$35,538.89	
Oracle America, Inc. 500 Oracle Parkway Redwood Shore, CA 94065	Attn: General Counsel Telephone: (650) 506-7000	Trade Debt	$35,277.39	
Connecticut General Life Insurance 900 Cottage Grove Road B5PHR Bloomfield, CT 06002	Attn: General Counsel Telephone: (860) 226-5209 Facsimile: (860) 226-5400	Trade Debt	$31,671.00	
OptumRx 2300 Main Street Dept. 8765 Irvine, CA 92614	Attn: General Counsel Telephone:	Trade Debt	$30,000.00	
Hogan Lovells US LLP Columbia Square 555 Thirteenth Street, NW Washington, DC 20004	Attn: Managing Partner Telephone: (202) 637-5600 Facsimile: (202) 637-5910	Legal Services	$28,276.80	
Fleishman-Hillard Inc. 200 N. Broadway St. Louis, MO 63102 -and- Fleishman-Hillard Inc. PO Box 598 St. Louis, MO 63188-4706	Attn: Susan Veidt Telephone: (314) 982-1700	Services Contract	$25,995.22	
Gibson, Dunn & Crutcher LLP PO Box 90084 Los Angeles, CA 90088 -and- Gibson, Dunn & Crutcher LLP 333 South Grand Avenue Los Angeles, CA 90071-3197	Attn: Managing Partner Telephone: (213) 229-7000 Facsimile: (213) 229-7520	Legal Services	$23,429.79	

Name of creditor and complete mailing address, including zip code	Name, telephone number, and fax number of employees, agent or department of creditor familiar with claim who may be contacted	Nature of claim (trade debt, bank loan, government contract, etc.)	Amount of claim as of August 3, 2012[2]	Indicate if claim is contingent, unliquidated, disputed (C/U/D)
Printing Arts 2001 West 21st Street Broadview, IL 60155	Attn: General Counsel Telephone: (708) 938-1600 Facsimile: (708) 938-1717	Trade Debt	$22,760.00	

EXHIBIT C

Holders of Two Largest Secured Claims Against the Debtors[1]

Creditor	Mailing Address and Phone Number	Counsel[2]	Approximate Amount of Claim as of July 31, 2012[3]	Description of Security Interest	Contingent, Unliquidated, Disputed (C, U, D)
Wilmington Trust FSB, as Indenture Trustee	50 South Sixth Street, Suite 1290 Minneapolis, MN 55402-1544		$235,100,000	Debt Securities	D (as to the amount of the unsecured / secured portion of such claim)
Hologic, Inc.	35 Crosby Drive Bedford, MA 01730	Brown Rudnick LLP Seven Times Square New York, NY 10036 Attn: William R. Baldiga Tel. (212) 209-4942 Fax. (212) 856-8586 Email: wbaldiga@brownrudnick.com	$95,000,000[4]	Asset Purchase Agreement	C, U, D

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1 The Debtors have included all information reasonably available to them. To the extent additional information becomes available, the Debtors will supplement such information in their Statements of Financial Affairs and/or Schedules of Liabilities, as applicable. The information presented on this Exhibit C shall not constitute an admission by, nor is it binding on, the Debtors. The information presented herein, including, without limitation: (a) the failure of the Debtors to list any claim as contingent, unliquidated, disputed or subject to setoff; or (b) the listing of any claim as secured, does not constitute an admission by the Debtors or constitute a waiver of the Debtors' rights to contest the validity, nature, characterization and/or amount of any claim.

2 The Debtors have provided information for counsel to creditors that are known to the Debtors.

3 Unless otherwise indicated, these figures are inclusive of principal and accrued interest.

4 Claim is up to $95 million plus certain royalties.

EXHIBIT D

Summary of Debtors' Assets and Liabilities on a consolidated basis, as of June 30, 2012

(Dollars rounded to nearest $100,000)

ASSETS	
Current Assets:	
Cash and cash equivalents	$38,200,000
Restricted Cash	7,500,000
Marketable Securities	-
Accounts Receivable	8,200,000
Receivables – Intercompany	(0)
Inventory	2,000,000
Prepaid and Other	4,700,000
Deferred Tax, Net Current	1,600,000
Total Current Assets	62,300,000
Property and Equipment:	
Property and Equipment	63,200,000
Accum Depreciation	(30,000,000)
Net Property and Equipment	33,300,000
Intangible Assets	125,500,000
Other Assets	15,500,000
Total Assets	**$236,600,000**
LIABILITIES	
Current Liabilities:	
Current Maturities, LT Debt	$30,000,000
Accounts Payable	8,900,000
Accounts Payable – Interco.	-
Other Accrued Liabilities	151,300,000
Total Current Liabilities	190,000,000
Long Term Debt	420,100,000
Other Liabilities	46,900,000
Deferred Tax Liability	71,300,000
Total Liabilities	**$728,300,000**
STOCKHOLDERS' EQUITY	
Preferred Stock	$400
Class A Common Stock	500,000
Class B Common Stock	100,000
Paid in Capital	204,800,000
Acc. Other Comprehensive Inc	-
Retained Earnings	(639,700,000)
Interco. Writeoffs	(0)
Less: Cost Treasury Stock	(57,400,000)
Total Stockholders' Equity	**($491,700,000)**
Total Liabilities and Equity	**$236,600,000**

EXHIBIT E

Publicly Held Securities

Pursuant to Local Rule 1007-2(a)(7), the following lists the number and classes of shares of stock, debentures and other securities of the Debtors that are publicly traded and the number of holders thereof.[1]

Stock

Type of Security	Number of Shares Outstanding	Approximate Number of Record Holders as of June 30, 2012
7% Cumulative Convertible Preferred Stock	40,000	Unknown – sold on open market
Class A Common Stock[2]	49,007,569	649
Class B Common Stock[3]	11,075,435	257

Securities Held by Debtors' Directors and Officers[4]

Name/Position	Total Beneficial Ownership
Robert E. Baldini/Director	13,666 of Class A Common Stock (represents less than 1% of Class)
Gregory S. Bentley/Director	23,676 of Class A Common Stock (represents less than 1% of Class)
Mark A. Dow/Director	13,666 of Class A Common Stock (represents less than 1% of Class)

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[1] The information contained herein shall not constitute an admission of liability by, nor is it binding upon, the Debtors.

[2] The Debtors' Class A Common Stock is traded on the New York Stock Exchange under the symbol KV.A.

[3] The Debtors' Class B Common Stock is traded on the New York Stock Exchange under the symbol KV.B.

[4] As of July 19, 2012. The number of shares listed herein includes options exercisable on July 19, 2012 or within 60 days following July 19, 2012.

Name/Position	Total Beneficial Ownership
David S. Hermelin/Director[5]	1,343,187 of Class A Common Stock, owned through a trust (represents 2.74% of Class) 41,041 of Class A Common Stock, owned individually (represents less than 1% of Class) 2,136,555 of Class B Common Stock, owned through a trust (represents 19.29% of Class) 52,875 of Class B Common Stock, owned individually (represents less than 1% of Class)
Joseph D. Lehrer/Director	17,000 of Class A Common Stock (represents less than 1% of Class) 200 of Class B Common Stock (represents less than 1% of Class)
David Sidransky/Director	13,666 of Class A Common Stock (represents less than 1% of Class) 1,000 of Class B Common Stock (represents less than 1% of Class)
Ana I. Stancic/Director	13,666 of Class A Common Stock (represents less than 1% of Class)
Gregory J. Divis, Jr./President and Chief Executive Officer	95,000 of Class A Common Stock (represents less than 1% of Class)
Thomas S. McHugh/Chief Financial Officer and Treasurer	46,666 of Class A Common Stock (represents less than 1% of Class)
Patrick J. Christmas/Vice President, General Counsel and Secretary	8,000 of Class A Common Stock (represents less than 1% of Class)

[5] In addition to the stock listed herein, 19.29% of Class B shares, and 2.74% of Class A shares, are beneficially attributed to Mr. Hermelin as Trustee of certain Trusts.

EXHIBIT F

Debtors' Property Not in the Debtors' Possession

Pursuant to Local Rule 1007-2(a)(8), the following lists the Debtors' property in the possession or custody of any custodial, public officer, mortgagee, pledge, assignee of rents, or secured creditor, or agent for any such entity.

In the ordinary course of business, certain of the Debtors' warehouse providers and third party manufacturers hold inventory belonging to the Debtors. Certain third parties may hold prepayments on account of services performed for the Debtors.

Debtor Entity	Description of Property	Person or Entity in Possession of the Property	Address of Person or Entity in Possession of the Property
K-V Pharmaceutical Company	Inventory	Hospira	1776 Centennial Drive McPherson, KS 67460
K-V Pharmaceutical Company	Inventory; Manufacturing Equipment	Nesher Pharmaceuticals USA LLC	2303 Schuetz Road Maryland Heights, MO 63043
K-V Pharmaceutical Company, Ther-Rx Corporation, DrugTech Corporation, and FP1096, Inc.	Inventory; Manufacturing Equipment	Perrigo Company	1 Zvi Burstein Street Yeruham, Israel 80500
K-V Pharmaceutical Company	Inventory	Baxter U.S.	927 South Curry Pike Bloomington, IN 47403
K-V Pharmaceutical Company	Inventory	HTI Plastics	5120 NW 38th Street Lincoln, NE 68524
K-V Pharmaceutical Company	Inventory	Specialty Pharmaceutical Services – Cardinal Health	15 Ingram Blvd Suite 100 LaVergne, TN 37086
K-V Pharmaceutical Company	Inventory	Medegen Medical Manufacturing Services	930 Wanamaker Avenue Ontario, CA 91761
K-V Pharmaceutical Company	Inventory	DPT Labs	3300 Research Plaza San Antonio, TX 72835
Ther-Rx Corporation	Inventory	CDF Rx	6900 Dallas Parkway Suite 125 Plano, TX 75024

EXHIBIT G

Debtors' Premises

Pursuant to Local Rule 1007-2(a)(9), the following lists the premises owned, leased, or held under other arrangement from which the Debtors operate their businesses:

Debtor-Owner/Lessee	Address	Lease Expiration Date	Type of Interest	Description of Use
K-V Pharmaceutical Company	3100 Corporate Exchange Bridgeton, MO 63044	N/A	Owned	Warehouse
K-V Pharmaceutical Company	One Corporate Woods St. Louis, MO 63045	N/A	Owned	Office Building
K-V Pharmaceutical Company	10850-10862 Metro Court Maryland Heights, MO 63043	N/A	Owned	Office Building
K-V Pharmaceutical Company	10876-10888 Metro Court Maryland Heights, MO 63043	N/A	Owned	Laboratory/Office
K-V Pharmaceutical Company	2258-2280 Schuetz Road St. Louis, MO 63146	5/31/2013	Leased	Corporate Office

EXHIBIT H

Pursuant to Local Rule 1007-2(a)(10), the following lists the location of the Debtors' substantial assets, books and records, and nature, location, and value of any assets held by the Debtors outside the United States:

Location of Debtors' Substantial Assets

2280 Schuetz Road
St. Louis, MO 63146

Location of the Debtors' Books and Records

2280 Schuetz Road
St. Louis, MO 63146

Debtors' Assets Outside of the United States

The Debtors' foreign affiliates hold de minimis assets outside the United States.

EXHIBIT I

Summary of Actions or Proceedings Pending Against the Debtors

The Debtors are involved in multiple pending or threatened litigations in various jurisdictions. However, judgment against any of the Debtors is not imminent in any such litigation. The Debtors will provide information regarding pending or threatened litigations in the Debtors' Statement of Financial Affairs and/or Schedules of Liabilities, as applicable.

EXHIBIT J

Senior Management of the Debtors

Name	Tenure in Position	Position	Experience/Responsibilities
Gregory J. Divis, Jr.	2010 to Present	President and Chief Executive Officer	Mr. Divis serves as President and Chief Executive Officer of KV and President of each of the other Debtors. Previously, he served in senior management positions at Sanofi-Aventis U.S., first as Vice President of Sales, Respiratory East then as Vice President of Business Development and Life Cycle Management.
Thomas S. McHugh	2010 to Present	Chief Financial Officer and Treasurer	Mr. McHugh serves as Chief Financial Officer of KV and Treasurer and Vice President of each of the other Debtors. He has also held the position of Vice President of Finance and Corporate Controller at K-V Pharmaceutical Company and earlier served as BearingPoint, Inc.'s Managing Director and Global Controller.
Patrick J. Christmas	2011 to Present	General Counsel and Secretary	Mr. Christmas serves as General Counsel and Secretary of KV and Secretary of each of the other Debtors. Before joining KV as Vice President and General Counsel, Mr. Christmas held General Counsel positions at the Wellstat Companies and BioVeris Corporation.

EXHIBIT K

Certain Payment Obligations in the 30 days Prior to the Petition Date

Pursuant to Local Rule 1007-2(b)(1)-(2)(A), the following provides the estimated amount of payroll[1] to the Debtors' employees (excluding officers, directors, and stockholders) and the estimated amount to be paid to officers, directors, stockholders, and financial and business consultants for the thirty (30) day period following the filing of the chapter 11 petitions.

Payments to Employees (Not Including Officers, Directors and Stockholders)	$2.6 million
Payments to Officers, Directors, and Stockholders	$0.1 million

The Debtors will not pay fees to the financial or business consultants retained by them under the Bankruptcy Code during the thirty days following the Petition Date.

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[1] Amounts listed herein include estimated wages and salaries, and exclude payroll taxes and other various benefits.

EXHIBIT L

Debtors' Estimated Cash Receipts and Disbursements for the Thirty (30) Day Period Following the Filing of the Chapter 11 Petitions

Pursuant to Local Rule 1007-2(b)(3), the following provides, for the 30-day period following the filing of the Debtors' chapter 11 petitions, the estimated cash receipts and disbursements, estimated net cash gain or loss, and estimated obligations and receivables expected to accrue that remain unpaid, other than professional fees.

Cash Receipts	$3.4 million
Cash Disbursements	$(8.5) million
Net Cash Gain/Loss	$(5.1) million
Unpaid Obligations	$2.4 million
Uncollected Receivables	$5.1 million