Allergan Public Limited Company

2015 Irish Statutory Accounts

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DIRECTORS AND OTHER INFORMATION

Board of Directors (as of December 31, 2015)

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James H. Bloem
Christopher W. Bodine
Christopher J. Coughlin
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DIRECTORS' REPORT

The directors present their report together with the audited financial statements of the Company (as defined below) for the year ended December 31, 2015.

Basis of presentation

The accompanying consolidated financial statements reflect the consolidated operations of Allergan Public Limited Company ("Allergan plc") and its subsidiaries. References throughout to "we," "our," "us," the "Company" or "Allergan" refer to financial information and transactions of Watson Pharmaceuticals, Inc. prior to January 23, 2013, Actavis, Inc. from January 23, 2013 until October 1, 2013 and Allergan plc subsequent to October 1, 2013. The results of the parent company Allergan plc (formerly known as Actavis plc) are included in the consolidated financial statements from May 16, 2013, the date of incorporation.

The directors have elected to prepare the consolidated financial statements in accordance with Section 279 of the Companies Act 2014 ("Companies Act"), which provides that a true and fair view of the assets and liabilities, financial position and profit or loss may be given by preparing the financial statements in accordance with US accounting standards ("US GAAP"), as defined in that section to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of Part 6 of the Companies Act 2014.

Formation of Company

Allergan plc was incorporated in Ireland on May 16, 2013 as a private limited company and re-registered effective September 20, 2013 as a public limited company. It was established for the purpose of facilitating the business combination between Actavis, Inc. and Warner Chilcott plc ("Warner Chilcott"). On October 1, 2013, pursuant to the transaction agreement dated May 19, 2013 among Actavis, Inc., Warner Chilcott, Allergan plc, Actavis Ireland Holding Limited, Actavis W.C. Holding LLC (now known as Actavis W.C. Holding Inc.) and Actavis W.C. Holding 2 LLC (now known as Actavis W.C. Holding 2 Inc.) ("MergerSub"), (i) the Company acquired Warner Chilcott (the "Warner Chilcott Acquisition") pursuant to a scheme of arrangement under Section 201, and a capital reduction under Sections 72 and 74, of the Irish Companies Act of 1963 where each Warner Chilcott ordinary share was converted into 0.160 of an Allergan plc ordinary share (the "Company Ordinary Shares"), or $5,833.9 million in equity consideration, and (ii) MergerSub merged with and into Actavis, Inc., with Actavis, Inc. as the surviving corporation in the merger (the "Merger" and, together with the Warner Chilcott Acquisition, the "Transactions"). Following the consummation of the Transactions, Actavis, Inc. and Warner Chilcott became wholly-owned subsidiaries of Allergan plc. Each of Actavis, Inc.'s common shares was converted into one Company Ordinary Share. Effective October 1, 2013, through a series of related-party transactions, Allergan plc contributed its indirect subsidiaries, including Actavis, Inc., to Warner Chilcott Limited.

On March 17, 2015, the Company acquired Allergan, Inc. ("Legacy Allergan") for approximately $77.0 billion including outstanding indebtedness assumed of $2.2 billion, cash consideration of $40.1 billion and equity consideration of $34.7 billion, which includes outstanding equity awards (the "Allergan Acquisition"). Under the terms of the agreement, Legacy Allergan shareholders received 111.2 million of the Company's ordinary shares, 7.0 million of the Company's non-qualified stock options and 0.5 million of the Company's share units. The addition of Legacy Allergan's therapeutic franchises in ophthalmology, neurosciences and medical aesthetics/dermatology/plastic surgery complements the Company's existing central nervous system, gastroenterology, women's health and urology franchises. The combined company benefits from Legacy Allergan's global brand equity and consumer awareness of key products, including Botox® and Restasis®. The transaction expanded our presence and market and product reach across many international markets, with strengthened commercial positions across Canada, Europe, Southeast Asia and other high-value growth markets, including China, India, the Middle East and Latin America.

DIRECTORS' REPORT - continued

Formation of Company - continued

In connection with the Allergan Acquisition, the Company changed its name from Actavis plc to Allergan plc. Actavis plc's ordinary shares were traded on the NYSE under the symbol "ACT" until the opening of trading on June 15, 2015, at which time Actavis plc changed its corporate name to "Allergan plc" and changed its ticker symbol to "AGN." Pursuant to Rule 12g-3(c) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), Allergan plc is the successor issuer to Actavis plc's ordinary shares and Actavis plc's mandatory convertible preferred shares, both of which are deemed to be registered under Section 12(b) of the Exchange Act, and Allergan plc is subject to the informational requirements of the Exchange Act, and the rules and regulations promulgated thereunder.

References throughout to "Ordinary Shares" refer to Actavis, Inc.'s Class A common shares, par value $0.0033 per share, prior to the consummation of the Transactions and to Allergan plc's ordinary shares, par value $0.0001 per share, since the consummation of the Transactions.

On July 26, 2015, Allergan plc entered into a master purchase agreement (the "Teva Agreement"), under which Teva Pharmaceutical Industries Ltd. ("Teva") agreed to acquire the Company's global generic pharmaceuticals business and certain other assets (the "Teva Transaction"). Under the Teva Agreement, upon the closing of the Teva Transaction, we will receive $33.75 billion in cash and 100.3 million Teva ordinary shares (or American Depository Shares with respect thereto), which approximates $6.75 billion in Teva stock using the then-current stock price at the time the Teva Transaction was announced, in exchange for which Teva will acquire our global generics business, including the United States ("U.S.") and international generic commercial units, our third-party supplier Medis, our global generic manufacturing operations, our global generic R&D unit, our international over-the-counter (OTC) commercial unit (excluding OTC eye care products) and some established international brands. We anticipate that the closing of the Teva Transaction may not occur until June 2016. As a result of the transaction, and in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") number 2014-08 "Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity," the Company is accounting for the assets and liabilities to be divested as held for sale. Further, the financial results of the business held for sale have been reclassified to discontinued operations for all periods presented in our consolidated financial statements.

On November 23, 2015, the Company announced that it entered into a definitive merger agreement (the "Pfizer Agreement") under which Pfizer Inc. ("Pfizer"), a global innovative biopharmaceutical company, and Allergan plc will merge in a stock and cash transaction (the "Pfizer Transaction"), which attributes a $160.0 billion enterprise valuation using the then-current stock price at the time the Pfizer Transaction was announced. Company shareholders will receive 11.3 shares of the combined company ordinary shares for each of their existing Allergan shares and Pfizer stockholders will receive in respect of each share of Pfizer common stock held by them, at their election and subject to certain proration procedures described in the Pfizer Agreement, either one share of the combined company or an amount in cash equal to the volume weighted average price per share of Pfizer common stock on the New York Stock Exchange ("NYSE") on the trading day immediately preceding the date of the consummation of the Pfizer Transaction. The Pfizer Transaction is anticipated to close in the second half of 2016.

DIRECTORS' REPORT - continued

Principal activities

Allergan plc is a global specialty pharmaceutical company engaged in the development, manufacturing, marketing, and distribution of brand name pharmaceutical products ("brand", "branded" or "specialty brand"), medical aesthetics, biosimilar and over-the-counter ("OTC") pharmaceutical products. The Company has operations in more than 100 countries. As a result of the Allergan Acquisition which closed on March 17, 2015, the Company expanded its franchises to include ophthalmology, neurosciences and medical aesthetics/ dermatology/plastic surgery, which complements the Company's existing central nervous system, gastroenterology, women's health and urology franchises. The combined company benefits significantly from Legacy Allergan's global brand equity and consumer awareness of key products, including Botox® and Restasis®. The Allergan Acquisition expanded our presence and market and product reach across many international markets, with strengthened commercial positions across Canada, Europe, Southeast Asia and other high-value growth markets, including China, India, the Middle East and Latin America.

Business review and results

2015 Strategic Transactions

The following are the material transactions that were completed in the year ended December 31, 2015.

Acquisitions

AqueSys

On October 16, 2015, the Company acquired AqueSys, Inc. ("AqueSys"), a private, clinical-stage medical device company focused on developing ocular implants that reduce intraocular pressure ("IOP") associated with glaucoma, in an all-cash transaction. Under the terms of the agreement, the Company acquired AqueSys for an acquisition accounting purchase price of $298.9 million, including $193.5 million for the estimated fair value of contingent consideration relating to the regulatory approval and commercialization milestone payments. The Company acquired AqueSys for the lead development program, including XEN45, a soft shunt that is implanted in the sub conjunctival space in the eye through a minimally invasive procedure with a single use, pre-loaded proprietary injector (the "AqueSys Acquisition").

Northwood Medical Innovation

On October 1, 2015, the Company acquired Northwood Medical Innovation Ltd., developer of innovative implant technology, earFold™, which is being accounted for as a business acquisition. earFold™ is a medical device for the correction of prominent ears, with or without asymmetry, in patients aged 7 years and older. earFold™ received a Conformité Européene ("CE") mark in April 2015, and has been made available by Northwood Medical Innovation Ltd to trained and accredited plastic surgeons, otolaryngologists (Ear, Nose and Throat) and maxillo-facial surgeons, primarily in the United Kingdom ("UK"). The Company acquired Northwood Medical Innovation Ltd. for acquisition accounting purchase price consideration of $25.5 million (the "Northwood Acquisition"), including $15.0 million of contingent consideration.

Kythera

On October 1, 2015, the Company acquired Kythera Biopharmaceuticals ("Kythera"), for $75 per share, or an acquisition accounting purchase price of $2,089.5 million (the "Kythera Acquisition"). Kythera was focused on the discovery, development and commercialization of novel prescription aesthetic products. Kythera's lead

DIRECTORS' REPORT - continued

Acquisitions - continued

Kythera – continued

product, Kybella® injection, is the first and only United States Food and Drug Administration ("FDA") approved, non-surgical treatment for moderate to severe submental fullness, commonly referred to as double chin.

Oculeve

On August 10, 2015, the Company acquired Oculeve, Inc. ("Oculeve"), a development-stage medical device company focused on developing novel treatments for dry eye disease. Under the terms of the agreement, Allergan acquired Oculeve for an acquisition accounting purchase price of $134.5 million (the "Oculeve Acquisition"), including $90.0 million for the estimated fair value of contingent consideration of which the Company may owe up to $300.0 million in future payments. The Company acquired Oculeve and its lead product candidate OD-01, an intranasal neurostimulation device, as well as other dry eye products in development.

Auden Mckenzie

On May 29, 2015 the Company acquired Auden Mckenzie Holdings Limited ("Auden"), a company specializing in the development, licensing and marketing of niche generic medicines and proprietary brands in the United Kingdom ("UK") and across Europe for approximately 323.7 million British Pounds, or $495.9 million (the "Auden Acquisition"). The assets and liabilities acquired, as well as the results of operations for the acquired Auden business are part of the assets being divested in the Teva Transaction and are included as a component of income from discontinued operations. In addition the acquired financial position is included in assets and liabilities held for sale.

Allergan

On March 17, 2015, the Company completed the Allergan Acquisition. The addition of Legacy Allergan's therapeutic franchises in ophthalmology, neurosciences and medical aesthetics/dermatology/plastic surgery complements the Company's existing central nervous system, gastroenterology, women's health and urology franchises. The combined company benefited from Legacy Allergan's global brand equity and consumer awareness of key products, including Botox® and Restasis®. The transaction also expanded our presence and market and product reach across many international markets, with strengthened commercial positions across Canada, Europe, Southeast Asia and other high-value growth markets, including China, India, the Middle East and Latin America.

DIRECTORS' REPORT - continued

Acquisitions - continued

Allergan – continued

The contribution from the acquisition of Legacy Allergan for the year ended December 31, 2015 is as follows ($ in millions):

	Year Ended December 31, 2015				
	US Brands	US Medical Aesthetics	International Brands	Corporate	Total
	$	$	$	$	$
Net revenues	2,709.2	1,513.9	1,941.5	-	6,164.6
Operating expenses:					
Cost of sales(1)	142.4	99.0	290.6	939.7	1,471.7
Selling and marketing	466.4	302.9	495.2	185.7	1,450.2
General and administrative	1.5	34.0	110.5	763.6	909.6
Contribution	**2,098.9**	**1,078.0**	**1,045.2**	**(1,889.0)**	**2,333.1**

(1) Excludes amortization and impairment of acquired intangibles including product rights.

As a result of the acquisition, the Company incurred the following transaction and integration costs in the year ended December 31, 2015 ($ in millions):

	Year Ended December 31, 2015
	$
Cost of sales	
Stock-based compensation acquired for Legacy Allergan employees	22.5
Acquisition, integration and restructuring related charges	14.9
Research and development	
Stock-based compensation acquired for Legacy Allergan employees	124.8
Acquisition, integration and restructuring related charges	83.5
Selling, general and administrative	
Stock-based compensation acquired for Legacy Allergan employees	368.9
Acquisition-related expenditures	65.5
Acquisition, integration and restructuring related charges	374.3
Interest expense and similar items	
Bridge loan facilities expense	264.9
Interest rate lock	(30.9)
Total transaction and integration costs	**1,288.4**

Licenses and Asset Acquisitions

Mimetogen

On November 4, 2015, the Company entered into an exclusive licensing agreement with Mimetogen Pharmaceuticals ("Mimetogen"), a clinical stage biotechnology company, to develop and commercialize

DIRECTORS' REPORT - continued

Licenses and Asset Acquisitions - continued

Mimetogen – continued

tavilermide (MIM-D3), a topical formulation of a novel small molecule TrkA agonist for the treatment of dry eye disease, in exchange for an upfront payment of $50.0 million to Mimetogen, which is included as a component of research and development ("R&D") expenses in the year ended December 31, 2015. Mimetogen will be entitled to receive potential milestones based on achieving regulatory approval and predefined labeling of the product. In addition, Mimetogen is entitled to receive one-time annual sales based milestone payments based on multiple pre-defined annual net sales thresholds which may or may not be achieved, and tiered royalties based on net sales to third parties of the licensed products (the "Mimetogen Transaction"). The Company concluded based on the stage of development of the assets, the lack of acquired employees and manufacturing as well as certain other inputs and processes that the transaction did not qualify as a business.

Almirall

On October 27, 2015, the Company and Ironwood Pharmaceuticals, Inc. announced that Allergan has acquired rights to Constella® (linaclotide) in the European Union, Switzerland, Turkey and the Commonwealth of Independent States from Almirall, S.A. and has also reacquired rights to Linzess® (linaclotide) in Mexico from Almirall for €60.0 million. The consideration was accounted for as an asset acquisition and included as a component of intangible assets. The Company concluded based on the lack of acquired employees and the lack of certain other inputs and processes that the transaction did not qualify as a business.

Naurex

On August 28, 2015, the Company acquired certain products in early stage development of Naurex, Inc. ("Naurex") in an all-cash transaction of $571.7 million (the "Naurex Transaction"), plus future contingent payments up to $1,150.0 million, which was accounted for as an asset acquisition. The Company recognized the upfront consideration of $571.7 million as a component of R&D expenses in the year ended December 31, 2015. The Company concluded based on the stage of development of the assets, the lack of acquired employees and manufacturing as well as certain other inputs and processes that the transaction did not qualify as a business. The Naurex Transaction expands our pipeline with Naurex's two leading product candidates GLYX-13 and NRX-1074, two compounds that utilize NMDA modulation as a potential new approach to the treatment of Major Depressive Disorder ("MDD"), a disease that can lead to suicidality among the most severe patients.

Migraine License

On August 17, 2015, the Company entered into an agreement with Merck & Co. ("Merck") under which the Company acquired the exclusive worldwide rights to Merck's early development stage investigational small molecule oral calcitonin gene-related peptide receptor antagonists, which are being developed for the treatment and prevention of migraines (the "Merck Transaction"). The transaction is being accounted for as an asset acquisition. The Company acquired these rights for an upfront charge of $250.0 million which was recognized as a component of R&D expenses in the year ended December 31, 2015. The Company concluded based on the stage of development of the assets, the lack of acquired employees and manufacturing as well as certain other inputs and processes that the transaction did not qualify as a business. The Company paid $125.0 million in the year ended December 31, 2015 and the remaining $125.0 million is payable on April 30, 2016. Additionally, Merck is owed contingent payments based on commercial and development milestones of up to $965.0 million as well as royalties.

DIRECTORS' REPORT - continued

Divestitures

Respiratory Business

As part of the Forest Acquisition (defined below), we acquired certain assets that comprised Legacy Forest's branded respiratory business in the U.S. and Canada (the "Respiratory Business"). During the year ended December 31, 2014, we held for sale respiratory assets of $734.0 million, including allocated goodwill to this unit of $309.1 million. On March 2, 2015, the Company sold the Respiratory Business to AstraZeneca plc ("AstraZeneca") for consideration of $600.0 million upon closing, additional funds to be received for the sale of certain of our inventory to AstraZeneca and low single-digit royalties above a certain revenue threshold. AstraZeneca also paid Allergan an additional $100.0 million and Allergan has agreed to a number of contractual consents and approvals, including certain amendments to the ongoing collaboration agreements between AstraZeneca and Allergan (the "Respiratory Sale"). As a result of the final terms of the agreement, in the year ended December 31, 2015, the Company recognized an incremental charge in cost of sales (including the acquisition accounting fair value mark-up of inventory) relating to inventory that will not be sold to AstraZeneca of $35.3 million. The Company recognized a loss in other (expense) income, net for the sale of the business of $5.3 million in the year ended December 31, 2015.

Pharmatech

As part of the Forest Acquisition, the Company acquired certain manufacturing plants and contract manufacturing agreements within the business known as Aptalis Pharmaceutical Technologies ("Pharmatech"). In accordance with acquisition accounting, the assets were fair valued on July 1, 2014 as assets held in use, including market participant synergies anticipated under the concept of "highest and best use." During the fourth quarter of 2014, the decision was made to hold these assets for sale as one complete unit, without integrating the unit and realizing anticipated synergies. During the year ended December 31, 2014, the Company recognized an impairment on assets held for sale of $189.9 million (the "Pharmatech Transaction") which included a portion of goodwill allocated to this business unit. In the year ended 2015, the Company completed the divestiture of the Pharmatech business and there was no material impact to the Company's results of operations.

2014 Strategic Transactions

The following are the material transactions that were completed in the year ended December 31, 2014.

Acquisitions

Durata Therapeutics

On November 17, 2014, we completed our tender offer to purchase all of the outstanding shares of Durata Therapeutics, Inc. ("Durata"), an innovative pharmaceutical company focused on the development and commercialization of novel therapeutics for patients with infectious diseases and acute illnesses (the "Durata Acquisition"). Allergan purchased all outstanding shares of Durata, which were valued at approximately $724.5 million, including the assumption of debt, as well as one contingent value right ("CVR") per share, entitling the holder to receive additional cash payments of up to $5.00 per CVR if certain regulatory or commercial milestones related to Durata's lead product Dalvance® are achieved. The CVR had an acquisition date fair value of $49.0 million. We accounted for the acquisition as a business combination requiring that the assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date. On March 2, 2015, the Company announced that the European Commission has granted Allergan's subsidiary Durata Therapeutics International B.V., marketing authorization for Xydalba™ (dalbavancin) for the treatment of acute bacterial skin

DIRECTORS' REPORT - continued

Acquisitions - continued

Durata Therapeutics – continued

and skin structure infections (ABSSSI) in adults. The approval triggered the first CVR payment. The difference between the fair value of the CVR on the date of acquisition of $24.5 million and the payment made of $30.9 million, or $6.4 million, was recorded as an operating expense in the year ended December 31, 2015. In January 2016, the Company received approval from the FDA for an expanded label which will include a single dose of Dalvance®, which triggers a second CVR payment in the year ending December 31, 2016.

Furiex

On July 2, 2014, the Company acquired Furiex Pharmaceuticals, Inc. ("Furiex") in an all-cash transaction (the "Furiex Acquisition") valued at $1,156.2 million (including the assumption of debt) and up to approximately $360.0 million in a CVR payable based on which controlled substance schedule designation that eluxadoline, Furiex's lead product, receive following approval, which had an acquisition accounting fair value of $88.0 million on the date of acquisition (included in the value of $1,156.2 million). In the second quarter of 2015, the Company received approval from the FDA of the eluxadoline product, Viberzi®. Viberzi® is a first-in-class, locally-acting mu opioid receptor agonist and delta opioid receptor antagonist for treating symptoms of diarrhea-predominant irritable bowel syndrome (IBS-d), a condition that affects approximately 28 million patients in the United States and Europe. In connection with the close of the Furiex Acquisition, the Company further announced that it closed the transaction related to the sale of Furiex's royalties on Alogliptin and Priligy® to Royalty Pharma for $408.6 million in cash consideration.

Contingent Consideration

In the year ended December 31, 2015, the Company received a schedule IV ("C-IV") designation from the Drug Enforcement Agency ("DEA") for Viberzi® and recognized an expense of $29.8 million as a component of R&D expense. This expense represents the difference between the final CVR payment amount of $118.5 million, or $10 for each CVR outstanding, versus the probability-weighted CVR fair value initially established in acquisition accounting, adjusted for accretion. This amount was paid as of December 31, 2015.

Forest Laboratories

On July 1, 2014, the Company acquired Forest Laboratories, Inc. ("Legacy Forest") for $30.9 billion including outstanding indebtedness assumed of $3.3 billion, equity consideration of $20.6 billion, which includes outstanding equity awards, and cash consideration of $7.1 billion (the "Forest Acquisition"). Under the terms of the transaction, Legacy Forest shareholders received 89.8 million Allergan plc (formerly Actavis plc) ordinary shares, 6.1 million Allergan plc non-qualified stock options and 1.1 million Allergan plc share units. Legacy Forest was a leading, fully integrated, specialty pharmaceutical company largely focused on the United States market. Legacy Forest marketed a portfolio of branded drug products and developed new medicines to treat patients suffering from diseases principally in the following therapeutic areas: central nervous system, cardiovascular, gastrointestinal, respiratory, anti-infective, and cystic fibrosis.

DIRECTORS' REPORT - continued

Acquisitions - continued

Forest Laboratories – continued

The contribution from the acquisition of Forest for the year ended December 31, 2015 is as follows ($ in millions):

	Year Ended December 31, 2015			
	US Brands	International Brands	Corporate	Total
	$	$	$	$
Net revenues	4,187.2	72.1	-	4,259.3
Operating expenses:				
Cost of sales(1)	795.4	22.2	230.5	1,048.1
Selling and marketing	977.5	21.7	65.3	1,064.5
General and administrative	64.0	4.4	129.4	197.8
Contribution	**2,350.3**	**23.8**	**(425.2)**	**1,948.9**

(1) Excludes amortization and impairment of acquired intangibles including product rights.

The contribution from the acquisition of Forest for the year ended December 31, 2014 is as follows ($ in millions):

	Year Ended December 31, 2014			
	US Brands	International Brands	Corporate	Total
	$	$	$	$
Net revenues	2,232.5	72.4	-	2,304.9
Operating expenses:				
Cost of sales(1)	527.1	25.8	732.0	1,284.9
Selling and marketing	608.4	17.1	84.0	709.5
General and administrative	59.1	2.9	393.8	455.8
Contribution	**1,037.9**	**26.6**	**(1,209.8)**	**(145.3)**

(1) Excludes amortization and impairment of acquired intangibles including product rights.

DIRECTORS' REPORT - continued

Acquisitions - continued

Forest Laboratories – continued

As a result of the Forest Acquisition, the Company incurred the following transaction and integration costs in the years ended December 31, 2015 and 2014 ($ in millions):

	Years Ended December 31,	
	2015	2014
	$	$
Cost of sales		
Stock-based compensation acquired for Forest employees	4.7	9.5
Severance-related charges	1.1	11.3
Research and development		
Stock-based compensation acquired for Forest employees	36.3	66.7
Severance-related charges	9.2	24.5
Selling, general and administrative		
Stock-based compensation acquired for Forest employees	101.8	211.3
Severance-related charges	34.5	116.8
Other integration costs	58.4	96.7
Financing related charges	-	9.3
Interest expense and similar items		
Bridge loan facilities	-	25.8
Total transaction and integration costs	**246.0**	**571.9**

Silom Medical Company

On April 1, 2014, the Company acquired Silom Medical Company ("Silom"), a privately held generic pharmaceutical company focused on developing and marketing therapies in Thailand, for consideration of approximately $103.0 million in cash (the "Silom Acquisition"). The Silom Acquisition expanded the Company's position in the Thai generic pharmaceutical market, with leading positions in the ophthalmic and respiratory therapeutic categories and a strong cardiovascular franchise. We accounted for the acquisition as a business combination requiring that the assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date. The assets and liabilities acquired, as well as the results of operations for the acquired Silom business are part of the assets being divested in the Teva Transaction and are included as a component of income from discontinued operations. In addition the acquired financial position is included in assets and liabilities held for sale.

Divestitures

Corona Facility

During the year ended December 31, 2014, we held for sale assets in our Corona, California manufacturing facility. As a result, the Company recognized an impairment charge as a component of discontinued operations of $20.0 million in the year ended December 31, 2014, including a write-off of property, plant and equipment, net, due to the integration of Warner Chilcott of $5.8 million. The Company completed the sale of these assets during the year ended December 31, 2015 with no material impact to the Company's results of operations.

DIRECTORS' REPORT - continued

Divestitures - continued

2013 Strategic Transactions

The following are the material transactions that were completed in the year ended December 31, 2013.

Acquisitions

Warner Chilcott

On October 1, 2013, the Company acquired of Warner Chilcott plc ("Warner Chilcott") in a stock for stock transaction for a value, including the assumption of debt, of $9.2 billion (the "Warner Chilcott Acquisition"). Warner Chilcott was a leading specialty pharmaceutical company focused on the women's healthcare, gastroenterology, urology and dermatology segments of the branded pharmaceuticals market, primarily in North America.

Acquisition of Uteron Pharma, S.A.

On January 23, 2013, the Company completed the acquisition of Uteron Pharma, S.A. for approximately $142.0 million in cash, plus assumption of debt and other liabilities of $7.7 million and up to $155.0 million in potential future milestone payments (the "Uteron Acquisition"). The acquisition expanded the Company's specialty brand pipeline of women's health products including two potential near term commercial opportunities in contraception and infertility, and one oral contraceptive project projected to launch by 2018 at the time of the acquisition. Several additional products that were then in earlier stages of development were also acquired in the Uteron Acquisition. We accounted for the acquisition as a business combination requiring that the assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date.

At June 30, 2014, after an identified triggering event, the acquired in-process research and development ("IPR&D") intangible asset related to Estelle, a novel natural estrogen-based 28 day cycle oral contraceptive for the prevention of pregnancy, of $13.1 million was deemed to be fully impaired. Consequently, the $22.8 million contingent liability related to Estelle was written off, resulting in a net gain of $9.7 million as a component of R&D expense. At June 30, 2014, after an identified triggering event, the acquired IPR&D intangible asset related to Colvir, a treatment of premalignant Human Papilloma Virus (HPV) lesions of the uterine, of $2.0 million was deemed to be fully impaired. Consequently the $1.5 million contingent liability was also written off, resulting in a net loss of $0.5 million.

Operating results for the years ended December 31, 2015 and 2014

For the year ended December 31, 2015, we recorded income for the year of $3,683.2 million on revenue of $15,071.0 million. For the year ended December 31, 2014, we recorded a loss for the year of $(1,630.5) million on revenue of $6,738.9 million. As of December 31, 2015 and 2014, we had total assets of $135,795.4 million and $52,669.9 million, respectively.

Key performance indicators

The Company operated and managed its business as of December 31, 2015 as four distinct operating segments: US Brands, US Medical Aesthetics, International Brands and Anda Distribution. Prior to the realignment, the Company operated and managed its business as five distinct operating segments: US Brands, US Medical Aesthetics, International Brands, Global Generics, and Anda Distribution. In addition, certain revenues and

DIRECTORS' REPORT - continued

Key performance indicators - continued

shared costs and the results of corporate initiatives are being managed outside of the four segments. The new operating segments are organized as follows:

- The US Brands segment includes sales and expenses relating to branded products within the United States, including certain Botox® therapies.
- The US Medical Aesthetics segment includes sales and expenses relating to aesthetics and dermatology products within the United States, including certain Botox® therapies.
- The International Brands segment includes sales and expenses relating to products sold outside of the United States.
- The Anda Distribution segment includes distribution of generic and branded pharmaceutical products manufactured by third parties, as well as by the Company, primarily to independent pharmacies, pharmacy chains, pharmacy buying groups and physicians' offices. The Anda Distribution segment operating results exclude sales of products developed, acquired, or licensed by the US Brands, US Medical Aesthetics and International Brands segments. As the generics business is now reported within discontinued operations, the Anda Distribution segment includes revenues and expenses related to Company manufactured generics products sold through Anda.

The Company evaluates segment performance based on segment contribution. Segment contribution for segments represents net revenues less cost of sales (excluding amortization and impairment of acquired intangibles including product rights), selling and marketing expenses, and select general and administrative expenses. The Company does not evaluate the following items at the segment level:

- Revenues and operating expenses within cost of sales (excluding amortization and impairment of acquired intangibles including product rights), selling and marketing expenses, and general and administrative expenses that result from the impact of corporate initiatives. Corporate initiatives primarily include integration, restructuring, acquisition and other shared costs.
- General and administrative expenses that result from shared infrastructure, including expenses located within the United States.
- Total assets including capital expenditures.
- Other select revenues and operating expenses including R&D expenses, amortization, IPR&D impairments and asset sales and impairments, net as not all such information has been accounted for at the segment level, or such information has not been used by all segments.

The Company defines segment net sales as product sales and other revenue derived from branded products or licensing agreements. In March 2015, as a result of the Allergan Acquisition, we began to promote Restasis®, Lumigan®/Ganfort®, Alphagan®/Combigan®, Botox®, fillers, other aesthetic products and other eye care products. In July 2014, as a result of the Forest Acquisition, the Company also began recognizing revenues on key US brands, including, but not limited to, Bystolic ®, Canasa®, Carafate®, Fetzima ®, Linzess ®, Namenda®IR (which lost exclusivity in July 2015), Namenda XR®, Saphris®, Teflaro® and Viibryd®.

Cost of sales within segment contribution includes production and packaging costs for the products we manufacture, third party acquisition costs for products manufactured by others, profit-sharing or royalty payments for products sold pursuant to licensing agreements, inventory reserve charges and excess capacity utilization charges, where applicable. Cost of sales does not include amortization or impairment costs for acquired product rights or other acquired intangibles.

Selling and marketing expenses consist mainly of personnel-related costs, product promotion costs, distribution costs, professional service costs, insurance, depreciation and travel costs.

DIRECTORS' REPORT - continued

Key performance indicators - continued

General and administrative expenses consist mainly of personnel-related costs, facilities costs, transaction costs, insurance, depreciation, litigation and settlement costs and professional services costs which are general in nature and attributable to the segment.

Results of operations, including segment net revenues, segment operating expenses and segment contribution consisted of the following ($ in millions):

	Year Ended December 31, 2015				
	US Brands	**US Medical Aesthetics**	**International Brands**	**Anda Distribution**	**Total**
	$	**$**	**$**	**$**	**$**
Net revenues	9,134.3	1,513.9	2,187.3	2,225.4	15,060.9
Operating expenses:					
Cost of sales(1)	1,131.9	99.0	376.4	1,905.3	3,512.6
Selling and marketing	1,664.6	302.9	569.2	146.9	2,683.6
General and administrative	139.6	34.0	125.5	44.2	343.3
Segment Contribution	**6,198.2**	**1,078.0**	**1,116.2**	**129.0**	**8,521.4**
Contribution margin	***67.9%***	***71.2%***	***51.0%***	***5.8%***	***56.6%***
Corporate					2,940.4
Research and development					2,358.5
Selling, general and administrative excluded from segments and corporate designation					6,237.0
Other (income)					(0.1)
Interest (income)					(11.4)
Interest expense and similar items					1,427.2
(Loss) before taxes					(4,430.2)

(1) Excludes amortization and impairment of acquired intangibles including product rights.

DIRECTORS' REPORT - continued

Key performance indicators - continued

	Year Ended December 31, 2014				
	US Brands	US Medical Aesthetics	International Brands	Anda Distribution	Total
	$	$	$	$	$
Net revenues	4,511.2	-	203.5	2,024.2	6,738.9
Operating expenses:					
Cost of sales[(1)]	736.7	-	48.2	1,711.6	2,496.5
Selling and marketing	806.4	-	48.2	135.6	990.2
General and administrative	119.5	-	12.0	36.4	167.9
Segment Contribution	**2,848.6**	**-**	**95.1**	**140.6**	**3,084.3**
Contribution margin	***63.1%***		***46.7%***	***6.9%***	***45.8%***
Corporate					2,247.0
Research and development					605.7
Selling, general and administrative excluded from segments and corporate designation					2,675.5
Other (income)					(16.4)
Interest (income)					(8.9)
Interest expense and similar items					455.5
(Loss) before taxes					(2,874.1)

(1) Excludes amortization and impairment of acquired intangibles including product rights.

The following is a reconciliation of net revenues for the operating segments to the Company's net revenues for the years ended December 31, 2015 and 2014 ($ in millions):

	Years Ended December 31,		Change	
	2015	2014		
	$	$	$	%
Segment net revenues	15,060.9	6,738.9	8,322.0	123.5%
Corporate revenues	10.1	-	10.1	n.a.
Net revenues	**15,071.0**	**6,738.9**	**8,332.1**	**123.6%**

No country represents ten percent or more of net revenues outside of the United States. The US Brands, US Medical Aesthetics, and Anda Distribution segments are comprised solely of sales within the United States.

DIRECTORS' REPORT - continued

Key performance indicators - continued

The following table presents global net revenues for the top products of the Company for the years ended December 31, 2015 and 2014 ($ in millions):

	Years Ended December 31,											
	Global				U.S.				International			
	2015	2014	$ Change	% Change	2015	2014	$ Change	% Change	2015	2014	$ Change	% Change
	$	$	$	%	$	$	$	%	$	$	$	%
Botox®	1,975.7	-	1,975.7	n.a.	1,386.6	-	1,386.6	n.a.	589.1	-	589.1	n.a.
Restasis®	1,047.8	-	1,047.8	n.a.	999.6	-	999.6	n.a.	48.2	-	48.2	n.a.
Namenda XR®	759.3	269.5	489.8	181.7%	759.3	269.5	489.8	181.7%	-	-	-	n.a.
Bystolic®	646.1	292.6	353.5	120.8%	644.8	291.6	353.2	121.1%	1.3	1.0	0.3	30.0%
Asacol®/Delzicol®	618.5	614.1	4.4	0.7%	552.9	541.0	11.9	2.2%	65.6	73.1	(7.5)	(10.3)%
Fillers	573.9	-	573.9	n.a.	304.3	-	304.3	n.a.	269.6	-	269.6	n.a.
Namenda® IR	556.3	629.7	(73.4)	(11.7)%	556.3	629.7	(73.4)	(11.7)%	-	-	-	n.a.
Lumigan®/Ganfort®	547.3	-	547.3	n.a.	260.7	-	260.7	n.a.	286.6	-	286.6	n.a.
Linzess®/Constella®	459.3	174.4	284.9	163.4%	454.8	173.2	281.6	162.6%	4.5	1.2	3.3	275.0%
Alphagan®/Combigan®	411.1	-	411.1	n.a.	285.0	-	285.0	n.a.	126.1	-	126.1	n.a.
Lo Loestrin®	349.6	277.1	72.5	26.2%	346.5	275.7	70.8	25.7%	3.1	1.4	1.7	121.4%
Viibryd®/Fetzima®	327.6	140.3	187.3	133.5%	327.6	140.3	187.3	133.5%	-	-	-	n.a.
Estrace® Cream	326.2	258.2	68.0	26.3%	326.2	258.2	68.0	26.3%	-	-	-	n.a.
Minastrin® 24	273.0	217.9	55.1	25.3%	272.4	217.9	54.5	25.0%	0.6	-	0.6	n.a.
Silicone Implants	229.7	-	229.7	n.a.	113.3	-	113.3	n.a.	116.4	-	116.4	n.a.
Carafate ® /Sulcrate ®	213.1	90.9	122.2	134.4%	213.1	90.9	122.2	134.4%	-	-	-	n.a.
Aczone®	170.8	-	170.8	n.a.	170.8	-	170.8	n.a.	-	-	-	n.a.
Other Products Revenues	3,360.3	1,750.0	1,610.3	92.0%	2,684.1	1,623.2	1,060.9	65.4%	676.2	126.8	549.4	433.3%
Total Products Revenues	**12,845.6**	**4,714.7**	**8,130.9**	**172.5**	**10,658.3**	**4,511.2**	**6,147.1**	**136.3%**	**2,187.3**	**203.5**	**1,983.8**	**974.8%**
ANDA Revenues	2,225.4	2,024.2	201.2	9.9%	2,225.4	2,024.2	201.2	9.9%	-	-	-	n.a.
Total Net Revenues	**15,071.0**	**6,738.9**	**8,332.1**	**123.6%**	**12,883.7**	**6,535.4**	**6,348.3**	**97.1%**	**2,187.3**	**203.5**	**1,983.8**	**974.8%**

US Brands Segment

Newly developed pharmaceutical products normally are patented or have market exclusivity and, as a result, are generally offered by a single provider when first introduced to the market. We market a number of branded products to physicians, hospitals, and other markets that we serve. These patented and off-patent trademarked products are brand pharmaceutical products. In March 2015, as a result of the Allergan Acquisition, we began promoting a number of additional branded products including, but not limited to Alphagan® /Combigan® , Botox®, Lumigan® / Ganfort® and Restasis®. In July 2014, as a result of the Forest Acquisition, we began promoting a number of additional branded products including, but not limited to Bystolic®, Canasa®, Carafate®, Fetzima®, Linzess®, Namenda®, Namenda XR®, Saphris®, Teflaro® and Viibryd®.

We market our brand products through our active sales professionals in the United States. Our sales and marketing efforts focus on general and specialty physicians who specialize in the diagnosis and treatment of particular medical conditions. Each group offers products to satisfy the unique needs of these physicians. We believe this focused sales and marketing approach enables us to foster close professional relationships with specialty physicians, as well as cover the primary care physicians who also prescribe in selected therapeutic areas. We believe that the current structure of sales professionals is very adaptable to the additional products we plan to add to our brand portfolio.

DIRECTORS' REPORT - continued

Key performance indicators - continued

US Brands Segment – continued

The following table presents net contribution for the US Brands segment for the years ended December 31, 2015 and 2014 ($ in millions):

	Years Ended December 31,		Change	
	2015	2014	Dollars	%
	$	$	$	
Central Nervous System (CNS)	2,541.2	1,109.4	1,431.8	129.1%
Eye Care	1,831.3	-	1,831.3	n.a.
Gastroenterology (GI)	1,575.3	966.8	608.5	62.9%
Women's Health	998.0	791.7	206.3	26.1%
Cardiovascular	644.8	291.6	353.2	121.1%
Urology	238.8	111.9	126.9	113.4%
Infectious Disease	188.8	62.7	126.1	201.1%
Other	1,116.1	1,177.1	(61.0)	(5.2)%
Net revenues	**9,134.3**	**4,511.2**	**4,623.1**	**102.5%**
Operating expenses:				
Cost of sales(1)	1,131.9	736.7	395.2	53.6%
Selling and marketing	1,664.6	806.4	858.2	106.4%
General and administrative	139.6	119.5	20.1	16.8%
Segment contribution	**6,198.2**	**2,848.6**	**3,349.6**	**117.6%**
Segment margin	67.9%	63.1%		4.8%

(1) Excludes amortization and impairment of acquired intangibles including product rights.

The increase in segment revenues is primarily due to the contribution from the Allergan Acquisition and a full year of contribution from the Forest Acquisition versus six months in the year ended December 31, 2014. The increase in Women's Health is due to growth in oral contraceptives and Estrace® Cream.

The increase in operating expenses is due to the Allergan Acquisition and a full year of contribution from the Forest Acquisition versus six months in the year ended December 31, 2014, offset, in part by savings due to corporate initiatives due to the restructurings after the acquisitions of Legacy Allergan, Forest and Warner Chilcott during 2014 and the year ended December 31, 2015.

As part of the integration of Legacy Allergan with the Company, management transitioned the legacy Actavis Brand and Corporate U.S. and Canadian operations into the Legacy Allergan SAP Enterprise Resource Planning ("ERP") system during January 2016. In preparation of this change, the Company shipped safety-stock inventory into the trade that approximated $275.0 million of gross sales in the year ended December 31, 2015. Based on the terms and conditions associated with the safety stock, the amount is expected to be recognized as revenue in the quarter ending March 31, 2016.

DIRECTORS' REPORT - continued

Key performance indicators - continued

US Medical Aesthetics

Our US Medical Aesthetics business offers a wide range of silicone gel and saline breast implant options as well as a comprehensive, science-based facial aesthetic portfolio. Our US Medical Aesthetics business is focused on maintaining a leading position within the U.S. market. We market our products through our active sales professionals in the United States. Our sales and marketing efforts focus on specialty physicians and surgeons who specialize in aesthetics. We believe this focused sales and marketing approach enables us to foster close professional relationships with specialty physicians.

The following table presents net contribution for the US Medical Aesthetics segment for the years ended December 31, 2015 and 2014 ($ in millions):

	Years Ended December 31,		**Change**	
	2015	**2014**	**Dollars**	**%**
	$	**$**	**$**	
Facial Aesthetics Total	817.8	-	817.8	n.a.
Medical Dermatology Total	493.5	-	493.5	n.a.
Plastic Surgery Total	202.6	-	202.6	n.a.
Net revenues	**1,513.9**	**-**	**1,513.9**	**n.a.**
Operating expenses:				
Cost of sales(1)	99.0	-	99.0	n.a.
Selling and marketing	302.9	-	302.9	n.a.
General and administrative	34.0	-	34.0	n.a.
Segment contribution	**1,078.0**	**-**	**1,078.0**	**n.a.**
Segment margin	71.2%			

(1) Excludes amortization and impairment of acquired intangibles including product rights.

The US Medical Aesthetics segment is primarily attributable to the Allergan Acquisition. As such, the increased contribution is not comparable period-over-period.

International Brands

Our International Brands business is focused on maintaining a leading position by offering a consistent and reliable supply of quality brand and aesthetic products. We have maintained an ongoing effort to enhance efficiencies and reduce costs in our manufacturing operations.

DIRECTORS' REPORT - continued

Key performance indicators - continued

International Brands – continued

The following table presents net contribution for the International Brands segment for the years ended December 31, 2015 and 2014 ($ in millions):

	Years Ended December 31,		Change	
	2015	2014	Dollars	%
	$	$	$	
Eye Care	924.0	-	924.0	n.a.
Facial Aesthetics	620.0	-	620.0	n.a.
Other Therapeutics	517.8	203.5	314.3	154.4%
Plastic Surgery	125.5	-	125.5	n.a.
Net revenues	**2,187.3**	**203.5**	**1,983.8**	**974.8%**
Operating expenses:				
Cost of sales[(1)]	376.4	48.2	328.2	680.9%
Selling and marketing	569.2	48.2	521.0	1,080.9%
General and administrative	125.5	12.0	113.5	945.8%
Segment contribution	**1,116.2**	**95.1**	**1,021.1**	**1,073.7%**
Segment margin	51.0%	46.7%		4.3%

(1) Excludes amortization and impairment of acquired intangibles including product rights.

Our International Brands segment offers a wide array of branded and aesthetics products outside of the United States, primarily attributable to products acquired in the Allergan Acquisition. As such, the increased contribution is not comparable period-over-period.

Anda Distribution Segment

Our Anda Distribution segment distributes brand pharmaceutical products manufactured by third parties, as well as by Allergan, primarily to independent pharmacies, pharmacy chains, pharmacy buying groups and physicians' offices. Sales are principally generated through our national accounts relationships, an in-house telemarketing staff and through internally developed ordering systems. Additionally, we sell to members of buying groups, which are independent pharmacies that join together to enhance their buying power. We believe that we are able to effectively compete in the distribution market, and therefore optimize our market share, based on three critical elements: (i) competitive pricing, (ii) high levels of inventory for approximately 13,200 SKUs for responsive customer service that includes, among other things, next day delivery to the entire U.S., and (iii) well-established telemarketing relationships with our customers, supplemented by our electronic ordering capabilities. While we purchase most of the SKUs in our Anda Distribution operations from third party manufacturers, we also distribute our own products and our collaborative partners' products.

DIRECTORS' REPORT - continued

Key performance indicators - continued

Anda Distribution Segment – continued

The following table presents net contribution for the Anda Distribution segment for the years ended December 31, 2015 and 2014 ($ in millions):

	Years Ended December 31,		Change	
	2015	**2014**	**Dollars**	**%**
	$	**$**	**$**	
Net revenues	2,225.4	2,024.2	201.2	9.9%
Operating expenses:				
Cost of sales(1)	1,905.3	1,711.6	193.7	11.3%
Selling and marketing	146.9	135.6	11.3	8.3%
General and administrative	44.2	36.4	7.8	21.4%
Segment contribution	**129.0**	**140.6**	**(11.6)**	**(8.3)%**
Segment margin	5.8%	6.9%		(1.1)%

(1) Excludes amortization and impairment of acquired intangibles including product rights.

Net Revenues

The increase in net revenues was a result of volume increases and price increases ($136.0 million) and an increase in third-party launches ($60.8 million). Also included are results related to the Company's manufactured generic products sold through our Anda Distribution segment that were previously included in our former Global Generics Segment.

Cost of Sales

The increase in cost of sales within our Anda Distribution segment was due to higher product sales. Cost of sales as a percentage of revenue increased to 85.6% compared to 84.6% in the prior year period primarily due to product and customer mix.

Selling and Marketing Expenses

The increase in selling and marketing expenses relate to higher freight costs and higher personnel costs.

General and Administrative Expenses

The increase in general and administrative costs were due to higher personnel costs.

DIRECTORS' REPORT - continued

Key performance indicators - continued

Corporate

Corporate represents the results of corporate initiatives as well as the impact of select revenues and shared costs. The following represents the corporate amounts for the years ended December 31, 2015 and 2014 ($ in millions):

	Year Ended December 31, 2015					
	Integration and Restructuring	**Fair Value Adjustments**	**Effect of Purchase Accounting**	**Other**	**Revenues and Shared Costs**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Net Sales	-	-	-	3.8	6.3	10.1
Operating expenses:						
Cost of sales(1)	53.1	58.5	1,180.0	-	6.2	1,297.8
Selling and marketing	99.8	-	130.4	-	0.2	230.4
General and administrative	546.1	-	322.4	62.8	491.0	1,422.3
Contribution	**(699.0)**	**(58.5)**	**(1,632.8)**	**(59.0)**	**(491.1)**	**(2,940.4)**

(1) Excludes amortization and impairment of acquired intangibles including product rights.

	Year Ended December 31, 2014					
	Integration and Restructuring	**Fair Value Adjustments**	**Effect of Purchase Accounting**	**Other**	**Revenues and Shared Costs**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Net Sales	-	-	-	-	-	-
Operating expenses:						
Cost of sales(1)	25.9	(9.9)	941.1	-	-	957.1
Selling and marketing	49.5	-	46.2	115.1	-	210.8
General and administrative	292.7	-	171.7	168.3	446.4	1,079.1
Contribution	**(368.1)**	**9.9**	**(1,159.0)**	**(283.4)**	**(446.4)**	**(2,247.0)**

(1) Excludes amortization and impairment of acquired intangibles including product rights.

In the year ended December 31, 2015, integration and restructuring charges were primarily related to the integration of the Legacy Allergan business, as well as the acquisition of Forest. In the year ended December 31, 2015, the Company incurred $1,151.4 million in cost of sales primarily related to the fair value inventory step-up from the Allergan Acquisition and the Forest Acquisition as products were sold to the Company's third party customers. The Company also incurred charges related to the purchase accounting impact on stock-based compensation related to the Allergan, Kythera, and Forest acquisitions, which increased cost of sales, selling and marketing and general and administrative expenses. In the year ended December 31, 2015, other expenses include the impact of legal settlement reserves. In addition, in the year ended December 31, 2015, the Company incurred mark-to-market unrealized losses for foreign currency option contracts that are entered into to offset future exposure to movements in currencies.

In the year ended December 31, 2014, integration and restructuring charges were primarily related to integration of the Forest and Warner Chilcott businesses. In the year ended December 31, 2014, the Company incurred

DIRECTORS' REPORT - continued

Key performance indicators - continued

Corporate – continued

$933.3 million in cost of sales related to the fair value inventory step-up primarily from the acquired Forest and Warner Chilcott inventory as those products were sold to the Company's third party customers. The Company also incurred charges related to the purchase accounting impact of stock-based compensation related to the Forest, Furiex, Durata and Warner Chilcott acquisitions, which increased cost of sales, selling and marketing and general and administrative expenses. Other costs include a charge of $105.1 million to account for an additional year of the non-tax deductible Branded Prescription Drug Fee in accordance with final regulations issued in the third quarter by the Internal Revenue Service as well as the impact of legal settlement reserves.

Research and Development Expenses

R&D expenses consist predominantly of personnel-related costs, active pharmaceutical ingredient costs, contract research, license and milestone fees, biostudy and facilities costs associated with product development. The following represents the R&D amounts for the years ended December 31, 2015 and 2014 ($ in millions):

	Years Ended December 31,		Change	
	2015	**2014**	**Dollars**	**%**
	$	**$**		
Ongoing operating expenses	1,116.8	517.4	599.4	115.8%
Brand related milestone payments and upfront license payments	950.4	65.1	885.3	1,359.9%
Contingent consideration adjustments, net	37.7	(69.3)	107.0	(154.4)%
Acquisition, integration, and restructuring charges	102.7	25.7	77.0	299.6%
Acquisition accounting fair market value adjustments to stock-based compensation	150.9	66.8	84.1	125.9%
Total expenditures	**2,358.5**	**605.7**	**1,752.8**	**289.4%**

The increase in ongoing operating expenses is primarily due to the impact of the Forest and Allergan acquisitions. Included within brand related milestone payments and upfront license charges in the year ended December 31, 2015 is $250.0 million relating to the Merck Transaction, $50.0 million relating to the Mimetogen Transaction and $571.7 million related to the Naurex Transaction. Additionally, the Company had additional contingent consideration expense primarily as a result of the scheduling of Viberzi as a controlled substance and the related payment of the CVR.

For the year ended December 31, 2014, R&D expenses primarily related to ongoing operating expenses for the acquired Forest business and the Warner Chilcott business. Included within brand related milestone payments and upfront license charges in the year ended December 31, 2014 is a $40.0 million payment to Rhythm Health, Inc. Offsetting the increase was favorable contingent consideration adjustments due to the impairment of IPR&D projects and the timing of launch of certain products.

DIRECTORS' REPORT - continued

Key performance indicators - continued

Selling, General and Administrative Excluded From Segments and Corporate Designation

Our SG&A expenses were comprised of the following for the years ended December 31, 2015 and 2014 ($ in millions):

	Years Ended December 31,		Change	
	2015	**2014**	**Dollars**	**%**
	$	$	$	
Selling and Marketing	2,683.6	990.2	1,693.4	171.0%
General and Administrative	343.3	167.9	175.4	104.5%
Total Segment SG&A	**3,026.9**	**1,158.1**	**1,868.8**	**161.4%**
Selling and Marketing	230.4	210.8	19.6	9.3%
General and Administrative	1,422.3	1,079.1	343.2	31.8%
Total Corporate SG&A	**1,652.7**	**1,289.9**	**362.8**	**28.1%**
Amortization	5,453.4	1,945.5	3,507.9	180.3%
In-process research and development and impairments	511.6	424.3	87.3	20.6%
Asset sales and impairments, net	272.0	305.7	(33.7)	-11.0%
Total SG&A excluded from segments and corporate designation	**6,237.0**	**2,675.5**	**3,561.5**	**133.1%**
Total SG&A	**10,916.6**	**5,123.5**	**5,793.1**	**113.1%**

Amortization

Amortization for the year ended December 31, 2015 increased compared to the prior year primarily as a result of increased amortization of identifiable assets acquired in the Allergan Acquisition of $2,779.1 million and the impact of a full year of amortization related to the Forest Acquisition compared to six months in the prior year.

IPR&D Impairments and Asset Sales and Impairments, Net

The Company regularly reviews IPR&D assets for impairment indicators. In the year ended December 31, 2015, the Company made the decision to abandon a select IPR&D asset (acquired in connection with the Allergan Acquisition) based on the review of research studies, resulting in an impairment of the full asset value of $300.0 million. The Company also recorded an impairment of $192.1 million related to a reduction in cash flows for women's healthcare portfolio products acquired in the Warner Chilcott Acquisition as planned promotional initiatives on these future products has been reduced. Asset sales and impairments, net primarily relates to the abandonment of a surgical product line of $229.6 million acquired in the Allergan Acquisition and a $32.2 million impairment charge as a result of a change in projected cash flows relating to an acquired product, Tretin-X.

IPR&D impairments for the year ended December 31, 2014 primarily include an impairment charge of $165.0 million related to the abandonment of certain R&D projects, an impairment charge of $193.0 million related to acquired IPR&D due to the FDA communications relating to Allergan's NDA for the fixed-dose combination of nebivolol and valsartan for the treatment of hypertension, the abandonment of a select dermatology project of $32.0 million, the impairment of IPR&D relating to Aeroquin of $18.0 million and impairments related to the

DIRECTORS' REPORT - continued

Key performance indicators - continued

IPR&D Impairments and Asset Sales and Impairments, Net – continued

Estelle and Colvir assets acquired in the Uteron Acquisition of $15.1 million. Asset sales and impairments, net in the year-ended December 31, 2014 primarily related to the impairment on assets held for sale in the Pharmatech Transaction of $189.9 million which included a portion of goodwill allocated to this business unit and an impairment charge related to Doryx® of $89.0 million. The impairment was caused by a shortening of the product's life cycle for which to recover the value of the asset.

Interest Income

Our interest income was comprised of the following for the years ended December 31, 2015 and 2014 ($ in millions):

	Years Ended December 31,		Change	
($ in millions)	**2015**	**2014**	**Dollars**	**%**
	$	**$**	**$**	
Interest income	11.4	8.9	2.5	28.1%

Interest income represents interest earned on cash and cash equivalents held during the respective periods.

Interest Expense and Similar Items

Our interest expense and similar items was comprised of the following for the years ended December 31, 2015 and 2014 ($ in millions):

	Years Ended December 31,		Change	
($ in millions)	**2015**	**2014**	**Dollars**	**%**
	$	**$**	**%**	
Fixed Rate Notes	1,003.1	324.4	678.7	209.2%
AGN Term Loan	79.1	-	79.1	n.a.
ACT Term Loan	50.8	44.9	5.9	13.1%
Floating Rate Notes	18.8	-	18.8	n.a.
WC Term Loan	17.4	30.5	(13.1)	-43.0%
Revolving Credit Facility	4.8	3.5	1.3	37.1%
Bridge loan commitment fee	264.9	73.6	191.3	259.9%
Interest rate lock	(31.0)	-	(31.0)	n.a.
Extinguishment of debt	-	(29.9)	29.9	-100.0%
Other	19.3	8.5	10.8	127.1%
Interest expense	**1,427.2**	**455.5**	**971.7**	**213.3**

Interest Expense

Interest expense increased for the year ended December 31, 2015 over the prior year primarily due to interest from the indebtedness incurred as part of the Allergan Acquisition of $710.9 million and the full year impact of debt incurred associated with the Forest Acquisition.

DIRECTORS' REPORT - continued

Key performance indicators - continued

Interest Expense and Similar Items – continued

Bridge Loan Commitment Fee

During the year ended December 31, 2015, we incurred costs associated with bridge loan commitments in connection with the Allergan Acquisition of $264.9 million.

During the year ended December 31, 2014, the Company recognized an expense of $47.8 million associated with the Allergan Acquisition bridge and term loan financing commitment fees. In connection with the Forest Acquisition, we secured a bridge loan commitment of up to $7.0 billion and incurred associated commitment costs of $25.8 million, which have been expensed in full.

Interest rate lock

During the year ended December 31, 2015, the Company entered into interest rate locks on a portion of the $21.0 billion of debt issued as part of the Allergan Acquisition. As a result of the interest rate locks, the Company recorded income of $31.0 million.

Extinguishment of Debt

On July 21, 2014, the Company redeemed the Warner Chilcott Company, LLC's and Warner Chilcott Finance LLC's 7.75% senior notes due 2018 (the "WC Notes") for $1,311.8 million, which included a make-whole premium of $61.8 million, and the principal amount of the WC Notes of $1,250.0 million. As a result of the transaction, the Company recognized a gain of $29.9 million, which includes the write-off of the then outstanding unamortized premium.

Other Income (expense)

Our other income (expense) was comprised of the following for the years ended December 31, 2015 and 2014 ($ in millions):

	Years Ended December 31,		Change	
($ in millions)	**2015**	**2014**	**Dollars**	**%**
	$	**$**	**$**	
Other income (expense)	0.1	16.4	16.3	99.4%

Other income (expense) reflects the impact of sales of miscellaneous assets in the respective periods.

(Benefit) for Income Taxes

Our (benefit) for income taxes was comprised of the following for the years ended December 31, 2015 and 2014 ($ in millions):

	Years Ended December 31,		Change	
($ in millions)	**2015**	**2014**	**Dollars**	**%**
	$	**$**	**$**	
(Benefit) for income taxes	(1,561.9)	(467.0)	(1,094.9)	234.5%
Effective tax rate	*(35.3)%*	*(16.2)%*		

DIRECTORS' REPORT - continued

Key performance indicators - continued

(Benefit) for Income Taxes – continued

The Company's effective tax rate for the twelve months ended December 31, 2015 was a benefit of (35.3%) compared to a benefit of (16.2%) for the twelve months ended December 31, 2014. The reconciliations between the statutory Irish income tax rates for Allergan plc and the effective income tax rates were as follows:

	Allergan plc	
	Years Ended December 31,	
	2015	2014
Statutory rate	(12.5%)	(12.5%)
Earnings subject to the U.S. federal and state tax rates(1)(3)	(18.5%)	(11.3%)
Earnings subject to rates different than the statutory rate(2)(3)	(2.3%)	1.1%
Tax reserves and audit outcomes	0.3%	1.3%
Non-deductible expenses(4)	5.4%	5.0%
R&D credits and U.S. manufacturing deduction	(0.5%)	(1.2%)
Rate changes	0.0%	1.5%
Valuation allowances(5)	(6.7%)	0.0%
Other	(0.5%)	(0.1%)
Effective income tax rate	(35.3%)	(16.2%)

The material drivers of the period-over-period tax rate movements are as follows:

(1) Earnings subject to U.S. federal and state tax had a larger impact on the effective tax rate for the period ended December 31, 2015 compared to the period ended December 31, 2014 due to a significant increase in expenses in 2015. These expenses included amortization expense related to intangibles acquired as part of the Allergan Acquisition and incremental costs associated with the acquisition related financing.

(2) The impact of earnings subject to tax rates different than the statutory rate is primarily driven by the inclusion of Allergan post-acquisition operating income earned outside of the U.S. and Ireland. In addition, 2015 includes a full year of operating income from Forest compared to six months in 2014. The impact of this additional income is partially offset by an increase in amortization expense in jurisdictions with tax rates lower than the statutory rate.

(3) In 2015, the Company recorded $5.5 billion of amortization expense. A significant portion of this amount was incurred in jurisdictions with tax rates higher than the statutory rate resulting in a $246.2 million favorable impact on the effective tax rate.

(4) Non-deductible expenses in the year ended December 31, 2015 primarily resulted from one-time non-deductible pre-tax expenses for the 2016 Branded Prescription Drug Fee of $153.7 million, Naurex Transaction related upfront consideration of $571.7 million recognized as a component of R&D expense, and other acquisition related transaction costs of $62.3 million. Non-deductible expenses in the year ended December 31, 2014 primarily resulted from one-time non-deductible pre-tax expenses for acquisition related costs of $98.8 million, penalties of $97.7 million and the 2015 Branded Prescription Drug Fee of $160.8 million, including the impact of an additional year of the fee of $105.1 million in accordance with final regulations issued in 2014 by the Internal Revenue Service.

(5) Valuation allowances for the year ended December 31, 2015 included the release of a $296.2 million valuation allowance on certain capital loss carryforwards as a result of restructuring related to the global generics sale.

DIRECTORS' REPORT - continued

Key performance indicators - continued

Discontinued Operations

On July 27, 2015, the Company announced that it has entered into the Teva Transaction. Under the agreement, Teva will acquire Allergan's global generics business, including the U.S. and international generic commercial units, our third-party supplier Medis, our global generic manufacturing operations, our global generic R&D unit, our international over-the-counter (OTC) commercial unit (excluding OTC eye care products) and some established international brands.

Allergan will retain its dynamic global branded pharmaceutical and medical aesthetic businesses, as well as its biosimilars development programs and the Anda Distribution business.

Financial results of the global generics business are presented as "Income from discontinued operations" on the Consolidated Profit and Loss Accounts for the years ended December 31, 2015 and 2014.

The following table presents key financial results of the global generics business included in "Income from discontinued operations" for the years ended December 31, 2015, 2014 and 2013 ($ in millions):

	For the Years Ended December 31,		Change	
(all amounts in millions)	**2015**	**2014**	**Dollars**	**%**
	$	**$**	**$**	**$**
Revenue	6,116.1	6,323.4	(207.3)	-3.3%
Related part sales	259.2	255.4	3.8	1.5%
Net sales	**6,375.3**	**6,578.8**	**(203.5)**	**-3.1%**
Cost of sales	(3,048.1)	(3,105.6)	57.5	-1.9%
Gross profit	**3,327.2**	**3,473.2**	**(146.0)**	**-4.2%**
Selling, general and administrative expenses	(1,596.7)	(1,816.8)	220.1	-12.1%
Research and development	(422.2)	(480.2)	58.0	-12.1%
Other income (expense)	(7.9)	(14.2)	6.3	-44.2%
Income before taxes	**1,300.4**	**1,162.0**	**138.4**	**11.9%**
Benefit for income taxes	5,487.3	(385.1)	5,872.4	-1524.9%
Income	**6,787.7**	**776.9**	**6,010.8**	**773.7%**

Related party revenues represent the sale of product to the Company's Anda Distribution segment.

The results of our global generics business operations are dependent on the timing of product launches and competition within the generics market, primarily in the United States. The increase in operating income is the result of continued cost savings initiatives as well as the cessation of depreciation and amortization for assets being divested to Teva once they met the definition of held for sale on July 27, 2015. Offsetting these amounts, is an increase in divestiture related expenses in the year ended December 31, 2015 of $97.2 million.

Income / (loss)

Due to the factors described above, we reported income of $3,919.4 million and a loss of $(1,630.5) million in the years ended December 31, 2015 and 2014, respectively.

DIRECTORS' REPORT - continued

Principal risks and uncertainties

Any statements made in this report that are not statements of historical fact or that refer to estimated or anticipated future events are forward-looking statements. We have based our forward-looking statements on management's beliefs and assumptions based on information available to our management at the time these statements are made. Such forward-looking statements reflect our current perspective of our business, future performance, existing trends and information as of the date of this filing. These include, but are not limited to, our beliefs about future revenue and expense levels and growth rates, prospects related to our strategic initiatives and business strategies, including the integration of, and synergies associated with, strategic acquisitions, express or implied assumptions about government regulatory action or inaction, anticipated product approvals and launches, business initiatives and product development activities, assessments related to clinical trial results, product performance and competitive environment, and anticipated financial performance. Without limiting the generality of the foregoing, words such as "may," "will," "expect," "believe," "anticipate," "plan," "intend," "could," "would," "should," "projects," "estimate," "continue," or "pursue," or the negative or other variations thereof or comparable terminology, are intended to identify forward-looking statements. The statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. We caution the reader that these statements are based on certain assumptions, risks and uncertainties, many of which are beyond our control. In addition, certain important factors may affect our actual operating results and could cause such results to differ materially from those expressed or implied by forward-looking statements. We believe the risks and uncertainties discussed under the section entitled "Risks Related to Our Business," and other risks and uncertainties detailed herein and from time to time in our SEC filings, may cause our actual results to vary materially from those anticipated in any forward-looking statement.

We disclaim any obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. This discussion is provided as permitted by the U.S. Private Securities Litigation Reform Act of 1995.

We operate in a rapidly changing environment that involves a number of risks and uncertainties, some of which are beyond our control. The following discussion highlights some of these risks and speaks as of the date of this report. These and other risks could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Risks Related to Our Business

If we are unable to successfully develop or commercialize new products, our operating results will suffer.

Our future results of operations depend to a significant extent upon our ability to successfully develop and commercialize new products in a timely manner. There are numerous difficulties in developing and commercializing new products, including:

- developing, testing and manufacturing products in compliance with regulatory standards in a timely manner;
- receiving requisite regulatory approvals for such products in a timely manner, or at all;
- the availability, on commercially reasonable terms, of raw materials, including API and other key ingredients;
- preclusion from commercialization by the proprietary rights of others;
- developing products that are economical to manufacture and commercialize;
- time consuming and costly nature of developing and commercializing new products;
- costly legal actions brought by our competitors, that may delay or prevent the development and commercialization of new products;

DIRECTORS' REPORT - continued

Risks Related to Our Business - continued

If we are unable to successfully develop or commercialize new products, our operating results will suffer – continued

- experiencing delays as a result of limited resources at the FDA or other regulatory agencies;
- changing review and approval policies and standards at the FDA and other regulatory agencies;
- completion of numerous other regulatory approvals in international markets; and
- commercializing generic products may be substantially delayed by the listing with the FDA of patents that have the effect of potentially delaying approval of a generic product by up to 30 months.

As a result of these and other difficulties, products currently in development by us may or may not receive timely regulatory approvals, or approvals at all, necessary for marketing by us or other third-party partners. This risk particularly exists with respect to the development of proprietary products because of the uncertainties, higher costs and lengthy time frames associated with R&D of such products and the inherent unproven market acceptance of such products. Our operating results and financial condition may fluctuate as the amount we spend to research and develop, promote, acquire or license new products, technologies and businesses changes. Additionally, we face heightened risks in connection with our development of extended release or controlled release generic products because of the technical difficulties and regulatory requirements related to such products. Additionally, with respect to generic products for which we are the first applicant to request approval on the basis that an innovator patent is invalid or not infringed (a Paragraph IV filing), our ability to obtain 180 days of generic market exclusivity may be contingent on our ability to obtain FDA approval or tentative approval within 30 months of the FDA's acceptance of our application for filing. We therefore risk forfeiting such market exclusivity if we are unable to obtain such approval or tentative approval on a timely basis. If any of our products or the products of our third-party partners are not approved in a timely manner or, when acquired or developed and approved, cannot be successfully manufactured or commercialized in a timely manner, our operating results could be adversely affected. We cannot guarantee that any investment we make in developing products will be recouped, even if we are successful in commercializing those products. Refer to "*Our branded pharmaceutical expenditures may not result in commercially successful products*."

Our operating results and financial condition may fluctuate.

Our operating results and financial condition may fluctuate from quarter to quarter and year to year for a number of reasons. As a result, we believe that period-to-period comparisons of our results of operations are not necessarily meaningful, and these comparisons should not be relied upon as an indication of future performance. In particular, as a pharmaceutical company that manufactures and sells branded and generic products, the development and launch of new competitive products by ourselves may result in fluctuations in our financial performance, particularly as we work to balance our product offerings in light of our recent and future growth via acquisitions. Our operating results and financial condition are also subject to fluctuation from all of the risks described throughout this section. These fluctuations may adversely affect our results of operations and financial conditions.

If we do not successfully integrate newly acquired businesses into our business operations, our business could be adversely affected.

We will need to successfully integrate the operations of recently and pending acquired businesses, including Kythera and Auden Mckenzie as well as our pending business combination with Pfizer, with our business operations. As a result of these and other recent and any other future or pending acquisitions, we have undergone

DIRECTORS' REPORT - continued

Risks Related to Our Business - continued

If we do not successfully integrate newly acquired businesses into our business operations, our business could be adversely affected – continued

substantial changes in a short period of time and our business has changed and broadened in size and the scope of products we offer. Integrating the operations of multiple new businesses with that of our own is a complex, costly and time-consuming process, which requires significant management attention and resources to integrate the business practice and operations. The integration process may disrupt the businesses and, if implemented ineffectively, would preclude realization of the full benefits expected by us. Our failure to meet the challenges involved in integrating the businesses in order to realize the anticipated benefits of the acquisitions could cause an interruption of, or a loss of momentum in, our activities and could adversely affect our results of operations. Prior to each acquisition, the acquired business operated independently, with its own business, corporate culture, locations, employees and systems. There may be substantial difficulties, costs and delays involved in any integration of other businesses with that of our own. These may include:

- distracting management from day-to-day operations;
- potential incompatibility of corporate cultures;
- an inability to achieve synergies as planned;
- risks associated with the assumption of contingent or other liabilities of acquisition targets;
- adverse effects on existing business relationships with suppliers or customers;
- inheriting and uncovering previously unknown issues, problems and costs from the acquired company;
- delays between our expenditures to acquire new products, technologies or businesses and the generation of revenues from those acquired products, technologies or businesses;
- realization of assets and settlement of liabilities at amounts equal to estimated fair value as of the acquisition date of any acquisition or disposition;
- revenue recognition related to licensing agreements and/or strategic collaborations;
- costs and delays in implementing common systems and procedures (including technology, compliance programs, financial systems, distribution and general business operations, among others); and
- increased difficulties in managing our business due to the addition of international locations.

These risks may be heightened in cases where the majority of the former businesses' operations, employees and customers are located outside of the United States. Any one or all of these factors may increase operating costs or lower anticipated financial performance. Many of these factors are also outside of our control. In addition, dispositions of certain key products, technologies and other rights may affect our business operations.

In addition, even if the operations of the businesses are integrated successfully, we may not realize the full benefits of the acquisition, including the synergies, cost savings or sales or growth opportunities that we expect. These benefits may not be achieved within the anticipated time frame, or at all. Additional unanticipated costs may be incurred in the integration of the businesses. All of these factors could cause a reduction to our earnings per share, decrease or delay the expected accretive effect of the transaction, and negatively impact the price of our ordinary shares.

The failure to integrate the business operations of the acquired business successfully would have a material adverse effect on our business, financial condition and results of operations. Refer to *"Pfizer and Allergan may fail to realize all of the anticipated benefits of the Pfizer Transaction or those benefits may take longer to realize than expected. The combined company may also encounter significant difficulties in integrating the two businesses."*

DIRECTORS' REPORT - continued

Risks Related to Our Business - continued

Our substantial debt and other financial obligations could impair our financial condition and our ability to fulfill our debt obligations. Any refinancing of this substantial debt could be at significantly higher interest rates.

Our substantial indebtedness and other financial obligations could:

- impair our ability to obtain financing or additional debt in the future for working capital, capital expenditures, acquisitions or general corporate purposes;
- impair our ability to access capital and credit markets on terms that are favorable to us;
- have a material adverse effect on us if we fail to comply with financial and affirmative and restrictive covenants in our debt agreements and an event of default occurs as a result of a failure that is not cured or waived;
- require us to dedicate a substantial portion of our cash flow for interest payments on our indebtedness and other financial obligations, thereby reducing the availability of our cash flow to fund working capital and capital expenditures;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; and
- place us at a competitive disadvantage compared to our competitors that have proportionally less debt.

Additionally, certain of our financing agreements may contain cross-default or other similar provisions whereby a default under one financing agreement could result in a default under our other financing agreements.

If we are unable to meet our debt service obligations and other financial obligations, we could be forced to restructure or refinance our indebtedness and other financial transactions, seek additional equity capital or sell our assets. We might then be unable to obtain such financing or capital or sell our assets on satisfactory terms, if at all. Any refinancing of our indebtedness could be at significantly higher interest rates, and/or incur significant transaction fees. Refer to "Liquidity and Capital Resources –Floating Rate Notes," "Liquidity and Capital Resources – Fixed Rate Notes" and "Liquidity and Capital Resources – Term Loan Indebtedness" for a detailed discussion of our outstanding indebtedness.

Any acquisitions of businesses, technologies, or products or other significant transactions could adversely affect our relationships with employees, vendors or key customers.

We regularly review potential acquisitions of technologies, products and businesses complementary to our business. Acquisitions typically entail many risks and could result in difficulties in integrating operations, personnel, technologies and products. Refer to "*If we do not successfully integrate newly acquired businesses into our business operations our business could be adversely affected.*" In connection with acquisitions, we could experience disruption in our business, technology and information systems, financial systems, vendors customer or employee base, including diversion of management's attention from our continuing operations, among others. Refer to "*Certain aspects of our operations are highly dependent on third party service providers.*" There is also a risk that key employees of companies that we acquire or key employees necessary to successfully commercialize technologies and products that we acquire may seek employment elsewhere, including with our competitors. Furthermore, there may be overlap between our products or customers and the companies that we acquire that may create conflicts in relationships or other commitments detrimental to the integrated businesses.

DIRECTORS' REPORT - continued

Risks Related to Our Business - continued

We are subject to U.S. federal and state healthcare fraud and abuse and health information privacy and security laws, and the failure to comply with such laws may adversely affect our business.

In the United States, many of our products are reimbursed under federal and state health care programs such as Medicaid, Medicare, TriCare, and/or state pharmaceutical assistance programs, and as a result, certain federal and state healthcare laws and regulations pertaining to fraud and abuse and patients' rights are and will be applicable to our business. We could be subject to healthcare fraud and abuse and patient privacy regulation by both the federal government and the states in which we conduct our business. The laws that may affect our ability to operate include, but are not limited to: (i) the U.S. Anti-Kickback Statute, which constrains our marketing practices, educational programs, pricing policies and relationships with healthcare providers or other entities, by prohibiting, among other things, soliciting, receiving, offering or paying remuneration, directly or indirectly, to induce, or in return for, either the referral of an individual or the purchase or recommendation of an item or service reimbursable under a federal healthcare program, such as the Medicare and Medicaid programs; (ii) federal civil and criminal false claims laws and civil monetary penalty laws, which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment from Medicare, Medicaid or other third-party payers that are false or fraudulent; (iii) the U.S. Health Insurance Portability and Accountability Act of 1996, ("HIPAA"), which among other things created new federal criminal statutes that prohibit executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters, and HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, and its implementing regulations, which imposes certain requirements relating to the privacy, security and transmission of individually identifiable health information and places restrictions on the use of such information for marketing communications; (iv) the U.S. Physician Payments Sunshine Act, which among other things, requires manufacturers of drugs, devices, biologics and medical supplies for which payment is available under a federal healthcare program to report annually information related to "payments or other transfers of value" made to physicians and teaching hospitals, and ownership and investment interests held by certain healthcare professionals and their immediate family members; and (v) state and foreign law equivalents of each of the above U.S. laws, such as anti-kickback and false claims laws which may apply to items or services reimbursed by any third-party payer, including commercial insurers, and state and foreign laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts. Violations of the fraud and abuse laws may result in severe penalties against the responsible employees and Allergan, including jail sentences, large fines, and the exclusion of our products from reimbursement under federal and state programs. Defense of litigation claims and government investigations can be costly, time-consuming, and distract management, and it is possible that Allergan could incur judgments or enter into settlements that would require us to change the way we operate our business. We are committed to conducting the sales and marketing of our products in compliance with the healthcare fraud and abuse laws, but certain applicable laws may impose liability even in the absence of specific intent to defraud. Furthermore, should there be ambiguity, a governmental authority may take a position contrary to a position we have taken, or should an employee violate these laws without our knowledge, a governmental authority may impose civil and/or criminal sanctions.

For example, in December 2009, we learned that numerous pharmaceutical companies, including certain of our subsidiaries, were named as defendants in a federal qui tam action pending in the United States District Court for the District of Massachusetts alleging that the defendants falsely reported to the United States that certain pharmaceutical products were eligible for Medicaid reimbursement and thereby allegedly caused false claims for payment to be made through the Medicaid program. A similar action was filed by the State of Louisiana in

DIRECTORS' REPORT - continued

Risks Related to Our Business - continued

We are subject to U.S. federal and state healthcare fraud and abuse and health information privacy and security laws, and the failure to comply with such laws may adversely affect our business – continued

August 2013 and additional lawsuits are possible. Any adverse outcome in these actions, or the imposition of penalties or sanctions for failing to comply with the fraud and abuse laws, could adversely affect us and may have a material adverse effect on our business, results of operations, financial condition and cash flows. Some of the statutes and regulations that govern our activities, such as federal and state anti-kickback and false claims laws, are broad in scope, and while exemptions and safe harbors protecting certain common activities exist, they are often narrowly drawn. While we manage our business activities to comply with these statutory provisions, due to their breadth, complexity and, in certain cases, uncertainty of application, it is possible that our activities could be subject to challenge by various government agencies. In particular, the FDA, the U.S. Department of Justice and other agencies have increased their enforcement activities with respect to the sales, marketing, research and similar activities of pharmaceutical companies in recent years, and many pharmaceutical companies have been subject to government investigations related to these practices. A determination that we are in violation of these and/or other government regulations and legal requirements may result in civil damages and penalties, criminal fines and prosecution, administrative remedies, the recall of products, the total or partial suspension of manufacture and/or distribution, seizure of products, injunctions, whistleblower lawsuits, failure to obtain approval of pending product applications, withdrawal of existing product approvals, exclusion from participation in government healthcare programs and other sanctions.

Beginning in February 2012, Warner Chilcott, along with several then current and former employees in its sales organization and certain third parties, received subpoenas from the United States Attorney for the District of Massachusetts. The subpoena Warner Chilcott received sought information and documentation relating to a wide range of matters, including sales and marketing activities, payments to people who are in a position to recommend drugs, medical education, consultancies, prior authorization processes, clinical trials, off-label promotion and employee training (including with respect to laws and regulations concerning off-label information and physician remuneration), in each case relating to a number of our current products. In addition, Forest and Allergan are also currently responding to subpoenas seeking information relating to its sales and marketing activities, including payments to people who are in a position to recommend drugs and off-label promotion and the Company is defending litigations based on similar allegations. Refer to *Legal Matters* in "NOTE 25 – Commitments and Contingencies" in the accompanying "Notes to Consolidated Financial Statements" for more information. We cannot predict or determine the impact of these inquiries on our future financial condition or results of operations. These investigations and any other threatened or actual government enforcement action could also generate adverse publicity and require that we devote substantial resources that could be used productively on other aspects of our business.

In connection with a settlement of certain claims brought by the U.S. government, legacy Allergan operated under a Corporate Integrity Agreement ("CIA") with the Office of Inspector General of Health and Human Services ("OIG") that required the Company to maintain legacy Allergan's corporate compliance program and to undertake a set of defined corporate integrity obligations until August 30, 2015, including performing internal reviews and monitoring procedures and engaging an independent review organization to test and report on our compliance with compliance policies and procedures. The Company presented the final annual report to the Audit & Compliance Committee of the Board of Directors at the October 2015 Board of Directors meeting. The Company has submitted its final annual report to the OIG and is awaiting the final acknowledgement and close out letter from the OIG.

DIRECTORS' REPORT - continued

Risks Related to Our Business - continued

We are subject to U.S. federal and state healthcare fraud and abuse and health information privacy and security laws, and the failure to comply with such laws may adversely affect our business – continued

Any of these types of investigations or enforcement actions could affect our ability to commercially distribute our products and could materially and adversely affect our business, financial condition, results of operations and cash flows.

If generic products that compete with any of our branded pharmaceutical products are approved and sold, sales of our products will be adversely affected.

At the close of the pending sale of our generics business and certain other assets to Teva, specialty branded products and aesthetics will comprise the majority of our total revenues. Generic equivalents for branded pharmaceutical products are typically sold at lower costs than the branded products. After the introduction of a competing generic product, a significant percentage of the prescriptions previously written for the branded product are often written for the generic version. In addition, legislation enacted in most U.S. states and Canadian provinces allows or, in some instances mandates, that a pharmacist dispense an available generic equivalent when filling a prescription for a branded product, in the absence of specific instructions from the prescribing physician. Pursuant to the provisions of the Hatch-Waxman Act, manufacturers of branded products often bring lawsuits to enforce their patent rights against generic products released prior to the expiration of branded products' patents, but it is possible for generic manufacturers to offer generic products while such litigation is pending. Refer to "*If we are unable to adequately protect our technology or enforce our patents, our business could suffer*." As a result, branded products typically experience a significant loss in revenues following the introduction of a competing generic product, even if subject to an existing patent. Our branded pharmaceutical products are or may become subject to competition from generic equivalents because there is no proprietary protection for some of the branded pharmaceutical products we sell, because our patent protection expires or because our patent protection is not sufficiently broad or enforceable. In addition, we may not be successful in our efforts to extend the proprietary protection afforded our branded products through the development and commercialization of proprietary product improvements and new and enhanced dosage forms.

Our Actonel® products no longer have patent protection in Canada or the Western European countries in which we sell these products, and Asacol® is not protected by a patent in the United Kingdom. Our Actonel® once-a-month product lost U.S. patent protection in June 2014 (including a 6-month pediatric extension of regulatory exclusivity) and generic versions of our Loestrin® 24 Fe product entered the market in January 2014 pursuant to settlement agreements previously entered into. In addition, other products such as Namenda® (IR), Estrace® Cream, Asacol® 400 mg, Femhrt® and Carafate® are not protected by patents in the United States where we sell these products. Generic equivalents are currently available in Canada and Western Europe for Actonel® and in the United States for certain versions of our Femhrt® products, Femcon® Fe and certain other less significant products.

During the next few years, additional products of ours including some of our large revenue drivers, like Bystolic®, Linzess®, Namenda XR® and Viibryd®, will lose patent protection or likely become subject to generic competition. Generic versions of our Asacol® HD 800 mg product may enter the market as early as mid-2016 or earlier pursuant to an agreement previously entered into and generic versions of our Enablex® product may enter the market as early as March 2016 pursuant to settlement agreements previously entered into. Some of our products may also become subject to generic competition prior to the expiration of patent protection in the event a generic competitor elects to launch its generic equivalent product "at-risk." Competition from generic

DIRECTORS' REPORT - continued

Risks Related to Our Business - continued

If generic products that compete with any of our branded pharmaceutical products are approved and sold, sales of our products will be adversely affected – continued

equivalents could result in a material impairment of our intangible assets or the acceleration of amortization on our non-impaired intangible assets and may have a material adverse impact on our revenues, financial condition, results of operations and cash flows.

Our branded pharmaceutical expenditures may not result in commercially successful products.

Developing and commercializing branded pharmaceutical products is generally more costly than generic products. In the future, and particularly following the sale of our generics business and certain other assets to Teva, we anticipate continuing and increasing our product development expenditures for our US Brands, US Medical Aesthetics and International Brands business segment. In order to grow and achieve success in our business, we must continually identify, develop, acquire and license new products that we can ultimately market. There are many difficulties and uncertainties inherent in pharmaceutical research and development, and there is a high rate of failure inherent in new drug discovery and development. Failure can occur at any point in the process, including late in the process after substantial investment. New product candidates that appear promising in development may fail to reach the market or may have only limited commercial success because of efficacy or safety concerns, inability to obtain necessary regulatory approvals and payer reimbursement, limited scope of approved uses, difficulty or excessive costs to manufacture, or infringement of the patents or intellectual property rights of others. Products that do reach the market may ultimately be subject to recalls or other suspensions in sales. Delays and uncertainties in the FDA approval process and the approval processes in other countries can result in delays in product launches and lost market opportunity. Because there is a high rate of failure inherent in the research and development process of new products, there is a significant risk that funds invested by the Company in research and development will not generate financial returns. The Company cannot be certain when or whether any of its products currently under development will be approved or launched or whether, once launched, such products will be commercially successful.

We may be required to spend several years and incur substantial expense in completing certain clinical trials. The length of time, number of trial sites and patients required for clinical trials vary substantially, and we may have difficulty finding a sufficient number of sites and subjects to participate in our trials. Delays in planned clinical trials can result in increased development costs, delays in regulatory approvals and delays in product candidates reaching the market. We rely on independent third-party clinical investigators to recruit subjects and conduct clinical trials in accordance with applicable study protocols and laws and regulations. If regulatory authorities determine that we have not complied with regulations in the R&D of a product candidate, they may refuse to accept trial data from the site, not approve the product candidate, and we would not be able to market and sell it. If we are not able to market and sell our products or product candidates after significant expenditures to develop and test them, our business and results of operations could be materially and adversely affected.

We currently have products in various stages of development, including new hormonal contraceptive therapy, dermatology and infectious disease products, among others. Such clinical trials are costly and may not result in successful outcomes. The results of preclinical studies and early clinical studies may not be predictive of the results of later-stage clinical studies. Product candidates that have shown promising results in early-stage clinical studies may still suffer significant setbacks in subsequent clinical studies. There is a high rate of failure for products proceeding through clinical studies, and product candidates in later stages of clinical studies may fail to show the desired safety and efficacy traits despite having progressed through preclinical studies and initial

DIRECTORS' REPORT - continued

Risks Related to Our Business - continued

Our branded pharmaceutical expenditures may not result in commercially successful products – continued

clinical studies. Clinical studies may not proceed as planned or be completed on schedule, if at all. The rate of completion of clinical trials is significantly dependent upon a number of factors, including the rate of patient enrollment. We may not be able to attract a sufficient number of sites or enroll a sufficient number of patients in a timely manner in order to complete clinical trials. Moreover, nonclinical and clinical data are often susceptible to varying interpretations and analyses, and our data may not provide adequate efficacy and safety information to obtain regulatory approval of our candidates. We cannot be sure that our business expenditures, including but not limited to our expenditures related to our Esmya™ product, products acquired in the Warner Chilcott Acquisition, the Forest Acquisition and the Allergan Acquisition, or products of our third-party partners, among others, will result in the successful discovery, development or launch of brand products that will prove to be commercially successful or will improve the long-term profitability of our business. If such business expenditures do not result in successful discovery, development or launch of commercially successful brand products our results of operations and financial condition could be materially adversely affected.

Our investments in biosimilar products may not result in products that are approved by the FDA or other ex-U.S. regulatory authorities and, even if approved by such authorities, may not result in commercially successful products.

In 2011, we entered into a collaboration agreement with Amgen Inc. to develop and commercialize, on a worldwide basis, biosimilar versions of Herceptin®, Avastin®, Rituxan/Mab Thera®, and Erbitux® (the "Amgen Collaboration Agreement"). Under the agreement, we will be required to invest up to $209.4 million (as of December 31, 2015) in furtherance of the development and regulatory approval of such products, and such amount is subject to change or adjustment as specified in the agreement. Although Amgen, our development partner, has substantial expertise and experience in the development of biological products, significant uncertainty remains concerning the regulatory pathway in the United States and in other countries to obtain regulatory approval of biosimilar products, and the commercial pathway to successfully market and sell such products. In the United States, an abbreviated pathway for approval of biosimilar products was established by the Biologics Price Competition and Innovation Act of 2009, or BPCIA, enacted on March 23, 2010, as part of the ACA. The BPCIA established this abbreviated pathway under section 351(k) of the Public Health Services Act, or PHSA. Subsequent to the enactment of the BPCIA, the FDA issued draft guidance regarding the demonstration of biosimilarity as well as the submission and review of biosimilar applications.

The BPCIA prohibits the FDA from accepting an application for a biosimilar candidate to a reference product within four years of the reference product's licensure by the FDA. In addition, the BPCIA provides innovative biologics with twelve years of exclusivity from the data of their licensure, during which time the FDA cannot approve any application for a biosimilar candidate to the reference product. Additionally, biosimilar products will likely be subject to extensive patent clearances and/or patent infringement litigation, which could delay or prevent the commercial launch of a product for many years. Further, our collaboration with Amgen may not result in products that meet the requirements established by the FDA or other ex-U.S. regulatory authorities. If our collaboration does result in biosimilar products that obtain FDA or other ex-U.S. regulatory authority approval, such product(s) may not be commercially successful and/or may not generate profits in amounts that are sufficient to offset the amount invested to obtain such approvals. Market success of biosimilar products will depend on demonstrating to patients, physicians and payors that such products are safe and efficacious compared to other existing products yet offer a more competitive price or other benefit over existing therapies. If our collaboration with Amgen does not result in the development and timely approval of biosimilar products or if

DIRECTORS' REPORT - continued

Risks Related to Our Business - continued

Our investments in biosimilar products may not result in products that are approved by the FDA or other ex-U.S. regulatory authorities and, even if approved by such authorities, may not result in commercially successful products – continued

such products, once developed and approved, are not commercially successful, our results of operations, financial condition and cash flows could be materially adversely affected.

We expect to face increasing competition from biosimilar products in the future, particularly if foreign governments adopt more permissive approval frameworks and competitors begin to obtain broader marketing approval for biosimilar products. A growing number of companies have announced their intentions to develop biosimilar versions of existing biotechnology products. We are unable to predict the precise impact of the pending introduction of biosimilar products on our products, and additional competition could have a material adverse effect on our business and results of operations.

If we are unsuccessful in our joint ventures and other collaborations, our operating results could suffer.

We have made substantial investments in joint ventures and other collaborations, including our collaboration agreements with Amgen and Sanofi, and may use these and other methods to develop or commercialize products in the future. These arrangements typically involve other pharmaceutical companies as partners that may be competitors of ours in certain markets. In many instances, we will not control these joint ventures or collaborations or the commercial exploitation of the licensed products, and cannot assure you that these ventures will be profitable. Joint venture agreements may place limitations or restrictions on marketing our products. Any such marketing restrictions could affect future revenues and have a material adverse effect on our operations. Our results of operations may suffer if existing joint venture or collaboration partners withdraw, or if these products are not timely developed, approved or successfully commercialized and we cannot guarantee the successful outcome of such efforts, nor that they will result in any intellectual property rights or products that inure to our benefit.

If we are unable to adequately protect our technology or enforce our patents, our business could suffer.

Our success with the brand products that we develop will depend, in part, on our ability to obtain patent protection for these products. We currently have a number of U.S. and foreign patents issued and pending. However, issuance of a patent is not conclusive evidence of its validity or enforceability. We cannot be sure that we will receive patents for any of our pending patent applications or any patent applications we may file in the future, or that our issued patents will be upheld if challenged. If our current and future patent applications are not approved or, if approved, our patents are not upheld in a court of law if challenged, it may reduce our ability to competitively utilize our patented products. Also, such patents may or may not provide competitive advantages for their respective products or they may be challenged or circumvented by our competitors, in which case our ability to commercially market these products may be diminished. Patent disputes may be lengthy and a potential violator of our patents may bring a potentially infringing product to market during the dispute, subjecting us to competition and damages due to infringement of the competitor product. For example, patents covering our Androderm®, Asacol® 400 mg product, Actonel® once-a-week product, INFed® products and our Carafate® product have expired and we have no further patent protection on these products. During the next five years, additional products acquired pursuant to the Warner Chilcott Acquisition, the Forest Acquisition, and the Allergan Acquisition will lose patent protection or likely become subject to generic competition, including Bystolic®, Linzess®, Namenda XR®, Viibryd®, Aczone®, Minastrin®, Delzicol®, Rapaflo®, Enablex® and Canasa®. Therefore, it is possible that a competitor may launch a generic version of any of these products at any time, which would result in a significant decline in that product's revenue and profit.

DIRECTORS' REPORT - continued

Risks Related to Our Business - continued

If we are unable to adequately protect our technology or enforce our patents, our business could suffer – continued

Generic versions of our Loestrin® 24 Fe product entered the market in January 2014 pursuant to settlement agreements previously entered into; generic versions of our Asacol® HD 800 mg product may enter the market as early mid-2016 or earlier pursuant to an agreement previously entered into; our immediate release Namenda® product lost U.S. patent protection in 2015; generic versions of our Minastrin® product may enter the market as early as March 2017 pursuant to settlement agreements previously entered into; generic versions of our Canasa® product may enter the market as early as December 2018 pursuant to a settlement agreement previously entered into; and generic versions of our Enablex® product may enter the market as early as March 2016 pursuant to settlement agreements previously entered into. Some of our products may also become subject to generic competition prior to the expiration of patent protection in the event a generic competitor elects to launch its generic equivalent product "at risk."

Generic competitors to our branded products may also challenge the validity or enforceability of the patents protecting our products or otherwise seek to circumvent them. Forest also recently brought actions against certain manufacturers of generic drugs for infringement of several patents covering our Savella®, Saphris®, Namenda® XR, Namzaric®, Canasa®, Viibryd®, Teflaro®, and Delzicol® products. We believe that ANDAs were filed before the patents covering Canasa® were listed in the Orange Book, which generally means that ANDAs are not subject to the 30 month stay of the approval under the Hatch Waxman Act. Allergan recently brought actions against manufacturers of generic drugs for infringement of several patents covering our Acular LS®, Combigan®, Lastacaft®, Latisse®, and Restasis® products. While we intend to vigorously defend these and other patents and pursue our legal rights, we can offer no assurance as to when the pending or any future litigation will be decided, whether such lawsuits will be successful or that a generic equivalent of one or more of our products will not be approved and enter the market. In addition, patents covering our branded pharmaceutical products may be challenged in proceedings other than court proceedings, including inter partes review (IPR) at the patent and trademark office. In 2011, Congress amended the patent laws and created a new way to challenge the validity of patents: the inter partes review. IPR proceedings take place in the Patent Office and have both advantages and disadvantages when compared to district court proceedings. Although IPR proceedings are limited to certain types of invalidity challenges, the Patent Office applies different standards that make it easier for challengers to invalidate patents. Moreover, IPR proceedings generally take no more than 18 months, which means it is much faster than challenging a patent's validity in a district court proceeding. In addition, an IPR challenge can be mounted even after a patent has been upheld in court.

In addition to patent protection, our business relies on our protection of other intellectual property rights, trade secrets, and other proprietary technologies. We rely on trademark, copyright, and patent law, trade-secret protection, and confidentiality and/or license agreements with our employees, customers, partners and others to protect our proprietary rights. The protection of our proprietary technology may require the expenditure of significant financial and managerial resources. We may not be able to discover or determine the extent of any unauthorized use of our proprietary rights, and we may not be able to prevent third parties from misappropriating or infringing upon our proprietary rights.

We rely on certain information, processes, and know-how that are not protected by patents or other intellectual property rights. We seek to protect this information through trade secret or confidentiality agreements, as well as through other measures. These measures may not provide adequate protection for our unpatented technology.

If we are unable to adequately protect our technology, trade secrets or proprietary know-how, or enforce our intellectual property rights, our results of operations, financial condition and cash flows could suffer.

DIRECTORS' REPORT - continued

Risks Related to Our Business - continued

Our branded pharmaceutical products will face increased competition with generic products, including, for a period of time, our own.

As a result of our recent acquisitions, we have expanded our branded pharmaceutical products, and we face increased competition from generic pharmaceutical manufacturers, including in some circumstances, us. Because the regulatory approval process in the United States and European Union exempts generic products from costly and time-consuming clinical trials to demonstrate their safety and efficacy and rely instead on the safety and efficacy of prior products, manufacturers of generic products can invest far less in research and development. As a result, our branded products will face intense price competition from generic forms of the product once market exclusivity has expired. Upon the expiration of market exclusivity, we may lose the majority of our revenues of that product in a very short period of time.

In addition, our branded products may conflict with our existing generic products. Because the revenues from branded products and generic products are derived using contradictory strategies, investments made in one sector may conflict with the other. For example, we now own Loestrin® / Loestrin® Fe as both a branded product and a generic product, which may directly or indirectly compete as sales of one product will inherently reduce sales of the other and decrease overall revenues. We may face the same pressures for multiple products. The expansion of our branded pharmaceutical products may result in increased competition from generic manufacturers and our own generics business.

If pharmaceutical companies are successful in limiting the use of generics through their legislative, regulatory and other efforts, our sales of generic products may suffer.

Many pharmaceutical companies increasingly have used state and federal legislative and regulatory means to delay generic competition. These efforts have included:

- making changes to the formulation of the brand product and arguing that potential generic competitors must demonstrate bioequivalency or comparable abuse-resistance to the reformulated brand product;
- pursuing new patents for existing products which may be granted just before the expiration of earlier patents, which could extend patent protection for additional years or otherwise delay the launch of generics;
- selling the brand product as an Authorized Generic, either by the brand company directly, through an affiliate or by a marketing partner;
- using the Citizen Petition process (e.g., under 21 C.F.R. s. 10.30) to request amendments to FDA standards or otherwise delay generic drug approvals;
- seeking changes to U.S. Pharmacopeia, an organization which publishes industry recognized compendia of drug standards;
- attempting to use the legislative and regulatory process to have drugs reclassified or rescheduled;
- using the legislative and regulatory process to set definitions of abuse deterrent formulations to protect brand company patents and profits;
- attaching patent extension amendments to non-related federal legislation;
- engaging in state-by-state initiatives to enact legislation that restricts the substitution of some generic drugs, which could have an impact on products that we are developing;
- entering into agreements with pharmacy benefit management companies which have the effect of blocking the dispensing of generic products; and
- seeking patents on methods of manufacturing certain API.

DIRECTORS' REPORT - continued

Risks Related to Our Business - continued

If pharmaceutical companies are successful in limiting the use of generics through their legislative, regulatory and other efforts, our sales of generic products may suffer – continued

If pharmaceutical companies or other third parties are successful in limiting the use of generic products through these or other means, our sales of generic products may decline. If we experience a material decline in generic product sales, our results of operations, financial condition and cash flows will suffer.

If competitors are successful in limiting competition for certain generic products through their legislative, regulatory and litigation efforts, our sales of certain generic products may suffer.

Certain of our competitors have challenged our ability to distribute Authorized Generics during the competitors' 180-day period of ANDA exclusivity under the Hatch-Waxman Act. Under the challenged arrangements, we have obtained rights to market and distribute under a brand manufacturer's new drug application "NDA" a generic alternative of the brand product. Some of our competitors have challenged the propriety of these arrangements by filing Citizen Petitions with the FDA, initiating lawsuits alleging violation of the antitrust and consumer protection laws, and seeking legislative intervention. For example, legislation has been introduced in the U.S. Senate that would prohibit the marketing of Authorized Generics during the 180-day period of ANDA exclusivity under the Hatch-Waxman Act. If distribution of Authorized Generic versions of brand products is otherwise restricted or found unlawful, our results of operations, financial condition and cash flows could be materially adversely affected.

From time to time we may need to rely on licenses to proprietary technologies, which may be difficult or expensive to obtain.

We may need to obtain licenses to patents and other proprietary rights held by third parties to develop, manufacture and market products. If we are unable to timely obtain these licenses on commercially reasonable terms, our ability to commercially market our products may be inhibited or prevented, which could have a material adverse effect on our business, results of operations, financial condition and cash flows. For example, because we license significant intellectual property with respect to certain of our products, including Namenda XR®, Linzess® and Viibryd®, any loss or suspension of our rights to licensed intellectual property could materially adversely affect our business, financial condition, cash flows and results of operations.

Third parties may claim that we infringe their proprietary rights and may prevent us from manufacturing and selling some of our products.

The manufacture, use and sale of new products that are the subject of conflicting patent rights have been the subject of substantial litigation in the pharmaceutical industry. These lawsuits relate to the validity, enforceability and infringement of patents or proprietary rights of third parties. We may have to defend ourselves against charges that we violated patents or proprietary rights of third parties. This is especially true in the case of generic products on which the patent covering the brand product is expiring, an area where infringement litigation is prevalent, and in the case of new brand products where a competitor has obtained patents for similar products. Litigation may be costly, unpredictable, time-consuming, often involves complex legal, scientific and factual questions, and could divert the attention of our management and technical personnel. In addition, if it is determined that we infringe the rights of others, we could lose our right to develop, manufacture or market products, product launches could be delayed or we could be required to pay monetary damages or royalties to license proprietary rights from third parties. For example, we are currently engaged in litigation with Endo Pharmaceuticals Inc. concerning whether our generic version of the original (now discontinued) formulation of

DIRECTORS' REPORT - continued

Risks Related to Our Business - continued

Third parties may claim that we infringe their proprietary rights and may prevent us from manufacturing and selling some of our products – continued

Opana ER infringes U.S. Patent Nos. 8,309,122, 8,329,216, 8,808,737, and 8,871,779, and we continue to market our generic product. We are also engaged in litigation with Teva Pharmaceuticals USA, Inc. and Mayne Pharma International Pty Ltd. ("Mayne") concerning whether our manufacture and sale of Namenda XR, which we acquired in the Forest Acquisition, infringes U.S. Patent No. 6,194,000.

Further, in August 2012, Bayer Pharma AG (together with its affiliates, "Bayer") filed a complaint against Warner Chilcott alleging that its manufacture, use, offer for sale, and/or sale of Lo Loestrin® Fe infringes Bayer's U.S. Patent No. 5,980,940. In the complaint, Bayer seeks injunctive relief and unspecified monetary damages for the alleged infringement. In December 2012, Bayer amended the complaint to add a claim seeking to invalidate the Company's U.S. Patent No. 7,704,984, which covers the Lo Loestrin® Fe product. On April 21, 2015, the District Court granted summary judgment in favor of Warner Chilcott and the case is now on appeal. Although the parties to patent and intellectual property disputes in the pharmaceutical industry have often settled their disputes through licensing or similar arrangements, the costs associated with these arrangements may be substantial and could include ongoing royalties. Refer to *Legal Matters* in "NOTE 25 – Commitments and Contingencies" in the accompanying "Notes to Consolidated Financial Statements". Furthermore, we cannot be certain that the necessary licenses would be available to us on commercially reasonable terms, or at all. As a result, an adverse determination in a judicial or administrative proceeding or failure to obtain necessary licenses could result in substantial monetary damage awards and could prevent us from manufacturing and selling a number of our products, which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Certain aspects of our operations are highly dependent upon third-party service providers.

We rely on suppliers, vendors and other third-party service providers to research, develop, manufacture, commercialize, promote and sell our products. Reliance on third-party manufacturers reduces our oversight and control of the manufacturing process. Some of these third-party providers are subject to legal and regulatory requirements, privacy and security risks, and market risks of their own. The failure of a critical third-party service provider to meet its obligations could have a material adverse impact on our operations and results. If any third-party service providers have violated or are alleged to have violated any laws or regulations during the performance of their obligations to us, it is possible that we could suffer financial and reputation harm or other negative outcomes, including possible legal consequences.

In particular, product deliveries within our Anda Distribution business are highly dependent on overnight delivery services to deliver our products in a timely and reliable manner, typically by overnight service. Our Anda Distribution business ships a substantial portion of products via one courier's air and ground delivery service. If the courier terminates our contract or if we cannot renew the contract on favorable terms or enter into a contract with an equally reliable overnight courier to perform and offer the same service level at similar or more favorable rates, our business, results of operations, financial condition and cash flows could be materially adversely affected.

Our Anda Distribution operations compete directly with significant customers of our generic and brand businesses.

In our Anda Distribution business, we compete with McKesson Corporation ("McKesson"), AmerisourceBergen Corporation ("AmerisourceBergen") and Cardinal Health, Inc. ("Cardinal"). These companies are significant

DIRECTORS' REPORT - continued

Risks Related to Our Business - continued

Our Anda Distribution operations compete directly with significant customers of our generic and brand businesses – continued

customers of our business in the United States. Our activities related to our Anda Distribution business, as well as the acquisition of other businesses that compete with our customers, may result in the disruption of our business, which could harm relationships with our current customers, employees or suppliers, and could adversely affect our expenses, pricing, third-party relationships and revenues. Further, a loss of a significant customer of our US Brands, US Medical Aesthetics, International Brands and North American Generics businesses, could have a material adverse effect on our business, results of operations, financial condition and cash flows.

If we are unable to obtain sufficient supplies from key manufacturing sites or suppliers that in some cases may be the only source of finished products or raw materials, our ability to deliver our products to the market may be impeded.

We are required to identify the supplier(s) of all the raw materials for our products in our applications with the FDA and other regulatory agencies in the U.S. To the extent practicable, we attempt to identify more than one supplier in each drug application. However, some products and raw materials are available only from a single source and, in many of our drug applications, only one supplier of products and raw materials or site of manufacture has been identified, even in instances where multiple sources exist. Some of these products have historically or may in the future account for a significant portion of our revenues, such as our products Botox®, breast aesthetics and our Juvederm® dermal filler family of products, Namenda®, INFed®, metoprolol succinate extended release tablets, methylphenidate hydrochloride extended release tablets, and a significant number of our oral contraceptive and controlled substance products. In addition, certain manufacturing facilities in Ireland are the exclusive qualified manufacturing facilities for finished dosage forms of many of our products, including our products, Namenda®, Bystolic® and Savella®. Any failure by us to forecast demand for, or to maintain an adequate supply of, the raw material and finished product could result in an interruption in the supply of certain products and a decline in sales of that product. In addition, if our suppliers are unable to meet our manufacturing requirements, we may not be able to produce a sufficient amount of materials or products in a timely manner, which could cause a decline in our sales. We expect to continue to rely on our third-party manufacturing partners, including Teva after completion of the sale of our generics business, such as Ortho-McNeil- Janssen Pharmaceuticals, Inc. for methylphenidate ER, Contract Pharmaceuticals Limited Canada ("CPL") for Estrace® Cream and Norwich Pharmaceuticals Inc. ("NPI") for Actonel® and Atelvia®. GlaxoSmithKline plc ("GSK") currently manufactures our Asacol® 400 mg product sold in the United Kingdom. CPL, which manufactures our Estrace® Cream product, recently closed its manufacturing facility in Buffalo, New York and transferred its operations at that location to its facilities in Mississauga, Canada. Such transfers are subject to regulatory approvals, and the failure to obtain such approvals in a timely manner may delay production at the new facility and result in an interruption in our product supply. From time to time, certain of our manufacturing sites or outside suppliers have experienced regulatory or supply-related difficulties that have inhibited their ability to deliver products and raw materials to us, causing supply delays or interruptions. The availability and prices of raw materials and supplies are subject to volatility and are influenced by worldwide economic conditions, speculative action, world supply and demand balances, inventory levels, availability of substitute materials, currency exchange rates, anticipated or perceived shortages, product contamination, among other factors. To the extent any difficulties experienced by our manufacturing sites or suppliers cannot be resolved or extensions of our key supply agreements cannot be negotiated within a reasonable time and on commercially reasonable terms, or if raw materials for a particular product become unavailable from an approved supplier and we are required to qualify a new supplier with the FDA or other regulatory agency, or if we are unable to do so, our profit margins

DIRECTORS' REPORT - continued

Risks Related to Our Business - continued

If we are unable to obtain sufficient supplies from key manufacturing sites or suppliers that in some cases may be the only source of finished products or raw materials, our ability to deliver our products to the market may be impeded – continued

and market share for the affected product could decrease or be eliminated, as well as delay our development and sales and marketing efforts. Such outcomes could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Our manufacturing sites outside of the United States and our arrangements with foreign suppliers are subject to certain additional risks, including the availability of government clearances, export duties, political instability, war, acts of terrorism, currency fluctuations and restrictions on the transfer of funds. For example, we obtain a significant portion of our raw materials from foreign suppliers. Arrangements with international raw material suppliers are subject to, among other things, FDA and foreign regulatory body regulation, customs clearances, various import duties and other government clearances, as well as potential shipping delays due to inclement weather, political instability, strikes or other matters outside of our control. Acts of governments outside the U.S. may affect the price or availability of raw materials needed for the development or manufacture of our products. In addition, recent changes in patent laws in jurisdictions outside the U.S. may make it increasingly difficult to obtain raw materials for R&D prior to the expiration of the applicable U.S. or foreign patents.

Our generic business' policies regarding returns, allowances and chargebacks, and marketing programs adopted by wholesalers, may reduce our revenues in future fiscal periods.

Consistent with generic industry practice we have liberal return policies and have been willing to give customers post-sale inventory allowances. Under these arrangements, from time to time, we may give our customers credits on our generic products that our customers hold in inventory after we have decreased the market prices of the same generic products. Therefore, if new competitors enter the marketplace and significantly lower the prices of any of their competing products, we may reduce the price of our product. As a result, we may be obligated to provide significant credits to our customers who are then holding inventories of such products, which could reduce sales revenue and gross margin for the period the credit is provided. Like our competitors, we also give credits for chargebacks to wholesale customers that have contracts with us for their sales to hospitals, group purchasing organizations, pharmacies or other retail customers. A chargeback represents an amount payable in the future to a wholesaler for the difference between the invoice price paid to us by our wholesale customer for a particular product and the negotiated price that the wholesaler's customer pays for that product. Although we establish reserves based on our prior experience and our best estimates of the impact that these policies may have in subsequent periods, we cannot ensure that our reserves are adequate or that actual product returns, allowances and chargebacks will not exceed our estimates, which could have a material adverse effect on our results of operations, financial condition, cash flows and the market price of our stock.

Investigations of the calculation of average wholesale prices may adversely affect our business.

Many government and third-party payers, including Medicare, Medicaid, Health Maintenance Organization ("HMOs") and Managed Care Organization ("MCOs"), have historically reimbursed doctors, pharmacies and others for the purchase of certain prescription drugs based on a drug's average wholesale price ("AWP") or wholesale acquisition cost ("WAC"). In the past several years, state and federal government agencies have conducted ongoing investigations of manufacturers' reporting practices with respect to AWP and WAC, in which they have suggested that reporting of inflated AWP's or WAC's has led to excessive payments for prescription

DIRECTORS' REPORT - continued

Risks Related to Our Business - continued

Investigations of the calculation of average wholesale prices may adversely affect our business – continued

drugs. For example, beginning in July 2002, we and certain of our subsidiaries, as well as numerous other pharmaceutical companies, were named as defendants in various state and federal court actions alleging improper or fraudulent practices related to the reporting of AWP and/or WAC of certain products, and other improper acts, in order to increase prices and market shares. Similarly, Forest is a defendant in three pending state actions alleging that manufacturers' reporting of AWP did not correspond to actual provider costs of prescription drugs. In December 2015, Forest and other company subsidiaries were named as defendants in a private class action litigation in Pennsylvania based on similar allegations. Additional actions are possible. These actions, if successful, could adversely affect us and may have a material adverse effect on our business, results of operations, financial condition and cash flows.

The design, development, manufacture and sale of our products involves the risk of product liability claims by consumers and other third parties, and insurance against such potential claims is expensive and may be difficult to obtain.

The design, development, manufacture and sale of our products involve an inherent risk of product liability claims and the associated adverse publicity. For example, Forest is subject to approximately 200 legal actions asserting product liability claims relating to the use of Celexa® or Lexapro. These cases include claims that Celexa® or Lexapro caused various birth defects. While we believe there is no merit to these cases, litigation is inherently subject to uncertainties and we may be required to expend substantial amounts in the defense or resolution of certain of these matters. We regularly monitor the use of our products for trends or increases in reports of adverse events or product complaints, and regularly report such matters to the FDA. In some, but not all cases, an increase in adverse event reports may be an indication that there has been a change in a product's specifications or efficacy. Such changes could lead to a recall of the product in question or, in some cases, increases in product liability claims related to the product in question. If the coverage limits for product liability insurance policies are not adequate or if certain of our products are excluded from coverage, a claim brought against us, whether covered by insurance or not, could have a material adverse effect on our business, results of operations, financial condition and cash flows. We also rely on self-insurance to cover product liability claims, and these claims may exceed amounts we have reserved under our self-insurance program.

We are also subject to a variety of other types of claims, proceedings, investigations and litigation initiated by government agencies or third parties. These include compliance matters, product regulation or safety, taxes, employee benefit plans, employment discrimination, health and safety, environmental, antitrust, customs, import/export, government contract compliance, financial controls or reporting, intellectual property, allegations of misrepresentation, false claims or false statements, commercial claims, claims regarding promotion of our products and services, or other similar matters. For example, consumer groups and certain plaintiffs have alleged that certain uses of Botox®, including off-label uses, have caused patient injuries and death and have further failed to adequately warn patients of the risks relating to Botox® use. From time to time reports related to the quality and safety of breast implant devices are published, including reports that have suggested a possible association between anaplastic large cell lymphoma and breast implants, as well as negative reports from regulatory authorities in Europe related to a breast implant manufacturer that is not affiliated with the Company. In addition, government investigations related to the use of products, but not the efficacy themselves, may cause reputational harm to the Company. Negative publicity-whether accurate or inaccurate-about the efficacy, safety or side effects of our products or product categories, whether involving us or a competitor, could materially reduce market acceptance to our products, cause consumers to seek alternatives to our products, result in product

DIRECTORS' REPORT - continued

Risks Related to Our Business - continued

The design, development, manufacture and sale of our products involves the risk of product liability claims by consumers and other third parties, and insurance against such potential claims is expensive and may be difficult to obtain – continued

withdrawals and cause our stock price to decline. Negative publicity could also result in an increased number of product liability claims, whether or not these claims have a basis in scientific fact. Any such claims, proceedings, investigations or litigation, regardless of the merits, might result in substantial costs, restrictions on product use or sales, or otherwise injure our business.

The loss of our key personnel could cause our business to suffer.

The success of our present and future operations will depend, to a significant extent, upon the experience, abilities and continued services of key personnel. For example, although we have other senior management personnel, a significant loss of the services of Brent Saunders, our Chief Executive Officer, or Paul Bisaro, our Executive Chairman, or other senior executive officers without having or hiring a suitable successor, could cause our business to suffer. We cannot assure you that we will be able to attract and retain key personnel. We have entered into employment agreements with many of our senior executive officers but such agreements do not guarantee that our senior executive officers will remain employed by us for a significant period of time, or at all. We do not carry key-employee life insurance on any of our officers.

Significant balances of intangible assets, including product rights and goodwill acquired, are subject to impairment testing and may result in impairment charges, which will adversely affect our results of operations and financial condition.

A significant amount of our total assets is related to acquired intangibles and goodwill. As of December 31, 2015, the carrying value of our product rights and other intangible assets was $67,931.7 million and the carrying value of our goodwill was $46,551.5 million.

Our product rights are stated at cost, less accumulated amortization. We determine original fair value and amortization periods for product rights based on our assessment of various factors impacting estimated useful lives and cash flows of the acquired products. Such factors include the product's position in its life cycle, the existence or absence of like products in the market, various other competitive and regulatory issues and contractual terms. Significant adverse changes to any of these factors would require us to perform an impairment test on the affected asset and, if evidence of impairment exists, we would be required to take an impairment charge with respect to the asset. For assets that are not impaired, the Company may adjust the remaining useful lives. Such a charge could have a material adverse effect on our results of operations and financial condition.

Our other significant intangible assets include acquired core technology and customer relationships, which are intangible assets with definite lives, our Anda trade name and acquired IPR&D intangible products, acquired in recent business acquisitions, which are intangible assets with indefinite lives.

Our acquired core technology and customer relationship intangible assets are stated at cost, less accumulated amortization. We determined the original fair value of our other intangible assets by performing a discounted cash flow analysis, which is based on our assessment of various factors. Such factors include existing operating margins, the number of existing and potential competitors, product pricing patterns, product market share analysis, product approval and launch dates, the effects of competition, customer attrition rates, consolidation within the industry and generic product lifecycle estimates. Our other intangible assets with definite lives are

DIRECTORS' REPORT - continued

Risks Related to Our Business - continued

Significant balances of intangible assets, including product rights and goodwill acquired, are subject to impairment testing and may result in impairment charges, which will adversely affect our results of operations and financial condition – continued

tested for impairment when there are significant changes to any of these factors. If evidence of impairment exists, we would be required to take an impairment charge with respect to the impaired asset. Such a charge could have a material adverse effect on our results of operations and financial condition.

Goodwill, our Anda trade name intangible asset and our IPR&D intangible assets are tested for impairment annually, or when events occur or circumstances change that could potentially reduce the fair value of the reporting unit or intangible asset. Impairment testing compares the fair value of the reporting unit or intangible asset to its carrying amount. A goodwill, trade name or IPR&D impairment, if any, would be recorded in operating income and could have a material adverse effect on our results of operations and financial condition. For example, in 2013 the Company recognized a goodwill impairment charge of $647.5 million within discontinued operations.

We may need to raise additional funds in the future which may not be available on acceptable terms or at all.

We may consider issuing additional debt or equity securities in the future to fund potential acquisitions or investments, to refinance existing debt, or for general corporate purposes. If we issue equity, convertible preferred equity or convertible debt securities to raise additional funds, our existing shareholders may experience dilution, and the new equity or debt securities may have rights, preferences and privileges senior to those of our existing shareholders. If we incur additional debt, it may increase our leverage relative to our earnings or to our equity capitalization, requiring us to pay additional interest expenses and potentially lowering our credit ratings. We may not be able to market such issuances on favorable terms, or at all, in which case, we may not be able to develop or enhance our products, execute our business plan, take advantage of future opportunities, or respond to competitive pressures or unanticipated customer requirements.

Our business could suffer as a result of manufacturing difficulties or delays.

The manufacture of certain of our products and product candidates, particularly our controlled-release products, transdermal products, injectable products, and our oral contraceptive products, is more difficult than the manufacture of immediate-release products. Successful manufacturing of these types of products requires precise manufacturing process controls, API that conforms to very tight tolerances for specific characteristics and equipment that operates consistently within narrow performance ranges. Manufacturing complexity, testing requirements, and safety and security processes combine to increase the overall difficulty of manufacturing these products and resolving manufacturing problems that we may encounter.

Our manufacturing and other processes utilize sophisticated equipment, which sometimes require a significant amount of time to obtain and install. Our business could suffer if certain manufacturing or other equipment, or a portion or all of our facilities were to become inoperable for a period of time. This could occur for various reasons, including catastrophic events such as earthquake, monsoon, hurricane or explosion, unexpected equipment failures or delays in obtaining components or replacements thereof, contamination by microorganisms or viruses, labor disputes or shortages, contractual disputes with our suppliers and contract manufacturers, as well as construction delays or defects and other events, both within and outside of our control. We manufacture certain products, including Botox®, breast aesthetics and our Juvederm® dermal filler family of products, at a single facility or a single site. Therefore, a significant disruptive event, including a fire or natural disaster, at

DIRECTORS' REPORT - continued

Risks Related to Our Business - continued

Our business could suffer as a result of manufacturing difficulties or delays – continued

certain manufacturing facilities or sites could materially and adversely affect our business and results of operations. In the event of a disruption, we may need to build or locate replacement facilities as well as seek and obtain the necessary regulatory approvals for these facilities. Interruption of our efficient manufacture and supply of products may cause delays in shipments and supply constraints. Our inability to timely manufacture any of our significant products could have a material adverse effect on our results of operations, financial condition and cash flows.

Our manufacturing processes and those of our third-party contract manufacturers must undergo a potentially lengthy FDA or other regulatory approval process and are subject to continued review by the FDA and other regulatory authorities. It can take longer than five years to build, validate and license a new manufacturing plant and it can take longer than three years to qualify and license a new contract manufacturer. If regulatory authorities determine that we or our third-party contract manufacturers or certain of our third-party service providers have violated regulations or if they restrict, suspend or revoke our prior approvals, they could prohibit us from manufacturing our products or conducting clinical trials or selling our marketed products until we or the affected third-party contract manufacturers or third-party service providers comply, or indefinitely. Because our third-party contract manufacturers and certain of our third-party service providers are subject to the FDA and foreign regulatory authorities, alternative qualified third-party contract manufacturers and third-party service providers may not be available on a timely basis or at all. If we or our third-party contract manufacturers or third-party service providers cease or interrupt production or if our third-party contract manufacturers and third-party service providers fail to supply materials, products or services to us, we may experience delayed shipments, supply constraints, stock-outs and/or recalls of our products.

Our business will continue to expose us to risks of environmental liabilities.

Our product and API development programs, manufacturing processes and distribution logistics involve the controlled use of hazardous materials, chemicals and toxic compounds in our owned and leased facilities. As a result, we are subject to numerous and increasingly stringent federal, state and local environmental laws and regulations concerning, among other things, the generation, handling, storage, transportation, treatment and disposal of toxic and hazardous materials and the discharge of pollutants into the air and water. Our programs and processes expose us to risks that an accidental contamination could result in (i) our noncompliance with such environmental laws and regulations and (ii) regulatory enforcement actions or claims for personal injury and property damage against us. If an accident or environmental discharge occurs, or if we discover contamination caused by prior operations, including by prior owners and operators of properties we acquire, we could be liable for cleanup obligations, damages and fines. The substantial unexpected costs we may incur could have a material and adverse effect on our business, results of operations, financial condition, and cash flows. In addition, environmental permits and controls are required for some of our operations, and these permits are subject to modification, renewal and revocation by the issuing authorities. Any modification, revocation or non-renewal of our environmental permits could have a material adverse effect on our ongoing operations, business and financial condition. Our environmental capital expenditures and costs for environmental compliance may increase in the future as a result of changes in environmental laws and regulations or increased development or manufacturing activities at any of our facilities.

Global economic conditions could harm us.

Recent global market and economic conditions have been unprecedented and challenging with tighter credit conditions and recession in most major economies during recent years. Continued concerns about the systemic

DIRECTORS' REPORT - continued

Risks Related to Our Business - continued

Global economic conditions could harm us – continued

impact of potential long-term and wide-spread recession, energy costs, geopolitical issues particularly in areas in which we operate, the availability and cost of credit, and the global real estate markets have contributed to increased market volatility and diminished expectations for western and emerging economies. These conditions, combined with volatile oil prices, declining business and consumer confidence and increased unemployment, have contributed to volatility of unprecedented levels.

As a result of these market conditions, the cost and availability of credit has been and may continue to be adversely affected by illiquid credit markets and wider credit spreads. Concern about the stability of the markets generally and the strength of counterparties specifically has led many lenders and institutional investors to reduce, and in some cases, cease to provide credit to businesses and consumers. These factors have resulted in a decrease in spending by businesses and consumers alike, and a corresponding decrease in global infrastructure spending. Continued turbulence in the U.S. and international markets and economies and prolonged declines in business consumer spending may adversely affect our liquidity and financial condition, and the liquidity and financial condition of our customers, including our ability to refinance maturing liabilities and access the capital markets to meet liquidity needs.

Global efforts towards health care cost containment continue to exert pressure on product pricing and market access. In many international markets, government-mandated pricing actions have reduced prices of generic and patented drugs.

Global economic conditions could adversely affect the ability of third-party distributors, partners, manufacturers and suppliers to obtain liquidity required to buy inventory or raw materials and to perform their obligations under agreements with us, which could disrupt our operations.

In particular, some countries within emerging markets may be especially vulnerable to periods of global financial instability or may have very limited resources to spend on healthcare or may be or will be in the future subject to economic sanctions, and our business in these countries may be disproportionately affected by economic changes. In addition, many of these countries have currencies that fluctuate substantially and if such currencies devalue and the Company cannot offset the devaluations, the Company's financial performance within such countries could be adversely affected.

Our foreign operations may become less attractive if political and diplomatic relations between the United States and any country where we conduct business operations deteriorates.

The relationship between the United States and the foreign countries where we conduct business operations may weaken over time. Changes in the state of the relations between any such country and the United States are difficult to predict and could adversely affect our future operations. This could lead to a decline in our profitability. Any meaningful deterioration of the political, economic and diplomatic relations between the United States and the relevant country could have a material adverse effect on our operations.

Our global operations, particularly following our acquisitions of of AqueSys, Northwood Medical Innovation, Kythera, Oculeve, Auden Mckenzie and Legacy Allergan and our pending business combination with Pfizer, expose us to risks and challenges associated with conducting business internationally.

We operate on a global basis with offices or activities in Europe, Africa, Asia, South America, Australia and North America. We face several risks inherent in conducting business internationally, including compliance with

DIRECTORS' REPORT - continued

Risks Related to Our Business - continued

Our global operations, particularly following our acquisitions of of AqueSys, Northwood Medical Innovation, Kythera, Oculeve, Auden Mckenzie and Legacy Allergan and our pending business combination with Pfizer, expose us to risks and challenges associated with conducting business internationally – continued

international and U.S. laws and regulations that apply to our international operations. These laws and regulations include data privacy requirements, labor relations laws, tax laws, competition regulations, import and trade restrictions, economic sanctions, export requirements, U.S. laws such as the Foreign Corrupt Practices Act, the UK Bribery Act 2010 and other local laws that prohibit corrupt payments to governmental officials or certain payments or remunerations to customers. Given the high level of complexity of these laws there is a risk that some provisions may be breached by us, for example through fraudulent or negligent behavior of individual employees, our failure to comply with certain formal documentation requirements, or otherwise. Violations of these laws and regulations could result in fines, criminal sanctions against us, our officers or our employees, requirements to obtain export licenses, cessation of business activities in sanctioned countries, implementation of compliance programs, and prohibitions on the conduct of our business. Any such violations could include prohibitions on our ability to offer our products in one or more countries and could materially damage our reputation, our brand, our international expansion efforts, our ability to attract and retain employees, our business and our operating results. Our success depends, in part, on our ability to anticipate these risks and manage these challenges. Further, certain of our employees, including employees located in certain jurisdictions in Canada, Europe and Asia, are represented by collective bargaining or other labor agreements or arrangements that provide bargaining or other rights to employees. Such employment rights require us to expend greater time and expense in making changes to employees' terms of employment or carrying out staff reductions. In addition, any national or other labor disputes in these regions could result in a work stoppage or strike by our employees that could delay or interrupt our ability to supply products and conduct operations. Due to the nature of these collective bargaining agreements, we will have no control over such work stoppages or strikes by such employees, and a strike may occur even if the employees do not have any grievances against us. Any interruption in manufacturing or operations could interfere with our business and could have a material adverse effect on our revenues.

In addition to the foregoing, engaging in international business inherently involves a number of other difficulties and risks, including:

- longer payment cycles and difficulties in enforcing agreements and collecting receivables through certain foreign legal systems;
- political and economic instability or sanctions in areas in which we operate;
- potentially adverse tax consequences, tariffs, customs charges, bureaucratic requirements and other trade barriers;
- regulations related to customs and import/export matters (including sanctions);
- tax issues, such as tax law changes and variations in tax laws;
- challenges in collecting accounts receivable from customers in the jurisdictions in which we operate;
- complying with laws, rules and regulations relating to the manufacturing, marketing, distribution and sale of pharmaceutical products in the jurisdictions in which we do or will operate;
- operating under regulations in jurisdictions related to obtaining eligibility for government or private payor reimbursement for our products at the wholesale/retail level;
- competition from local, regional and international competitors;
- difficulties and costs of staffing and managing foreign operations, including cultural and language differences and additional employment regulations, union workforce negotiations and potential disputes in the jurisdictions in which we operate;

DIRECTORS' REPORT - continued

Risks Related to Our Business - continued

Our global operations, particularly following our acquisitions of of AqueSys, Northwood Medical Innovation, Kythera, Oculeve, Auden Mckenzie and Legacy Allergan and our pending business combination with Pfizer, expose us to risks and challenges associated with conducting business internationally – continued

- difficulties associated with compliance with a variety of laws and regulations governing international trade, including the Foreign Corrupt Practices Act;
- difficulties protecting or procuring intellectual property rights; and
- fluctuations in foreign currency exchange rates.

These factors or any combination of these factors could have a material adverse effect on our results of operations and financial condition.

We have exposure to tax liabilities.

As a multinational corporation, we are subject to income taxes as well as non-income based taxes in various jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes and other tax liabilities. We are subject to costs and other potential outcomes from tax audits. The Company believes that its accrual for tax contingencies is adequate for all open years based on past experience, interpretations of tax law, and judgments about potential actions by tax authorities; however, due to the complexity of tax contingencies, the ultimate resolution of any tax matters may result in payments greater or less than amounts accrued.

Changes in tax laws or tax rulings may have a significantly adverse impact on our effective tax rate. Proposals by the current U.S. administration for fundamental U.S. international tax reform, including without limitation provisions that would limit the ability of U.S. multinationals to deduct interest on related party debt, if enacted, could have a significant adverse impact on our effective tax rate. Many countries in Europe, as well as a number of other countries and organizations, have recently proposed or recommended changes to existing tax laws which could impact our future tax obligations. The Organization for Economic Cooperation and Development has been working on a Base Erosion and Profit Sharing Project, and is expected to continue to issue, guidelines and proposals that may change various aspects of the existing framework under which our tax obligations are determined in many of the countries in which we do business. The European Commission has conducted investigations in multiple countries focusing on whether local country tax rulings or tax legislation provides preferential tax treatment that violates European Union state aid rules. If the Company's effective tax rates were to increase, or if the ultimate determination of the Company's taxes owed is for an amount in excess of amounts previously accrued, the Company's operating results, cash flows, and financial condition could be adversely affected.

We would be adversely affected if, either based on current law or in the event of a change in law, the Internal Revenue Service did not agree that Allergan plc is a foreign corporation for U.S. federal tax purposes. In addition, future changes to international tax laws not specifically related to inversions could adversely affect us.

Allergan plc believes that, under current law, it is treated as a foreign corporation for U.S. federal tax purposes, because it is an Irish incorporated entity. However, the IRS may assert that Allergan plc should be treated as a U.S. corporation for U.S. federal tax purposes pursuant to Section 7874. Under Section 7874, a corporation created or organized outside the United States (i.e., a foreign corporation) will be treated as a U.S. corporation for U.S. federal tax purposes when (i) the foreign corporation directly or indirectly acquires substantially all of

DIRECTORS' REPORT - continued

Risks Related to Our Business - continued

We would be adversely affected if, either based on current law or in the event of a change in law, the Internal Revenue Service did not agree that Allergan plc is a foreign corporation for U.S. federal tax purposes. In addition, future changes to international tax laws not specifically related to inversions could adversely affect us – continued

the assets held directly or indirectly by a U.S. corporation (including the indirect acquisition of assets of the U.S. corporation by acquiring all the outstanding shares of the U.S. corporation), (ii) the shareholders of the acquired U.S. corporation hold at least 80% (by either vote or value) of the shares of the foreign acquiring corporation after the acquisition by reason of holding shares in the U.S. acquired corporation (including the receipt of the foreign corporation's shares in exchange for the U.S. corporation's shares), and (iii) the foreign corporation's "expanded affiliated group" does not have substantial business activities in the foreign corporation's country of organization or incorporation relative to such expanded affiliated group's worldwide activities. For purposes of Section 7874, multiple acquisitions of U.S. corporations by a foreign corporation, if treated as part of a plan or series of related transactions, may be treated as a single acquisition. If multiple acquisitions of U.S. corporations are treated as a single acquisition, all shareholders of the acquired U.S. corporations would be aggregated for purposes of the test set forth above concerning such shareholders holding at least 80% (by either vote or value) of the shares of the foreign acquiring corporation after the acquisitions by reason of holding shares in the acquired U.S. corporations.

Allergan believes that the test set forth above to treat Allergan as a foreign corporation was satisfied in connection with the acquisition of Actavis, Inc., a Nevada corporation, and Warner Chilcott plc, a company incorporated under the laws of Ireland (the "Warner Chilcott Transaction") on October 1, 2013. However, the law and Treasury regulations promulgated under Section 7874 are relatively new and somewhat unclear, and thus it cannot be assured that the IRS will agree that the ownership requirements to treat Allergan as a foreign corporation were met. Moreover, even if such ownership requirements were met in the Warner Chilcott Transaction and the subsequent acquisition of all of the common stock of Forest Laboratories, Inc., a company incorporated under the laws of the State of Delaware (the "Forest Transaction"), the IRS may assert that, even though the Merger is a separate transaction from the Warner Chilcott Transaction and the Forest Transaction, the Merger should be integrated with the Warner Chilcott Transaction and the Forest Transaction as a single transaction. In the event the IRS were to prevail with such assertion, Allergan would be treated as a U.S. corporation for U.S. federal tax purposes and significant adverse tax consequences would result for Allergan.

In addition, changes to the inversion rules in Section 7874 or the U.S. Treasury Regulations promulgated thereunder or other IRS guidance could adversely affect Allergan plc's status as a foreign corporation for U.S. federal tax purposes, and any such changes could have prospective or retroactive application to Allergan, Allergan Inc., their respective stockholders, shareholders and affiliates, and/or the Allergan Acquisition. For example, in March 2014, the President of the United States proposed legislation that would amend the anti-inversion rules. In September 2014 and November 2015, the U.S. Treasury and the IRS issued additional guidance stating that they intend to issue regulations that will address certain inversion transactions.

Even if Allergan is respected as a foreign corporation for U.S. federal tax purposes, Allergan might be adversely impacted by recent proposals that have aimed to make other changes in the taxation of multinational corporations. For example, the Organisation for Economic Co-operation and Development has released proposals to create an agreed set of international rules for fighting base erosion and profit shifting. As a result, the tax laws in the United States, Ireland, and other countries in which we and our affiliates do business could change on a prospective or retroactive basis, and any such changes could adversely affect Allergan and its affiliates (including Legacy Allergan and its affiliates).

DIRECTORS' REPORT - continued

Risks Related to Our Business - continued

We would be adversely affected if, either based on current law or in the event of a change in law, the Internal Revenue Service did not agree that Allergan plc is a foreign corporation for U.S. federal tax purposes. In addition, future changes to international tax laws not specifically related to inversions could adversely affect us – continued

Moreover, U.S. and foreign tax authorities may carefully scrutinize companies that result from cross-border business combination, such as Allergan plc, which may lead such authorities to assert that Allergan plc owes additional taxes.

Foreign currency fluctuations could adversely affect our business and financial results.

We do business and generate sales in numerous countries outside the United States. The Company has also entered and will continue to enter into acquisition, licensing, borrowing, hedging or other financial transactions that may give rise to currency and interest rate exposure. As such, foreign currency fluctuations may affect the costs that we incur in such international operations. Some of our operating expenses are incurred in non-U.S. dollar currencies. The appreciation of non-U.S. dollar currencies in those countries where we have operations against the U.S. dollar could increase our costs and could harm our results of operations and financial condition.

We have incurred and will continue to incur significant transaction, integration and restructuring costs in connection with recent transactions, including our acquisitions of AqueSys, Northwood Medical Innovations, Kythera, Oculeve, Auden Mckenzie and Legacy Allergan, the pending sale of our generics business and certain other assets to Teva and our pending business combination with Pfizer.

We have incurred significant transaction costs related to our acquisitions of Kythera and Legacy Allergan, the pending sale of our generics business and certain other assets to Teva and our pending business combination with Pfizer and will continue to incur significant transaction costs related to past acquisitions and pending transactions with Teva and Pfizer. In addition, we will incur integration costs and restructuring costs as we integrate the businesses. While Allergan has assumed that a certain level of transaction and coordination expenses will be incurred, there are a number of factors beyond Allergan's control that could affect the total amount or the timing of these transaction and coordination expenses. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately. Although we expect that the realization of benefits and efficiencies related to the integration of the businesses may offset these transaction costs, integration costs and restructuring costs over time, no assurances can be made that this net benefit will be achieved in the near term, or at all. The failure to realize the expected benefits and efficiencies related to the integration of the businesses could adversely affect our financial condition and results of operations.

In addition, as a result of acquiring businesses, technologies or products, or entering into other significant transactions, we may experience significant charges to earnings for merger and related expenses. These costs may include substantial fees for investment bankers, attorneys, accountants, advisors, consultants and severance and other closure costs associated with regulator-mandated divestitures and the elimination of duplicate or discontinued products, operations and facilities. Charges that we may incur in connection with acquisitions could adversely affect our results of operations for particular quarterly or annual periods.

Substantial amounts of our information concerning our products, customers, employees and ongoing business are stored digitally and are subject to threats of theft, tampering, or other intrusion.

We collect and maintain information in digital form that is necessary to conduct our business, and we are increasingly dependent upon information technology systems, infrastructure and data. This digital information

DIRECTORS' REPORT - continued

Risks Related to Our Business - continued

Substantial amounts of our information concerning our products, customers, employees and ongoing business are stored digitally and are subject to threats of theft, tampering, or other intrusion – continued

includes, but is not limited to, confidential and proprietary information as well as personal information regarding our customers and employees. Data maintained in digital form is subject to the risk of intrusion, tampering, and theft. Cyber-attacks are increasing in frequency, sophistication and intensity. Cyber-attacks could include the deployment of harmful malware, denial-of-service attacks, worms, social engineering and other means to affect service reliability and threaten data confidentiality, integrity and availability. We have established physical, electronic, and organizational measures to safeguard and secure our systems to prevent a data compromise, and rely on commercially available systems, software, tools, and monitoring to provide security for the processing, transmission and storage of digital information. However, the development and maintenance of these systems is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become increasingly more sophisticated. Despite our efforts, the possibility of a future data compromise cannot be eliminated entirely, and risks associated with intrusion, tampering, and theft remain. Data privacy or security breaches by employees or others may pose a risk that data, including intellectual property or personal information, may be exposed to unauthorized individuals or to the public. In addition, we provide confidential, proprietary and personal information to third parties when it is necessary to pursue our business objectives. While we obtain assurances that these third parties will protect this information and, where appropriate, monitor the protections employed by these third parties, there is a risk the confidentiality of data held by third parties may be compromised. If our data systems are compromised, our business operations may be impaired, we may lose profitable opportunities or the value of those opportunities may be diminished, and we may lose revenue as a result of unlicensed use of our intellectual property. If personal information of our customers or employees is misappropriated, our reputation with our customers and employees may be injured resulting in loss of business and/or morale, and we may incur costs to remediate possible injury to our customers and employees or be required to pay fines or take other action with respect to judicial or regulatory actions arising out of such incidents.

A failure of our internal control over financial reporting could materially impact our business or share price.

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. An internal control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all internal control systems, internal control over financial reporting may not prevent or detect misstatements. Any failure to maintain an effective system of internal control over financial reporting could limit our ability to report our financial results accurately and timely or to detect and prevent fraud, and could expose us to litigation or adversely affect the market price of our Ordinary Shares.

In the year ended December 31, 2013, management concluded that there was a material weakness in internal controls over financial reporting as it did not design or maintain effective internal controls with respect to segregation of duties and related information technology general controls regarding user access and change management activities. Specifically, the controls were not designed to provide reasonable assurance that incompatible access within the system, including the ability to record transactions, was appropriately segregated, impacting the validity, accuracy and completeness of all key accounts and disclosures. The locations impacted were principally related to the international entities acquired as part of the Actavis Group in 2012. The Company has remediated the material weaknesses as of December 31, 2014.

DIRECTORS' REPORT - continued

Risks Related to Our Business - continued

Extensive industry regulation has had, and will continue to have, a significant impact on our business, especially our product development, manufacturing and distribution capabilities.

All pharmaceutical companies, including Allergan, are subject to extensive, complex, costly and evolving government regulation. For the U.S., this is principally administered by the FDA, but is also administered by the Drug Enforcement Agency "DEA" and state government agencies, as well as by varying regulatory agencies in foreign countries where products or product candidates are being manufactured and/or marketed. The Federal Food, Drug and Cosmetic Act, the Controlled Substances Act and other federal statutes and regulations, and similar foreign statutes and regulations, govern or influence the development, testing, manufacturing, packing, labeling, storing, record keeping, safety, approval, advertising, promotion, sale, distribution and import/ export of our products. Foreign regulatory authorities impose similar requirements focused on drug safety and effectiveness. Obtaining and maintaining regulatory approval has been and will continue to be increasingly difficult, time-consuming and costly. In addition, changes in applicable federal, state and foreign laws and regulations or the implementation of new laws and regulations could affect our ability to obtain or maintain approval of our products and could have a material adverse effect on the Company's business.

Once regulatory approval has been obtained, agencies continue to have substantial authority to require additional testing, perform inspections, change product labeling or mandate withdrawals of our products. Failure to comply with applicable regulatory requirements may subject us to administrative or judicially-imposed sanctions. These sanctions may include, among others, untitled letters, warning letters, fines, civil penalties, criminal penalties, injunctions, debarment, product seizure or detention, product recalls and total or partial suspension of production, sale and promotion. In addition, we may voluntarily elect to recall or restrict the use of a product. Any recall or restriction could divert managerial and financial resources and might harm our reputation.

Under these statutes and regulations, we are subject to periodic inspection of our facilities, procedures and operations and/or the testing of our products by the FDA and similar ex-U.S. authorities, the DEA and other authorities, which conduct periodic inspections to confirm that we are in compliance with all applicable requirements. In addition, the FDA and foreign regulatory agencies conduct pre-approval and post-approval reviews and plant inspections to determine whether our systems and processes are in compliance with cGMP and other regulations. Following such inspections, the FDA or other agency may issue observations, notices, citations and/or warning letters that could cause us to modify certain activities identified during the inspection. FDA guidelines specify that a warning letter is issued only for violations of "regulatory significance" for which the failure to adequately and promptly achieve correction may be expected to result in an enforcement action. We are also required to report adverse events associated with our products to the FDA and other regulatory authorities. Unexpected or serious health or safety concerns could result in product liability claims, labeling changes, recalls, market withdrawals or other regulatory actions, including withdrawal of product approvals. Adverse events and safety concerns can arise as our product candidates are evaluated in clinical trials or as our marketed products are used in clinical practice. We are required to communicate to regulatory agencies adverse events reported to us regarding our products.

Our manufacturing facility in Corona, California is currently subject to a consent decree of permanent injunction. We cannot assure that the FDA will determine we have adequately corrected deficiencies at our Corona manufacturing site, that subsequent FDA inspections at any of our manufacturing sites will not result in additional inspectional observations at such sites, that approval of any of the pending or subsequently submitted NDAs, ANDAs or supplements to such applications by Allergan plc or our subsidiaries will be granted or that the FDA will not seek to impose additional sanctions against Allergan plc or any of its subsidiaries. The range of

DIRECTORS' REPORT - continued

Risks Related to Our Business - continued

Extensive industry regulation has had, and will continue to have, a significant impact on our business, especially our product development, manufacturing and distribution capabilities – continued

possible sanctions includes, among others, FDA issuance of adverse publicity, product recalls or seizures, fines, total or partial suspension of production and/or distribution, suspension of the FDA's review of product applications, enforcement actions, injunctions, and civil or criminal prosecution. Any such sanctions, if imposed, could have a material adverse effect on our business, operating results, financial condition and cash flows. Under certain circumstances, the FDA also has the authority to revoke previously granted drug approvals. Similar sanctions as detailed above may be available to the FDA under a consent decree, depending upon the actual terms of such decree. Although we have instituted internal compliance programs, if these programs do not meet regulatory agency standards or if compliance is deemed deficient in any significant way, it could materially harm our business. Certain of our vendors are subject to similar regulation and periodic inspections and may be operating under consent decrees.

In order to market our products in the United States and other jurisdictions, we must obtain separate regulatory approvals and comply with numerous and varying regulatory requirements. The process for obtaining governmental approval to manufacture and market pharmaceutical products is rigorous, time-consuming, uncertain and costly, and we cannot predict the extent to which we may be affected by legislative and regulatory developments. We are dependent on receiving FDA and other governmental or third-party approvals prior to manufacturing, marketing and shipping our products. There is always the chance that we will not obtain FDA or other necessary approvals, or that the rate, timing and cost of obtaining such approvals, will adversely affect our product introduction plans or results of operations. Additionally, any regulatory approvals we receive may be subject to limitations on the approved indicated uses for which the product may be marketed or to the conditions of approval or may contain requirements for potentially costly additional clinical trials and surveillance to monitor the safety and efficacy of the product. We may only market or promote our products for their approved indications, and our labeling, promotional activities and advertising are subject to extensive regulation and oversight. We carry inventories of certain product(s) in anticipation of launch, and if such product(s) are not subsequently launched, we may be required to write-off the related inventory.

Our Anda Distribution operations and our customers are subject to various regulatory requirements, including requirements of the DEA, FDA, state boards of pharmacy and city and county health regulators, among others. These include licensing, registration, recordkeeping, security and reporting requirements. The DEA requires our Anda Distribution business to monitor customer orders of DEA Scheduled Drugs and to report suspicious orders to the DEA. Any determination by the DEA that we have failed to comply with applicable laws and regulations could result in DEA suspending, terminating or refusing to renew Anda Distribution's license to distribute Scheduled Drugs. Additionally, although physicians may prescribe FDA approved products for an "off label" indication, we are permitted to market our products only for the indications for which they have been approved. Some of our products are prescribed off label and the FDA, the U.S. Department of Justice, the U.S. Attorney or other regulatory authorities could take enforcement actions if they conclude that we or our distributors have engaged in off label marketing. In addition, historically a number of states and the federal government have enforced licensing and anti-counterfeit drug pedigree laws which require the tracking of all transactions involving prescription drugs beginning with the manufacturer, through the supply chain, and down to the pharmacy or other health care provider dispensing or administering prescription drug products. Therefore, manufacturers and wholesale distributors, including our subsidiary, ANDA Pharmaceuticals, have been required to maintain records documenting the chain of custody on distribution of prescription drugs. On November 27, 2013, the federal government enacted the Drug Quality and Security Act (DQSA) amending federal requirements

DIRECTORS' REPORT - continued

Risks Related to Our Business - continued

Extensive industry regulation has had, and will continue to have, a significant impact on our business, especially our product development, manufacturing and distribution capabilities – continued

in regard to the licensing and tracking of prescription drugs. Certain provisions in the new law related to licensing and track and trace specifically preempted prior state laws related to drug pedigrees that are inconsistent, more stringent, or in addition to the federal law. Specifically, Title II of the DQSA, also known as the Drug Supply Chain Security Act ("DSCSA"), provides for creation of an electronic, interoperable system to identify and trace certain prescription drugs as they are distributed in the United States. These amendments include new requirements on licensing, tracking and tracing and other operations applicable to manufacturers and wholesale distributors of prescription drug products. The full requirements of the DSCSA will be phased in over a ten year period; however, in January 2015, specific product tracing requirements for manufacturers, wholesalers, repackagers and dispensers (e.g., pharmacies) of prescription drugs became effective. Also, as of January 2015, the DSCSA required manufacturers and wholesale distributors to implement systems to identify potential "suspect" or "illegitimate" product, and take appropriate action. The DSCSA also addresses product tracing using unique product identifiers on packaging, and requirements for standardized numerical identifiers which will take effect in the future.

In addition to government agencies that promulgate regulations and guidelines directly applicable to us, other professional societies, practice management groups, insurance carriers, physicians, private health or science foundations and organizations involved in various diseases from time to time may also publish guidelines or recommendations to healthcare providers, administrators and payers, and patient communities. For example, the treatment practices of physicians that currently prescribe our products may change. Recommendations by government agencies or other groups and organizations may relate to such matters as usage, dosage, route of administration and use of related therapies, as well as reimbursement of our products by government and private payers. Any recommendations or guidelines that result in decreased use, dosage or reimbursement of our products could materially and adversely affect our product sales, business and operating results.

The supply of APIs into Europe may be negatively affected by recent regulations promulgated by the European Union.

As of July 2, 2013, all API's imported into the EU must be certified as complying with the good manufacturing practice ("GMP") standards established by the EU, as stipulated by the International Conference for Harmonization. These new regulations place the certification requirement on the regulatory bodies of the exporting countries. Accordingly, as of July 2, 2013, the national regulatory authorities of each exporting country must: (i) insure that all manufacturing plants within their borders that export API into the EU comply with EU manufacturing standards and; (ii) for each API exported, present a written document confirming that the exporting plant conforms to EU manufacturing standards. The imposition of this responsibility on the governments of the nations exporting API may cause a shortage of API necessary to manufacture our products, as certain governments may not be willing or able to comply with the regulation in a timely fashion, or at all. A shortage in API may cause us to have to cease manufacture of certain products, or to incur costs and delays to qualify other suppliers to substitute for those API manufacturers unable to export. This could adversely affect the Company and could have a material adverse effect on our business, results of operations, financial condition and cash flow.

DIRECTORS' REPORT - continued

Risks Related to Our Business - continued

Federal regulation of arrangements between manufacturers of brand and generic products could adversely affect our business.

As part of the Medicare Prescription Drug and Modernization Act of 2003 (the "MMA") companies are required to file with the FTC and the Department of Justice certain types of agreements entered into between brand and generic pharmaceutical companies related to the manufacture, marketing and sale of generic versions of brand drugs. This requirement, as well as new legislation pending in the U.S. Congress related to settlements between brand and generic drug manufacturers, could affect the manner in which generic drug manufacturers resolve intellectual property litigation and other disputes with brand pharmaceutical companies and could result generally in an increase in private-party litigation against pharmaceutical companies or additional investigations or proceedings by the FTC or other governmental authorities. The impact of this requirement, the pending legislation and the potential private-party lawsuits associated with arrangements between brand name and generic drug manufacturers, is uncertain and could adversely affect our business. For example, on April 5, 2013, two putative class actions were filed against Actavis, Inc. and certain affiliates alleging that Watson Pharmaceuticals, Inc.'s 2009 patent lawsuit settlement with Warner Chilcott related to Loestrin® 24 Fe (norethindrone acetate/ethinyl estradiol tablets and ferrous fumarate tablets, "Loestrin® 24") is unlawful. The complaints, both asserted on behalf of putative classes of end-payors, generally allege that Watson and another generic manufacturer improperly delayed launching generic versions of Loestrin® 24 in exchange for substantial payments from Warner Chilcott, which at the time was an unrelated company, in violation of federal and state antitrust and consumer protection laws. Further, in January 2009, the FTC and the State of California filed a lawsuit against us alleging that our settlement with Solvay related to our ANDA for a generic version of Androgel® is unlawful. Numerous private parties purporting to represent various classes of plaintiffs filed similar lawsuits. Similar lawsuits have been filed against us challenging the lawfulness of our settlements related to Asacol® and Namenda® and generic versions of Actos®, Androgel®, Cipro®, and Lidoderm®. We have also received requests for information and Statements of Objection in connection with investigations into settlements and other arrangements between competing pharmaceutical companies by the Federal Trade Commission and the European Competition Commission. In the past, we have also received requests for information and Statements of Objection in connection with investigations into settlements and other arrangements between competing pharmaceutical companies by the Federal Trade Commission and the European Competition Commission. In May 2014, Forest received a Civil Investigatory Demand from the FTC requesting information about Forest's agreements with ANDA filers for Bystolic®. Any adverse outcome of these actions or investigations, or actions or investigations related to other settlements we have entered into, could have a material adverse effect on our business, results of operations, financial condition and cash flows. Refer to *Legal Matters* in "NOTE 25 – Commitments and Contingencies" in the accompanying "Notes to Consolidated Financial Statements".

Healthcare reform and a reduction in the coverage and reimbursement levels by governmental authorities, HMOs, MCOs or other third-party payers may adversely affect our business.

Demand for our products depends in part on the extent to which coverage and reimbursement is available from third-party payers, such as the Medicare and Medicaid programs and private payors. In order to commercialize our products, we have obtained from government authorities and private health insurers and other organizations, such as HMOs and MCOs, recognition for coverage and reimbursement at varying levels for the cost of certain of our products and related treatments. Third-party payers increasingly challenge pricing of pharmaceutical products. Further, the trend toward managed healthcare in the U.S., the growth of organizations such as HMOs and MCOs and legislative proposals to reform healthcare and government insurance programs create uncertainties regarding the future levels of coverage and reimbursement for pharmaceutical products. Such cost

DIRECTORS' REPORT - continued

Risks Related to Our Business - continued

Healthcare reform and a reduction in the coverage and reimbursement levels by governmental authorities, HMOs, MCOs or other third-party payers may adversely affect our business – continued

containment measures and healthcare reform could reduce reimbursement of our pharmaceutical products, resulting in lower prices and a reduction in the product demand. This could affect our ability to sell our products and could have a material adverse effect on our business, results of operations, financial condition and cash flows.

There have been changes in reimbursement for pharmaceuticals under various government programs, including Medicaid, and there is uncertainty surrounding implementation of legislation and regulatory changes relating to reimbursement for pharmaceuticals under Medicaid and other government programs such as Medicare and Tricare. Reimbursement changes under such government programs may impact demand for our products and may negatively affect the price. In addition, any reimbursement granted may not be maintained or limits on reimbursement available from third party payers may reduce demand for, or negatively affect the price of, those products. Additionally, various legislative and regulatory initiatives in states, including proposed modifications to reimbursements and rebates, product pedigree and tracking, pharmaceutical waste "take back" initiatives, and therapeutic category generic substitution carve out legislation may also have a negative impact on the Company. We maintain a full time government affairs department in Washington, DC, which is responsible for coordinating state and federal legislative activities, and places a major emphasis in terms of management time and resources to ensure a fair and balanced legislative and regulatory arena.

There is additional uncertainty surrounding the insurance coverage mandate that goes into effect in the U.S. in 2015 and 2016. Employers may seek to reduce costs by reducing or eliminating employer group healthcare plans or transferring a greater portion of healthcare costs to their employees. Job losses or other economic hardships may also result in reduced levels of coverage for some individuals, potentially resulting in lower levels of healthcare coverage for themselves or their families. These economic conditions may affect patients' ability to afford health care as a result of increased co-pay or deductible obligations, greater cost sensitivity to existing co-pay or deductible obligations, lost healthcare insurance coverage or for other reasons. We believe such conditions have led and could continue to lead to changes in patient behavior and spending patterns that negatively affect usage of certain of our products, including some patients delaying treatment, rationing prescription medications, leaving prescriptions unfilled, reducing the frequency of visits to healthcare facilities, utilizing alternative therapies, or foregoing healthcare insurance coverage. Such changes may result in reduced demand for our products, which could materially and adversely affect the sales of our products, our business and results of operations.

The pharmaceutical industry is highly competitive and our future revenue growth and profitability are dependent on our timely development and launches of new products ahead of our competitors.

We face strong competition in all of our businesses. The intensely competitive environment requires an ongoing, extensive search for technological innovations and the ability to market products effectively, including the ability to communicate the effectiveness, safety and value of brand products to healthcare professionals in private practice, group practices and MCOs. Our competitors vary depending upon product categories, and within each product category, upon dosage strengths and drug-delivery systems. Based on total assets, annual revenues, and market capitalization, we are smaller than certain of our national and international competitors in the brand and distribution product arenas. Most of our competitors have been in business for a longer period of time than us, have a greater number of products on the market and have greater financial and other resources than we do.

DIRECTORS' REPORT - continued

Risks Related to Our Business - continued

The pharmaceutical industry is highly competitive and our future revenue growth and profitability are dependent on our timely development and launches of new products ahead of our competitors – continued

Furthermore, recent trends in this industry are toward further market consolidation of large drug companies into a smaller number of very large entities, further concentrating financial, technical and market strength and increasing competitive pressure in the industry. If we directly compete with them for the same markets and/or products, their financial strength could prevent us from capturing a profitable share of those markets. It is possible that developments by our competitors will make our products or technologies noncompetitive or obsolete. In addition, competitive forces may result in changes to the mix of products that we sell during a given time period or lower demand for our products than expected.

Some of our competitors have technical, competitive or other advantages over us for the development of technologies and processes. We face increased competition from new infection prevention, sterile processing, contamination control, surgical support, cleaning consumables, gastrointestinal endoscopy accessories, contract sterilization, and other products and services entering the market. These advantages may make it difficult for us to compete with them to successfully discover, develop and market new products and for our current products to compete with new products that these competitors may bring to market. As a result, our products may compete against products that have lower prices, equivalent or superior performance, a better safety profile, are easier to administer, achieve earlier entry into the market or that are otherwise competitive with our products.

Revenues and gross profit derived from the sales of generic pharmaceutical products tend to follow a pattern based on certain regulatory and competitive factors. As patents for brand name products and related exclusivity periods expire, the first generic manufacturer to receive regulatory approval for generic equivalents of such products is generally able to achieve significant market penetration. Therefore, our ability to increase or maintain revenues and profitability in our generics business is largely dependent on our success in challenging patents and developing non-infringing formulations of proprietary products. As competing manufacturers receive regulatory approvals on similar products or as brand manufacturers launch generic versions of such products (for which no separate regulatory approval is required), market share, revenues and gross profit typically decline, in some cases dramatically. Accordingly, the level of market share, revenue and gross profit attributable to a particular generic product normally is related to the number of competitors in that product's market and the timing of that product's regulatory approval and launch, in relation to competing approvals and launches. Consequently, we must continue to develop and introduce new products in a timely and cost-effective manner to maintain our revenues and gross margins. We may have fewer opportunities to launch significant generic products in the future, as the number and size of proprietary products that are subject to patent challenges is expected to decrease in the next several years compared to historical levels. Additionally, as new competitors enter the market, there may be increased pricing pressure on certain products, which would result in lower gross margins. This is particularly true in the case of certain Asian and other overseas generic competitors, who may be able to produce products at costs lower than the costs of domestic manufacturers. If we experience substantial competition from Asian or other overseas generic competitors with lower production costs, our profit margins will suffer.

We also face strong competition in our Anda Distribution business, where we compete with a number of large wholesalers and other distributors of pharmaceuticals, including McKesson, AmerisourceBergen and Cardinal, which market both brand and generic pharmaceutical products to their customers. These companies are significant customers of our US Brands, US Medical Aesthetics and International Brands businesses. As generic products generally have higher gross margins for distributors, each of the large wholesalers, on an increasing basis, are offering pricing incentives on brand products if the customers purchase a large portion of their generic

DIRECTORS' REPORT - continued

Risks Related to Our Business - continued

The pharmaceutical industry is highly competitive and our future revenue growth and profitability are dependent on our timely development and launches of new products ahead of our competitors – continued

pharmaceutical products from the primary wholesaler. As Anda does not offer a full line of brand products to our customers, we have been at times competitively disadvantaged and must compete with these wholesalers based upon our very competitive pricing for generic products, greater service levels and our well-established telemarketing relationships with our customers, supplemented by our electronic ordering capabilities. The large wholesalers have historically not used telemarketers to sell to their customers, but recently have begun to do so. Additionally, generic manufacturers are increasingly marketing their products directly to smaller chains and thus increasingly bypassing wholesalers and distributors. Increased competition in the generic industry as a whole may result in increased price erosion in the pursuit of market share.

Sales of our products may continue to be adversely affected by the continuing consolidation of our distribution network and the concentration of our customer base.

Our principal customers in our brand and generic pharmaceutical operations are wholesale drug distributors and major retail drug store chains. These customers comprise a significant part of the distribution network for pharmaceutical products in the U.S. This distribution network is continuing to undergo significant consolidation marked by mergers and acquisitions among wholesale distributors and the growth of large retail drug store chains. As a result, a small number of large wholesale distributors and large chain drug stores control a significant share of the market. We expect that consolidation of drug wholesalers and retailers will increase pricing and other competitive pressures on drug manufacturers, including the Company.

The loss of any of these customers could have a material adverse effect on our business, results of operations, financial condition and cash flows. In addition, none of our customers are party to any long-term supply agreements with us, and thus are able to change suppliers freely should they wish to do so.

Developments after a product reaches the market may adversely affect sales of our products.

Even after regulatory approval, certain developments may decrease demand for our products, including the following:

- the re-review of products that are already marketed;
- new scientific information and evolution of scientific theories;
- the recall or loss of marketing approval of products that are already marketed;
- changing government standards or public expectations regarding safety, efficacy or labeling changes; and
- greater scrutiny in advertising and promotion.

In the past, clinical trials and post-marketing surveillance of certain marketed drugs of the Company and of competitors within the industry have raised concerns that have led to recalls, withdrawals or adverse labeling of marketed products. If previously unknown side effects are discovered or if there is an increase in negative publicity regarding known side effects of any of our products, it could significantly reduce demand for the product or require us to take actions that could negatively affect sales, including removing the product from the market, restricting its distribution or applying for labeling changes.

In addition, certain health authorities, regulators and agencies have increased their focus on safety when assessing the balance of benefits and risks of drugs. Some health authorities appear to have become more

DIRECTORS' REPORT - continued

Risks Related to Our Business - continued

Developments after a product reaches the market may adversely affect sales of our products – continued

cautious when making decisions about approvability of new products and are re-reviewing select products that are already marketed, adding further to the uncertainties in the regulatory processes. There is also greater regulatory scrutiny, especially in the U.S., on advertising and promotion and, in particular, direct-to-consumer advertising.

We are incorporated in Ireland, and Irish law differs from the laws in effect in the United States and may afford less protection to, or otherwise adversely affect, our shareholders.

Our shareholders may have more difficulty protecting their interests than would shareholders of a corporation incorporated in a jurisdiction of the United States. As an Irish company, we are governed by the Irish Companies Act 2014 (the "Companies Act"). The Companies Act and other relevant aspects of Irish law differ in some material respects from laws generally applicable to U.S. corporations and shareholders, including the provisions relating to interested directors, mergers, amalgamations and acquisitions, takeovers, shareholder lawsuits and indemnification of directors. For example, under Irish law, the duties of directors and officers of a company are generally owed to the company only. As a result, shareholders of Irish companies do not have the right to bring an action against the directors or officers of a company, except in limited circumstances. In addition, depending on the circumstances, you may be subject to different or additional tax consequences under Irish law as a result of your acquisition, ownership and/or disposition of our ordinary shares, including, but not limited to, Irish stamp duty, dividend withholding tax and capital acquisitions tax.

As a result of different shareholder voting requirements in Ireland relative to laws in effect in certain states in the United States, we may have less flexibility with respect to certain aspects of capital management than companies organized in the United States.

Under Irish law, our authorized share capital can be increased by an ordinary resolution of our shareholders and the directors may issue new ordinary or preferred shares up to a maximum amount equal to the authorized but unissued share capital, without shareholder approval, once authorized to do so by our articles of association or by an ordinary resolution of our shareholders. Additionally, subject to specified exceptions, Irish law grants statutory preemption rights to existing shareholders where shares are being issued for cash consideration but allows shareholders to disapply such statutory preemption rights either in our articles of association or by way of special resolution. Such disapplication can either be generally applicable or be in respect of a particular allotment of shares. Accordingly, our articles of association contain, as permitted by Irish company law, provisions authorizing the board to issue new shares, and to disapply statutory preemption rights. The authorization of the directors to issue shares and the disapplication of statutory preemption rights must both be renewed by the shareholders at least every five years, and we cannot provide any assurance that these authorizations will always be approved, which could limit our ability to issue equity and thereby adversely affect the holders of our securities.

We are an Irish company and it may be difficult for you to enforce judgments against us or certain of our officers and directors.

We are incorporated in Ireland and a substantial portion of our assets are located in jurisdictions outside the United States. In addition, some of our officers and directors reside outside the United States, and some or all of their respective assets are or may be located in jurisdictions outside of the United States. Therefore, it may be difficult for investors to effect service of process against us or such officers or directors or to enforce against us or them judgments of U.S. courts predicated upon civil liability provisions of the U.S. federal securities laws.

DIRECTORS' REPORT - continued

Risks Related to Our Business - continued

We are an Irish company and it may be difficult for you to enforce judgments against us or certain of our officers and directors – continued

There is no treaty between Ireland and the United States providing for the reciprocal enforcement of foreign judgments. The following requirements must be met before the foreign judgment will be deemed to be enforceable in Ireland:

- the judgment must be for a definite sum;
- the judgment must be final and conclusive; and
- the judgment must be provided by a court of competent jurisdiction.

An Irish court will also exercise its right to refuse judgment if the foreign judgment was obtained by fraud, if the judgment violated Irish public policy, if the judgment is in breach of natural justice or if it is irreconcilable with an earlier judgment. Further, an Irish court may stay proceedings if concurrent proceedings are being brought elsewhere. Judgments of U.S. courts of liabilities predicated upon U.S. federal securities laws may not be enforced by Irish courts if deemed to be contrary to public policy in Ireland.

A transfer of Company Ordinary Shares, other than by means of the transfer of book-entry interests in the Depository Trust Company ("DTC"), may be subject to Irish stamp duty, as may a transfer of preference shares.

Transfers of Company Ordinary Shares effected by means of the transfer of book entry interests in DTC will not be subject to Irish stamp duty. However, if you hold your Company Ordinary Shares directly rather than beneficially through DTC, any transfer of your Company Ordinary Shares could be subject to Irish stamp duty (currently at the rate of 1% of the higher of the price paid or the market value of the shares acquired). Payment of Irish stamp duty is generally a legal obligation of the transferee. Transfers of preference shares may also be subject to Irish stamp duty at the same rate. The potential for stamp duty could adversely affect the price of your shares.

In certain limited circumstances, dividends we pay may be subject to Irish dividend withholding tax.

While we do not currently contemplate paying dividends upon our ordinary shares, in certain limited circumstances, dividend withholding tax (currently at a rate of 20%) may arise in respect of dividends, if any, paid on our ordinary shares or our preference shares. A number of exemptions from dividend withholding tax exist such that shareholders resident in the U.S. and shareholders resident in certain countries may be entitled to exemptions from dividend withholding tax.

Shareholders resident in the U.S. that hold their shares through DTC will not be subject to dividend withholding tax provided the addresses of the beneficial owners of such shares in the records of the brokers holding such shares are recorded as being in the U.S. (and such brokers have further transmitted the relevant information to a qualifying intermediary appointed by us). Similarly, shareholders resident in the U.S. that hold their shares outside of DTC will not be subject to dividend withholding tax if, in the case of former Actavis, Inc. shareholders, they provide a IRS Form 6166 to our transfer agent to confirm their U.S. residence and claim an exemption, or, in the case of former Warner Chilcott shareholders, such shareholders previously filed valid dividend withholding tax forms with Warner Chilcott or its transfer agent in respect of their Warner Chilcott shareholdings (provided these forms still remain valid). All new U.S. resident shareholders in Allergan plc that hold their shares outside of DTC and shareholders resident in certain other countries (irrespective of whether they

DIRECTORS' REPORT - continued

Risks Related to Our Business - continued

In certain limited circumstances, dividends we pay may be subject to Irish dividend withholding tax – continued

hold their shares through DTC or outside DTC) will not be subject to dividend withholding tax provided the beneficial owners of such shares have furnished completed and valid dividend withholding tax forms or an IRS Form 6166, as appropriate, to our transfer agent or their brokers (and such brokers have further transmitted the relevant information to our transfer agent). However, other shareholders may be subject to dividend withholding tax, which could adversely affect the price of your shares.

Dividends received by Irish residents and certain other shareholders may be subject to Irish income tax.

Shareholders entitled to an exemption from Irish dividend withholding tax on dividends received from us will not be subject to Irish income tax in respect of those dividends, unless they have some connection with Ireland other than their shareholding in us (for example, they are resident in Ireland). Shareholders who are not resident nor ordinarily resident in Ireland but who are not entitled to an exemption from Irish dividend withholding tax will generally have no further liability to Irish income tax on those dividends which suffer dividend withholding tax.

Company Ordinary Shares received by means of a gift or inheritance could be subject to Irish capital acquisitions tax.

Irish capital acquisitions tax ("CAT") could apply to a gift or inheritance of Company Ordinary Shares or our preference shares. irrespective of the place of residence, ordinary residence or domicile of the parties. This is because Company Ordinary Shares and preference shares are regarded as property situated in Ireland. The person who receives the gift or inheritance has primary liability for CAT. Gifts and inheritances passing between spouses are exempt from CAT. Children have a tax-free threshold of €280,000 (with effect from 14 October 2015) in respect of taxable gifts or inheritances received from their parents. Certain other tax-free thresholds may also apply.

Risks Related to the Pending Sale of our Generics Business to Teva Pharmaceutical Industries Ltd

There are risks and uncertainties associated with the pending sale of our generics business.

There are a number of risks and uncertainties associated with the pending sale of our generics business and certain other assets to Teva, including, among other things, the potential failure of a condition to closing, including the condition related to obtaining required regulatory approvals, which gives rise to the termination of the master purchase agreement executed between us and Teva. Either party has the right to terminate the master purchase agreement if the closing has not occurred by July 26, 2016, subject to extension in certain circumstances. To the extent that the current market price of our ordinary shares reflects an assumption that the transaction with Teva will be consummated in the timeframe and manner currently anticipated, and that a portion of the sale proceeds will be used to pay down debt, any delay in closing or failure to close, or in a mix of debt paydown different than assumed by investors, could result in a decline in the market price of our ordinary shares. Similarly, any delay in closing or failure to close could result in damage to our relationships with customers, suppliers and employees and have an adverse effect on our business. Pending the completion of the transaction with Teva, the attention of our management may be directed toward the transaction and related matters, and their focus may be diverted from the day-to-day business operations of our company, including from other opportunities that might otherwise be beneficial to us. We have agreed to indemnify Teva and its affiliates against certain losses suffered as a result of our breach of representations and warranties and our other

DIRECTORS' REPORT - continued

Risks Related to the Pending Sale of our Generics Business to Teva Pharmaceutical Industries Ltd - continued

There are risks and uncertainties associated with the pending sale of our generics business – continued

obligations in the master purchase agreement. Any event that results in a right for Teva to seek indemnity from us could result in a substantial payment from us to Teva and could adversely affect our results of operations. If we successfully complete the sale of our generics business, our revenues will decrease accordingly and our business will be subject to concentration of risks that affect our retained businesses, including our branded business. Refer to *"Pfizer and Allergan may fail to realize all of the anticipated benefits of the Pfizer Transaction or those benefits may take longer to realize than expected. The combined company may also encounter significant difficulties in integrating the two businesses."*

Risks Related to the Pfizer Transaction

Because the market price of Allergan ordinary shares and shares of Pfizer common stock will fluctuate, Allergan shareholders cannot be sure of the value of the combined company ordinary shares they will receive in the Allergan share split, as applicable.

Immediately prior to the consummation of the Pfizer Transaction, Allergan shareholders will receive 11.3 combined company ordinary shares for each of their Allergan ordinary shares. The exact value of the transaction consideration to Allergan shareholders will therefore depend in part on the prices per share of Pfizer common stock at the consummation of the Pfizer Transaction. These prices will not be known at the time of the Allergan extraordinary general meeting ("EGM") called to approve the stock split and other matters related to the Pfizer Transaction and may be greater than, less than or the same as the prices at the time of entry into the Pfizer Agreement, the date of these statutory financial statements or the Allergan Annual General Meeting. Assuming that each combined company ordinary share will have a value equal to the closing price of a share of Pfizer common stock on the NYSE on such date, the implied value of the 11.3 combined company ordinary shares to Allergan shareholders was approximately $160.0 billion using the then-current stock price at the time the Pfizer Transaction was announced. The market prices of Pfizer common stock and Allergan ordinary shares are subject to general price fluctuations in the market for publicly traded equity securities and have experienced volatility in the past. Stock price changes may result from a variety of factors, including general market and economic conditions, changes in the respective businesses, operations and prospects of Pfizer and Allergan, and an evolving regulatory landscape. Market assessments of the benefits of the Pfizer Transaction and the likelihood that the Pfizer Transaction will be consummated, as well as general and industry specific market and economic conditions, may also impact market prices of Pfizer common stock and Allergan ordinary shares. Many of these factors are beyond Allergan's control. You should obtain current market price quotations for Pfizer common stock and for Allergan ordinary shares; however, as noted above, the prices at the effective time may be greater than, the same as or less than such price quotations.

Because the share split ratio is fixed, the number of combined company ordinary shares to be received by holders of Allergan ordinary shares in the Allergan share split, will not change between now and the time the Pfizer Transaction is consummated to reflect changes in the trading prices of Pfizer common stock or Allergan ordinary shares, share repurchases or other factors.

The exact value of the transaction consideration to Allergan shareholders will depend in part on the prices per share of Pfizer common stock and/or Allergan ordinary shares at the consummation of the Pfizer Transaction. The Pfizer Agreement does not provide for any adjustment to share split ratio as a result of changes in the trading prices of Pfizer common stock or Allergan ordinary shares.

DIRECTORS' REPORT - continued

Risks Related to the Pfizer Transaction - continued

The market price for combined company ordinary shares following the consummation of the Pfizer Transaction may be affected by factors different from those that historically have affected or currently affect Pfizer common stock and Allergan ordinary shares.

Upon consummation of the Pfizer Transaction, holders of Allergan ordinary shares will receive combined Company ordinary shares as a result of the Allergan share split. Allergan's businesses differ from those of Pfizer, and vice versa, and accordingly the results of operations of the combined company may be affected by factors that are different from those currently affecting the results of operations of Allergan, while other risks to Allergan, including those related to International Brands and US Brands segments may become more concentrated in the combined company. The results of operations of the combined company may also be affected by factors different from those currently affective Pfizer and Allergan.

Changes to tax laws and regulations may jeopardize or delay the Pfizer Transaction.

Each of Pfizer and Allergan may terminate the Pfizer Agreement if, following the date of the Pfizer Agreement, there has been an adverse change in law that, in the opinion of tax counsel, would cause the combined company to be treated as a U.S. domestic corporation for U.S. federal income tax purposes (an "adverse tax law change"). In addition, each of the Pfizer board of directors and the Allergan board of directors may change its recommendation in response to any effect that occurs after the date of the Pfizer Agreement, including any actual or proposed change in or issuance or interpretation of applicable law (whether or not yet approved or effective), if such board of directors has concluded in good faith (after consultation with its financial advisors and outside legal counsel) that the failure to take such action would be inconsistent with the directors' fiduciary duties under applicable law. In the event of such a change of recommendation, the other party may terminate the Pfizer Agreement. Accordingly, any changes in applicable tax laws or regulations could jeopardize or delay the Pfizer Transaction.

Pfizer and Allergan must obtain required stockholder or shareholder approvals and governmental and regulatory approvals to consummate the Pfizer Transaction, which, if delayed or not granted or granted with unacceptable conditions, may prevent, delay or impair the consummation of the Pfizer Transaction, result in additional expenditures of money and resources and/or reduce the anticipated benefits of the Pfizer Transaction.

The closing conditions to the Pfizer Transaction include, among others, the receipt of required approvals from the Pfizer stockholders and the Allergan shareholders, clearance of the Pfizer Transaction by certain governmental and regulatory authorities, including the expiration or termination of applicable waiting periods under the HSR Act and other filings or approvals as may be required pursuant to the antitrust and competition laws of certain foreign countries. The governmental agencies with which the parties will make these filings and seek certain of these approvals and consents have broad discretion in administering the governing regulations. Pfizer and Allergan can provide no assurance that all required approvals and consents will be obtained. Moreover, as a condition to their approval of the transaction, certain governmental agencies may impose requirements, limitations or costs or require divestitures or place restrictions on the conduct of the business of the combined company after the closing of the Pfizer Transaction. Any one of these requirements, limitations, costs, divestitures or restrictions could jeopardize or delay the effective time or reduce the anticipated benefits of the transaction. Further, no assurance can be given that the required stockholder and shareholder approvals will be obtained or that the required closing conditions will be satisfied, and, if all required consents and approvals are obtained and the closing conditions are satisfied, no assurance can be given as to the terms, conditions and timing

DIRECTORS' REPORT - continued

Risks Related to the Pfizer Transaction - continued

Pfizer and Allergan must obtain required stockholder or shareholder approvals and governmental and regulatory approvals to consummate the Pfizer Transaction, which, if delayed or not granted or granted with unacceptable conditions, may prevent, delay or impair the consummation of the Pfizer Transaction, result in additional expenditures of money and resources and/or reduce the anticipated benefits of the Pfizer Transaction. – continued

of the approvals or clearances. Finally, the closing of the Pfizer Transaction is subject to the closing of the Teva Transaction, which itself is subject to certain closing conditions, including receipt of governmental and regulatory approvals, and no assurance can be given that the closing of this transaction will occur on a timely basis or at all. If Pfizer and Allergan agree to any requirements, limitations, costs, divestitures or restrictions in order to obtain any approvals or clearances required to consummate the transaction, these requirements, limitations, costs, divestitures or restrictions could adversely affect the integration of the two companies' operations and/or reduce the anticipated benefits of the Pfizer Transaction. The occurrence of any of the foregoing could result in a failure to consummate the Pfizer Transaction or have a material adverse effect on the business and results of operations of the combined company.

The Pfizer Agreement may be terminated in accordance with its terms and the Pfizer Transaction may not be consummated.

The Pfizer Agreement contains a number of conditions that must be fulfilled to close the Pfizer Transaction. Those conditions include: the approval of the Pfizer Transaction proposal by the Pfizer stockholders; the approval by the Allergan shareholders of the issuance of Allergan ordinary shares to the stockholders of Pfizer and certain other proposals related to the Pfizer transaction as required by the Pfizer Agreement (the "Allergan required proposals"); the consummation of the Allergan share split; receipt of the requisite regulatory and antitrust approvals, including clearance under the HSR Act; the absence of orders prohibiting the closing of the Pfizer Transaction; the effectiveness of the registration statement registering the Allergan ordinary shares to be issued to Pfizer stockholders and the joint proxy statement/prospectus wherein Allergan shareholders and Pfizer stockholders can vote to approve the Pfizer Transaction; the approval of an Irish prospectus, if required by Irish Prospectus Law; the approval for listing on the NYSE of the Allergan ordinary shares to be issued to Pfizer stockholders; the continued accuracy of the representations and warranties of both parties, subject to specified materiality standards; the performance by both parties of their covenants and agreements under the Pfizer Agreement in all material respects; and the closing of the Teva Transaction. These conditions to the closing of the Pfizer Transaction may not be fulfilled and, accordingly, the Pfizer Transaction may not be consummated. In addition, if the Pfizer Transaction is not consummated by October 31, 2016 (subject to extension to March 31, 2017 if the only conditions not satisfied or waived (other than those conditions that by their nature are to be satisfied at the closing of the Pfizer Transaction, which conditions are capable of being satisfied) are conditions relating to the Pfizer stockholder and Allergan shareholder approvals, occurrence of the Allergan share split, certain required regulatory filings and clearances, effectiveness of the registration statement, listing on the NYSE of the Allergan ordinary shares and approval of an Irish prospectus), either Pfizer or Allergan may terminate the Pfizer Agreement. In addition, Pfizer or Allergan may elect to terminate the Pfizer Agreement in certain other circumstances, including by Pfizer, if, prior to receipt of approval of the Allergan required proposals, the Allergan board of directors makes a change of recommendation, by Allergan, if, prior to receipt of approval of the Pfizer merger proposal, the Pfizer board of directors makes a change of recommendation, and by either Pfizer or Allergan, if, following the date of the Pfizer Agreement, there has been an adverse tax law change. The parties can also mutually decide to terminate the Pfizer Agreement at any time prior to the consummation of the Pfizer Transaction.

DIRECTORS' REPORT - continued

Risks Related to the Pfizer Transaction - continued

The Pfizer Agreement contains provisions that restrict the ability of the Allergan board of directors to pursue alternatives to the Pfizer Transaction and to change its recommendation that Allergan shareholders vote for the approval of the Allergan proposals. In specified circumstances Pfizer may be entitled to receive a termination fee of up to $3.5 billion.

Under the Pfizer Agreement, Allergan is generally prohibited from soliciting, initiating or knowingly encouraging, or negotiating regarding or furnishing information in furtherance of, any inquiry, proposal or offer which constitutes or would reasonably be expected to lead to a competing proposal. In addition, Allergan may not terminate the Pfizer Agreement to enter into any agreement with respect to a superior proposal. If the Allergan board of directors (after consultation with Allergan's financial advisors and legal counsel) effects a change of recommendation in response to a superior proposal and the Pfizer board of directors confirms (after consultation with Pfizer's financial advisors and legal counsel) that it does not intend to change its recommendation, Pfizer may be entitled to terminate the Pfizer Agreement and receive a termination fee of $3.5 billion. If a competing proposal for Allergan is made public after the date of the Pfizer Agreement, the Pfizer Agreement is terminated as a result of the Allergan shareholders' subsequent failure to approve the Allergan required proposals at the Allergan EGM and Allergan consummates a transaction with respect to a competing proposal within 12 months of termination of the Pfizer Agreement or enters into a definitive agreement with respect to a competing proposal within 12 months of termination of the Pfizer Agreement which is later consummated, Pfizer may be entitled to receive a termination fee of $3.5 billion. These provisions could discourage a third party that may have an interest in acquiring all or a significant part of Allergan from considering or proposing an acquisition, even if such third party were prepared to enter into a transaction that would be more favorable to Allergan and its shareholders than the Pfizer Transaction and the other transactions contemplated by the Pfizer Transaction. Additionally, Pfizer may be entitled to receive a termination fee of $1.5 billion upon termination of the Pfizer Agreement by Pfizer or Allergan due to the failure of the Allergan shareholders to approve the Allergan required proposals at the Allergan EGM, or a termination fee of $3.0 billion or $3.5 billion if Pfizer terminates the Pfizer Agreement because the Allergan board of directors has made a change of recommendation (other than in response to a superior proposal) on or prior to March 1, 2016, or after March 1, 2016, respectively, in each case if the Pfizer board of directors has not made a change of recommendation.

While the Pfizer Transaction is pending, Pfizer and Allergan will be subject to contractual restrictions and business uncertainties that could adversely affect their businesses and operations. These uncertainties could also adversely affect the combined company following the consummation of the Pfizer Transaction.

Uncertainty about the effect of the Pfizer Transaction on employees, customers and suppliers may have an adverse effect on Pfizer and Allergan. These uncertainties may impair Pfizer's and Allergan's ability to attract, retain and motivate key personnel until the Pfizer Transaction is consummated and for a period of time thereafter, and could cause customers, suppliers and others who deal with Pfizer and Allergan to seek to change existing business relationships with Pfizer and/or Allergan. Employee retention may be challenging during the pendency of the Pfizer Transaction, as certain employees may experience uncertainty about their future roles. If key employees depart because of issues related to the uncertainty and difficulty of integration or a desire not to remain with the businesses, the business of the combined company following the Pfizer Transaction could be seriously harmed.

In addition, the Pfizer Agreement restricts Allergan and Pfizer from taking specified actions until the Pfizer Transaction occurs without the consent of the other party. These restrictions may, among other things, prevent Allergan or Pfizer from pursuing attractive business opportunities that may arise prior to the consummation of the Pfizer Transaction.

DIRECTORS' REPORT - continued

Risks Related to the Pfizer Transaction - continued

Allergan shareholders will have a reduced ownership and voting interest after the Pfizer Transaction and will exercise less influence over management.

Allergan shareholders currently have the right to vote in the election of the Allergan board of directors and on other matters affecting Allergan. Upon the consummation of the Pfizer Transaction, each Allergan shareholder will become a shareholder of the combined company with a percentage ownership of the combined company that is smaller than such shareholder's prior percentage ownership of Allergan. It is currently expected that the former shareholders of Allergan as a group will receive shares in the Pfizer Transaction constituting approximately 44% of the outstanding combined company ordinary shares immediately following the effective time on a fully diluted basis. Because of this, Allergan shareholders will have less influence on the management and policies of the combined company than they now have on the management and policies of Allergan.

Following the Pfizer Transaction, the composition of the combined company board of directors will be different than the composition of the current Allergan board of directors.

Upon consummation of the Pfizer Transaction, the composition of the board of directors of the combined company will be different than the current Allergan board of directors. The Allergan board of directors currently consists of 12 directors. Upon the consummation of the Pfizer Transaction, the board of directors of the combined company will consist of 15 members, 11 of whom will be the 11 directors serving on the Pfizer board of directors prior to the closing of the Pfizer Transaction and four of whom will be directors serving on the Allergan board of directors prior to the closing of the Pfizer Transaction, including Paul M. Bisaro, the current Executive Chairman of Allergan, and Brenton L. Saunders, the current Chief Executive Officer and President of Allergan, and two other Allergan directors to be mutually agreed between Pfizer and Allergan prior to the consummation of the Pfizer Transaction. This new composition of the board of directors of the combined company may affect the future decisions of the combined company.

Failure to consummate the Pfizer Transaction could negatively impact Allergan and its future operations.

If the Pfizer Transaction is not consummated for any reason, Allergan may be subjected to a number of material risks. The price of Allergan ordinary shares may decline to the extent that its current market price reflect a market assumption that the Pfizer Transaction will be consummated. In addition, some costs related to the Pfizer Transaction must be paid by Allergan whether or not the Pfizer Transaction is consummated. Furthermore, Allergan may experience negative reactions from its shareholders, customers and employees.

Risks Related to the Business of the Combined Company

Pfizer and Allergan may fail to realize all of the anticipated benefits of the Pfizer Transaction or those benefits may take longer to realize than expected. The combined company may also encounter significant difficulties in integrating the two businesses.

The ability of Pfizer and Allergan to realize the anticipated benefits of the Pfizer Transaction will depend, to a large extent, on the combined company's ability to integrate the two businesses. The combination of two independent businesses is a complex, costly and time-consuming process. As a result, Pfizer and Allergan will be required to devote significant management attention and resources to integrating their business practices and operations. The integration process may disrupt the businesses and, if the planned integration is implemented ineffectively, the combined company may not realize the full expected benefits of the Pfizer Transaction. The failure to meet the challenges involved in integrating the two businesses and to realize the anticipated benefits of

DIRECTORS' REPORT - continued

Risks Related to the Business of the Combined Company - continued

Pfizer and Allergan may fail to realize all of the anticipated benefits of the Pfizer Transaction or those benefits may take longer to realize than expected. The combined company may also encounter significant difficulties in integrating the two businesses – continued

the Pfizer Transaction could cause an interruption of, or a loss of momentum in, the activities of the combined company and could adversely affect the results of operations of the combined company.

In addition, the overall integration of the businesses may result in material unanticipated problems, expenses, liabilities, competitive responses, loss of customer and other business relationships and diversion of management attention. The difficulties of combining the operations of the companies include, among others:

- the diversion of management attention to integration matters;
- difficulties in integrating operations and systems;
- challenges in conforming standards, controls, procedures and accounting and other policies, business cultures and compensation structures between the two companies;
- difficulties in assimilating employees and in attracting and retaining key personnel;
- challenges in keeping existing customers and obtaining new customers;
- difficulties in achieving anticipated cost savings, synergies, accretion targets, business opportunities and growth prospects from the combination;
- difficulties in managing the expanded operations of a significantly larger and more complex company and in coordinating a geographically dispersed organization; and
- potential unknown liabilities, adverse consequences and unforeseen increased expenses associated with the Pfizer Transaction, including possible adverse tax consequences to the combined company pursuant to the rules under Section 7874 ("Section 7874") of the Code, as a result of the Pfizer Transaction or otherwise.

Many of these factors are outside of the control of Pfizer and Allergan and/or will be outside the control of the combined company, and any one of them could result in increased costs, decreased expected revenues and diversion of management time and energy, which could materially impact the business, financial condition and results of operations of the combined company. In addition, even if the operations of the businesses of Pfizer and Allergan are integrated successfully, the full benefits of the Pfizer Transaction may not be realized, including, among others, the synergies, cost savings or sales or growth opportunities that are expected. These benefits may not be achieved within the anticipated time frame, or at all. Further, additional unanticipated costs may be incurred in the integration of the businesses of Pfizer and Allergan. All of these factors could cause dilution to the earnings per share of the combined company, decrease or delay the expected accretive effect of the Pfizer Transaction, and negatively impact the price of the combined company ordinary shares. As a result, it cannot be assured that the combination of Pfizer and Allergan will result in the full realization of the benefits anticipated from the transaction within the anticipated time frames or at all.

In addition, although the combined company is expected under current law, to be treated as a foreign corporation for U.S. federal income tax purposes, the IRS may not agree with this treatment. Even if treated as a foreign corporation, certain adverse tax consequences may apply to the combined company that could erode some of the synergies expected from the combination. Similarly, future changes in tax law could affect the combined company's status as a foreign corporation for U.S. federal income tax purposes or could otherwise materially and adversely affect some of the synergies expected from the combination. Any such changes in law or treatment by the IRS could have prospective or retroactive application, and may even if enacted or asserted after the merger is

DIRECTORS' REPORT - continued

Risks Related to the Business of the Combined Company - continued

Pfizer and Allergan may fail to realize all of the anticipated benefits of the Pfizer Transaction or those benefits may take longer to realize than expected. The combined company may also encounter significant difficulties in integrating the two businesses – continued

consummated. Moreover, various U.S. federal and state legislative and other proposals that would deny governmental contracts to U.S. companies (and subsidiaries of U.S. companies) that move (or have moved) their corporate location abroad may affect the combined company if adopted. Any such changes in law or treatment by the IRS or other governmental agencies could have a material adverse effect on the anticipated results of the combined company.

Pfizer and Allergan will incur direct and indirect costs as a result of the Pfizer Transaction.

Pfizer and Allergan will incur substantial expenses in connection with and as a result of completing the Pfizer Transaction, and over a period of time following the consummation of the Pfizer Transaction, the combined company also expects to incur substantial expenses in connection with integrating and coordinating the businesses, operations, policies and procedures of Pfizer and Allergan. A portion of the transaction costs related to the Pfizer Transaction will be incurred regardless of whether the Pfizer Transaction is consummated. While Pfizer and Allergan have assumed that a certain level of transaction expenses will be incurred, factors beyond Pfizer's and Allergan's control could affect the total amount or the timing of these expenses. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately. These expenses may exceed the costs historically borne by Pfizer and Allergan. These costs could adversely affect the financial condition and results of operations of Pfizer and Allergan prior to the Pfizer Transaction and of the combined company following the Pfizer Transaction.

The Pfizer Transaction may not be accretive and may cause dilution to the earnings per share of the combined company, which may negatively affect the market price of the combined company ordinary shares.

As a result of the Pfizer Transaction and the Allergan share split, it is currently estimated that the combined company will issue or reserve for issuance additional ordinary shares. The issuance of these new shares could have the effect of depressing the market price of the combined company ordinary shares.

In addition, Pfizer or Allergan (or the combined company after the Pfizer Transaction) could encounter other transaction-related costs, such as the failure to realize all of the benefits anticipated in the Pfizer Transaction, which could cause dilution to the combined company's earnings per share or decrease or delay the expected accretive effect of the Pfizer Transaction and cause a decrease in the market price of the combined company ordinary shares.

Finally, Pfizer's and Allergan's expectations regarding the timing and amount of accretion following the consummation of the Pfizer Transaction reflect the impact of anticipated share repurchases by Pfizer and the combined company. The actual timing and size of any such share repurchases will depend on actual and expected financial results and the sufficiency of distributable reserves, as well as assessments at the time regarding capital allocation alternatives. Reduced or delayed share repurchase activity may result in less accretion.

The tax rate that will apply to the combined company is uncertain and may vary from expectations.

There can be no assurance that the Pfizer Transaction will improve the combined company's ability to maintain any particular worldwide effective corporate tax rate. Pfizer and Allergan cannot give any assurance as to what

DIRECTORS' REPORT - continued

Risks Related to the Business of the Combined Company - continued

The tax rate that will apply to the combined company is uncertain and may vary from expectations – continued

the combined company's effective tax rate will be after the Pfizer Transaction because of, among other things, uncertainty regarding the tax laws (including future changes to such tax laws and interpretations thereof) of the jurisdictions in which the combined company and its affiliates will operate. The combined company's actual effective tax rate may vary from Pfizer's and Allergan's expectations, and any such variance may be material. Additionally, tax laws or their implementation and applicable tax authority practices in any particular jurisdiction could change in the future, possibly on a retroactive basis, and any such change could have an adverse impact on the combined company and its affiliates.

Legislative or other governmental action in the U.S. could adversely affect the combined company's business.

Various U.S. federal and state legislative and other proposals that would deny governmental contracts to U.S. companies (and subsidiaries of U.S. companies) that move (or have moved) their corporate location to a jurisdiction abroad may affect Pfizer, Allergan or the combined company if adopted. The likelihood that any such proposals might be adopted, the nature of the regulations that might be promulgated, or the effect such adoptions and increased regulatory scrutiny might have on Pfizer's, Allergan's or the combined company's business cannot be predicted.

Financial condition, liquidity and capital resources

At December 31, 2015, our cash on hand was $1,096.0 million, as compared to $250.0 million at December 31, 2014. As of December 31, 2015, our total outstanding debt excluding capital leases was $42,722.1 million which consisted of $34,050.0 million of borrowings under the Senior Notes, $690.3 under the WC Term Loan Agreement (defined below), $2,272.1 million under the Amended and Restated ACT Term Loans (defined below), $5,293.8 million under the AGN Term Loans (defined below), $200.0 million under the Revolving Credit Agreement, $97.4 million of other borrowings, and $225.9 million of unamortized premium attributable to the Senior Notes, less $107.4 million attributable to unamortized discount.

Cash Flows from Operations

Our cash flows from operations are summarized as follows:

	Years Ended December 31,	
($ in millions)	**2015**	**2014**
	$	**$**
Net cash provided by operating activities	4,530.0	2,243.0

Cash flows from operations represent net profit adjusted for certain non-cash items and changes in assets and liabilities. Cash provided by operating activities increased $2,287.0 million in the year ended December 31, 2015 versus the prior year period, due primarily to an increase in net profit, adjusted for non-cash activity of $3,127.3 million ($5,802.2 million and $2,674.9 million of profit, adjusted for non-cash activity in the years ended December 31, 2015 and 2014, respectively), offset, in part, by certain working capital movements including an increase in accounts receivable due to changes in payment terms of select customers within our discontinued operations.

Management expects that available cash balances and 2015 cash flows from operating activities will provide sufficient resources to fund our operating liquidity needs and expected 2016 capital expenditure funding requirements.

DIRECTORS' REPORT - continued

Financial condition, liquidity and capital resources - continued

Investing Cash Flows

Our cash flows from investing activities are summarized as follows:

($ in millions)	Years Ended December 31, 2015	2014
	$	$
Net cash (used in) investing activities	(37,120.9)	(5,370.6)

Investing cash flows consist primarily of cash used in acquisitions of businesses and intangibles (primarily product rights), capital expenditures and purchases of investments and marketable securities partially offset by proceeds from the sale of investments and marketable securities. Included in the year ended December 31, 2015 was cash used in connection with the Allergan Acquisition, Kythera Acquisition and the Auden Acquisition, net of cash acquired, of $34,646.2 million, $1,955.9 million and $463.7 million, respectively, $444.3 million for other business acquisitions and capital expenditures for property, plant and equipment of $454.9 million, offset, in part by cash received from the sale of assets, primarily the respiratory business and Pharmatech assets, of $883.0 million.

Included in the year ended December 31, 2014 was net cash used in connection with the acquisitions of Forest ($3,646.4 million), Furiex ($1,086.0 million) and Durata ($639.7 million), capital expenditures for property, plant and equipment of $238.6 million and the purchases of other businesses, net of cash acquired of $190.2 million, offset in part by cash received from the sale of assets of $453.7 million, including royalty streams related to former Furiex products.

Financing Cash Flows

Our cash flows from financing activities are summarized as follows:

($ in millions)	Years Ended December 31, 2015	2014
	$	$
Net cash provided by financing activities	33,443.4	3,017.5

Financing cash flows consist primarily of borrowings and repayments of debt, repurchases of ordinary shares and proceeds from the exercise of stock options. Cash provided by financing activities in the year ended December 31, 2015 primarily included the issuance of indebtedness of $30,137.7 million, the issuance of ordinary shares of $4,071.1 million and the issuance of Mandatory Convertible Preferred Shares of $4,929.7 million in connection with the Allergan Acquisition, offset in part by payments of debt of $5,134.2 million and debt issuance costs of $310.8 million.

Cash provided by financing activities in the year ended December 31, 2014 primarily included the net proceeds from the issuance of the 2014 senior secured notes of $3,676.2 million, term-loan indebtedness of $2,000.0 million, a bridge loan of $2,400.0 million and $1,280.0 million under the Revolving Credit Facility, offset in part by net repayments of other indebtedness of $6,127.0 million, including the bridge loan of $2,400.0 million, the repurchase of Ordinary Shares of $130.1 million and the payment of debt issuance costs of $224.3 million.

DIRECTORS' REPORT - continued

Financial condition, liquidity and capital resources - continued

Debt and Borrowing Capacity

Debt consisted of the following ($ in millions):

	Balance As of		Fair Market Value As of	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
	$	**$**	**$**	**$**
Senior Notes:				
Floating Rate Notes				
$500.0 million floating rate notes due September 1, 2016	500.0	-	500.5	-
$500.0 million floating rate notes due March 12, 2018	500.0	-	499.6	-
$500.0 million floating rate notes due March 12, 2020	500.0	-	496.2	-
	1,500.0	-	1,496.3	-
Fixed Rate Notes				
$800.0 million 5.750% notes due April 1, 2016	800.0	-	808.4	-
$1,000.0 million 1.850% notes due March 1, 2017	1,000.0	-	1,001.5	-
$500.0 million 1.300% notes due June 15, 2017	500.0	500.0	496.3	489.0
$1,200.0 million 1.875% notes due October 1, 2017	1,200.0	1,200.0	1,196.0	1,187.3
$3,000.0 million 2.350% notes due March 12, 2018	3,000.0	-	3,004.6	-
$250.0 million 1.350% notes due March 15, 2018	250.0	-	244.9	-
$1,050.0 million 4.375% notes due February 1, 2019	1,050.0	1,050.0	1,099.5	1,111.4
$500.0 million 2.450% notes due June 15, 2019	500.0	500.0	494.4	498.2
$400.0 million 6.125% notes due August 15, 2019	400.0	400.0	444.2	457.9
$3,500.0 million 3.000% notes due March 12, 2020	3,500.0	-	3,505.1	-
$650.0 million 3.375% notes due September 15, 2020	650.0	-	656.6	-
$750.0 million 4.875% notes due February 15, 2021	750.0	750.0	807.4	808.9
$1,200.0 million 5.000% notes due December 15, 2021	1,200.0	1,200.0	1,299.4	1,301.0
$3,000.0 million 3.450% notes due March 15, 2022	3,000.0	-	3,006.8	-
$1,700.0 million 3.250% notes due October 1, 2022	1,700.0	1,700.0	1,669.6	1,647.5
$350.0 million 2.800% notes due March 15, 2023	350.0	-	327.7	-
$1,200.0 million 3.850% notes due June 15, 2024	1,200.0	1,200.0	1,202.6	1,215.5
$4,000.0 million 3.800% notes due March 15, 2025	4,000.0	-	3,984.6	-
$2,500.0 million 4.550% notes due March 15, 2035	2,500.0	-	2,462.2	-
$1,000.0 million 4.625% notes due October 1, 2042	1,000.0	1,000.0	956.1	980.1
$1,500.0 million 4.850% notes due June 15, 2044	1,500.0	1,500.0	1,483.6	1,539.9
$2,500.0 million 4.750% notes due March 15, 2045	2,500.0	-	2,452.7	-
	32,550.0	11,000.0	32,604.2	11,236.7
Total Senior Notes Gross	**34,050.0**	**11,000.0**	**34,100.5**	**11,236.7**
Unamortized premium	225.9	239.9	-	-
Unamortized discount	(107.4)	(52.1)	-	-
Total Senior Notes Net	**34,168.5**	**11,187.8**	**34,100.5**	**11,236.7**

DIRECTORS' REPORT - continued

Financial condition, liquidity and capital resources - continued

Debt and Borrowing Capacity – continued

	Balance As of		Fair Market Value As of	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	$	$	$	$
Term Loan Indebtedness:				
WC Term Loan				
WC Three Year Tranche variable rate debt maturing October 1, 2016	191.5	506.9		
WC Five Year Tranche variable rate debt maturing October 1, 2018**	498.8	744.7		
	690.3	1,251.6		
ACT Term Loan				
2017 Term Loan variable rate debt maturing October 31, 2017**	572.1	932.6		
2019 Term Loan variable rate debt maturing July 1, 2019**	1,700.0	1,900.0		
	2,272.1	2,832.6		
AGN Term Loan				
AGN Three Year Tranche variable rate debt maturing March 17, 2018	2,750.0	-		
AGN Five Year Tranche variable rate debt maturing March 17, 2020**	2,543.8	-		
	5,293.8	-		
Total Term Loan Indebtedness	**8,256.2**	**4,084.2**		
Other Indebtedness				
Revolver Borrowings	200.0	255.0		
Other	97.4	-		
Total Other Borrowings	**297.4**	**255.0**		
Capital Leases	**4.1**	**4.1**		
Total Indebtedness	**42,726.2**	**15,531.1**		

** The indebtedness requires a quarterly repayment of 2.5%.

Fair market value in the table above is determined in accordance with ASC Topic 820 "Fair Value Measurement" ("ASC 820") under Level 2 based upon quoted prices for similar items in active markets. The book value of the outstanding term loan indebtedness approximates fair value as the debt is at variable interest rates and re-prices frequently.

Unless otherwise indicated, the remaining loan balances after the quarterly required payments are due upon maturity.

Floating Rate Notes

On March 4, 2015, Actavis Funding SCS, a limited partnership (société en commandite simple) organized under the laws of the Grand Duchy of Luxembourg and an indirect wholly-owned subsidiary of Allergan plc, issued floating rate notes due 2016 (the "2016 Floating Rate Notes"), floating rate notes due 2018 (the "2018 Floating

DIRECTORS' REPORT - continued

Floating Rate Notes - continued

Rate Notes"), floating rate notes due 2020 (the "2020 Floating Rate Notes"), 1.850% notes due 2017 (the "1.850% 2017 Notes"), 2.350% notes due 2018 (the "2.350% 2018 Notes"), 3.000% notes due 2020 (the "3.000% 2020 Notes"), 3.450% notes due 2022 (the "3.450% 2022 Notes"), 3.800% notes due 2025 (the "3.800% 2025 Notes"), 4.550% notes due 2035 (the "4.550% 2035 Notes") and 4.750% notes due 2045 (the "4.750% 2045 Notes"). The notes are fully and unconditionally guaranteed by Actavis Funding SCS's indirect parents, Warner Chilcott Limited and Actavis Capital S.a.r.l. ("Actavis Capital"), and by Actavis, Inc., a subsidiary of Actavis Capital, on an unsecured and unsubordinated basis. Allergan plc has not guaranteed the notes.

The 2016 Floating Rate Notes, the 2018 Floating Rate Notes and the 2020 Floating Rate Notes bear interest at a floating rate equal to three-month LIBOR plus 0.875%, 1.080% and 1.255% per annum, respectively. Interest on the 2016 Floating Rate Notes is payable quarterly on March 1, June 1, September 1 and December 1 of each year, and began on June 1, 2015. Interest on the 2018 Floating Rate Notes and the 2020 Floating Rate Notes is payable quarterly on March 12, June 12, September 12 and December 12 of each year, and began on June 12, 2015.

Fixed Rate Notes

Acquired Allergan Notes

On March 17, 2015 in connection with the Allergan Acquisition, the Company acquired, and subsequently guaranteed, the indebtedness of Allergan, Inc. comprised of the $350.0 million 2.800% senior notes due 2023, the $650.0 million 3.375% senior notes due 2020, the $250.0 million 1.350% senior notes due 2018 and the $800.0 million 5.750% senior notes due 2016. Interest payments are due on the $350.0 million senior notes semi-annually on the principal amount of the notes at a rate of 2.80% per annum, and are redeemable at any time at the Company's option, subject to a make-whole provision based on the present value of remaining interest payments at the time of the redemption, if the redemption occurs prior to December 15, 2022 (three months prior to the maturity of the 2023 senior notes). If the redemption occurs on or after December 15, 2022, then such redemption is not subject to the make-whole provision. Interest payments are due on the $650.0 million senior notes semi-annually on the principal amount of the notes at a rate of 3.375% per annum, and are redeemable at any time at the Company's option, subject to a make-whole provision based on the present value of remaining interest payments at the time of the redemption. Interest payments are due on the $250.0 million senior notes semi-annually on the principal amount of the notes at a rate of 1.350% per annum, and are redeemable at any time at the Company's option, subject to a make-whole provision based on the present value of remaining interest payments at the time of the redemption. Interest payments are due on the $800.0 million senior notes semi-annually on the principal amount of the notes at a rate of 5.750% per annum, and are redeemable at any time at the Company's option, subject to a make-whole provision based on the present value of remaining interest payments at the time of the redemption. The fair value of the acquired senior notes was determined to be $2,087.5 million as of March 17, 2015. As such, as part of acquisition accounting, the company recorded a premium of $37.5 million to be amortized as contra interest over the life of the notes.

Acquired Forest Notes

On July 1, 2014 in connection with the Forest Acquisition, the Company acquired the indebtedness of Forest comprised of the $1,050.0 million 4.375% senior notes due 2019, the $750.0 million 4.875% senior notes due 2021 and the $1,200.0 million 5.000% senior notes due 2021 (together the "Acquired Forest Notes"). Interest payments are due on the $1,050.0 million senior notes semi-annually in arrears on February 1 and August 1

DIRECTORS' REPORT - continued

Fixed Rate Notes - continued

Acquired Forest Notes – continued

beginning August 1, 2014. Interest payments are due on the $750.0 million senior notes due 2021 semi-annually in arrears on February 15 and August 15 beginning August 15, 2014. Interest payments are due on the $1,200.0 million senior note due 2021 semi-annually in arrears on June 15 and December 15, beginning December 15, 2014. As a result of acquisition accounting, the notes were fair valued with a premium of $260.3 million as of July 1, 2014, which will be amortized as contra-interest over the life of the notes.

2014 Notes Issuance

On June 10, 2014, Actavis Funding SCS, a limited partnership (*societe en commandite simple*), organized under the laws of the Grand Duchy of Luxembourg, an indirect subsidiary of Allergan plc, issued the $500.0 million 1.300% notes due 2017, $500.0 million 2.450% notes due 2019, $1,200.0 million 3.850% notes due 2024 and $1,500.0 million 4.850% notes due 2044 (the "2014 New Notes"). Interest payments are due on the 2014 New Notes on June 15 and December 15 semi-annually, beginning on December 15, 2014. The guarantors of the debt are Warner Chilcott Limited, Actavis Capital S.a.r.l., and Actavis, Inc. Allergan plc will not guarantee the 2014 New Notes.

Actavis, Inc. Supplemental Indenture

On October 1, 2013, the Company, Actavis, Inc., a wholly owned subsidiary of the Company, and Wells Fargo Bank, National Association, as trustee, entered into a fourth supplemental indenture (the "Fourth Supplemental Indenture") to the indenture, dated as of August 24, 2009 (the "Base Indenture" and, together with the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture (each as defined below), the "Indenture"), as supplemented by the first supplemental indenture, dated as of August 24, 2009 (the "First Supplemental Indenture"), the second supplemental indenture, dated as of May 7, 2010 (the "Second Supplemental Indenture"), and the third supplemental indenture, dated as of October 2, 2012 (the "Third Supplemental Indenture"). Pursuant to the Fourth Supplemental Indenture, the Company has provided a full and unconditional guarantee of Actavis, Inc.'s obligations under its then outstanding $450.0 million 5.000% senior notes due August 15, 2014, (the "2014 Notes"), its $400.0 million 6.125% senior notes due August 15, 2019 (the "2019 Notes"), its $1,200.0 million 1.875% senior notes due October 1, 2017 (the "2017 Notes"), its $1,700.0 million 3.250% senior notes due October 1, 2022 (the "2022 Notes") and its $1,000.0 million 4.625% Senior Notes due October 1, 2042 (the "2042 Notes.").

WC Supplemental Indenture

On October 1, 2013, the Company, WCCL (defined below), Warner Chilcott Finance LLC (the "Co-Issuer" and together with WC Company, the "Issuers") and Wells Fargo Bank, National Association, as trustee (the "WC Trustee"), entered into a third supplemental indenture (the "Supplemental Indenture") to the indenture, dated as of August 20, 2010 (the "WC Indenture"), among the Issuers, the guarantors party thereto and the WC Trustee, with respect to the Issuers' WC Notes. Pursuant to the Supplemental Indenture, the Company had provided a full and unconditional guarantee of the Issuers' obligations under the WC Notes and the WC Indenture.

On July 21, 2014, the Company redeemed the WC Notes for $1,311.8 million, which includes a make-whole premium of $61.8 million and the principal amount of the WC Notes of $1,250.0 million. As a result of the transaction, the Company recognized a gain in July of 2014 of $29.9 million, which includes the write-off of the then outstanding unamortized premium.

DIRECTORS' REPORT - continued

Fixed Rate Notes - continued

2012 Notes Issuance

On October 2, 2012, Actavis, Inc. issued the 2017 Notes, the 2022 Notes, and the 2042 Notes (collectively the "2012 Senior Notes"). Interest payments are due on the 2012 Senior Notes semi-annually in arrears on April 1 and October 1 beginning April 1, 2013. Net proceeds from the offering of the 2012 Senior Notes were used for the Actavis Group acquisition.

2009 Notes Issuance

On August 24, 2009, Actavis, Inc. issued the 2014 Notes and the 2019 Notes (collectively the "2009 Senior Notes"). Interest payments are due on the 2009 Senior Notes semi-annually in arrears on February 15 and August 15, respectively, beginning February 15, 2010. Net proceeds from the offering of 2009 Senior Notes were used to repay certain debt with the remaining net proceeds being used to fund a portion of the cash consideration for the Arrow Group acquisition. The 2014 Notes, which had an outstanding principal balance of $450.0 million and which were fully and unconditionally guaranteed by us, were redeemed on November 5, 2013 at a redemption price equal to $465.6 million, which resulted in a cash expense of $15.6 million in the fourth quarter of 2013.

Credit Facility Indebtedness

WC Term Loan Agreement

On December 17, 2014, Allergan plc and certain of its subsidiaries entered into a second amendment agreement (the "WC Term Loan Amendment") among Allergan plc, Warner Chilcott Limited, Warner Chilcott Finance, LLC, Actavis WC 2 S.à r.l. ("Actavis WC 2"), Warner Chilcott Company, LLC ("WCCL"), Warner Chilcott Corporation ("WC Corporation" and together with Actavis WC 2 and WCCL, the "WC Borrowers"), Bank of America, N.A. ("BofA"), as administrative agent, and the lenders party thereto. The WC Term Loan Amendment amends and restates Allergan plc's existing amended and restated WC term loan credit and guaranty agreement, dated as of June 9, 2014 (such agreement, prior to its amendment and restatement pursuant to the WC Term Loan Amendment, the "2014 WC Term Loan Agreement" and the 2014 WC Term Loan Agreement as amended and restated by the WC Term Loan Amendment, the "WC Term Loan Agreement"), among the WC Borrowers, Allergan plc, Warner Chilcott Limited, Warner Chilcott Finance, LLC, the lenders from time to time party thereto and BofA, as administrative agent, which amended and restated Allergan plc's existing WC term loan credit and guaranty agreement, dated as of August 1, 2013 (such agreement, prior to its amendment and restatement, the "Existing WC Term Loan Agreement") among the WC Borrowers, Warner Chilcott Finance, LLC, Actavis Limited, BofA, as administrative agent and a syndicate of banks participating as lenders.

Pursuant to the Existing WC Term Loan Agreement, on October 1, 2013 (the "WC Closing Date"), the lenders party thereto provided term loans in a total aggregate principal amount of $2.0 billion, comprised of (i) a $1.0 billion tranche that will mature on October 1, 2016 (the "WC Three Year Tranche") and (ii) a $1.0 billion tranche that will mature on October 1, 2018 (the "WC Five Year Tranche"). The proceeds of borrowings under the Existing WC Term Loan Agreement, together with $41.0 million of cash on hand, were used to finance the repayment in full of all amounts outstanding under Warner Chilcott's then-existing Credit Agreement, dated as of March 17, 2011, as amended by Amendment No. 1 on August 20, 2012, among the WC Borrowers, Warner Chilcott Holdings Company III, Limited, BofA, as administrative agent and a syndicate of banks participating as lenders.

DIRECTORS' REPORT - continued

Credit Facility Indebtedness - continued

Borrowings under the WC Term Loan Agreement bear interest at the applicable borrower's choice of a per annum rate equal to either (a) a base rate plus an applicable margin per annum varying from (x) 0.00% per annum to 0.75% per annum under the WC Three Year Tranche and (y) 0.125% per annum to 0.875% per annum under the WC Five Year Tranche, depending on the publicly announced debt ratings for non-credit-enhanced, senior unsecured long-term indebtedness of Allergan plc (such applicable debt rating the "Debt Rating") or (b) a Eurodollar rate, plus an applicable margin varying from (x) 1.00% per annum to 1.75% per annum under the WC Three Year Tranche and (y) 1.125% per annum to 1.875% per annum under the WC Five Year Tranche, depending on the Debt Rating. The outstanding principal amount of loans under the WC Three Year Tranche is not subject to quarterly amortization and shall be payable in full on the three year anniversary of the WC Closing Date. The outstanding principal amount of loans under the WC Five Year Tranche is payable in equal quarterly amounts of 2.50% per quarter prior to the fifth anniversary of the WC Closing Date, with the remaining balance payable on the fifth year anniversary of the WC Closing Date.

The Company is subject to, and, at December 31, 2015, was in compliance with, all financial and operational covenants under the terms of the WC Term Loan Agreement. In February 2016, the Company prepaid approximately $310.0 million of indebtedness under the outstanding WC Five Year Tranche.

ACT Term Loan

On December 17, 2014, Allergan plc and certain of its subsidiaries entered into a third amendment agreement (the "ACT Term Loan Amendment") among Allergan plc, Warner Chilcott Limited, Actavis Capital, Actavis, Inc., Actavis Funding SCS, BofA, as administrative agent, and the lenders party thereto. The ACT Term Loan Amendment amends and restates Allergan plc's existing second amended and restated Allergan term loan credit and guaranty agreement, dated as of March 31, 2014 (such agreement, prior to its amendment and restatement pursuant to the ACT Term Loan Amendment, the "2014 ACT Term Loan Agreement" and the 2014 ACT Term Loan Agreement as amended and restated by the ACT Term Loan Amendment, the "ACT Term Loan") among Actavis Capital, Allergan plc, Warner Chilcott Limited, Actavis, Inc., Actavis Funding SCS, BofA, as administrative agent, and the lenders from time to time party thereto, which amended and restated Allergan plc's existing amended and restated Allergan term loan credit and guaranty agreement, dated as of October 1, 2013 (such agreement, prior to its amendment and restatement, the "Existing ACT Term Loan Agreement") among Actavis Capital, Allergan plc, Actavis, Inc., BofA, as administrative agent, and the lenders from time to time party thereto.

The Existing ACT Term Loan Agreement amended and restated Actavis, Inc.'s $1,800.0 million senior unsecured term loan credit facility, dated as of June 22, 2012. At the closing of the Existing ACT Term Loan Agreement, an aggregate principal amount of $1,572.5 million was outstanding (the "2017 term-loan"). The 2017 term-loan matures on October 31, 2017. The outstanding principal amount is payable in equal quarterly installments of 2.50% per quarter, with the remaining balance payable on the maturity date.

On March 31, 2014, Allergan plc, Actavis Capital, Actavis, Inc., BofA, as Administrative Agent, and a syndicate of banks participating as lenders entered into the 2014 ACT Term Loan Agreement to amend and restate the Existing ACT Term Loan Agreement. On July 1, 2014, in connection with the Forest Acquisition, the Company borrowed $2.0 billion of term loan indebtedness under tranche A-2 of the 2014 ACT Term Loan Agreement, which is due July 1, 2019 (the "2019 term-loan"). The outstanding principal amount is payable in equal quarterly installments of 2.50% per quarter, with the remaining balance payable on the maturity date.

DIRECTORS' REPORT - continued

Credit Facility Indebtedness - continued

The ACT Term Loan Agreement provides that loans thereunder will bear interest, at the Company's choice, of a per annum rate equal to either (a) a base rate, plus an applicable margin per annum varying from (x) 0.00% per annum to 1.00% per annum with respect to the 2017 term-loan and (y) 0.125% per annum to 0.875% per annum with respect to the 2019 term-loan, depending on the Debt Rating or (b) a Eurodollar rate, plus an applicable margin varying from (x) 1.00% per annum to 2.00% per annum with respect to the 2017 term-loan and (y) 1.125% per annum to 1.875% per annum with respect to the 2019 term-loan, depending on the Debt Rating.

The Company is subject to, and at December 31, 2015 was in compliance with, all financial and operational covenants under the terms of the ACT Term Loan Agreement. In February 2016, the Company prepaid approximately $200.0 million of indebtedness under the outstanding 2017 Term Loan.

AGN Term Loan

On December 17, 2014, Allergan, Inc. and certain of its subsidiaries entered into a senior unsecured term loan credit agreement (the "AGN Term Loan"), among Actavis Capital, as borrower, Allergan plc, Warner Chilcott Limited, Actavis, Inc., Actavis Funding SCS, the lenders from time to time party thereto (the "Term Lenders"), JPMorgan Chase Bank, N.A. ("JPMCB"), as administrative agent and the other financial institutions party thereto. Under the AGN Term Loan, the Term Lenders provided (i) a $2.75 billion tranche maturing on March 17, 2018 (the "AGN Three Year Tranche") and (ii) a $2.75 billion tranche and maturing on March 17, 2020 (the "AGN Five Year Tranche"). The proceeds of borrowings under the AGN Term Loan were used to finance, in part, the cash component of the Allergan Acquisition consideration and certain fees and expenses incurred in connection with the Allergan Acquisition.

Borrowings under the AGN Term Loan bear interest at our choice of a per annum rate equal to either (a) a base rate plus an applicable margin per annum varying from (x) 0.00% per annum to 1.00% per annum under the AGN Three Year Tranche and (y) 0.125% per annum to 1.250%% per annum under the AGN Five Year Tranche, depending on the Debt Rating or (b) a Eurodollar rate, plus an applicable margin varying from (x) 1.00% per annum to 2.00% per annum under the AGN Three Year Tranche and (y) 1.125% per annum to 2.250% per annum under the AGN Five Year Tranche, depending on the Debt Rating. The outstanding principal amount of loans under the AGN Three Year Tranche is not subject to quarterly amortization and shall be payable in full on the maturity date. The outstanding principal amount of loans under the AGN Five Year Tranche is payable in equal quarterly amounts of 2.50% per quarter prior to March 17, 2020, with the remaining balance payable on March 17, 2020.

The obligations of Actavis Capital under the Term Loan Credit Agreement are guaranteed by Warner Chilcott Limited, Actavis, Inc. and Actavis Funding SCS and will be guaranteed by any subsidiary of Allergan plc (other than Actavis Capital or a direct subsidiary of Allergan plc) that becomes a guarantor of third party indebtedness in an aggregate principal amount exceeding $350.0 million (unless, in the case of a foreign subsidiary, such guarantee would give rise to adverse tax consequences as reasonably determined by Allergan plc).

The Company is subject to, and at December 31, 2015 was in compliance with, all financial and operational covenants under the terms of the AGN Term Loan.

DIRECTORS' REPORT - continued

Credit Facility Indebtedness - continued

Bridge Loan Facility

On December 17, 2014, Allergan and certain of its subsidiaries entered into a 364-day senior unsecured bridge credit agreement (the "Bridge Loan Facility"), among Actavis Capital, as borrower, Allergan plc, Warner Chilcott Limited, Actavis, Inc., Actavis Funding SCS, the lenders from time to time party thereto, JPMCB, as administrative agent and the other financial institutions party thereto. No amounts were borrowed under the Bridge Loan Facility and the commitments under the Bridge Loan Facility expired on March 17, 2015 upon the closing of the Allergan Acquisition.

Cash Bridge Loan Facility

On March 11, 2015, Allergan and certain of its subsidiaries entered into a 60-day senior unsecured bridge credit agreement (the "Cash Bridge Loan Facility"), among Actavis Capital, as borrower, Allergan plc, Warner Chilcott Limited, Actavis, Inc., Actavis Funding SCS, the lenders from time to time party thereto (the "Cash Bridge Lenders"), JPMCB, as administrative agent and the other financial institutions party thereto. Under the Cash Bridge Loan Facility, the Cash Bridge Lenders committed to provide, subject to certain conditions, unsecured bridge financing, of which $2.8 billion was drawn to finance the Allergan Acquisition on March 17, 2015. The outstanding balance of the Cash Bridge Loan Facility was repaid on April 9, 2015.

Borrowings under the Cash Bridge Loan Facility bore interest at our choice of a per annum rate equal to either (a) a base rate plus an applicable margin per annum varying from 0.00% per annum to 1.00% per annum, depending on the Debt Rating or (b) a Eurodollar rate, plus an applicable margin varying from 1.00% per annum to 2.00% per annum, depending on the Debt Rating.

Revolving Credit Facility

On December 17, 2014, Allergan plc and certain of its subsidiaries entered into a revolving credit loan and guaranty agreement (the "Revolver Agreement") among Actavis Capital, as borrower, Allergan plc, Warner Chilcott Limited, Actavis, Inc., Actavis Funding SCS, the lenders from time to time party thereto (the "Revolving Lenders"), JPMCB as administrative agent, J.P. Morgan Europe Limited, as London agent, and the other financial institutions party thereto. Under the Revolver Agreement, the Revolving Lenders have committed to provide an unsecured revolving credit facility in an aggregate principal amount of up to $1.0 billion. The Revolver Agreement replaces Allergan plc's existing $750.0 million second amended and restated Actavis revolving credit and guaranty agreement dated as of June 30, 2014 (the "Existing Revolver") among Actavis Capital, Allergan plc, Warner Chilcott Limited, Actavis, Inc., Actavis Funding SCS, BofA, as administrative agent and the lenders from time to time party thereto. At closing, $600.0 million of loans were borrowed under the Revolver Agreement.

The Revolver Agreement provides that loans thereunder will bear interest, at Actavis Capital's choice, of a per annum rate equal to either (a) a base rate, plus an applicable margin per annum varying from 0.00% per annum to 1.00% per annum depending on the Debt Rating or (b) a Eurodollar rate, plus an applicable margin varying from 0.875% per annum to 2.00% per annum depending on the Debt Rating. Additionally, to maintain availability of funds, the Company pays an unused commitment fee, which according to the pricing grid is set at 0.075% to 0.250% per annum, depending on the Debt Rating, of the unused portion of the revolver. The Revolving Credit Agreement will mature on December 17, 2019.

DIRECTORS' REPORT - continued

Credit Facility Indebtedness - continued

The obligations of Actavis Capital under the Revolver Agreement are guaranteed by Allergan plc, Warner Chilcott Limited, Actavis, Inc. and Actavis Funding SCS and will be guaranteed by any subsidiary of Allergan (other than Actavis Capital) that becomes a guarantor of third party indebtedness in an aggregate principal amount exceeding $350 million (unless, in the case of a foreign subsidiary, such guarantee would give rise to adverse tax consequences as reasonably determined by Allergan plc).

The Company is subject to, and as of December 31, 2015 was in compliance with, all financial and operational covenants under the terms of the Revolving Credit Facility. In the fourth quarter of 2015, the Company borrowed $800.0 million under the revolving credit facility to fund, in part, the Kythera Acquisition. At December 31, 2015, $200.0 million was outstanding and was paid in full in January 2016. As of December 31, 2015, letters of credit outstanding were $28.8 million. The net availability under the Revolving Credit Facility was $771.2 million.

Long-term Obligations

The following table lists our enforceable and legally binding obligations as of December 31, 2015. Some of the amounts included herein are based on management's estimates and assumptions about these obligations, including their duration, the possibility of renewal, anticipated actions by third parties and other factors. Because these estimates and assumptions are necessarily subjective, the enforceable and legally binding obligation we will actually pay in future periods may vary from those reflected in the table:

	Payments Due by Period (Including Interest on Debt)				
($ in millions):	**Total**	**2016**	**2017-2018**	**2019-2020**	**Thereafter**
	$	**$**	**$**	**$**	**$**
Long-term debt(1)	42,603.6	2,375.5	11,094.9	9,418.8	19,714.4
Cash interest(1)	13,593.6	1,331.6	2,409.6	1,902.4	7,950.0
Contingent consideration liabilities(2)	901.7	110.7	376.7	241.4	172.9
Operating lease obligations(3)	190.6	29.9	51.3	38.6	70.8
Capital lease obligations(4)	4.1	0.3	0.6	0.6	2.6
R&D milestone obligations(5)	3,664.7	444.0	752.5	478.2	1,990.0
Other obligations and commitments(6)	870.9	223.2	577.1	27.7	42.9
Total(7)	**61,829.2**	**4,515.2**	**15,262.7**	**12,107.7**	**29,943.6**

(1) Amounts represent total minimum cash payments and anticipated interest payments, as applicable, assuming scheduled repayments under the Company's existing notes. Amounts exclude fair value adjustments, discounts or premiums on outstanding debt obligations.

(2) Amount primarily represents contingent consideration obligations, including accretion resulting from various acquisitions.

(3) Amount represents operating leases for our global business. There are no contingent rental amounts or sublease rentals.

(4) Amount represents capital leases for our global business, including interest. Leases are for property, plant and equipment, vehicles and furniture and fixtures.

(5) We have future potential milestone payments and co-development expenses payable to third parties as part of our licensing, development and co-development programs. Payments under these agreements generally become due and are payable upon the satisfaction or achievement of certain developmental, regulatory or commercial milestones or as development expenses are incurred on defined projects. Amounts represent contractual payment obligations due as actual expenditures are incurred by our partners or upon the achievement of developmental, regulatory or commercial milestones based on anticipated approval dates assuming all milestone approval events are met. Other significant R&D milestone payments include the following maximum payments:

- Amounts owed under the Merck Transaction of $535.0 million;
- Amounts owed under the Naurex Transaction of $750.0 million;
- Amounts related to acquired contracts in the Allergan Acquisition of $1,066.9 million, including amounts related to Molecular Partners of $340.0 million, Vicept Therapeutics Inc. of $150.0 million and amounts owed to LiRIS Biomedical, Inc. of $286.0 million

DIRECTORS' REPORT - continued

Credit Facility Indebtedness - continued

Long-term Obligations – continued

- Amounts owed to Amgen, Inc. of up to $209.4 million;
- Amounts owed to PregLem to develop and, if approved, market products under development in the United States and Canada, of $74.0 million relating to Esmya in the United States and Fibristal in Canada; and
- Amounts owed to Medicines360 relating to LNG 20 in the United States and Canada of $47.5 million.

We also have potential sales-based milestones based on certain licensing agreements, which are not included in the table above as they are subject to the achievement of future results that are not reasonably estimable.

Milestone payment obligations are uncertain, including the prediction of timing and the occurrence of events triggering a future obligation, and are not reflected as liabilities in our consolidated balance sheet. Amounts in the table above do not include royalty obligations on future sales of product as the timing and amount of future sales levels and costs to produce products subject to milestone obligations is not reasonably estimable.

(6) Other obligations and commitments include agreements to purchase third-party manufactured products, capital purchase obligations for the construction or purchase of property, plant and equipment and the liability for income tax associated with uncertain tax positions.

(7) Total does not include contractual obligations already included in current liabilities on our Consolidated Balance Sheet (except for capital leases, contingent consideration and the current portion of long-term debt) or certain purchase obligations, which are discussed below.

For purposes of the table above, obligations for the purchase of goods or services are included only for purchase orders that are enforceable, legally binding and specify all significant terms including fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the timing of the obligation. Our purchase orders are based on our current manufacturing needs and are typically fulfilled by our suppliers within a relatively short period. At December 31, 2015, we have open purchase orders that represent authorizations to purchase rather than binding agreements that are not included in the table above.

We are involved in certain equity investments that are intended to complement our core business and markets. We have the discretion to provide funding on occasion for working capital or capital expenditures. We make an evaluation of additional funding based on an assessment of the venture's business opportunities. We believe that any possible commitments arising from the current arrangements will not be significant to our financial condition, results of operations or liquidity.

Off-Balance Sheet Arrangements

We do not have any material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, net revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Financial risk management

The following discussion provides forward-looking quantitative and qualitative information about our potential exposure to market risk. Market risk represents the potential loss arising from adverse changes in the value of financial instruments. The risk of loss is assessed based on the likelihood of adverse changes in fair values, cash flows or future earnings. We are exposed to market risk for changes in the market values of our investments (Investment Risk), the impact of interest rate changes (Interest Rate Risk) and the impact of foreign currency exchange changes (Foreign Currency Exchange Risk).

We maintain our portfolio of cash equivalents and short-term investments in a variety of securities, including both government and government agency obligations with ratings of A or better and money market funds. Our investments in marketable securities are governed by our investment policy which seeks to preserve the value of

DIRECTORS' REPORT - continued

Financial risk management - continued

our principal, provide liquidity and maximize return on the Company's investment against minimal interest rate risk. Consequently, our interest rate and principal risk are minimal on our non-equity investment portfolio. The quantitative and qualitative disclosures about market risk are set forth below.

Investment Risk

As of December 31, 2015, our total investments in marketable and equity securities of other companies, including equity method investments were $121.5 million (included in marketable securities and investments and other assets). The fair values of these investments are subject to significant fluctuations due to volatility of the stock market and changes in general economic conditions.

We regularly review the carrying value of our investments and identify and recognize losses, for income statement purposes, when events and circumstances indicate that any declines in the fair values of such investments below our accounting basis are other than temporary.

Interest Rate Risk

Our exposure to interest rate risk relates primarily to our non-equity investment portfolio and our floating rate debt. Our cash is invested in bank deposits and A-rated or better money market mutual funds.

Our portfolio of marketable securities includes U.S. treasury and agency securities classified as available-for-sale securities, with no security having a maturity in excess of two years. These securities are exposed to interest rate fluctuations. Because of the short-term nature of these investments, we are subject to minimal interest rate risk and do not believe that an increase in market rates would have a significant negative impact on the realized value of our portfolio.

Floating Rate Debt

At December 31, 2015, borrowings outstanding under the floating rate notes and term loan indebtedness were $9,756.2 million. Assuming a one percent increase in the applicable interest rate, annual interest expense would increase by approximately $97.6 million over the next twelve months.

Fixed Rate Debt

The Company has outstanding borrowings under its fixed rate notes. Changes in market interest rates generally affect the fair value of fixed-rate debt, but do not impact earnings or cash flows.

Foreign Currency Exchange Risk

Overall, we are a net recipient of currencies other than the U.S. dollar and, as such, benefit from a weaker dollar and are adversely affected by a stronger dollar relative to major currencies worldwide. Accordingly, changes in exchange rates, and in particular a strengthening of the U.S. dollar, may negatively affect our consolidated revenues or operating costs and expenses as expressed in U.S. dollars.

From time to time, we enter into foreign currency option and forward contracts to reduce earnings and cash flow volatility associated with foreign exchange rate changes to allow our management to focus its attention on our core business issues. Accordingly, we enter into various contracts which change in value as foreign exchange rates change to allow the Company at its option to economically offset the effect of changes in the value of

DIRECTORS' REPORT - continued

Foreign Currency Exchange Risk - continued

foreign currency assets and liabilities, commitments and anticipated foreign currency denominated sales and operating expenses. We enter into foreign currency option and forward contracts in amounts between minimum and maximum anticipated foreign exchange exposures.

We use foreign currency option contracts, which provide for the sale or purchase of foreign currencies, if exercised, to economically hedge the currency exchange risks associated with probable but not firmly committed transactions that arise in the normal course of our business. Probable but not firmly committed transactions are comprised primarily of sales of products and purchases of raw material in currencies other than the U.S. dollar. The foreign currency option contracts, which were held during the course of the year, are entered into to reduce the volatility of earnings generated in currencies other than the U.S. dollar, primarily earnings denominated in the Canadian dollar, Mexican peso, Australian dollar, Brazilian real, euro, Korean won, Turkish lira, Polish zloty, Swiss franc, Russian ruble, Swedish krona, South African rand and Japanese yen. While these instruments are subject to fluctuations in value, such fluctuations are anticipated to offset changes in the value of the underlying exposures.

Net foreign currency gains and losses did not have a material effect on the Company's results of operations for the years ended December 31, 2015 and 2014, respectively.

Inflation

We do not believe that inflation has had a significant impact on our revenues or operations.

Future developments

We are a global specialty pharmaceutical company engaged in the development, manufacturing, marketing, and distribution of brand name, medical aesthetics, generic, branded generic, biosimilar and over-the-counter OTC pharmaceutical products. The Company has operations in more than 100 countries. As a result of the Allergan Acquisition which closed on March 17, 2015, the Company expanded its franchises to include ophthalmology, neurosciences and medical aesthetics/dermatology/plastic surgery, which complements the Company's existing central nervous system, gastroenterology, women's health and urology franchises. The combined company benefits from Legacy Allergan's global brand equity and consumer awareness of key products, including Botox® and Restasis®. The Allergan Acquisition also expanded our presence and market and product reach across many international markets, with strengthened commercial positions across Canada, Europe, Southeast Asia and other high-value growth markets, including China, India, the Middle East and Latin America.

Political donations

No political contributions that require disclosure under Irish law were made during the year.

Treasury Shares

At December 31, 2015 there were no treasury shares outstanding. The maximum number of treasury shares held at any time during the year ended December 31, 2015 was 216.9 thousand ordinary shares of $0.0001 par value each and 40.0 thousand deferred ordinary shares of €1 par value each. The maximum number of treasury shares held at any time during the period ended December 31, 2014 was 606.0 thousand ordinary shares of $0.0001 par value each and 40.0 thousand deferred ordinary shares of €1 par value each. During the period since incorporation, Allergan plc acquired treasury shares for nil consideration. These shares were acquired in connection with the company's stock based payment compensation plans for employees.

DIRECTORS' REPORT - continued

Subsequent Events

On January 7, 2016, the Company acquired Anterios, Inc. ("Anterios"), a clinical stage biopharmaceutical company developing a next generation delivery system and botulinum toxin-based prescription products. Under the terms of the agreement, the Company acquired Anterios for an upfront payment of $90.0 million and potential development and commercialization milestone payments related to NDS™, Anterios' proprietary platform delivery technology that enables local, targeted delivery of neurotoxins through the skin without the need for injections.

Directors and secretary's interests in shares

No director, the secretary or any member of their immediate families had any interest in shares or debentures of any subsidiary. Directors' remuneration is set forth in "Note 27" to the Consolidated Financial Statements. The interest in Allergan plc of the Directors and Company secretary who were in office at December 31, 2015, are presented in the table below.

	At December 31, 2015		At December 31, 2014	
	Shares	**Options**	**Shares**	**Options**
Directors:				
Paul M. Bisaro	411,483[(1)]	78,029	410,145[(1)]	78,029
Brenton L. Saunders	125,275[(2)]	407,102	96,669[(2)]	407,102
Nesli Basgoz, M.D.	3,992[(3)]	15,226	3,794[(3)]	19,726
James H. Bloem	9,219[(4)]	-	8,942	-
Christopher W. Bodine	12,890[(4)]	-	12,771	-
Christopher J. Coughlin	2,602[(5)]	15,927	2,334[(5)]	15,927
Michael R. Gallagher[(8)]	31,432[(6)]	-	31,432	-
Catherine M. Klema	21,027[(4)]	-	20,750	-
Peter J. McDonnell, M.D.[(8)]	2,891[(4)]	-	2,891	-
Patrick J. O'Sullivan	3,689[(4)]	-	3,412	-
Ronald R. Taylor	23,361[(4)]	-	23,084	-
Fred G. Weiss	25,746[(4)]	-	25,417	-
Secretary:				
A. Robert D. Bailey	10,372[(7)]	42,939	17,410[(7)]	42,940

1 Includes 7,613 and 10,150 restricted share units as of December 31, 2015 and 2014 respectively.
2 Includes 59,516 and 81,771 restricted share units as of December 31, 2015 and 2014 respectively.
3 Includes 1,034 and 674 restricted share units as of December 31, 2015 and 2014 respectively.
4 Includes 826 restricted share units as of December 31, 2015.
5 Includes 1,034 and 1,136 restricted share units as of December 31, 2015 and 2014 respectively.
6 Includes 17,642 phantom share units as of December 31, 2015 and 2014.
7 Includes 10,372 and 13,012 restricted share units as of December 31, 2015 and 2014 respectively.
8 Elected as a director on June 5, 2015.

Directors' responsibilities for financial statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with Irish law.

Irish law requires the directors to prepare financial statements for each financial year that gives a true and fair view of the company's assets, liabilities and financial position as at the end of the financial year and of the profit

DIRECTORS' REPORT - continued

Directors' responsibilities for financial statements - continued

or loss of the group for the financial year. Under that law, the Directors have prepared the consolidated financial statements in accordance with US accounting standards, as defined in Section 279(1) of the Companies Act 2014, to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of the Companies Act or of any regulations made thereunder and the Parent Company financial statements in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council, including Financial Reporting Standard 102, which is applicable in the UK and the Republic of Ireland and promulgated by the Institute of Chartered Accountants in Ireland and Irish law).

Under Irish law, the directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the company's and group's assets, liabilities and financial position as at the end of the financial year and the profit or loss of the group for the financial year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy;
- notify the company shareholders in writing about the use of disclosure exemptions of FRS 102; and
- enable the directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Accounting records

The measures taken by the directors to secure compliance with the company's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at Clonshaugh Business and Technology Park, Coolock, Dublin D17 E400, Ireland.

On behalf of the board

/s/ Paul M. Bisaro

Paul M. Bisaro
Director

/s/ Brenton L. Saunders

Brenton L. Saunders
Director

April 4, 2016

Independent auditors' report to the members of Allergan plc

Report on the financial statements

Our opinion

In our opinion:

- Allergan plc's consolidated and parent company financial statements (the "financial statements") give a true and fair view of the group's and parent company's assets, liabilities and financial position as at December 31, 2015 and of the consolidated profit and cash flows for the year then ended;
- the consolidated financial statements have been properly prepared, in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), as defined in Section 279 of the Companies Act 2014, to the extent that the use of those principles in the preparation of the consolidated financial statements does not contravene any provision of the Companies Act 2014 or of any regulations made thereunder;
- the parent company balance sheet has been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland; and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

What we have audited

The financial statements comprise:

- the consolidated and parent company balance sheets as at December 31, 2015;
- the consolidated profit and loss account for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of shareholders' equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the parent company statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the consolidated financial statements is Irish law and US GAAP, as defined in Section 279 of the Companies Act 2014, to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of the Companies Act 2014 or of any regulations made thereunder.

The financial reporting framework that has been applied in the preparation of the parent company financial statements is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland), including FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland".

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Matters on which we are required to report by the Companies Acts 2014

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion, the accounting records of the parent company were sufficient to permit the parent company financial statements to be readily and properly audited.
- The parent company balance sheet is in agreement with the accounting records.
- In our opinion the information given in the Directors' Report is consistent with the financial statements.

Matter on which we are required to report by exception

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 86 and 87, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Irish Statutory Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

/s/ Enda McDonagh
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin

April 4, 2016

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year Ended December 31, 2015

(all amounts in millions except per share amounts)	Notes	2015 $	2014 $
Revenue	2,19	15,071.0	6,738.9
Cost of sales		(4,810.4)	(3,453.6)
Gross profit		**10,260.6**	**3,285.3**
Selling, general and administrative expenses		(10,916.6)	(5,123.5)
Research and development		(2,358.5)	(605.7)
Other income (expense)		0.1	16.4
Interest expense and similar items	15	(1,427.2)	(455.5)
Interest income		11.4	8.9
(Loss) before taxes		**(4,430.2)**	**(2,874.1)**
Benefit for income taxes	17	1,561.9	467.0
(Loss) from continuing operations		(2,868.3)	(2,407.1)
Income from discontinued operations	6	6,787.7	776.6
Income / (loss)		**3,919.4**	**(1,630.5)**
(Loss) attributable to noncontrolling interest		(4.2)	-
Profit / (loss) for the year		**3,915.2**	**(1,630.5)**
Dividends on Preferred Shares	18	232.0	-
Profit / (loss) for the year for ordinary shareholders		**3,683.2**	**(1,630.5)**
Profit / (loss) per share:			
Profit / (loss) per share attributable to ordinary shareholders – basic:			
Continuing operations		$ (8.44)	$ (10.96)
Discontinued operations		18.45	3.54
Profit / (loss) per share – basic	2	$ 10.01	$ (7.42)
Profit / (loss) per share attributable to ordinary shareholders – diluted:			
Continuing operations		$ (8.44)	$ (10.96)
Discontinued operations		18.45	3.54
Profit / (loss) per share – diluted	2	$ 10.01	$ (7.42)
Weighted average shares outstanding:			
Basic	2	367.8	219.7
Diluted	2	367.8	219.7

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME / (LOSS)
Year Ended December 31, 2015

	Notes	2015 $	2014 $
Income / (loss)		3,919.4	(1,630.5)
Other comprehensive (loss) / income:			
Foreign currency translation (losses) / gains	18, 22	(129.9)	(519.5)
Unrealized gains / (losses), net of tax	18, 22	101.2	(36.4)
Reclassification for gains included in net income, net of tax		-	-
Total other comprehensive (loss), net of tax		(28.7)	(555.9)
Comprehensive income / (loss)		3,890.7	(2,186.4)
Comprehensive (income) attributable to noncontrolling interest		(4.2)	-
Comprehensive income / (loss) attributable to ordinary shareholders		**3,886.5**	**(2,186.4)**

See accompanying notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEET
As of December 31, 2015

(all amounts in millions)	Notes	2015 $	2014 $
Assets			
Fixed assets:			
Intangible assets			
Goodwill	14	46,551.5	20,897.6
Other Intangibles	14	67,931.7	16,090.7
Tangible assets			
Property, plant and equipment	12	1,573.9	283.4
Investments	13	112.2	54.3
Total fixed assets		**116,169.3**	**37,326.0**
Current assets:			
Assets held for sale	7	14,081.6	11,994.6
Inventories	10	1,009.7	984.6
Debtors:			
Accounts receivable		2,401.6	1,112.3
Other assets	13	440.1	99.0
Prepaid expenses and other current assets	13	558.5	478.8
Deferred income taxes – amounts due within one year	17	-	388.9
Deferred income taxes – amounts due after more than one year	17	29.3	34.7
Investments – marketable securities	13	9.3	1.0
Cash at bank and in hand		1,096.0	250.0
		19,626.1	**15,343.9**
Creditors (amounts falling due within a year)			
Current portion of long-term debt and capital leases	15	2,432.8	693.4
Accounts payable		369.4	323.3
Income taxes payable	17	54.2	23.1
Accrued expenses	11	2,013.1	1,000.3
Liabilities held for sale	7	2,072.0	1,989.8
Total current liabilities		**6,941.5**	**4,029.9**
Net current assets		**12,684.6**	**11,314.0**
Total assets less current liabilities		**128,853.9**	**48,640.0**
Creditors (amounts falling after more than one year)			
Long-term debt and capital leases	15	40,293.4	14,837.7
Other long term liabilities		188.5	56.5
		40,481.9	14,894.2

CONSOLIDATED BALANCE SHEET - continued
As of December 31, 2015

(all amounts in millions)	Notes	2015 $	2014 $
Provisions for liabilities			
Pensions and similar obligations	9	187.5	48.5
Severance provision	20	145.3	111.1
Uncertain tax positions	17	781.7	712.2
Litigation related	23	208.6	215.0
Deferred income taxes	17	7,985.6	2,794.8
Sales returns and allowances	2	1,570.0	1,154.9
Other provisions	2	904.0	373.8
Net assets		**76,589.3**	**28,335.5**
Capital and reserves			
Called up share capital presented as equity	18	-	-
Share premium		83,943.9	45,776.9
Other reserves		(11,000.0)	(17,247.6)
Profit and loss account		3,647.5	(198.2)
Shareholders' equity		**76,591.4**	**28,331.1**
Non controlling interest		(2.1)	4.4
Total shareholders' funds		**76,589.3**	**28,335.5**

See accompanying notes to consolidated financial statements.

On behalf of the board

/s/ Paul M. Bisaro
Paul M. Bisaro
Director

/s/ Brenton L. Saunders
Brenton L. Saunders
Director

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
For the Year Ended December 31, 2015

(all amounts in millions)	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total
	$	$	$	$	$
Balance as of December 31, 2013	**-**	**25,080.5**	**(16,980.7)**	**1,432.3**	**9,532.1**
Loss for the year	-	-	-	(1,630.5)	(1,630.5)
Value of employee services – share options, net	-	-	289.0	-	289.0
Other comprehensive income	-	-	(555.9)	-	(555.9)
Issuance of shares in connection with the Forest Acquisition	-	20,590.5	-	-	20,590.5
Issuance of shares post group reorganization	-	105.9	-	-	105.9
Balance as of December 31, 2014	**-**	**45,776.9**	**(17,247.6)**	**(198.2)**	**28,331.1**
Profit for the year	-	-	-	3,915.2	3,915.2
Value of employee services – share options, net	-	-	648.5	-	648.5
Other comprehensive income	-	-	(28.7)	-	(28.7)
Issuance of shares in connection with the Allergan Acquisition	-	38,757.6	-	-	38,757.6
Issuance of shares in connection with the Kythera Acquisition	-	40.0	-	-	40.0
Capital reduction	-	(5,790.3)	5,790.3	-	-
Issuance of preferred shares	-	4,929.7	-	-	4,929.7
Issuance of shares post group reorganization	-	230.0	-	-	230.0
Dividends declared	-	-	(162.5)	(69.5)	(232.0)
Balance as of December 31, 2015	**-**	**83,943.9**	**(11,000.0)**	**3,647.5**	**76,591.4**

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2015
(all amounts in millions)

	2015	2014
	$	$
Cash Flows From Operating Activities:		
Income / (loss)	3,919.4	(1,630.5)
Reconciliation to net cash provided by operating activities:		
Depreciation	218.3	230.9
Amortization	5,777.0	2,597.5
Provision for inventory reserve	140.9	156.1
Share-based compensation	690.4	368.0
Deferred income tax benefit	(7,380.1)	(690.1)
In-process research and development impairments	511.6	424.3
Goodwill impairment	-	17.3
Loss on asset sales and impairments, net	334.4	143.1
Amortization of inventory step-up	1,192.9	985.8
Amortization of deferred financing costs	298.3	87.2
Accretion and contingent consideration	108.8	(71.2)
Excess tax benefit from stock-based compensation	(76.1)	(51.1)
Non-cash impact of debt extinguishment	-	(91.7)
Impact of assets held for sale	-	190.8
Other, net	66.4	8.5
Changes in assets and liabilities (net of effects of acquisitions):		
Decrease / (increase) in accounts receivable, net	(1,034.3)	(611.1)
Decrease / (increase) in inventories	(226.2)	(207.2)
Decrease / (increase) in prepaid expenses and other current assets	70.9	29.4
Increase / (decrease) in accounts payable and accrued expenses	142.5	394.6
Increase / (decrease) in income and other taxes payable	(87.8)	29.7
Increase / (decrease) in other assets and liabilities	(137.3)	(67.3)
Net cash provided by operating activities	4,530.0	2,243.0
Cash Flows From Investing Activities:		
Additions to property, plant and equipment	(454.9)	(238.6)
Additions to product rights and other intangibles	(154.7)	(36.1)
Additions to investments	(24.3)	(1.0)
Proceeds from sale of investments and other assets	883.0	453.7
Proceeds from sales of property, plant and equipment	140.1	13.7
Acquisitions of businesses, net of cash acquired	(37,510.1)	(5,562.3)
Net cash (used in) investing activities	(37,120.9)	(5,370.6)
Cash Flows From Financing Activities:		
Proceeds from borrowings of long-term indebtedness	26,455.7	8,076.2
Proceeds from borrowings on credit facility and other	3,682.0	1,280.0
Debt issuance and other financing costs	(310.8)	(224.3)
Payments on debt, including capital lease obligations	(5,134.2)	(6,127.0)
Proceeds from issuance of preferred shares	4,929.7	-
Proceeds from issuance of ordinary shares	4,071.1	-
Proceeds from stock plans	230.0	105.9
Payments of contingent consideration	(230.1)	(14.3)
Repurchase of ordinary shares	(118.0)	(130.1)
Dividends	(208.1)	-
Excess tax benefit from stock-based compensation	76.1	51.1
Net cash provided by financing activities	33,443.4	3,017.5
Effect of currency exchange rate changes on cash and cash equivalents	(6.5)	(5.9)
Movement in cash held for sale	-	37.0
Net increase in cash and cash equivalents	846.0	(79.0)
Cash and cash equivalents at beginning of period	250.0	329.0
Cash and cash equivalents at end of period	1,096.0	250.0
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the year for:		
Income taxes, net of refunds	377.6	560.6
Interest	689.9	316.8
Schedule of Non-Cash Investing and Financing Activities:		
Dividends accrued	24.0	-
Non-cash equity issuance for the Acquisition of Allergan net assets	34,687.2	-
Non-cash equity issuance for the Acquisition of Kythera net assets	40.0	-
Non-cash equity issuance for the Acquisition of Forest net assets	-	20,590.5

See accompanying Notes to the Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 The Company

Allergan plc (formerly Actavis plc) is a global specialty pharmaceutical company engaged in the development, manufacturing, marketing, and distribution of brand name pharmaceutical products (“brand”, “branded” or “specialty brand”), medical aesthetics, biosimilar and over-the-counter (“OTC”) pharmaceutical products. The Company has operations in more than 100 countries. As a result of the Allergan Acquisition (defined below) which closed on March 17, 2015, the Company expanded its franchises to include ophthalmology, neurosciences and medical aesthetics/dermatology/plastic surgery, which complements the Company’s existing central nervous system, gastroenterology, women’s health and urology franchises. The combined company benefits significantly from Allergan, Inc.’s (“Legacy Allergan”) global brand equity and consumer awareness of key products, including Botox® and Restasis®. The Allergan Acquisition expanded our presence and market and product reach across many international markets, with strengthened commercial positions across Canada, Europe, Southeast Asia and other high-value growth markets, including China, India, the Middle East and Latin America. The U.S. remains our largest commercial market and represented more than half of total net revenues for each of 2015 and 2014.

The results of our discontinued operations includes the results of our generic product development, manufacturing and distribution of off-patent pharmaceutical products, established international brands marketed similar to generic products and out-license generic pharmaceutical products primarily in Europe through our Medis third-party business.

On July 26, 2015 we entered into a master purchase agreement (the “Teva Agreement”), under which Teva Pharmaceutical Industries Ltd. (“Teva”) agreed to acquire our global generic pharmaceuticals business and certain other assets (the “Teva Transaction”). Under the Teva Agreement, upon the closing of the Teva Transaction, we will receive $33.75 billion in cash and 100.3 million Teva ordinary shares (or American Depository Shares with respect thereto), which approximates $6.75 billion in Teva stock using the then-current stock price at the time the Teva Transaction was announced, in exchange for which Teva will acquire our global generics business, including the United States (“U.S.”) and international generic commercial units, our third-party supplier Medis, our global generic manufacturing operations, our global generic research and development (“R&D”) unit, our international OTC commercial unit (excluding OTC eye care products) and some established international brands. The transaction is subject to customary closing conditions and we anticipate that the closing of the Teva Transaction may not occur until June 2016. As a result of the transaction, and in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) number 2014-08 “Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity”, the Company is accounting for the assets and liabilities to be divested as held for sale. Further, the financial results of the business held for sale have been reclassified to discontinued operations for all periods presented in our consolidated financial statements.

On November 23, 2015, the Company announced that it entered into a definitive merger agreement (the “Pfizer Agreement”) under which Pfizer, Inc. (“Pfizer”), a global innovative biopharmaceutical company, and Allergan plc will merge in a stock and cash transaction (the “Pfizer Transaction”), which attributes a $160.0 billion enterprise valuation using the then-current stock price at the time the Pfizer Transaction was announced. Company shareholders will receive 11.3 shares of the combined company for each of their existing Allergan shares and Pfizer stockholders will receive in respect of each share of Pfizer common stock held by them, at their election and subject to certain proration procedures described in the Pfizer Agreement, either one combined company ordinary share or an amount in cash equal to the volume

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

1 The Company - continued

weighted average price per share of Pfizer common stock on the New York Stock Exchange ("NYSE") on the trading day immediately preceding the date of the consummation of the Pfizer Transaction. The Pfizer Transaction is anticipated to close in the second half of 2016.

2 Basis of preparation and summary of accounting policies

The directors have elected to prepare the consolidated financial statements in accordance with Section 279 of the Companies Act 2014, which provides that a true and fair view of the assets and liabilities, financial position and profit or loss may be given by preparing the financial statements in accordance with US accounting standards ("US GAAP"), as defined in that section to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of Part 6 of the Companies Act 2014.

These consolidated financial statements were prepared in accordance with Irish Company Law, to present to the shareholders of the Company and file with the Companies Registration Office in Ireland. Accordingly, these financial statements include disclosures required by the Republic of Ireland's Companies Act 2014 (the "Companies Act") in addition to those required under accounting principles generally accepted in the US ("US GAAP"). The consolidated financial statements include the accounts of subsidiaries, after elimination of intercompany accounts and transactions. The consolidated financial information presented herein reflects all financial information that, in the opinion of management, is necessary for a fair statement of financial position, profit and loss and cash flows for the periods presented.

The significant accounting policies adopted by the Company are as follows:

Reclassifications

The Company has made certain reclassifications to prior period information to conform to the current period presentation, including the impact of the Teva Transaction.

Use of Estimates

Management is required to make certain estimates and assumptions in order to prepare consolidated financial statements in conformity with GAAP. Such estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities in the consolidated financial statements and accompanying notes. The Company's most significant estimates relate to the determination of SRA's (defined below) included within either accounts receivable or provisions, the valuation of inventory balances, the determination of useful lives for intangible assets, pension and other post-retirement benefit plan assumptions, the assessment of expected cash flows used in evaluating goodwill and other long-lived assets for impairment and recognition and measurement of assets acquired and liabilities assumed in business combinations at fair value. The estimation process required to prepare the Company's consolidated financial statements requires assumptions to be made about future events and conditions, and as such, is inherently subjective and uncertain. The Company's actual results could differ materially from those estimates.

Foreign Currency Translation

For most of the Company's international operations, the local currency has been determined to be the functional currency. The results of its non-U.S. dollar based operations are translated to U.S. dollars at the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

2 Basis of preparation and summary of accounting policies - continued

Foreign Currency Translation – continued

average exchange rates during the period. Assets and liabilities are translated at the rate of exchange prevailing on the balance sheet date. Equity is translated at the prevailing rate of exchange at the date of the equity transaction. Translation adjustments are reflected in stockholders' equity and are included as a component of other comprehensive (loss) / income. The effects of revaluing non-functional currency assets and liabilities into the functional currency are recorded as general and administrative expenses in the consolidated statements of operations.

The Company realizes foreign currency gains / (losses) in the normal course of business based on movement in the applicable exchange rates. These gains / (losses) are included as a component of selling, general and administrative expenses ("SG&A").

Cash and Cash Equivalents

The Company considers cash and cash equivalents to include cash in banks, commercial paper and deposits with financial institutions that can be liquidated without prior notice or penalty. The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Fair Value of Other Financial Instruments

The Company's financial instruments consist primarily of cash and cash equivalents, marketable securities, accounts and other receivables, investments, trade accounts payable, and long-term debt, including the current portion. The carrying amounts of cash and cash equivalents, marketable securities, accounts and other receivables and trade accounts payable are representative of their respective fair values due to their relatively short maturities. The fair values of investments in companies that are publicly traded and not accounted for under the equity method are based on quoted market prices. The Company estimates the fair value of its fixed rate long-term obligations based on quoted market rates. The carrying amount reported for long-term debt, other than the Company's indebtedness under senior notes, is considered to be representative of fair value as they are at variable rates and reprice frequently.

Inventories

Inventories consist of finished goods held for distribution, raw materials and work in process. Inventory includes brand pharmaceutical and medical aesthetic products which represent Food and Drug Administration ("FDA") approved indications. Inventory valuation reserves are established based on a number of factors/situations including, but not limited to, raw materials, work in process or finished goods not meeting product specifications, product obsolescence, or application of the lower of cost (first-in, first-out method) or market (net realizable value) concepts. The determination of events requiring the establishment of inventory valuation reserves, together with the calculation of the amount of such reserves may require judgment. Assumptions utilized in our quantification of inventory reserves include, but are not limited to, estimates of future product demand, consideration of current and future market conditions, product net selling price, anticipated product launch dates, potential product obsolescence and other events relating to special circumstances surrounding certain products. No material adjustments have been required to our inventory reserve estimates for the periods presented. Adverse changes in assumptions utilized in our inventory reserve calculations could result in an increase to our inventory valuation reserves and higher cost of sales.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

2 Basis of preparation and summary of accounting policies - continued

Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation. Major renewals and improvements are capitalized, while routine maintenance and repairs are expensed as incurred. The Company capitalizes interest on qualified construction projects. At the time property, plant and equipment are retired from service, the cost and accumulated depreciation is removed from the respective accounts.

Depreciation expense is computed principally on the straight-line method, over the estimated useful lives of the related assets. The following table provides the range of estimated useful lives used for each asset type:

Computer software/hardware (including internally developed)	3 - 10 years
Machinery and equipment	3 - 15 years
Research and laboratory equipment	3 - 10 years
Furniture and fixtures	3 - 10 years
Buildings, improvements, leasehold improvements and other	4 - 50 years
Transportation equipment	3 - 20 years

The Company assesses property, plant and equipment for impairment whenever events or changes in circumstances indicate that an asset's carrying amount may not be recoverable.

Investments

The Company's equity investments are accounted for under the equity method of accounting when the Company can exert significant influence and the Company's ownership interest does not exceed 50%. The Company records equity method investments at cost and adjusts for the appropriate share of investee net earnings or losses. Investments in which the Company owns less than a 20% interest and cannot exert significant influence are accounted for using the cost method if the fair value of such investments is not readily determinable.

Marketable Securities

The Company's marketable securities consist of U.S. treasury and agency securities and equity securities of publicly-held companies. The Company's marketable securities are classified as available-for-sale and are recorded at fair value, based upon quoted market prices. Unrealized temporary adjustments to fair value are included on the balance sheet in a separate component of stockholders' equity as unrealized gains and losses and are reported as a component of accumulated other comprehensive income / (loss). No gains or losses on marketable securities are realized until shares are sold or a decline in fair value is determined to be other-than-temporary. If a decline in fair value is determined to be other-than-temporary, an impairment charge is recorded and a new cost basis in the investment is established.

Product Rights and Other Definite-Lived Intangible Assets

Our product rights and other definite-lived intangible assets are stated at cost, less accumulated amortization, and are amortized using the economic benefit model or the straight-line method, if results are materially aligned, over their estimated useful lives. We determine amortization periods for product rights and other definite-lived intangible assets based on our assessment of various factors impacting estimated useful lives and cash flows. Such factors include the product's position in its life cycle, the existence or

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

2 Basis of preparation and summary of accounting policies - continued

Product Rights and Other Definite-Lived Intangible Assets – continued

absence of like products in the market, various other competitive and regulatory issues, and contractual terms. Significant changes to any of these factors may result in a reduction in the intangibles useful life and an acceleration of related amortization expense, which could cause our net results to decline.

Product rights and other definite-lived intangible assets are tested periodically for impairment when events or changes in circumstances indicate that an asset's carrying value may not be recoverable. The impairment testing involves comparing the carrying amount of the asset to the forecasted undiscounted future cash flows. In the event the carrying value of the asset exceeds the undiscounted future cash flows, the carrying value is considered not recoverable and an impairment exists. An impairment loss is measured as the excess of the asset's carrying value over its fair value, calculated using discounted future cash flows. The computed impairment loss is recognized in net (loss) / income in the period that the impairment occurs. Assets which are not impaired may require an adjustment to the remaining useful lives for which to amortize the asset. Our projections of discounted cash flows use a discount rate determined by our management to be commensurate with the risk inherent in our business model. Our estimates of future cash flows attributable to our other definite-lived intangible assets require significant judgment based on our historical and anticipated results and are subject to many factors. Different assumptions and judgments could materially affect the calculation of the fair value of the other definite-lived intangible assets which could trigger impairment.

Goodwill and Intangible Assets with Indefinite Lives

Irish Company Law requires fixed assets including goodwill to be written off over a period of time which does not exceed its useful life. Consistent with US GAAP the Company does not amortize goodwill over an arbitrary period as it is considered to have an indefinite life.

The Company tests goodwill and intangible assets with indefinite-lives for impairment annually in the second quarter by comparing the fair value of each of the Company's reporting units to the respective carrying value of the reporting units. Additionally, the Company may perform interim tests if an event occurs or circumstances change that could potentially reduce the fair value of a reporting unit below its carrying amount or when the Company has a change to reporting units. The carrying value of each reporting unit is determined by assigning the assets and liabilities, including the existing goodwill and intangible assets, to those reporting units.

Goodwill is considered impaired if the carrying amount of the net assets exceeds the fair value of the reporting unit. Impairment, if any, would be recorded in operating income and this could result in a material impact to net (loss) / income and (loss) / earnings per share.

Acquired IPR&D intangible assets represent the value assigned to acquired research and development projects that, as of the date acquired, represent the right to develop, use, sell and/or offer for sale a product or other intellectual property that the Company has acquired with respect to products and/or processes that have not been completed or approved. The IPR&D intangible assets are subject to impairment testing until completion or abandonment of each project. Upon abandonment, the assets are impaired. Impairment testing requires the development of significant estimates and assumptions involving the determination of estimated net cash flows for each year for each project or product (including net revenues, cost of sales, R&D costs, selling and marketing costs and other costs which may be allocated), the appropriate discount rate to select in order to measure the risk inherent in each future cash flow stream, the assessment of each asset's life cycle, the potential regulatory and commercial success risks, and competitive trends impacting the asset and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

2 Basis of preparation and summary of accounting policies - continued

Goodwill and Intangible Assets with Indefinite Lives – continued

each cash flow stream as well as other factors. The major risks and uncertainties associated with the timely and successful completion of the IPR&D projects include legal risk, market risk and regulatory risk. Changes in these assumptions could result in future impairment charges. No assurances can be given that the underlying assumptions used to prepare the discounted cash flow analysis will not change or the timely completion of each project to commercial success will occur. For these and other reasons, actual results may vary significantly from estimated results.

Upon successful completion of each project and approval of the product, we will make a separate determination of the useful life of the intangible, transfer the amount to currently marketed products ("CMP") and amortization expense will be recorded over the estimated useful life.

Warranties

As a result of the Allergan Acquisition, the Company provides warranty programs for breast implant sales primarily in the United States, Europe and certain other countries. Management estimates the amount of potential future claims from these warranty programs based on actuarial analyses. Expected future obligations are determined based on the history of product shipments and claims and are discounted to a current value. The provision for warranty expense in the year ended December 31, 2015 was $4.5 million. The liability is included in other provisions in the Company's consolidated balance sheets and amounted to $36.0 million as of December 31, 2015. The U.S. programs include the *ConfidencePlus*® and *ConfidencePlus*® Premier warranty programs. The *ConfidencePlus*® program, which is limited to saline breast implants, currently provides lifetime product replacement and contralateral implant replacement. The *ConfidencePlus*® Premier program, which is standard for silicone gel implants and requires a low enrollment fee for saline breast implants, generally provides lifetime product replacement, $2,400 of financial assistance for saline breast implants and $3,500 of financial assistance for silicone gel breast implants for surgical procedures within ten years of implantation and contralateral implant replacement. The warranty programs in non-U.S. markets generally have similar terms and conditions to the U.S. programs. The Company does not warrant any level of aesthetic result and, as required by government regulation, makes extensive disclosures concerning the risks of the use of its products and breast implant surgery. Changes to actual warranty claims incurred and interest rates could have a material impact on the actuarial analysis and the Company's estimated liabilities. A large majority of the product warranty liability arises from the U.S. warranty programs. The Company does not currently offer any similar warranty program on any other product.

Contingent Consideration

Contingent consideration is recorded at the acquisition date estimated fair value of the contingent payment for all applicable acquisitions. The fair value of the contingent consideration is remeasured at each reporting period with any adjustments in fair value included in our consolidated statement of profit and loass accounts. (Refer to "NOTE 24 — Fair Value Measurement" for additional details regarding the fair value of contingent consideration.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

2 Basis of preparation and summary of accounting policies - continued

Revenue Recognition

General

Revenue from product sales is recognized when title and risk of loss to the product transfers to the customer, which is based on the transaction shipping terms. Recognition of revenue also requires reasonable assurance of collection of sales proceeds, the seller's price to the buyer to be fixed or determinable and the completion of all performance obligations. The Company warrants products against defects and for specific quality standards, permitting the return of products under certain circumstances. Product sales are recorded net of all sales-related deductions including, but not limited to: chargebacks, trade discounts, billback adjustments, sales returns and allowances, commercial and government rebates, customer loyalty programs and fee-for-service arrangements with certain distributors, which we refer to in the aggregate as "SRA" allowances.

Royalty and commission revenue is recognized as a component of net revenues in accordance with the terms of their respective contractual agreements when collectability is reasonably assured and when revenue can be reasonably measured.

Reserves for SRAs

As is customary in the pharmaceutical industry, our gross product sales are subject to a variety of deductions in arriving at reported net product sales. When the Company recognizes gross revenue from the sale of products, an estimate of SRA is recorded, which reduces the product revenues. Accounts receivable and/or provisions are also reduced and/or increased by the SRA amount depending on whether we have the right of offset with the customer. These deductions are estimated based on historical payment experience, historical relationship of the deductions to gross product revenues, government regulations, estimated utilization or redemption rates, estimated customer inventory levels and current contract sales terms. The estimation process used to determine our SRA reserve has been applied on a consistent basis and no material revenue adjustments have been necessary in prior periods to increase or decrease our reserves for SRA as a result of a significant change in underlying estimates. The Company uses a variety of methods to assess the adequacy of the SRA reserves to ensure that our financial statements are fairly stated.

Chargebacks – A chargeback represents an amount payable in the future to a wholesaler for the difference between the invoice price paid by our wholesale customer for a particular product and the negotiated contract price that the wholesaler's customer pays for that product. The chargeback deduction and related reserve varies with changes in product mix, changes in customer pricing and changes to estimated wholesaler inventories. The deduction for chargebacks also takes into account an estimate of the expected wholesaler sell-through levels to indirect customers at certain contract prices. The Company validates the chargeback accrual quarterly through a review of the inventory reports obtained from our largest wholesale customers. This customer inventory information is used to verify the estimated liability for future chargeback claims based on historical chargeback and contract rates. These large wholesalers represent the vast majority of the recipients of the Company's chargeback payments. We continually monitor current pricing trends and wholesaler inventory levels to ensure the liability for future chargebacks is fairly stated.

Rebates – Rebates include volume related incentives to direct and indirect customers, third-party managed care and Medicare Part D rebates, Medicaid rebates and other government rebates. Rebates are accrued based on an estimate of claims to be paid for product sold into trade by the Company. Volume rebates are

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

2 Basis of preparation and summary of accounting policies - continued

Revenue Recognition – continued

generally offered to customers as an incentive to use the Company's products and to encourage greater product sales. These rebate programs include contracted rebates based on customers' purchases made during an applicable monthly, quarterly or annual period. The reserve for third-party rebates is estimated based on our customers' contracted rebate programs and the Company's historical experience of rebates paid. Any significant changes to our customer rebate programs are considered in establishing the reserve for rebates. The reserevs for government rebates are based, in part, upon historical experience of claims submitted by the various states / authorities, contractual terms and government regulations. We monitor legislative changes to determine what impact such legislation may have on our reserve.

Cash Discounts – Cash discounts are provided to customers that pay within a specific period. The reserve for cash discounts is estimated based upon invoice billings and historical customer payment experience. The Company's experience of payment history is fairly consistent and most customer payments qualify for the cash discount.

Returns and Other Allowances – The Company's reserve for returns and other allowances include returns, pricing adjustments, promotional allowances, loyalty cards and billback adjustments.

Consistent with industry practice, the Company maintains a returns policy that allows customers to return product for a credit. In accordance with the Company's policy, credits for customer returns of products are applied against outstanding account activity or are settled in cash. Product exchanges are not permitted. Customer returned products are generally not resalable. The Company's estimate of the reserve for returns is based upon historical experience and current trends of actual customer returns. Additionally, we consider other factors when estimating the current period returns reserve, including levels of inventory in the distribution channel, as well as significant market changes that may impact future expected returns.

Pricing adjustments, which includes shelf stock adjustments, (and which primarily relate to our held for sale generics business) are credits issued to reflect price decreases in selling prices charged to the Company's direct customers. Shelf stock adjustments are based upon the amount of product our customers have in their inventory at the time of an agreed-upon price reduction. The reserve for shelf stock adjustments is based upon specific terms with the Company's customers and includes estimates of existing customer inventory levels based upon their historical purchasing patterns. We regularly monitor all price changes to evaluate the Company's reserve balances. The adequacy of these reserves is readily determinable as pricing adjustments and shelf stock adjustments are negotiated and settled on a customer-by-customer basis.

Promotional allowances are credits that are issued in connection with a product launch or as an incentive for customers to carry our product. The Company establishes a reserve for promotional allowances based upon contractual terms.

Billback adjustments (and which primarily relate to our held for sale generics business), are credits that are issued to certain customers who purchase directly from us as well as indirectly through a wholesaler. These credits are issued in the event there is a difference between the customer's direct and indirect contract price. The reserve for billbacks is estimated based upon historical purchasing patterns of qualified customers who purchase product directly from us and supplement their purchases indirectly through our wholesale customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

2 Basis of preparation and summary of accounting policies - continued

Revenue Recognition – continued

Loyalty cards allow the end user patients a discount per prescription and are accrued based on historical experience, contract terms and the volume of product and cards in the distribution channel.

The following table summarizes the activity from continuing operations in the Company's major categories of SRA ($ in millions):

	Chargebacks	Rebates	Return and Other Allowances	Cash Discounts	Total
	$	$	$	$	$
Balance at December 31, 2013	**21.8**	**289.9**	**203.1**	**9.2**	**524.0**
Add: Forest Acquisition	27.9	425.0	94.3	9.8	557.0
Provision related to sales in 2014	442.9	1,562.8	154.4	155.7	2,315.8
Credits and payments	(464.6)	(1,268.9)	(191.0)	(155.0)	(2,079.5)
Balance at December 31, 2014	**28.0**	**1,008.8**	**260.8**	**19.7**	**1,317.3**
Add: Allergan Acquisition	14.1	306.4	100.4	8.6	429.5
Provision related to sales in 2015	649.9	4,082.9	732.2	301.9	5,766.9
Credits and payments	(613.8)	(4,044.1)	(720.3)	(301.7)	(5,679.9)
Balance at December 31, 2015	**78.2**	**1,354.0**	**373.1**	**28.5**	**1,833.8**

The following table summarizes the activity from discontinued operations in the Company's major categories of SRA ($ in millions):

	Chargebacks	Rebates	Return and Other Allowances	Cash Discounts	Total
	$	$	$	$	$
Balance at December 31, 2013	**224.6**	**771.9**	**414.8**	**38.5**	**1,449.8**
Provision related to sales in 2014	4,148.8	1,761.1	705.0	195.0	6,809.9
Credits and payments	(3,836.5)	(1,795.2)	(768.5)	(192.5)	(6,592.7)
Balance at December 31, 2014	**536.9**	**737.8**	**351.3**	**41.0**	**1,667.0**
Provision related to sales in 2015	5,907.2	1,944.7	657.0	251.0	8,759.9
Credits and payments	(5,825.1)	(1,961.1)	(685.2)	(235.4)	(8,706.8)
Balance at December 31, 2015	**619.0**	**721.4**	**323.1**	**56.6**	**1,720.1**

The following table summarizes the balance sheet classification of our SRA reserves ($ in millions):

	As of December 31,	
	2015	2014
	$	$
Accounts receivable	263.8	162.4
Provisions	1,570.0	1,154.9
	1,833.8	**1,317.3**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

2 Basis of preparation and summary of accounting policies - continued

Revenue Recognition – continued

The following table summarizes the balance sheet classification of our SRA reserves relating to the generics business being divested to Teva ($ in millions):

	As of December 31,	
	2015	2014
	$	$
Assets held for sale	1,306.6	1,269.6
Liabilities held for sale	413.5	397.4
	1,720.1	1,667.0

During the year ended December 31, 2015, the Company lowered SRA balances relating to the valuation of assets and liabilities acquired as part of the Forest Acquisition measurement period adjustments by $53.2 million, with an offset to goodwill ($33.2 million) and deferred tax liabilities ($20.0 million).

The deductions recorded to reduce gross product sales to net product sales were as follows ($ in millions):

Years Ended December 31,	Gross Product Sales	Chargebacks	Rebates	Return and Other Allowances	Cash Discounts	Net Product Sales	Gross-to-net Percentages
	$	$	$	$	$	$	
2014	8,987.3	442.9	1,562.8	154.4	155.7	6,671.5	74.2%
2015	20,653.9	649.9	4,082.9	732.2	301.9	14,887.0	72.1%

The movement in the percentage of provisions to gross sales is a result of changes in product mix, competition and channels of distribution. In the year ended December 31, 2015, the Company's increased sales of acquired eye care products and acquired Forest products lowered the provision percentage.

The Company does not expect future payments of SRA reserves to materially exceed our current estimates. However, if future SRA payments were to materially exceed our estimates, such adjustments may have a material adverse impact on our financial position, results of operations and cash flows.

Branded Prescription Drug Fee

On July 28, 2014, the Internal Revenue Service ("IRS") issued revised final rules and regulations for the Branded Prescription Drug Fee, an annual fee payable to the federal government based on an allocation of the Company's market share for branded prescription and authorized generic drugs sold to certain government programs compared to that of the industry. The final rules accelerated the expense recognition criteria for the fee obligation from the year in which the fee is paid, to the year in which the market share used to allocate the fee is determined. This change required Allergan (and other industry participants) to recognize an additional year of expense in the third quarter of 2014 of $105.1 million, which is reflected in our 2014 selling and marketing expense.

Litigation and Contingencies

The Company is involved in various legal proceedings in the normal course of its business, including product liability litigation, intellectual property litigation, employment litigation and other litigation. Additionally, the Company, in consultation with its counsel, assesses the need to record a liability for

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

2 Basis of preparation and summary of accounting policies - continued

Litigation and Contingencies – continued

contingencies on a case-by-case basis in accordance with ASC Topic 450 "Contingencies" ("ASC 450"). Accruals are recorded when the Company determines that a loss related to a matter is both probable and reasonably estimable. These accruals are adjusted periodically as assessment efforts progress or as additional information becomes available. Acquired contingencies in business combinations are recorded at fair value to the extent determinable, otherwise in accordance ASC 450.

R&D Activities

R&D activities are expensed as incurred and consist of self-funded R&D costs, the costs associated with work performed under collaborative R&D agreements, regulatory fees, and license and milestone payments, if any.

As of December 31, 2015, the Company is developing a number of branded products, some of which utilize novel drug delivery systems, through a combination of internal and collaborative programs including the following:

Product	Therapeutic Area	Indication	Expected Launch Year	Phase
Restasis MDPF	Eye Care	Dry Eye	2016	Registration
XEN45	Eye Care	Glaucoma	2017	III
Sarecycline	Dermatology	Severe Acne	2018	III
Esmya	Woman's healthcare	Uterine Fibroids	2018	III
Bimatoprost SR	Eye Care	Glaucoma	2018	III
Tavilermide	Eye Care	Dry Eye	2019	III
Relamorelin**	Gastrointestinal	Gastroparesis	2020	II
Ubrogepant	Neurology	Acute Migraine	2020	II
Abicipar	Eye Care	Age Related Macular Degeneration	2020	III
Rapastinel	Psychiatry	Depression	2021	II

** As part of our agreement with Rhythm Health, Inc.

We also have a number of products in development as part of our life-cycle management strategy for our existing product portfolio.

Allocation of Acquisition Fair Values to Assets Acquired and Liabilities Assumed

We account for acquired businesses using the acquisition method of accounting, which requires that assets acquired and liabilities assumed be recorded at the date of acquisition at their respective fair values. The consolidated financial statements and results of operations reflect an acquired business after the completion of the acquisition. The fair value of the consideration paid, including contingent consideration, is assigned to the underlying net assets of the acquired business based on their respective fair values as determined using a market participant concept. Any excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

2 Basis of preparation and summary of accounting policies - continued

Allocation of Acquisition Fair Values to Assets Acquired and Liabilities Assumed – continued

The most material line items impacted by the allocation of acquisition fair values are:

- Intangible assets (including IPR&D assets upon successful completion of the project and approval of the product) which are amortized to amortization expense over the expected life of the asset. Significant judgments are used in determining the estimated fair values assigned to the assets acquired and liabilities assumed and in determining estimates of useful lives of long-lived assets. Fair value determinations and useful life estimates are based on, among other factors, estimates of expected future net cash flows, estimates of appropriate discount rates used to present value expected future net cash flow streams, the timing of approvals for IPR&D projects and the timing of related product launch dates, the assessment of each asset's life cycle, the impact of competitive trends on each asset's life cycle and other factors. These judgments can materially impact the estimates used to allocate acquisition date fair values to assets acquired and liabilities assumed and the future useful lives. For these and other reasons, actual results may vary significantly from estimated results.
- Fixed asset valuations which are depreciated over the expected life of the asset. Significant judgments are used in determining the estimated fair values assigned to the assets acquired and in determining estimates of useful lives of long-lived assets. Fair value determinations and useful life estimates are based on, among other factors, estimates of expected future net cash flows, estimates of appropriate discount rates and intended uses of the assets.
- Inventory is recorded at fair market value factoring in selling price and costs to dispose. Inventory acquired is typically valued higher than replacement cost.

Income Taxes

Income taxes are accounted for using an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement and tax bases of assets and liabilities at the applicable tax rates. A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company evaluates the realizability of its deferred tax assets by assessing its valuation allowance and by adjusting the amount of such allowance, if necessary. The factors used to assess the likelihood of realization include the Company's forecast of future taxable income and available tax planning strategies that could be implemented to realize the net deferred tax assets. Failure to achieve forecasted taxable income in applicable tax jurisdictions could affect the ultimate realization of deferred tax assets and could result in an increase in the Company's effective tax rate on future earnings.

Income tax positions must meet a more-likely-than-not recognition threshold to be recognized. Income tax positions that previously failed to meet the more-likely-than-not threshold are recognized in the first financial reporting period in which that threshold is met. Previously recognized tax positions that no longer meet the more-likely-than-not threshold are derecognized in the first financial reporting period in which that threshold is no longer met. The Company recognizes potential accrued interest and penalties related to unrecognized tax benefits within the consolidated statements of operations as income tax expense.

Comprehensive Income / (Loss)

Comprehensive income / (loss) includes all changes in equity during a period except those that resulted from investments by or distributions to the Company's stockholders. Other comprehensive income / (loss) refers

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

2 Basis of preparation and summary of accounting policies - continued

Comprehensive Income / (Loss) – continued

to revenues, expenses, gains and losses that are included in comprehensive income / (loss), but excluded from profit (loss) as these amounts are recorded directly as an adjustment to stockholders' equity. The Company's other comprehensive income / (loss) is comprised of unrealized gains / (losses) on certain holdings of publicly traded equity securities, investments in U.S. treasury and agency securities and actuarial gains/(losses), net of realized gains / (losses) included in profit / (loss), net of tax and foreign currency translation adjustments.

Earnings Per Share ("EPS")

The Company accounts for EPS in accordance with ASC Topic 260, "Earnings Per Share" ("ASC 260") and related guidance, which requires two calculations of EPS to be disclosed: basic and diluted. Basic EPS is computed by dividing net (loss) / income by the weighted average ordinary shares outstanding during a period. Diluted EPS is based on the treasury stock method and includes the effect from potential issuance of Ordinary Shares, such as shares issuable pursuant to the exercise of stock options and restricted stock units. Ordinary share equivalents have been excluded where their inclusion would be anti-dilutive. The calculation for diluted EPS for discontinued operations is computed using the basis of continuing operations.

A reconciliation of the numerators and denominators of basic and diluted EPS consisted of the following ($ in millions, except per share amounts):

	2015	2014
	$	$
Profit / (loss):		
Income/(loss) attributable to ordinary shareholders excluding income/(loss) from discontinued operations, net of tax	(3,104.5)	(2,407.1)
Income / (loss) from discontinued operations, net of tax	6,787.7	776.6
Profit / (loss) attributable to ordinary shareholders	3,683.2	(1,630.5)
Basic weighted average ordinary shares outstanding	367.8	219.7
Basic EPS:		
Continuing operations	(8.44)	(10.96)
Discontinued operations	18.45	3.54
Profit / (loss) per share	10.01	(7.42)
Diluted weighted average ordinary shares outstanding	367.8	219.7
Diluted EPS:		
Continuing operations	(8.44)	(10.96)
Discontinued operations	18.45	3.54
Profit / (loss) per share	10.01	(7.42)

Stock awards to purchase 5.2 million ordinary shares for the year ended December 31, 2015 were outstanding, but not included in the computation of diluted EPS, because the awards were anti-dilutive for continuing operations and as such the treatment for discontinued operations is also anti-dilutive. The weighted average impact of ordinary share equivalents of 13.6 million for the year ended December 31,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

2 Basis of preparation and summary of accounting policies - continued

Earnings Per Share ("EPS") – continued

2015, which are anticipated to result from the mandatory conversion of the Company's preferred shares were not included in the calculation of diluted EPS as their impact would be anti-dilutive.

Stock awards to purchase/acquire 3.0 million and 2.1 million ordinary shares for the year ended December 31, 2014 and 2013, respectively, were outstanding, but not included in the computation of diluted EPS, because the awards were anti-dilutive for continuing operations and as such the treatment for discontinued operations is also anti-dilutive.

Employee Benefits

Defined Contribution Plans

The Company has defined contribution plans that are post-employment benefit plans under which the Company pays fixed contributions to a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to the defined contribution plans are recognized as an employee benefit expense in the consolidated profit and loss accounts in the periods during which the related services were rendered.

Defined Benefit Plans

The Company recognizes the overfunded or underfunded status of each of its defined benefit plans as an asset or liability on its consolidated balance sheets. The obligations are generally measured at the actuarial present value of all benefits attributable to employee service rendered, as provided by the applicable benefit formula. The estimates of the obligation and related expense of these plans recorded in the financial statements are based on certain assumptions. The most significant assumptions relate to discount rate and expected return on plan assets. Other assumptions used may include employee demographic factors such as compensation rate increases, retirement patterns, expected employee turnover and participant mortality rates. The difference between these assumptions and actual experience results in the recognition of an asset or liability based upon a net actuarial (gain) / loss. If the total net actuarial (gain) / loss included in accumulated other comprehensive (loss) / income exceeds a threshold of 10% of the greater of the projected benefit obligation or the market related value of plan assets, it is subject to amortization and recorded as a component of net periodic pension cost over the average remaining service lives of the employees participating in the pension plan. Net periodic benefit costs are recognized in the consolidated statement of profit and loss account.

Share-based Compensation

The Company has adopted several equity award plans which authorize the granting of options, restricted shares, restricted stock units and other forms of equity awards of the Company's ordinary shares, subject to certain conditions.

The Company grants awards with the following features:

- Time-based vesting restricted stock awards;
- Performance-based restricted stock awards measured to the EBITDA, as defined, of the Company or other performance-based targets defined by the Company;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

2 Basis of preparation and summary of accounting policies - continued

Employee Benefits – continued

- Performance-based restricted stock awards measured to the Total Stockholders Return, compared to pre-defined metrics;
- Non-qualified options to purchase outstanding shares; and
- Cash-settled awards recorded as a liability. These cash settled awards are based on pre-established earnings per share, total shareholder returns and cost savings targets and the fair value is marked-to-market each reporting period.

The Company recognizes share-based compensation expense for the granted awards over the applicable vesting period, net of estimated forfeitures. Estimates of anticipated vesting of awards are revised in future periods based on actual forfeiture rates and targets achieved. Such revisions may have a material impact on the results of operations.

Restructuring Costs

The Company records liabilities for costs associated with exit or disposal activities in the period in which the liability is incurred. In accordance with existing benefit arrangements, employee severance costs are accrued when the restructuring actions are probable and estimable. Costs for one-time termination benefits in which the employee is required to render service until termination in order to receive the benefits are recognized ratably over the future service period. The Company also incurs costs with contract terminations and costs of transferring products as part of restructuring activities. Refer to "NOTE 22 — Business Restructuring Charges" for more information.

Recent Accounting Pronouncements

On May 28, 2014, the FASB issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606), with an effective date for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period, for public business entities, certain not-for-profit entities, and certain employee benefit plans. The effective date for ASU 2014-09 was deferred by one year through the issuance of ASU 2015-14, Revenue from Contracts with Customers – Deferral of the Effective Date, to annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. The Company is evaluating the impact, if any, the pronouncement will have on both historical and future financial positions and the profit and loss accounts.

In January 2015, the FASB issued ASU No. 2015-01 "Income Statement – Extraordinary and Unusual Items (Subtopic 225-20)." to eliminate the concept of extraordinary items. As a result, an entity will no longer (i) segregate an extraordinary item for the results of ordinary operations; (ii) separately present an extraordinary item on its income statement, net of tax, after income from continuing operations; and (iii) disclose income taxes and earnings-per-share data applicable to an extraordinary item. However, the ASU does not affect the reporting and disclosure requirements for an event that is unusual in nature or that occurs infrequently. The guidance is for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. A reporting entity may apply the amendments prospectively. A reporting entity also may apply the amendments retrospectively to all prior periods presented in the financial statements. Early adoption is permitted provided that the guidance is applied from the beginning of the fiscal year of

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

2 Basis of preparation and summary of accounting policies - continued

Recent Accounting Pronouncements – continued

adoption. The effective date is the same for both public business entities and all other entities. The adoption of this guidance is not anticipated to have a material impact on the Company's financial position or the profit and loss accounts.

In April 2015, the FASB issued guidance which changes the classification of debt issuance costs from being an asset on the balance sheet to netting the costs against the carrying value of the debt. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015. The impact of the adoption of this guidance will decrease "prepaid expenses and other current assets" and "current portion of long-term debt and capital leases" by $36.3 million as well as "investments and other assets" and "long-term debt and capital leases" by $159.5 million.

In May 2015, the FASB issued ASU No. 2015-07, "Fair Value Measurement: Topic 820 Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)." The amendments remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. The amendments are effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. The adoption of this guidance is not anticipated to have a material impact on the Company's financial position or the profit and loss accounts.

In July 2015, the FASB issued ASU No. 2015-12 "Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pensions Plans (Topic 962) and Health and Welfare Benefit Plans (Topic 965)." GAAP requires plans to disclose (i) individual investments that represent five percent or more of net assets available for benefits and (ii) the net appreciation or depreciation for investments by general type. Stakeholders said that while less costly to prepare, those disclosures do not provide decision-useful information. The amendments in this update will eliminate those requirements for both participant-directed investments and nonparticipant-directed investments. Plan investments need to be disaggregated only by general type within the statement of net assets available for benefits or within the footnotes and no longer required to provide the disclosures by investment class. The net appreciation or depreciation in investments for the period still will be required to be presented in the aggregate, but will no longer be required to be disaggregated and disclosed by general type. The guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015. The adoption of this guidance is not anticipated to have a material impact on the Company's financial position or the profit and loss accounts.

On September 25, 2015, the FASB issued Accounting Standards Update 2015-16 (ASU 2015-16), which changes the requirement to restate prior period financial statements for measurement period adjustments. The new guidance requires that measurement period adjustments be recognized in the reporting period in which the adjustment amount is determined. This includes the cumulative impact of measurement period adjustments on current and prior periods. The cumulative adjustment would be reflected within the respective financial statement line items affected. The adoption of this guidance is not anticipated to have a material impact on the Company's financial position or the profit and loss accounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

2 Basis of preparation and summary of accounting policies - continued

Recent Accounting Pronouncements – continued

In November 2015, the FASB ASU No. 2015-17 "Income Taxes (Topic 704): Balance Sheet Classification of Deferred Taxes." The amendments require that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The amendments apply to all entities that present a classified statement of financial position. The current requirement that deferred tax liabilities and assets of a tax-paying component of an entity be offset and presented as a single amount is not affected by the amendments in this update. The Company has elected to adopt this guidance in the year ended December 31, 2015 and prior balance sheets were not retrospectively adjusted. The total current deferred tax assets of $500.3 million included in current deferred tax assets and assets held for sale and current deferred tax liabilities of $47.3 million included in deferred tax liabilities and current liabilities held for sale were not reclassified in 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

3 Continuing Operations and Discontinued Operations

The Company is presenting a bridge of the continuing operations financial statements presented with the financial statements of the group. Treatment of assets and liabilities held for sale and discontinued operations presented are in accordance with US GAAP.

The following balance sheets shows a reconciliation of continuing operations and discontinued operations to the global company as of December 31, 2015 and 2014:

	As of December 31, 2015			
(all amounts in millions)	**Continuing Operations**	**Discontinued Operations**	**Assets Held for Sale Other**	**Global Company**
Assets	**$**	**$**	**$**	**$**
Fixed assets:				
Intangible assets				
Goodwill	46,551.5	6,009.7	-	52,561.2
Other Intangibles	67,931.7	2,919.3	-	70,851.0
Tangible assets				
Property, plant and equipment	1,573.9	1,355.6	-	2,929.5
Investments	112.2	11.7	-	123.9
Total fixed assets	**116,169.3**	**10,296.3**	**-**	**126,465.6**
Current assets:				
Assets held for sale	14,081.6	(14,072.3)	(9.3)	-
Inventories	1,009.7	1,138.5	-	2,148.2
Debtors:				
Accounts Receivable	2,401.6	2,089.7	-	4,491.3
Other assets	440.1	21.3	-	461.4
Prepaid expenses and other current assets	558.5	302.8	9.3	870.6
Deferred income taxes - amounts due within one year	-	-	-	-
Deferred income taxes - amounts due after more than one year	29.3	223.7	-	253.0
Investments—marketable securities	9.3	-	-	9.3
Cash at bank and in hand	1,096.0	-	-	1,096.0
	19,626.1	**(10,296.3)**	**-**	**9,329.8**
Creditors (amounts falling due within a year)				
Current portion of long-term debt and capital leases	2,432.8	2.1	-	2,434.9
Accounts payable	369.4	272.1	0.1	641.6
Income taxes payable	54.2	33.9	-	88.1
Accrued expenses	2,013.1	525.9	-	2,539.0
Liabilities held for sale	2,072.0	(2,071.9)	(0.1)	-
Total current liabilities	**6,941.5**	**(1,237.9)**	**-**	**5,703.6**
Net current assets	**12,684.6**	**(9,058.4)**	**-**	**3,626.2**
Total assets less current liabilities	**128,853.9**	**1,237.9**	**-**	**130,091.8**
Creditors (amounts falling after more than one year)				
Long-term debt and capital leases	40,293.4	3.7	-	40,297.1
Other long term liabilities	188.5	73.1	-	261.6
	40,481.9	76.8	-	40,558.7
Provisions for liabilities				
Pensions and similar obligations	187.5	49.9	-	237.4
Severance provision	145.3	29.6	-	174.9
Uncertain tax positions	781.7	69.0	-	850.7
Litigation related	208.6	157.8	-	366.4
Deferred income taxes	7,985.6	415.4	-	8,401.0
Sales returns and allowances	1,570.0	413.5	-	1,983.5
Other provisions	904.0	25.9	-	929.9
Net assets	**76,589.3**	**-**	**-**	**76,589.3**
Capital and reserves				
Called up share capital	-	-	-	-
Share premium	83,943.9	-	-	83,943.9
Other reserves	(11,000.0)	-	-	(11,000.0)
Profit and loss account	3,647.5	-	-	3,647.5
Shareholders' equity	**76,591.4**	**-**	**-**	**76,591.4**
Non controlling interest	(2.1)	-	-	(2.1)
Total shareholders' funds	**76,589.3**	**-**	**-**	**76,589.3**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

3 Continuing Operations and Discontinued Operations - continued

(all amounts in millions)	As of December 31, 2014 Continuing Operations	Discontinued Operations	Assets Held for Sale Other	Whole Company
	$	$	$	$
Assets				
Fixed assets:				
Intangible assets				
Goodwill	20,897.6	3,623.9	291.8	24,813.3
Other Intangibles	16,090.7	3,097.7	280.7	19,469.1
Tangible assets				
Property, plant and equipment	283.4	1,347.5	-	1,630.9
Investments	54.3	10.3	-	64.6
Total fixed assets	**37,326.0**	**8,079.4**	**572.5**	**45,977.9**
Current assets:				
Assets held for sale	11,994.6	(11,081.6)	(913.0)	-
Inventories	984.6	1,090.9	161.5	2,237.0
Debtors:				
Accounts receivable	1,112.3	1,488.9	17.7	2,618.9
Other assets	99.0	71.8	-	170.8
Prepaid expenses and other current assets	478.8	254.6	161.3	894.7
Deferred income taxes - amounts due within one year	388.9	111.4	-	500.3
Deferred income taxes - amounts due after more than one year	34.7	26.7	-	61.4
Investments—marketable securities	1.0	-	-	1.0
Cash at bank and in hand	250.0	-	-	250.0
	15,343.9	**(8,037.3)**	**(572.5)**	**6,734.1**
Creditors (amounts falling due within a year)				
Current portion of long-term debt and capital leases	693.4	4.0	-	697.4
Accounts payable	323.3	321.3	-	644.6
Income taxes payable	23.1	27.3	-	50.4
Accrued expenses	1,000.3	498.0	25.9	1,524.2
Liabilities held for sale	1,989.8	(1,963.9)	(25.9)	-
Total current liabilities	**4,029.9**	**(1,113.3)**	**-**	**2,916.6**
Net current assets	**11,341.0**	**(6,924.0)**	**(572.5)**	**3,817.5**
Total assets less current liabilities	**48,640.0**	**1,155.4**	**-**	**49,795.4**
Creditors (amounts falling after more than one year)				
Long-term debt and capital leases	14,837.7	8.6	-	14,846.3
Other long term liabilities	56.5	46.4	-	102.9
	14,894.2	55.0	-	14,949.2
Provisions for liabilities				
Pensions and similar obligations	48.5	61.9	-	110.4
Severance provision	111.1	18.3	-	129.4
Uncertain tax positions	712.2	134.0	-	846.2
Litigation related	215.0	150.0	-	365.0
Deferred income taxes	2,794.8	314.4	-	3,109.2
Sales returns and allowances	1,154.9	397.4	-	1,552.3
Other provisions	373.8	24.4	-	398.2
Net assets	**28,335.5**	**-**	**-**	**28,335.5**
Capital and reserves				
Called up share capital	-	-	-	-
Share premium	45,776.9	-	-	45,776.9
Other reserves	(17,247.6)	-	-	(17,247.6)
Profit and loss account	(198.2)	-	-	(198.2)
Shareholders' equity	**28,331.1**	**-**	**-**	**28,331.1**
Non controlling interest	4.4	-	-	4.4
Total shareholders' funds	**28,335.5**	**-**	**-**	**28,335.5**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

3 Continuing Operations and Discontinued Operations - continued

The following profit and loss accounts shows a reconciliation of continuing operations and discontinued operations to the global company for the years ended December 31, 2015 and 2014:

	For the Year Ended December 31, 2015		
(all amounts in millions)	**Continuing Operations**	**Discontinued Operations**	**Global Company**
	$	**$**	**$**
Revenue	15,071.0	6,116.1	21,187.1
Cost of sales	(4,810.4)	(2,788.9)	(7,599.3)
Gross profit	**10,260.6**	**3,327.2**	**13,587.8**
Selling, general and administrative expenses	(10,916.6)	(1,596.7)	(12,513.3)
Research and development	(2,358.5)	(422.2)	(2,780.7)
Other income (expense)	0.1	(7.9)	(7.8)
Interest expense and similar items	(1,427.2)	0.0	(1,427.2)
Interest income	11.4	-	11.4
(Loss) / income before taxes	**(4,430.2)**	**1,300.4**	**(3,129.8)**
Provision for income taxes	1,561.9	5,487.3	7,049.2
(Loss) / income	**(2,868.3)**	**6,787.7**	**3,919.4**
(Loss) attributable to noncontrolling interest	(4.2)	0.0	(4.2)
(Loss) / profit for the year	**(2,872.5)**	**6,787.7**	**3,915.2**
Dividends on Preferred Shares	232.0	-	232.0
(Loss) / profit for the year for ordinary shareholders	**(3,104.5)**	**6,787.7**	**3,683.2**

	For the Year Ended December 31, 2014		
(all amounts in millions)	**Continuing Operations**	**Discontinued Operations**	**Global Company**
	$	**$**	**$**
Revenue	6,738.9	6,323.4	13,062.3
Cost of sales	(3,453.6)	(2,850.2)	(6,303.8)
Gross profit	**3,285.3**	**3,473.2**	**6,758.5**
Selling, general and administrative expenses	(5,123.5)	(1,816.8)	(6,940.3)
Research and development	(605.7)	(480.2)	(1,085.9)
Other income (expense)	16.4	(14.2)	2.2
Interest expense and similar items	(455.5)	0.0	(455.5)
Interest income	8.9	-	8.9
(Loss) / income before taxes	**(2,874.1)**	**1,162.0**	**(1,712.1)**
(Benefit) / Provision for income taxes	467.0	(385.1)	81.9
(Loss) / income	**(2,407.1)**	**776.9**	**(1,630.2)**
(Loss) attributable to noncontrolling interest	-	(0.3)	(0.3)
(Loss) / profit for the year	**(2,407.1)**	**776.6**	**(1,630.5)**
Dividends on Preferred Shares	-	-	-
(Loss) / profit for the year for ordinary shareholders	**(2,407.1)**	**776.6**	**(1,630.5)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4 Acquisitions and Other Agreements

During the years ended December 31, 2015 and 2014, the Company acquired material assets and businesses. The unaudited pro forma results of the businesses acquired that materially impacted the reported results of the Company are as follows ($ in millions except per share information):

	Year Ended December 31, 2015 (unaudited)		
	As reported	Allergan Acquisition	Pro Forma
	$	$	$
Net Revenue	15,071.0	1,523.0	16,594.0
Profit attributable to ordinary shareholders	3,683.2	377.7	4,060.9
Profit per share			
Basic	10.01		10.32
Diluted	10.01		10.32

	Year Ended December 31, 2014 (unaudited)			
	As reported	Allergan Acquisition	Forest Acquisition	Pro Forma
	$	$	$	$
Net Revenue	6,738.9	7,225.4	2,239.8	16,204.1
(Loss) / profit attributable to ordinary shareholders	(1,630.5)	(3,067.8)	146.1	(4,552.2)
(Loss) per share				
Basic	(7.42)			(11.66)
Diluted	(7.42)			(11.66)

2015 Strategic Transactions

Acquisitions

AqueSys

On October 16, 2015, the Company acquired AqueSys, Inc. (“AqueSys”), a private, clinical-stage medical device company focused on developing ocular implants that reduce intraocular pressure (“IOP”) associated with glaucoma, in an all-cash transaction. Under the terms of the agreement, the Company acquired AqueSys for an acquisition accounting purchase price of $298.9 million, including $193.5 million for the estimated fair value of contingent consideration relating to the regulatory approval and commercialization milestone payments. The Company acquired AqueSys for the lead development program, including XEN45, a soft shunt that is implanted in the sub conjunctival space in the eye through a minimally invasive procedure with a single use, pre-loaded proprietary injector (the “AqueSys Acquisition”).

Assets Acquired and Liabilities Assumed at Fair Value

The transaction has been accounted for using the acquisition method of accounting. This method requires that assets acquired and liabilities assumed in a business combination be recognized at their fair values as of the acquisition date. As of December 31, 2015, certain amounts relating to the valuation of tax related matters, contingent consideration and intangible assets have not been finalized. The finalization of these matters may result in changes to goodwill.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4 Acquisitions and Other Agreements - continued

2015 Strategic Transactions – continued

The following table summarizes the preliminary fair values of the assets acquired and liabilities assumed at the acquisition date ($ in millions):

	Amount
	$
Cash and cash equivalents	6.2
Current assets	1.2
IPR&D intangible assets	302.0
Intangible assets	221.0
Goodwill	138.5
Current liabilities	(6.9)
Contingent consideration	(193.5)
Deferred tax liabilities, net	(169.6)
Net assets acquired	**298.9**

IPR&D and Intangible Assets

IPR&D intangible assets represent the value assigned to acquired R&D projects that, as of the acquisition date, had not established technological feasibility and had no alternative future use. The IPR&D intangible assets are capitalized and accounted for as indefinite-lived intangible assets and will be subject to impairment testing until completion or abandonment of the projects. Upon successful completion of each project and launch of the product, the Company will make a separate determination of the estimated useful life of the IPR&D intangible asset and the related amortization will be recorded as an expense over the estimated useful life ("IPR&D Acquisition Accounting").

The estimated fair value of the IPR&D and identifiable intangible assets was determined using the "income approach," which is a valuation technique that provides an estimate of the fair value of an asset based on market participant expectations of the cash flows an asset would generate over its remaining useful life. Some of the more significant assumptions inherent in the development of those asset valuations include the estimated net cash flows for each year for each asset or product (including net revenues, cost of sales, R&D costs, selling and marketing costs and working capital/asset contributory asset charges), the appropriate discount rate to select in order to measure the risk inherent in each future cash flow stream, the assessment of each asset's life cycle, the potential regulatory and commercial success risks, competitive trends impacting the asset and each cash flow stream as well as other factors (the "IPR&D and Intangible Asset Valuation Technique").

The fair value of the currently marketed product ("CMP") and IPR&D intangible assets was determined using the IPR&D and Intangible Asset Valuation Technique. The discount rate used to arrive at the present value for CMP and IPR&D intangible assets was 21.0% to reflect the internal rate of return and incremental commercial uncertainty in the cash flow projections. The discount rate of the acquisition was driven by the early stage of the product and the therapeutic indication. No assurances can be given that the underlying assumptions used to prepare the discounted cash flow analysis will not change. For these and other reasons, actual results may vary significantly from estimated results. The CMP intangible asset will be amortized over a period of 12.2 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4 Acquisitions and Other Agreements - continued

2015 Strategic Transactions – continued

Goodwill

Goodwill from the AqueSys Acquisition of $138.5 million, of which $50.5 million was assigned to the US Brands segment and $88.0 million was assigned to the International Brands segment. The goodwill arose in part, due to anticipated efficiencies in marketing the CMP asset in our International Brands and US Brands segments where we have an established infrastructure.

Contingent Consideration

As part of the acquisition, the Company is required to pay the former shareholders of AqueSys amounts based on the launch, labeling, and sales of the product. The Company estimated the acquisition accounting fair value of the contingent consideration to be $193.5 million using a probability weighted approach that considered the possible outcomes of the scenarios relating to the specified product.

Long-Term Deferred Tax Liabilities and Other Tax Liabilities

Long-term deferred tax liabilities and other tax liabilities result from identifiable intangible assets fair value adjustments. These adjustments create excess book basis over the tax basis which is multiplied by the statutory tax rate for the jurisdiction in which the deferred taxes exist.

Northwood Medical Innovation

On October 1, 2015, the Company completed the Northwood Acquisition under which we acquired earFold™ which is a medical device for the correction of prominent ears, with or without asymmetry, in patients aged 7 years and older. earFold™ received a Conformité Européene (“CE”) mark in April 2015, and has been made available by Northwood Medical Innovation Ltd to trained and accredited plastic surgeons, otolaryngologists (Ear, Nose and Throat) and maxillo-facial surgeons, primarily in the United Kingdom (“UK”). The Company acquired Northwood Medical Innovation Ltd. for acquisition accounting purchase price consideration of $25.5 million (the “Northwood Acquisition”), including $15.0 million of contingent consideration.

Assets Acquired and Liabilities Assumed at Fair Value

The transaction has been accounted for using the acquisition method of accounting. This method requires that assets acquired and liabilities assumed in a business combination be recognized at their fair values as of the acquisition date. As of December 31, 2015, certain amounts relating to the valuation of tax related matters, contingent consideration and intangible assets have not been finalized. The finalization of these matters may result in changes to goodwill.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4 Acquisitions and Other Agreements - continued

2015 Strategic Transactions – continued

The following table summarizes the preliminary fair values of the assets acquired and liabilities assumed at the acquisition date ($ in millions):

	Amount
	$
Cash and cash equivalents	0.5
IPR&D intangible assets	13.6
Intangible assets	19.5
Goodwill	13.6
Other assets and liabilities	(0.1)
Contingent consideration	(15.0)
Deferred tax liabilities, net	(6.6)
Net assets acquired	**25.5**

IPR&D and Intangible Assets

The fair value of the CMP and IPR&D intangible assets was determined using the IPR&D and Intangible Asset Valuation Technique. The discount rate used to arrive at the present value for CMP and IPR&D intangible assets was 15.0% to reflect the internal rate of return and incremental commercial uncertainty in the cash flow projections. No assurances can be given that the underlying assumptions used to prepare the discounted cash flow analysis will not change. For these and other reasons, actual results may vary significantly from estimated results.

Goodwill

Goodwill from the acquisition of $13.6 million was assigned to the International Brands segment. The goodwill arose in part, due to anticipated efficiencies in marketing the CMP asset in our International Brands segment where we have an established infrastructure.

Contingent Consideration

As part of the acquisition, the Company is required to pay the former shareholders of Northwood Medical Innovation Ltd. amounts based on the sales of the product. The Company estimated the acquisition accounting fair value of the contingent consideration to be $15.0 million using a probability weighted approach that considered the possible outcomes of the scenarios relating to the specified product.

Long-Term Deferred Tax Liabilities and Other Tax Liabilities

Long-term deferred tax liabilities and other tax liabilities result from identifiable intangible assets fair value adjustments. These adjustments create excess book basis over the tax basis which is multiplied by the statutory tax rate for the jurisdiction in which the deferred taxes exist.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4 Acquisitions and Other Agreements - continued

2015 Strategic Transactions – continued

Kythera

On October 1, 2015, the Company acquired Kythera Biopharmaceuticals (“Kythera”), for $75 per share, or an acquisition accounting purchase price of $2,089.5 million (the “Kythera Acquisition”), which is being accounted for as a business acquisition. Kythera was focused on the discovery, development and commercialization of novel prescription aesthetic products. Kythera’s lead product, Kybella® injection, is the first and only FDA approved, non-surgical treatment for moderate to severe submental fullness, commonly referred to as double chin.

Assets Acquired and Liabilities Assumed at Fair Value

The transaction has been accounted for using the acquisition method of accounting. This method requires that assets acquired and liabilities assumed in a business combination be recognized at their fair values as of the acquisition date. As of December 31, 2015, certain amounts relating to the valuation of tax related matters, and intangible assets have not been finalized. The finalization of these matters may result in changes to goodwill.

The following table summarizes the preliminary fair values of the assets acquired and liabilities assumed at the acquisition date ($ in millions):

	Amount
	$
Cash and cash equivalents	78.1
Marketable securities	79.9
Inventories	18.2
Other current assets	14.5
IPR&D intangible assets	320.0
Intangible assets	2,120.0
Goodwill	328.7
Other current liabilities	(48.6)
Deferred tax, net	(766.7)
Outstanding indebtedness	(54.6)
Net assets acquired	**2,089.5**

IPR&D and Intangible Assets

The fair value of the IPR&D intangible assets was determined using the IPR&D and Intangible Asset Valuation Technique. The discount rate used to arrive at the present value for CMP was 8.5% and for IPR&D intangible assets was 9.5% to reflect the internal rate of return and incremental commercial uncertainty in the cash flow projections. No assurances can be given that the underlying assumptions used to prepare the discounted cash flow analysis will not change. For these and other reasons, actual results may vary significantly from estimated results. The CMP intangible asset will be amortized over a period of 17.3 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4 Acquisitions and Other Agreements - continued

2015 Strategic Transactions – continued

Goodwill

Goodwill from the Kythera Acquisition of $208.7 million was assigned to the US Medical Aesthetics segment and $120.0 million assigned to International Brands segment. The goodwill arose in part, due to anticipated efficiencies in marketing the CMP asset where we have an established infrastructure and is not deductible for tax purposes.

Long-Term Deferred Tax Liabilities and Other Tax Liabilities

Long-term deferred tax liabilities and other tax liabilities result from identifiable intangible assets fair value adjustments. These adjustments create excess book basis over the tax basis which is multiplied by the statutory tax rate for the jurisdiction in which the deferred taxes exist.

Oculeve

On August 10, 2015, the Company acquired Oculeve, Inc. ("Oculeve"), a development-stage medical device company focused on developing novel treatments for dry eye disease. Under the terms of the agreement, Allergan acquired Oculeve for an acquisition accounting purchase price of $134.5 million (the "Oculeve Acquisition"), including $90.0 million for the estimated fair value of contingent consideration of which the Company may owe up to $300.0 million in future payments. The Company acquired Oculeve and its lead product candidate OD-01, an intranasal neurostimulation device, as well as other dry eye products in development.

Assets Acquired and Liabilities Assumed at Fair Value

The transaction has been accounted for using the acquisition method of accounting. This method requires that assets acquired and liabilities assumed in a business combination be recognized at their fair values as of the acquisition date.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the acquisition date ($ in millions):

	Amount
	$
Cash and cash equivalents	1.6
IPR&D intangible assets	286.0
Goodwill	33.3
Other assets and liabilities	(1.9)
Contingent consideration	(90.0)
Deferred tax liabilities, net	(94.5)
Net assets acquired	**134.5**

IPR&D and Intangible Assets

The fair value of the IPR&D intangible assets was determined using the IPR&D and Intangible Asset Valuation Technique. The discount rate used to arrive at the present value for IPR&D intangible assets was

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4 Acquisitions and Other Agreements - continued

2015 Strategic Transactions – continued

11.0% to reflect the internal rate of return and incremental commercial uncertainty in the cash flow projections. No assurances can be given that the underlying assumptions used to prepare the discounted cash flow analysis will not change. For these and other reasons, actual results may vary significantly from estimated results.

Goodwill

Among the primary reasons the Company acquired Oculeve and factors that contributed to the preliminary recognition of goodwill were to expand the Company's pipeline of eye care products. Goodwill from the Oculeve Acquisition of $33.3 million was assigned to the US Brands segment and is not deductible for tax purposes.

Contingent Consideration

As part of the acquisition, the Company is required to pay the former shareholders of Oculeve amounts based on the launch, labeling, and sales of the product. The Company estimated the acquisition accounting fair value of the contingent consideration to be $90.0 million using a probability weighted approach that considered the possible outcomes of the scenarios relating to the specified product.

Long-Term Deferred Tax Liabilities and Other Tax Liabilities

Long-term deferred tax liabilities and other tax liabilities result from identifiable intangible assets fair value adjustments. These adjustments create excess book basis over the tax basis which is multiplied by the statutory tax rate for the jurisdiction in which the deferred taxes exist.

Auden Mckenzie

On May 29, 2015, the Company acquired Auden Mckenzie Holdings Limited ("Auden"), a company specializing in the development, licensing and marketing of niche generic medicines and proprietary brands in the UK and across Europe for approximately 323.7 million British Pounds, or $495.9 million (the "Auden Acquisition"). The assets and liabilities acquired, as well as the results of operations for the acquired Auden business are part of the assets being divested in the Teva Transaction and are included as a component of income from discontinued operations. In addition the acquired financial position is included in assets and liabilities held for sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4 Acquisitions and Other Agreements - continued

2015 Strategic Transactions – continued

Recognition and Measurement of Assets Acquired and Liabilities Assumed at Fair Value

The Auden Acquisition has been accounted for using the acquisition method of accounting. This method requires that assets acquired and liabilities assumed in a business combination be recognized at their fair values as of the acquisition date. As of December 31, 2015, certain amounts relating to the valuation of tax-related matters, intangible assets and inventory have not been finalized. The following table summarizes the preliminary fair values of the tangible and identifiable intangible assets acquired and liabilities assumed at the acquisition date ($ in millions):

	Amount
	$
Cash and cash equivalents	32.2
Inventory	49.1
IPR&D intangible assets	38.6
Intangible assets	342.4
Goodwill	123.3
Other assets and liabilities	7.2
Contingent consideration	(17.3)
Deferred tax liabilities, net	(79.6)
Net assets acquired	**495.9**

IPR&D and Intangible Assets

The fair value of the IPR&D and CMP intangible assets was determined using the IPR&D and Intangible Asset Valuation Technique. The discount rate used to arrive at the present value of CMPs was 15.0% and for IPR&D intangible assets was 16.0% to reflect the internal rate of return and incremental commercial uncertainty in the cash flow projections. No assurances can be given that the underlying assumptions used to prepare the discounted cash flow analysis will not change. For these and other reasons, actual results may vary significantly from estimated results.

The acquired intangible assets represent generic products with multiple useful lives across multiple therapeutic areas.

Goodwill

Among the primary reasons the Company acquired Auden and factors that contributed to the preliminary recognition of goodwill were to expand the Company’s pipeline of generics products. Goodwill from the Auden Acquisition of $123.3 million is included as a component of assets held for sale.

Contingent Consideration

As part of the acquisition, the Company is required to pay royalties based on the sales of hydrocortisone. The Company estimated the acquisition accounting fair value of the contingent consideration to be $17.3 million using a probability weighted approach that considered the possible outcomes of the scenarios relating to the specified product.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4 Acquisitions and Other Agreements - continued

2015 Strategic Transactions – continued

Allergan

On March 17, 2015, the Company completed the Allergan Acquisition. The addition of Legacy Allergan's therapeutic franchises in ophthalmology, neurosciences and medical aesthetics/dermatology/plastic surgery complements the Company's existing central nervous system, gastroenterology, women's health and urology franchises. The combined company benefited from Legacy Allergan's global brand equity and consumer awareness of key products, including Botox® and Restasis®. The transaction also expanded our presence and market and product reach across many international markets, with strengthened commercial positions across Canada, Europe, Southeast Asia and other high-value growth markets, including China, India, the Middle East and Latin America.

Assets Acquired and Liabilities Assumed at Fair Value

The transaction has been accounted for using the acquisition method of accounting. This method requires that assets acquired and liabilities assumed in a business combination be recognized at their fair values as of the acquisition date.

The following table summarizes the final fair values of the assets acquired and liabilities assumed at the acquisition date and reflects purchase accounting adjustments subsequent to the acquisition date ($ in millions):

	Preliminary Amount as of March 31, 2015	Measurement Period Adjustments	Final Amount as of December 31, 2015
	$	$	$
Cash and cash equivalents	5,424.5	-	5,424.5
Accounts receivable	962.7	(14.0)	948.7
Inventories	1,223.2	(4.6)	1,218.6
Other current assets	318.8	-	318.8
Property, plant and equipment, net	1,202.5	12.0	1,214.5
Other long-term assets	189.3	6.8	196.1
IPR&D intangible assets	11,010.0	(1,310.0)	9,700.0
Intangible assets	45,050.5	-	45,050.5
Goodwill	26,368.5	720.4	27,088.9
Current liabilities	(1,212.2)	(9.9)	(1,222.1)
Contingent consideration	(379.1)	(4.6)	(383.7)
Deferred tax liabilities, net	(12,512.9)	632.8	(11,880.1)
Other taxes payable	(82.4)	(28.9)	(111.3)
Other long-term liabilities	(622.0)	-	(622.0)
Outstanding indebtedness	(2,183.5)	-	(2,183.5)
Net assets acquired	**74,757.9**	**-**	**74,757.9**

The measurement period adjustments for IPR&D intangible assets relate to the Company's review of patent lives, contract terms and revised cash flow assumptions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4 Acquisitions and Other Agreements - continued

2015 Strategic Transactions – continued

Consideration

The total consideration for the Allergan Acquisition of $74.8 billion is comprised of the equity value of shares that were outstanding and vested prior to March 17, 2015 of $33.9 billion, the portion of outstanding equity awards deemed to have been earned as of March 17, 2015 of $0.8 billion and cash of $40.1 billion. The portion of outstanding equity awards deemed not to have been earned of $843.1 million as of March 17, 2015 will be expensed over the remaining future vesting period, including $516.2 million in the year ended December 31, 2015.

Inventories

The fair value of inventories acquired included an acquisition accounting fair market value step-up of $923.9 million. In the year ended December 31, 2015, the Company recognized $902.3 million as a component of cost of sales as the inventory acquired was sold to the Company's customers. Included in finished goods inventory as of December 31, 2015, was $21.6 million, relating to the remaining fair value step-up associated with the Allergan Acquisition.

IPR&D and Intangible Assets

The fair value of the intangible assets was determined using the IPR&D and Intangible Asset Valuation Technique. The discount rate used to arrive at the present value at the acquisition date of CMPs was 10.0% and for IPR&D intangibles ranged from 10.0% to 11.0% to reflect the internal rate of return and incremental commercial uncertainty in the cash flow projections. No assurances can be given that the underlying assumptions used to prepare the discounted cash flow analysis will not change. For these and other reasons, actual results may vary significantly from estimated results.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4 Acquisitions and Other Agreements - continued

2015 Strategic Transactions – continued

The following table identifies the summarized amounts recognized and the weighted average useful lives using the economic benefit of intangible assets ($ in millions):

	Amount recognized as of the acquisition date	Weighted average useful lives (years)
	$	**Number**
Definite-lived assets		
Restasis®	3,970.0	4.0
Refresh® / Optive®	2,720.0	7.6
Other Eye Care Products	6,690.0	4.2
Botox®	22,600.0	8.0
Aczone®	160.0	1.3
Other Skin Products	820.0	5.0
Other Aesthetics	6,350.0	6.0
Total CMP	43,310.0	6.7
Trade name	690.0	4.5
Customer relationships	1,050.5	3.4
Total definite-lived assets	45,050.5	6.6
In-process research and development		
Eye Care	5,500.0	
Botox®	810.0	
Aesthetics	2,270.0	
Other	1,120.0	
Total IPR&D	9,700.0	
Total intangible assets	**54,750.5**	

Goodwill

Among the primary reasons the Company acquired Allergan and factors that contributed to the preliminary recognition of goodwill were to expand the Company's product portfolio, and to acquire certain benefits from the Legacy Allergan pipeline and the expectation of certain synergies. The goodwill recognized from the Allergan Acquisition, which includes the increase in the purchase price resulting from the movement in Allergan plc's share price from the date of announcing the deal, until the date of acquisition, is not deductible for tax purposes. Goodwill from the Allergan Acquisition of $15,352.0 million, $3,798.0 million, and $7,938.9 million was assigned to the US Brands, US Medical Aesthetics, and International Brands segments, respectively.

Contingent Consideration

The Company acquired certain contingent obligations classified as contingent consideration related to historical business combinations. Additional consideration is conditionally due upon the achievement of

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4 Acquisitions and Other Agreements - continued

2015 Strategic Transactions – continued

certain milestones in respect to the development and commercialization of the products as well as reaching certain sales targets. The Company estimated the fair value of the contingent consideration acquired to be $383.7 million using a probability weighting approach that considered the possible outcomes based on assumptions related to the timing and probability of the product launch date, discount rates matched to the timing of first payment, and probability of success rates and discount adjustments on the related cash flows.

Retirement Plans

The Company acquired post-retirement plans as part of the Allergan Acquisition including defined benefit pension plans in the United States and Europe which had a net liability balance of $302.6 million. As of March 17, 2015, the Allergan Inc. defined benefit pension plans had assets with a fair value of $1,042.0 million, which included cash and cash equivalents of $13.6 million, equity securities of $480.1 million, and fixed income securities of $548.3 million. The Company assumed other post-retirement benefit obligations with defined benefits of $60.2 million. In addition, the Company acquired other benefit obligations which had an acquisition date fair value of assets of $117.1 million and an acquisition date fair value of liabilities of $120.0 million. Prior to the Allergan Acquisition, Legacy Allergan froze most of their defined benefit plans. As a result, the company anticipates deminimis service costs in its statement of profit and loss accounts.

Deferred Tax Liabilities, Net

Deferred tax liabilities, net, include the impact resulting from identifiable intangible assets and inventory fair value adjustments. These adjustments create excess book basis over the tax basis which is multiplied by the statutory tax rate for the jurisdiction in which the deferred taxes exist.

Acquisition-Related Expenses

As a result of the acquisition, the Company incurred the following transaction and integration costs in the year ended December 31, 2015 ($ in millions):

	Year Ended December 31, 2015
	$
Cost of sales	
Stock-based compensation acquired for Legacy Allergan employees	22.5
Acquisition, integration and restructuring related charges	14.9
Research and development	
Stock-based compensation acquired for Legacy Allergan employees	124.8
Acquisition, integration and restructuring related charges	83.5
Selling, general and administrative	
Stock-based compensation acquired for Legacy Allergan employees	368.9
Acquisition-related expenditures	65.5
Acquisition, integration and restructuring related charges	374.3
Interest expense and similar items	
Bridge loan facilities expense	264.9
Interest rate lock	(30.9)
Total transaction and integration costs	**1,288.4**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4 Acquisitions and Other Agreements - continued

Licenses and Asset Acquisitions

Mimetogen

On November 4, 2015, the Company entered into an exclusive licensing agreement with Mimetogen Pharmaceuticals (“Mimetogen”), a clinical stage biotechnology company, to develop and commercialize tavilermide (MIM-D3), a topical formulation of a novel small molecule TrkA agonist for the treatment of dry eye disease, in exchange for an upfront payment of $50.0 million to Mimetogen, which is included as a component of R&D expenses in the year ended December 31, 2015. Mimetogen will be entitled to receive potential commercial milestones based on the achieving regulatory approval and predefined product labeling of the product. In addition, Mimetogen is entitled to receive one-time annual sales based milestone payments based on multiple pre-defined annual net sales thresolds which may or may not be received, and tiered royalties based on net sales to third parties of the licensed products (the “Mimetogen Transaction”). The Company concluded based on the stage of development of the assets, the lack of acquired employees and manufacturing as well as certain other inputs and processes that the transaction did not qualify as a business.

Almirall

On October 27, 2015, the Company and Ironwood Pharmaceuticals, Inc. announced that Allergan has acquired rights to Constella® (linaclotide) in the European Union, Switzerland, Turkey and the Commonwealth of Independent States from Almirall, S.A. and has also reacquired rights to Linzess® (linaclotide) in Mexico from Almirall for €60.0 million. The consideration was accounted for as an asset acquisition and included as a component of intangible assets. The Company concluded based on the lack of acquired employees and the lack of certain other inputs and processes that the transaction did not qualify as a business.

Naurex

On August 28, 2015, the Company acquired certain products in early stage development of Naurex, Inc. (“Naurex”) in an all-cash transaction of $571.7 million (the “Naurex Transaction”), plus future contingent payments up to $1,150.0 million, which was accounted for as an asset acquisition. The Company recognized the upfront consideration of $571.7 million as a component of R&D expenses in the year ended December 31, 2015. The Company concluded based on the stage of development of the assets, the lack of acquired employees and manufacturing as well as certain other inputs and processes that the transaction did not qualify as a business. The Naurex Transaction expands our pipeline with Naurex’s two leading product candidates GLYX-13 and NRX-1074, two compounds that utilize NMDA modulation as a potential new approach to the treatment of Major Depressive Disorder (“MDD”), a disease that can lead to suicidality among the most severe patients.

Migraine License

On August 17, 2015, the Company entered into an agreement with Merck & Co. (“Merck”) under which the Company acquired the exclusive worldwide rights to Merck’s early development stage investigational small molecule oral calcitonin gene-related peptide receptor antagonists, which are being developed for the treatment and prevention of migraines (the “Merck Transaction”). The transaction is being accounted for as an asset acquisition. The Company acquired these rights for an upfront charge of $250.0 million which was

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4 Acquisitions and Other Agreements - continued

Licenses and Asset Acquisitions – continued

recognized as a component of R&D expenses in the year ended December 31, 2015. The Company concluded based on the stage of development of the assets, the lack of acquired employees and manufacturing as well as certain other inputs and processes that the transaction did not qualify as a business. The Company paid $125.0 million in the year ended December 31, 2015 and the remaining $125.0 million is payable on April 30, 2016. Additionally, Merck is owed contingent payments based on commercial and development milestones of up to $965.0 million as well as royalties.

Divestitures

Respiratory Business

As part of the Forest Acquisition (defined below), we acquired certain assets that comprised Legacy Forest's branded respiratory business in the U.S. and Canada (the "Respiratory Business"). During the year ended December 31, 2014, we held for sale respiratory assets of $734.0 million, including allocated goodwill to this unit of $309.1 million. On March 2, 2015, the Company sold the Respiratory Business to AstraZeneca plc ("AstraZeneca") for consideration of $600.0 million upon closing, additional funds to be received for the sale of certain of our inventory to AstraZeneca and low single-digit royalties above a certain revenue threshold. AstraZeneca also paid Allergan an additional $100.0 million and Allergan has agreed to a number of contractual consents and approvals, including certain amendments to the ongoing collaboration agreements between AstraZeneca and Allergan (the "Respiratory Sale"). As a result of the final terms of the agreement, in the year ended December 31, 2015, the Company recognized an incremental charge in cost of sales (including the acquisition accounting fair value mark-up of inventory) relating to inventory that will not be sold to AstraZeneca of $35.3 million. The Company recognized a loss in other (expense) income, net for the sale of the business of $5.3 million in the year ended December 31, 2015.

Pharmatech

As part of the Forest Acquisition, the Company acquired certain manufacturing plants and contract manufacturing agreements within the business known as Aptalis Pharmaceutical Technologies ("Pharmatech"). In accordance with acquisition accounting, the assets were fair valued on July 1, 2014 as assets held in use, including market participant synergies anticipated under the concept of "highest and best use." During the fourth quarter of 2014, the decision was made to hold these assets for sale as one complete unit, without integrating the unit and realizing anticipated synergies. During the year ended December 31, 2014, the Company recognized an impairment on assets held for sale of $189.9 million (the "Pharmatech Transaction") which included a portion of goodwill allocated to this business unit. In the year ended 2015, the Company completed the divestiture of the Pharmatech business and there was no material impact to the Company's results of operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4 Acquisitions and Other Agreements - continued

2014 Strategic Transactions

Acquisitions

Durata Therapeutics

On November 17, 2014, the Company completed its tender offer to purchase all of the outstanding shares of Durata Therapeutics, Inc. (“Durata”), an innovative pharmaceutical company focused on the development and commercialization of novel therapeutics for patients with infectious diseases and acute illnesses (the “Durata Acquisition”). Allergan purchased all outstanding shares of Durata, which were valued at approximately $724.5 million, including the assumption of debt. Additionally, there is one contingent value right (“CVR”) per share, entitling the holder to receive additional cash payments of up to $5.00 per CVR if certain regulatory or commercial milestones related to Durata’s lead product Dalvance™ are achieved. The CVR had an acquisition date fair value of $49.0 million.

Recognition and Measurement of Assets Acquired and Liabilities Assumed at Fair Value

The Durata Acquisition has been accounted for using the acquisition method of accounting. This method requires that assets acquired and liabilities assumed in a business combination be recognized at their fair values as of the acquisition date. The following table summarizes the fair values of the tangible and identifiable intangible assets acquired and liabilities assumed at the acquisition date ($ in millions):

	Amount
	$
Cash and cash equivalents	17.8
Inventory	21.0
IPR&D intangible assets	249.0
Intangible assets	480.0
Goodwill	75.8
Other assets and liabilities	(30.2)
Contingent consideration	(49.0)
Deferred tax liabilities, net	(39.9)
Outstanding indebtedness	(67.0)
Net assets acquired	**657.5**

IPR&D and Intangible Assets

The fair value of the IPR&D and CMP intangible assets was determined using the IPR&D and Intangible Asset Valuation Technique. The discount rate used to arrive at the present value of CMPs was 9.5% and for IPR&D intangible assets was 10.5% to reflect the internal rate of return and incremental commercial uncertainty in the cash flow projections. No assurances can be given that the underlying assumptions used to prepare the discounted cash flow analysis will not change. For these and other reasons, actual results may vary significantly from estimated results.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4 Acquisitions and Other Agreements - continued

2014 Strategic Transactions – continued

Goodwill

Goodwill resulting from the Durata Acquisition is assigned to our US Brands segment and is not deductible for tax purposes. Among the primary reasons the Company acquired Durata and the factors that contributed to the recognition of goodwill is the strategic fit of Dalvance™ into our specialty brand portfolio.

Contingent Consideration

At the time of the acquisition, additional consideration was conditionally due to the seller based upon the approval of Dalvance® in Europe, the approval of a single dose indication or the product reaching certain sales milestones. The Company estimated the acquisition accounting fair value of the contingent consideration to be $49.0 million using a probability weighted approach that considered the possible outcomes based on assumptions related to the timing and probability of the product launch date, discount rates matched to the timing of the payment, and probability of success rates and discount adjustments on the related cash flows. On March 2, 2015, the Company announced that the European Commission has granted Allergan's subsidiary Durata Therapeutics International B.V., marketing authorization for Xydalba™ (dalbavancin) for the treatment of acute bacterial skin and skin structure infections (ABSSSI) in adults. The approval triggered the first CVR payment. The difference between the fair value of the CVR on the date of acquisition of $24.5 million and the payment made of $30.9 million, or $6.4 million, was recorded as an operating expense in the year ended December 31, 2015. In January 2016, the Company received approval from the FDA for an expanded label will include a single dose of Dalvance®, which triggers a second CVR payment in the year ended December 31, 2016.

Long-Term Deferred Tax Liabilities and Other Tax Liabilities

Long-term deferred tax liabilities and other tax liabilities result from identifiable intangible assets fair value adjustments. These adjustments create excess book basis over the tax basis which is multiplied by the statutory tax rate for the jurisdiction in which the deferred taxes exist.

Furiex

On July 2, 2014, the Company acquired Furiex Pharmaceuticals, Inc. ("Furiex") in an all-cash transaction (the "Furiex Acquisition") valued at $1,156.2 million (including the assumption of debt) and up to approximately $360.0 million in a CVR payable based on which controlled substance schedule designation that eluxadoline, Furiex's lead product, receives following approval, which had an acquisition accounting fair value of $88.0 million on the date of acquisition (included in the value of $1,156.2 million). In the second quarter of 2015, the Company received approval from the FDA of the eluxadoline product, Viberzi®.

Viberzi® is a first-in-class, locally-acting mu opioid receptor agonist and delta opioid receptor antagonist for treating symptoms of diarrhea-predominant irritable bowel syndrome (IBS-d), a condition that affects approximately 28 million patients in the United States and Europe. In connection with the close of the Furiex Acquisition, the Company further announced that it closed the transaction related to the sale of Furiex's royalties on Alogliptin and Priligy® to Royalty Pharma for $408.6 million in cash consideration.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4 Acquisitions and Other Agreements - continued

2014 Strategic Transactions – continued

Recognition and Measurement of Assets Acquired and Liabilities Assumed at Fair Value

The Furiex Acquisition has been accounted for using the acquisition method of accounting. This method requires that assets acquired and liabilities assumed in a business combination be recognized at their fair values as of the acquisition date.

The following table summarizes the final fair values of the tangible and identifiable intangible assets acquired and liabilities assumed at the acquisition date ($ in millions):

	Amount
	$
Cash and cash equivalents	14.9
IPR&D intangible assets	1,003.0
Intangible assets	408.6
Goodwill	251.9
Other assets and liabilities	(30.1)
Contingent consideration	(88.0)
Deferred tax liabilities, net	(404.1)
Outstanding indebtedness	(55.3)
Net assets acquired	**1,100.9**

IPR&D and Intangible Assets

The fair value of the IPR&D and CMP intangible assets was determined using the IPR&D and Intangible Asset Valuation Technique. The discount rate used to arrive at the present value of IPR&D intangible assets as of the acquisition date was 9.9% to reflect the internal rate of return and incremental commercial uncertainty in the cash flow projections. No assurances can be given that the underlying assumptions used to prepare the discounted cash flow analysis will not change. For these and other reasons, actual results may vary significantly from estimated results. As a result of this transaction, the Company recognized IPR&D of $1,003.0 million related to eluxadoline, now a component of CMP, and $408.6 million of product rights and other intangibles related to the royalty rights for Alogliptin and Priligy®, which were sold in the year ended December 31, 2014.

Goodwill

Goodwill resulting from the Furiex Acquisition is assigned to our US Brands segment and is not deductible for tax purposes. Among the primary reasons the Company acquired Furiex and the factors that contributed to the recognition of goodwill was to expand the Company's branded pharmaceuticals specialty business within this therapeutic area.

Contingent Consideration

In the year ended December 31, 2015, the Company received a schedule IV ("C-IV") designation from the Drug Enforcement Agency ("DEA") for Viberzi® and recognized an expense of $29.8 million as a

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4 Acquisitions and Other Agreements - continued

2014 Strategic Transactions – continued

component of R&D expense. This expense represents the difference between the final CVR payment amount of $118.5 million, or $10 for each CVR outstanding, versus the probability-weighted CVR fair value initially established in acquisition accounting, adjusted for accretion. This amount was paid as of December 31, 2015.

Long-Term Deferred Tax Liabilities and Other Tax Liabilities

Long-term deferred tax liabilities and other tax liabilities result from identifiable intangible assets fair value adjustments. These adjustments create excess book basis over the tax basis which is multiplied by the statutory tax rate for the jurisdiction in which the deferred taxes exist.

Forest Laboratories

On July 1, 2014, the Company acquired Forest Laboratories, Inc. (“Legacy Forest”) for $30.9 billion including outstanding indebtedness assumed of $3.3 billion, equity consideration of $20.6 billion, which includes outstanding equity awards, and cash consideration of $7.1 billion (the “Forest Acquisition”). Under the terms of the transaction, Legacy Forest shareholders received 89.8 million Allergan plc ordinary shares, 6.1 million Allergan plc non-qualified stock options and 1.1 million Allergan plc share units. Legacy Forest was a leading, fully integrated, specialty pharmaceutical company largely focused on the United States market. Legacy Forest marketed a portfolio of branded drug products and developed new medicines to treat patients suffering from diseases principally in the following therapeutic areas: central nervous system, cardiovascular, gastrointestinal, respiratory, anti-infective, and cystic fibrosis. A portion of the assets acquired are being divested as part of the Teva Transaction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4 Acquisitions and Other Agreements - continued

2014 Strategic Transactions – continued

Assets Acquired and Liabilities Assumed at Fair Value

The transaction has been accounted for using the acquisition method of accounting. This method requires that assets acquired and liabilities assumed in a business combination be recognized at their fair values as of the acquisition date. The following table summarizes the fair values of the assets acquired and liabilities assumed at the acquisition date, of which the majority of the assets and liabilities relate to continuing operations. ($ in millions):

	Amount
	$
Cash and cash equivalents	3,424.2
Accounts receivable	496.2
Inventories	1,455.8
Other current assets	261.2
Current assets held for sale	87.1
Property, plant and equipment, net	221.1
Other long-term assets	84.1
IPR&D intangible assets	1,362.0
Intangible assets	11,515.5
Goodwill	16,403.6
Current liabilities	(1,372.1)
Deferred tax liabilities, net	(2,277.3)
Other taxes payable	(618.4)
Other long-term liabilities	(120.0)
Outstanding indebtedness	(3,261.9)
Net assets acquired	**27,661.1**

In the year ended December 31, 2015, the Company recorded an out-of-period adjustment in the final valuation of Forest stated in the table above relating to the valuation of an acquired currently marketed product and deferred tax liabilities. The Company over valued the asset and undervalued goodwill based on information available as of the acquisition date. The Company corrected this error as of December 31, 2015 by decreasing the value of intangible assets by $135.0 million, decreasing deferred tax liabilities by $51.4 million and increasing the value of goodwill by $83.6 million. The impact was not material to the statement of profit and loss accounts and the Company did not consider the amount material to prior periods.

Consideration

The total consideration for the Forest Acquisition of $27.7 billion is comprised of the equity value of shares that were outstanding and vested prior to July 1, 2014 of $20.0 billion, the portion of outstanding equity awards deemed to have been earned as of July 1, 2014 of $568.1 million and cash of $7.1 billion. The portion of outstanding equity awards deemed not to have been earned of $570.4 million as of July 1, 2014 will be expensed over the remaining future vesting period, including $142.8 million in the year ended December 31, 2015 and $287.5 million in the year ended December 31, 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4 Acquisitions and Other Agreements - continued

2014 Strategic Transactions – continued

Inventories

The fair value of inventories acquired included an acquisition accounting fair market value step-up of $1,036.3 million. In the year ended December 31, 2015, the Company recognized $224.7 million as a component of cost of sales as the inventory acquired on July 1, 2014 was sold to the Company's customers in addition to a write-off associated with the Respiratory Sale. Included in cost of sales for the year ended December 31, 2014, was $751.0 million as the inventory acquired on July 1, 2014 was sold to the Company's customers. These amounts include $0.6 million and $40.6 million related to discontinued operations in the years ended December 31, 2015 and 2014, respectively.

Included in finished goods inventory as of December 31, 2015 was $20.1 million, relating to the remaining fair value step-up associated with the Forest Acquisition.

IPR&D and Intangible Assets

The estimated fair value of the IPR&D and identifiable intangible assets was determined using the IPR&D and Intangible Asset Valuation Technique. The discount rates used to arrive at the present value at the acquisition date of CMPs was 8.0% and for IPR&D ranged from 8.0% to 9.0%, to reflect the internal rate of return and incremental commercial uncertainty in the cash flow projections. No assurances can be given that the underlying assumptions used to prepare the discounted cash flow analysis will not change. For these and other reasons, actual results may vary significantly from estimated results.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4 Acquisitions and Other Agreements - continued

2014 Strategic Transactions – continued

The following table identifies the summarized amounts recognized and the weighted average useful lives using the economic benefit of intangible assets ($ in millions):

	Amounts Recognized as of the Acquisition Date	Weighted Average Useful Lives (Years)
	$	Number
CMP:		
Namenda Franchise	2,125.0	1.7
Bystolic Franchise	1,810.0	3.3
Linzess®	1,052.0	5.0
Zenpep®	978.0	6.8
Carafate®	915.0	6.2
Armour Thyroid®	747.0	5.9
Viibryd®	413.0	4.5
Fetzima®	392.0	5.0
Teflaro®	343.0	3.0
Canasa®	327.0	2.6
Daliresp®	269.0	3.5
Other CMP Products	1,904.0	5.7
Total CMP	11,275.0	4.3
IPR&D:		
Gastroenterology	791.0	
Central nervous system	304.0	
Cardiovascular	193.0	
Other	74.0	
Total IPR&D	1,362.0	
Customer relationships	67.0	4.5
Other	173.5	4.2
Total identifiable intangible assets	**12,877.5**	

Goodwill

Among the primary reasons the Company acquired Forest and factors that contributed to the preliminary recognition of goodwill were to expand the Company's branded pharmaceuticals product portfolio, and to acquire certain benefits from the Forest pipeline and the expectation of the Company generating certain synergies. The goodwill recognized from the Forest Acquisition, which includes the increase in the purchase price resulting from the movement in Allergan plc's share price from the date of announcing the deal, until the date of acquisition, is not deductible for tax purposes. Goodwill from the Forest Acquisition was primarily assigned to the US Brands segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4 Acquisitions and Other Agreements - continued

2014 Strategic Transactions – continued

Deferred Tax Liabilities, net

Deferred tax liabilities, net, include the impact resulting from identifiable intangible assets and inventory fair value adjustments. These adjustments create excess book basis over the tax basis which is multiplied by the statutory tax rate for the jurisdiction in which the deferred taxes exist.

Divested Products

In order to complete the Forest Acquisition, the Company divested two legacy Actavis products to Impax Laboratories, Inc. ("Impax"); Lamotrigine ODT and Ursodiol Tablets for cash consideration. In exchange for the products, the Company received \$8.0 million on July 1, 2014, which resulted in a gain on sale of asset of \$5.4 million. In addition, the Company and Impax entered into a supply agreement whereby the Company will supply product to Impax. Revenues recognized from the divested products were deminimis in the years ended December 31, 2014 and 2013. In addition, on July 1, 2014, the Company divested two acquired Forest products for a combined consideration of \$13.5 million. The product revenues were not included in the results of operations of the Company.

Acquisition-Related Expenses

As a result of the Forest Acquisition, the Company incurred the following transaction and integration costs in the years ended December 31, 2015 and 2014($ in millions):

	Years Ended December 31,	
	2015	2014
	$	$
Cost of sales		
Stock-based compensation acquired for Forest employees	4.7	9.5
Severance-related charges	1.1	11.3
Research and development		
Stock-based compensation acquired for Forest employees	36.3	66.7
Severance-related charges	9.2	24.5
Selling, general and administrative		
Stock-based compensation acquired for Forest employees	101.8	211.3
Severance-related charges	34.5	116.8
Other integration costs	58.4	96.7
Financing related charges	-	9.3
Interest expense and similar items		
Bridge loan facilities	-	25.8
Total transaction and integration costs	**246.0**	**571.9**

Silom Medical Company

On April 1, 2014, the Company acquired Silom Medical Company ("Silom"), a privately held generic pharmaceutical company focused on developing and marketing therapies in Thailand, for consideration of approximately \$103.0 million in cash (the "Silom Acquisition"). The Silom Acquisition expanded the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4 Acquisitions and Other Agreements - continued

2014 Strategic Transactions – continued

Company's position in the Thai generic pharmaceutical market, with leading positions in the ophthalmic and respiratory therapeutic categories and a strong cardiovascular franchise. We accounted for the acquisition as a business combination requiring that the assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date. The assets and liabilities acquired, as well as the results of operations for the acquired Silom business are part of the assets being divested in the Teva Transaction and are included as a component of income from discontinued operations. In addition the acquired financial position is included in assets and liabilities held for sale.

The Silom Acquisition has been accounted for using the acquisition method of accounting. This method requires that assets acquired and liabilities assumed in a business combination be recognized at their fair values as of the acquisition date as follows ($ in millions):

	Amount
	$
Cash and cash equivalents	3.0
Inventories, net	4.0
Property, plant and equipment, net	16.0
Product rights and other intangibles	64.0
Goodwill	20.0
Other assets and liabilities	(4.0)
Net assets acquired	**103.0**

Divestitures

Corona Facility

During the year ended December 31, 2014, we held for sale assets in our Corona, California manufacturing facility. As a result, the Company recognized an impairment charge as a component of discontinued operations of $20.0 million in the year ended December 31, 2014, including a write-off of property, plant and equipment, net, due to the integration of Warner Chilcott of $5.8 million. The Company completed the sale of these assets during the year ended December 31, 2015 with no material impact to the Company's results of operations.

5 Collaborations

The Company has ongoing transactions with other entities through collaboration agreements. The following represent the material collaboration agreements impacting the years ended December 31, 2015 and 2014.

Acquired agreements from the Allergan Acquisition

Apollo EndoSurgery, Inc.

On December 2, 2013, Legacy Allergan completed the sale of the obesity intervention business to Apollo Endosurgery, Inc. for cash consideration of $75.0 million, subject to certain adjustments, and certain

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

5 Collaborations - continued

additional consideration, including a minority equity interest in Apollo with an estimated fair value of $15.0 million as of December 31, 2015. The Company is accounting for this asset as a cost method investment and it is included as a component of “investments and other assets”.

LiRIS

On August 13, 2014, Legacy Allergan completed the acquisition of LiRIS Biomedical, Inc. (“LiRIS”), a clinical-stage specialty pharmaceutical company based in the United States focused on developing a pipeline of innovative treatments for bladder diseases, for an upfront payment of $67.5 million, plus up to an aggregate of $295.0 million in payments contingent upon achieving certain future development milestones and up to an aggregate of $225.0 million in payments contingent upon achieving certain commercial milestones. The Company accounted for the contingent consideration in the Allergan Acquisition with an acquisition date fair value of $169.6 million.

Acquired agreements from the Forest Acquisition

Trevena

On May 9, 2013, Forest entered into a collaborative licensing option agreement with Trevena, Inc. (“Trevena”) for the development of TRV027, a novel beta-arrestin biased ligand of the angiotensin II type 1 receptor for the treatment of acute decompensated heart failure. Pursuant to the agreement, the Company purchased $30.0 million of Trevena preferred stock in a round of private placement financing. Trevena filed an initial public offering (“IPO”), at which time the Company’s preferred stock was converted to common stock traded on the NASDAQ stock market. In conjunction with the IPO, the Company purchased an additional $3.0 million of common stock of Trevena. The investment was subsequently accounted for using the fair value method of accounting. At December 31, 2015 and 2014, the fair value of the Trevena common stock held by the Company was $35.6 million and $20.3 million, respectively and is included as a component of “investments”.

Ironwood collaboration agreement

In September 2007, Forest entered into a collaboration agreement with Ironwood Pharmaceuticals (“Ironwood”) to jointly develop and commercialize Linzess® (linaclotide) for the treatment of irritable bowel syndrome with constipation (IBS-C) and chronic idiopathic constipation (CIC). Under the terms of the agreement, the Company shares equally with Ironwood all profits and losses (as defined) from the development and commercialization of Linzess in the U.S. In addition, the Company expanded this agreement to cover the newly acquired Constella rights internationally.

The agreement included contingent milestone payments as well as a contingent equity investment based on the achievement of specific clinical and commercial milestones. The Company may be obligated to pay up to an additional $100.0 million if certain sales milestones are achieved.

Based on the nature of the arrangement (including its contractual terms), the nature of the payments and applicable guidance, the Company records receipts from and payments to Ironwood in two pools: the Development pool which consists of R&D expenses, and the Commercialization pool, which consists of revenue, cost of sales and other operating expenses. The net payment to or receipt from Ironwood for the Development pool is recorded in R&D expense and the net payment to or receipt from Ironwood for the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

5 Collaborations - continued

Commercialization pool is recorded in cost of goods sold. As of December 31, 2015 and 2014, the fair value of the Ironwood collaboration was $24.1 million and $31.9 million, respectively and is included as a component of "investments."

Moksha8

On October 22, 2012, Forest announced an agreement with Moksha8 which includes an exclusive license from Forest to Moksha8 to commercialize Viibryd®, and potentially other Forest products, in Latin America. Under the arrangement, Forest has provided $101.9 million of debt financing to Moksha8. Such debt financing has a term of seven years from the date of initial funding and is collateralized by the assets of Moksha8, the debt was fair valued by the Company as part of acquisition accounting. As of December 31, 2015 and 2014, the Company had a loan receivable of $33.4 million and $31.1 million, respectively, within "Investments and other assets" related to this transaction.

Amendment to Sanofi Collaboration Agreement

On October 28, 2013, Warner Chilcott Company, LLC ("WCCL"), one of our indirect wholly-owned subsidiaries, and Sanofi-Aventis U.S. LLC ("Sanofi") entered into an amendment (the "Sanofi Amendment") to the global collaboration agreement as amended (the "Collaboration Agreement") to which WCCL and Sanofi are parties. WCCL and Sanofi co-develop and market Actonel® and Atelvia® (risedronate sodium) on a global basis, excluding Japan.

Pursuant to the Sanofi Amendment, the parties amended the Collaboration Agreement with respect to Actonel® and Atelvia® in the U.S. and Puerto Rico (the "Exclusive Territory") to provide that, in exchange for the payment of a lump sum of $125.0 million by WCCL to Sanofi in the year ended December 31, 2013, WCCL's obligations with respect to the global reimbursement payment, which represented a percentage of Actavis' net sales as defined, as it relates to the Exclusive Territory for the year ended December 31, 2014, shall be satisfied in full. The Sanofi Amendment did not and does not apply to or affect the parties' respective rights and obligations under the Collaboration Agreement with respect to (i) the year ended December 31, 2013 or (ii) territories outside the Exclusive Territory. The $125.0 million was recorded as an intangible asset during the year ended December 31, 2013, which was amortized over the course of the year ended December 31, 2014 using the economic benefit model.

In accordance with the terms of the Collaboration Agreement, the Company regained world-wide rights to promote Actonel® and Atelvia® in all territories on January 1, 2015. A portion of the assets, as well as the results of operations are part of the assets being divested in the Teva Transaction and are included as a component of income from discontinued operations.

Amgen Collaboration

In December 2011, we entered into a collaboration agreement with Amgen Inc. ("Amgen") to develop and commercialize, on a worldwide basis, biosimilar versions of Herceptin®, Avastin®, Rituxan/Mab Thera®, and Erbitux® (the "Amgen Collaboration Agreement"). Amgen has assumed primary responsibility for developing, manufacturing and initially commercializing the oncology antibody products. As of December 31, 2015, the Company will contribute up to $209.4 million in co-development costs over the remaining course of development, including the provision of development support, and will share product development risks. In addition, we will contribute our significant expertise in the commercialization and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

5 Collaborations - continued

marketing of products in highly competitive specialty and generic markets, including helping effectively manage the lifecycle of the biosimilar products. The collaboration products are expected to be sold under a joint Amgen/Allergan label. We will initially receive royalties and sales milestones from product revenues. The collaboration will not pursue biosimilars of Amgen's proprietary products.

6 Discontinued Operations

Global Generics Business

On July 26, 2015, the Company entered into the Teva Transaction. Under the Teva Agreement, Teva will acquire Allergan's global generics business, including the U.S. and international generic commercial units, our third-party supplier Medis, our global generic manufacturing operations, our global generic R&D unit, our international OTC commercial unit (excluding OTC eye care products) and some established international brands.

Allergan will retain its global branded pharmaceutical and medical aesthetics businesses, as well as its biosimilars development programs, certain over the counter products, and the Anda Distribution business. The Company will also have continuing involvement with Teva after the close of the transaction. As a result of the Teva Transaction, the Company will hold equity in Teva, continue to distribute Teva products through our Anda Distribution segment as well as purchase product manufactured by Teva for sale in our US Brands segment as part of ongoing transitional service and contract manufacturing agreements.

Financial results of the global generics business are presented as "Income from discontinued operations" on the Consolidated Profit and Loss accounts for the years ended December 31, 2015 and 2014; and assets and liabilities of the global generics business to be disposed of are presented as a component of "Assets held for sale" and "Liabilities held for sale" on the Consolidated Balance Sheet as of December 31, 2015 and 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

6 Discontinued Operations - continued

Financial results for discontinued operations were based on the terms and conditions of the agreements with Teva as of the date of this filing. Subsequent changes in terms and products transferring may impact results presented. The following table presents key financial results of the global generics business included in "Income from discontinued operations" for the years ended December 31, 2015 and 2014 ($ in millions):

	For the Years Ended December 31,	
(all amounts in millions)	**2015**	**2014**
	$	**$**
Revenue	6,116.1	6,323.4
Related party sales	259.2	255.4
Net sales	**6,375.3**	**6,578.8**
Cost of sales	(3,048.1)	(3,105.6)
Gross profit	**3,327.2**	**3,473.2**
Selling, general and administrative expenses	(1,596.7)	(1,816.8)
Research and development	(422.2)	(480.2)
Other income (expense)	(7.9)	(14.2)
Income before taxes	**1,300.4**	**1,162.0**
Benefit for income taxes	5,487.3	(385.1)
Income	**6,787.7**	**776.9**

Related party revenues represent the sale of products to the Company's Anda Distribution segment.

For the year ended December 31, 2015, the company recorded a deferred tax benefit of $5,738.8 million related to investments in certain U.S. subsidiaries as this tax benefit will reverse in the foreseeable future. The recognition of this benefit has been reflected in income from discontinued operations, net of tax with the deferred tax asset reflected in non-current deferred tax assets on the balance sheet.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

6 Discontinued Operations - continued

The following table presents the aggregate carrying amounts of the major classes of assets and liabilities related to the global generics business to be disposed of ($ in millions):

(all amounts in millions)	December 31, 2015	December 31, 2014
	$	$
Assets		
Fixed assets:		
Intangible assets		
Goodwill	6,009.7	3,623.9
Other Intangibles	2,919.3	3,097.7
Tangible assets		
Property, plant and equipment	1,355.6	1,347.5
Investments	11.7	10.3
Total fixed assets	**10,296.3**	**8,079.4**
Current assets:		
Inventories	1,138.5	1,090.9
Debtors:		
Accounts Receivable	2,089.7	1,488.9
Other assets	21.3	71.8
Prepaid expenses and other current assets	302.8	254.6
Deferred income taxes – amounts due within one year	-	111.4
Deferred income taxes – amounts due after more than one year	223.7	26.7
	3,776.0	**3,044.3**
Creditors (amounts falling due within a year)		
Current portion of long-term debt and capital leases	2.1	4.0
Accounts payable	272.1	321.3
Accrued expenses and other liabilities	525.9	498.0
Income taxes payable	33.9	27.3
Total current liabilities	**834.0**	**850.6**
Net current assets	**2,942.0**	**2,193.7**
Total assets less current liabilities	**13,238.3**	**10,273.1**
Creditors (amounts falling after more than one year)		
Long-term debt and capital leases	3.7	8.6
Other long term liabilities	73.1	46.4
	76.8	55.0
Provisions for liabilities		
Pensions and similar obligations	49.9	61.9
Severance provision	29.6	18.3
Uncertain tax positions	69.0	134.0
Litigation related	157.8	150.0
Deferred income taxes	415.4	314.4
Sales returns and allowances	413.5	397.4
Other provisions	25.9	24.4
Net assets	**12,000.4**	**9,117.7**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

6 Discontinued Operations - continued

Depreciation and amortization was ceased upon the determination that the held for sale criteria were met, which was the announcement date of the Teva Transaction. The depreciation, amortization and significant operating and investing non-cash items of the discontinued operations were as follows ($ in millions):

	Years Ended December 31,	
	2015	**2014**
	$	**$**
Depreciation from discontinued operations	89.7	159.6
Amortization from discontinued operations	323.6	652.0
Capital expenditures	234.5	184.5
Deferred taxes	(5,568.8)	(259.5)

7 Assets Held For Sale

The following represents the global net assets held for sale ($ in millions):

	December 31, 2015	**December 31, 2014**
	$	**$**
Accounts receivable, net	-	17.7
Inventories	-	161.5
Prepaid expenses and other assets	9.3	161.3
Intangible assets	-	453.0
Goodwill	-	309.1
Impairment on assets held for sale	-	(189.6)
Total assets held for sale	**9.3**	**913.0**
Accounts payable and accrued expenses	-	25.9
Total liabilities held for sale	**-**	**25.9**
Assets from the Teva Transaction	14,072.3	11,081.6
Liabilities from the Teva Transaction	2,071.9	1,963.9
Net assets held for sale	**12,009.7**	**10,004.8**

As of December 31, 2015, the Company had the followings assets held for sale:

- Total assets of $14,072.3 million and total liabilities of $2,071.9 million relating to the Teva Transaction. For further details refer to Note 6 – Discontinued Operations.
- Properties acquired in the Forest Acquisition.
- Facilities in Irvine, California.

As of December 31, 2014, the Company included the following assets held for sale:

- Total assets of $11,081.6 million and total liabilities of $1,963.9 million relating to the Teva Transaction. For further details refer to Note 7 – Discontinued Operations.
- Certain intangible assets and related inventory for products sold in the Respiratory Sale. The book value of the respiratory assets held for sale was $734.0 million as of December 31, 2014, including allocated goodwill to this unit included within US Brands segment of $309.1 million. The transaction closed on March 2, 2015.

7 Assets Held For Sale - continued

- Assets in connection with the Pharmatech Transaction, which included assets held for sale of $97.2 million and liabilities held for sale of $25.9 million. The transaction closed in the second quarter of 2015.
- Properties acquired in the Forest Acquisition including:
- Commack, Long Island – $46.4 million
- St. Louis, Missouri – $20.4 million
- Hauppauge, New York – $14.8 million

8 Share-Based Compensation

The Company recognizes compensation expense for all share-based compensation awards made to employees and directors based on the fair value of the awards on the date of grant. A summary of the Company's share-based compensation plans is presented below.

Equity Award Plans

The Company has adopted several equity award plans which authorize the granting of options, restricted shares, restricted stock units and other forms of equity awards of the Company's ordinary shares, subject to certain conditions.

The Company grants awards with the following features:

- Time-based vesting restricted stock awards;
- Performance-based restricted stock awards measured to the EBITDA, as defined, of the Company or other performance-based targets defined by the Company;
- Performance-based restricted stock awards measured to the Total Stockholders Return, compared to pre-defined metrics;
- Non-qualified options to purchase outstanding shares; and
- Cash-settled awards recorded as a liability. These cash settled awards are based on pre-established earnings per share, total shareholder returns and cost savings targets and the fair value is marked to market each reporting unit.

Option awards require options to be granted at the fair value of the shares underlying the options at the date of the grant and generally become exercisable over periods ranging from three to five years. Each option granted expires ten years from the date of the grant. Restricted stock awards are grants that entitle the holder to ordinary shares, subject to certain terms. Restricted stock unit awards are grants that entitle the holder the right to receive an ordinary share, subject to certain terms. Restricted stock and restricted stock unit awards (both time-based vesting and performance-based vesting) generally have restrictions eliminated over a one to four year vesting period. Restrictions generally lapse for non-employee directors after one year. Certain restricted stock units are performance-based awards issued at a target number with the actual number of restricted shares issued ranging based on achievement of the performance criteria. The Company's equity awards include the acquired awards from the Allergan Acquisition and the Kythera Acquisition ("2015 Acquired Awards") and the acquired awards from the Forest Acquisition ("2014 Acquired Awards").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

8 Share-Based Compensation - continued

Fair Value Assumptions

All restricted stock and restricted stock units (whether time-based vesting or performance-based vesting), are granted and expensed, using the fair value per share on the applicable grant date, over the applicable vesting period. Non-qualified options to purchase ordinary shares are granted to employees at exercise prices per share equal to the closing market price per share on the date of grant. The fair value of non-qualified options is determined on the applicable grant dates using the Black-Scholes method of valuation and that amount is recognized as an expense over the vesting period. Using the Black-Scholes valuation model, the fair value of options is based on the following assumptions:

	2015 Grants	2015 Acquired Awards	2014 Grants	2014 Acquired Awards
Dividend yield	0%	0%	0%	0%
Expected volatility	26.0 - 29.0%	26.0 - 27.0%	29.0%	28.0%
Risk-free interest rate	1.9-2.1%	0.1 - 2.1%	1.9 - 2.2%	0 - 2.1%
Expected term (years)	7.0 - 7.5	up to 6.9	7.5	up to 6.4

Share-Based Compensation Expense

Share-based compensation expense recognized in the Company's results of operations, including discontinued operations, for the years ended December 31, 2015 and 2014 was as follows ($ in millions):

	Year Ended December 31,	
	2015	2014
	$	$
Equity-based compensation awards	690.4	368.0
Cash-settled equity awards in connection with the Allergan Acquisition	127.1	-
Cash-settled equity awards in connection with the Kythera Acquisition	9.6	-
Cash-settled equity awards in connection with the Durata Acquisition	-	16.6
Cash-settled equity awards in connection with the Furiex Acquisition	-	16.6
Non equity-settled awards other	98.6	-
Total stock-based compensation expense	**925.7**	**401.2**

In the years ended December 31, 2015 and 2014, share-based compensation expense included as discontinued operations was $31.5 million and $18.8 million, respectively.

In the years ended December 31, 2015 and 2014 the related tax benefits were $285.9 million and $145.7 million, respectively relating to stock-based compensation.

Included in the equity-based compensation awards for the year ended December 31, 2015 is the impact of accelerations and step-ups relating to the acquisition accounting treatment of outstanding awards acquired in the Allergan, Kythera and Forest Acquisitions of $314.8 million, $64.4 million and $109.7 million, respectively. Included in the year ended December 31, 2014, was $287.5 million of stock-based compensation inclusive of a $249.1 million of a step-up relating to the acquisition accounting treatment of outstanding awards acquired in the Forest Acquisition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

8 Share-Based Compensation - continued

Unrecognized future stock-based compensation expense was $672.0 million as of December 31, 2015, including $319.8 million from the Allergan Acquisition and $115.4 million from the Forest Acquisition. This amount will be recognized as an expense over a remaining weighted average period of 1.7 years. Stock-based compensation is being amortized and charged to operations over the same period as the restrictions are eliminated for the participants, which is generally on a straight-line basis.

Share Activity

The following is a summary of equity award activity for unvested restricted stock and stock units in the period from December 31, 2014 through December 31, 2015:

(in millions, except per share data)	Shares	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term (Years)	Aggregate Grant Date Fair Value
	Number	$	Number	$
Restricted shares / units outstanding at December 31, 2014	2.1	$ 148.79	1.3	$ 312.5
Granted	0.5	304.94		152.5
Vested	(1.0)	(127.15)		(128.1)
Assumed as part of the Allergan Acquisition **	0.5	218.47		102.8
Forfeited	(0.1)	(152.63)		(19.9)
Restricted shares / units outstanding at December 31, 2015	**2.0**	**$ 209.90**	**1.7**	**$ 419.8**

** Assumed as part of the Allergan Acquisition for the pro rata portion representing future compensation as of March 17, 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

8 Share-Based Compensation - continued

The following is a summary of equity award activity for non-qualified options to purchase ordinary shares in the period from December 31, 2014 through December 31, 2015:

(in millions, except per share data)	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
	Number	$	Number	$
Outstanding, December 31, 2014	5.4	$ 93.96	7.3	$ 858.9
Granted	0.2	300.29		
Exercised	(2.4)	(134.54)		
Assumed as part of the Allergan Acquisition**	7.0	103.63		
Assumed as part of the Kythera Acquisition***	0.7	127.02		
Cancelled	(0.4)	(135.92)		
Outstanding, December 31, 2015	10.5	$ 149.11	6.7	$1,707.8
Vested and expected to vest at December 31, 2015	**9.9**	**$ 148.14**	**6.7**	**$1,620.5**

** Assumed as part of the Allergan Acquisition for the pro rata portion representing future compensation as of March 17, 2015.

*** Assumed as part of the Kythera Acquisition for the pro rata portion representing future compensation as of October 1, 2015.

9 Pension and Other Postretirement Benefit Plans

Defined Benefit Plan Obligations

The Company has numerous defined benefit plans offered to employees around the world. For these plans, retirement benefits are generally based on an employee's years of service and compensation. Funding requirements are determined on an individual country and plan basis and are subject to local country practices and market circumstances

The net periodic benefit cost of the defined benefit plans for continuing operations for the years ended December 31, 2015 and 2014 was as follows ($ in millions):

	Defined Benefit Year Ended December 31,	
	2015	2014
	$	$
Service cost	5.0	2.0
Interest cost	35.0	3.3
Expected Return on plan assets	(46.4)	(3.5)
Settlement	(4.3)	-
Net periodic benefit (income) cost	**(10.7)**	**1.8**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

9 Pension and Other Postretirement Benefit Plans - continued

Obligations and Funded Status

Employee benefit plans are an exception to the recognition and fair value measurement principles in business combinations. Employee benefit plan obligations are recognized and measured in accordance with the existing authoritative literature for accounting for benefit plans rather than at fair value. Accordingly, the Company remeasured the benefit plans acquired as part of its acquisitions and recognized an asset or liability for the funded status of these plans as of the respective acquisition dates.

Benefit obligation and asset data for the defined benefit plans for continuing operations, were as follows ($ in millions):

	Year Ended December 31,	
	2015[(1)]	2014
	$	$
Change in Plan Assets		
Fair value of plan assets at beginning of year	83.6	79.9
Fair value of plan assets assumed in the Allergan Acquisition	1,042.0	-
Employer contribution	107.6	3.2
Return on plan assets	(60.3)	13.9
Benefits paid	(21.5)	(2.9)
Settlements	(100.0)	-
Effects of exchange rate changes	(0.3)	(10.5)
Fair value of plan assets at end of year	**1,051.1**	**83.6**

	Year Ended December 31,	
	2015[(1)]	2014
	$	$
Change in Benefit Obligation		
Benefit obligation at beginning of the year	111.6	96.5
Benefit obligation assumed in the Allergan Acquisition	1,344.6	-
Service cost	5.0	2.0
Interest cost	35.0	3.3
Actuarial loss/(gain)	(191.2)	27.0
Curtailments	-	(0.7)
Settlements and other	(101.1)	-
Benefits paid	(21.5)	(2.8)
Effects of exchange rate changes	6.1	(13.7)
Benefit obligation at end of year	**1,188.5**	**111.6**
Funded status at end of year	**(137.4)**	**(28.0)**

(1) The year ended December 31, 2015 includes benefit obligation and asset data from the Allergan Plans following the Allergan Acquisition on March 17, 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

9 Pension and Other Postretirement Benefit Plans - continued

The following table outlines the funded actuarial amounts recognized ($ in millions):

	As of December 31,	
	2015	**2014**
	$	**$**
Current liabilities	(29.3)	(2.7)
Noncurrent liabilities	(108.1)	(25.3)
	(137.4)	**(28.0)**

The underfunding of pension benefits is primarily a function of the different funding incentives that exist outside of the United States. In certain countries, there are no legal requirements or financial incentives provided to companies to pre-fund pension obligations. In these instances, benefit payments are typically paid directly by the Company as they become due.

Discontinued Operations

As of December 31, 2015 and 2014, the following is the plan assets and liabilities included in assets and liabilities held for sale as part of the Teva Transaction ($ in millions):

	Year Ended December 31,	
	2015[1]	**2014**
	$	**$**
Fair value of plan assets at end of year	111.9	112.5
Benefit obligation at end of year	161.8	174.5
Funded status at end of year	(49.9)	(62.0)

For the years ended December 31, 2015 and 2014, the Company recognized $6.8 million and $4.7 million, respectively, as a component of income from discontinued operations related to the Teva Transaction.

Plan Assets

Companies are required to use a fair value hierarchy as defined in ASC Topic 820 “Fair Value Measurement,” (“ASC 820”) which maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. There are three levels of inputs used to measure fair value with Level 1 having the highest priority and Level 3 having the lowest:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity. The Level 3 assets are those whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques with significant unobservable inputs, as well as instruments for which the determination of fair value requires significant judgment or estimation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

9 Pension and Other Postretirement Benefit Plans - continued

If the inputs used to measure the financial assets fall within more than one level described above, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

The fair values of the Company's pension plan assets for continuing operations at December 31, 2015 by asset category are as follows ($ in millions):

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	$	$	$	$
Assets				
Investment funds				
U.S. equities	114.6	-	-	114.6
International equities	151.3	-	-	151.3
Other equity securities	99.1	-	-	99.1
Equity securities	**365.0**	**-**	**-**	**365.0**
U.S. Treasury bonds	-	120.6	-	120.6
Bonds and bond funds	-	490.7	-	490.7
Other debt securities	-	60.0	-	60.0
Debt securities	**-**	**671.3**	**-**	**671.3**
Other investments				
Other	-	14.8	-	14.8
Total assets	**365.0**	**686.1**	**-**	**1,051.1**

The fair values of the Company's pension plan assets for continuing operations at December 31, 2014 by asset category are as follows ($ in millions):

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	$	$	$	$
Assets				
Investment funds				
Equity securities	24.9	-	-	24.9
Debt securities	-	56.5	-	56.5
Other investments				
Other	-	2.2	-	2.2
Total assets	**24.9**	**58.7**	**-**	**83.6**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

9 Pension and Other Postretirement Benefit Plans - continued

The assets of the pension plan are held in separately administered trusts. The investment guidelines for the Company's pension plans is to create an asset allocation that is expected to deliver a rate of return sufficient to meet the long-term obligation of the plan, given an acceptable level of risk. The target investment portfolio of the Company's continuing operations pension plans is allocated as follows:

	Target Allocation as of December 31,	
	2015[(1)]	**2014**
Bonds	35.0%	30.0%
Equity securities	62.5%	67.5%
Other investments	2.5%	2.5%

(1) Includes the asset allocation of the Allergan Plans following the Allergan Acquisition on March 17, 2015.

Expected Contributions

Employer contributions to the pension plan during the year ending December 31, 2016 are expected to be $29.3 million for continuing operations and $6.0 million for discontinued operations.

Expected Benefit Payments

Total expected benefit payments for the Company's continuing operations pension plans are as follows ($ in millions):

	$
2016	29.3
2017	31.7
2018	34.6
2019	37.6
2020	40.5
Thereafter	1,014.8
Total liability	**1,188.5**

Expected benefit payments are based on the same assumptions used to measure the benefit obligations and include estimated future employee service. The majority of the payments will be paid from plan assets and not Company assets.

Information for continuing operations defined benefit plans with an accumulated benefit obligation in excess of plan assets is presented below ($ in millions):

	Defined Benefit as of December 31,	
	2015	**2014**
	$	**$**
Projected benefit obligations	1,188.5	111.6
Accumulated benefit obligations	1,054.6	100.8
Plan assets	904.3	83.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

9 Pension and Other Postretirement Benefit Plans - continued

Amounts Recognized in Other Comprehensive Income / (Loss)

Net loss / gain amounts reflect experience differentials primarily relating to differences between expected and actual returns on plan assets as well as the effects of changes in actuarial assumptions. Net loss amounts in excess of certain thresholds are amortized into net pension cost over the average remaining service life of employees. Balances recognized within accumulated other comprehensive income/(loss) that have not been recognized as components of net periodic benefit costs are as follows ($ in millions):

	Defined Benefit
	$
Balance as of December 31, 2013	**5.6**
Net actuarial loss	(36.4)
Balance as of December 31, 2014	(30.8)
Net actuarial gain	101.2
Balance as of December 31, 2015	**70.4**

Actuarial Assumptions

The weighted average assumptions used to calculate the projected benefit obligations of the Company's defined benefit plans, including assets and liabilities held for sale, are as follows:

	As of December 31,	
	2015	**2014**
Discount rate	3.8%	2.9%
Salary growth rate	3.7%	3.7%

The weighted average assumptions used to calculate the net periodic benefit cost of the Company's defined benefit plans, including assets and liabilities held for sale, are as follows:

	As of December 31,	
	2015	**2014**
Discount rate	3.5%	3.9%
Expected rate of return on plan assets	4.6%	4.9%
Salary growth rate	3.5%	3.7%

In order to select a discount rate for purposes of valuing the plan obligations the Company uses market returns and adjusts them as needed to fit the estimated duration of the plan liabilities.

The expected rate of return represents the average rate of return to be earned on plan assets over the period the benefits included in the benefit obligation are to be paid. In developing the expected rate of return, long-term historical returns data are considered as well as actual returns on the plan assets and other capital markets experience. Using this reference information, the long-term return expectations for each asset category and a weighted average expected return was developed, according to the allocation among those investment categories.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

9 Pension and Other Postretirement Benefit Plans - continued

Other Post-Employment Benefit Plans

As a result of the Allergan and Forest acquisitions, the Company assumed post-retirement benefit plans. Accumulated benefit obligation and asset data for the defined benefit plans, were as follows ($ in millions):

	$
Accumulated benefit obligation as of December 31, 2013	-
Accumulated benefit obligation assumed as part of the Forest Acquisition	14.0
Interest cost	0.4
Actuarial loss	6.4
Benefits paid	(0.3)
Accumulated benefit obligation as of December 31, 2014	**20.5**
Accumulated benefit obligation assumed as part of the Allergan Acquisition	60.2
Interest cost	(2.3)
Actuarial gain	(26.3)
Benefits paid	(2.0)
Accumulated benefit obligation as of December 31, 2015	**50.1**

Savings Plans

The Company also maintains certain defined contribution savings plans covering substantially all U.S.-based employees. The Company contributes to the plans based upon the employee contributions. The Company's contributions to these retirement plans for amounts included in continuing operations were $26.6 million and $35.0 million in the years ended December 31, 2015 and 2014, respectively. The Company's contributions to these retirement plans for amounts included in income from discontinued operations were $23.6 million and $31.0 million in the years ended December 31, 2015 and 2014, respectively.

10 Inventories

Inventories consist of finished goods held for sale and distribution, raw materials and work-in-process. Inventories are stated at the lower of cost (first-in, first-out method) or market (net realizable value). The Company writes down inventories to net realizable value based on forecasted demand, market conditions or other factors, which may differ from actual results.

Inventories consisted of the following as of December 31, 2015 and 2014 ($ in millions):

	December 31, 2015	December 31, 2014
	$	$
Raw materials	242.3	203.5
Work-in-process	149.7	80.9
Finished goods	706.3	763.6
	1,098.3	1,048.0
Less: inventory reserves	88.6	63.4
Total Inventories	**1,009.7**	**984.6**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

10 Inventories - continued

Included in finished goods were the following amounts related to the fair-value step-up of acquired inventory ($ in millions):

	Allergan Acquisition	Forest Acquisition	Durata Acquisition	Warner Chilcott Acquisition	Total
	$	$	$	$	$
December 31, 2015	21.6	20.1	4.4	-	46.1
December 31, 2014	-	244.7	16.3	1.9	262.9

11 Accounts payable and accrued expenses

Accounts payable and accrued expenses consisted of the following ($ in millions):

	December 31, 2015	December 31, 2014
	$	$
Accrued expenses:		
Accrued payroll and related benefits	374.6	198.7
Accrued R&D expenditures	384.1	169.9
Interest payable	312.0	82.7
Accrued pharmaceutical fees	162.2	118.7
Accrued selling and marketing expenditures	127.2	9.6
Royalties payable	126.9	128.9
Accrued non-provision taxes	100.3	3.3
Legal fees	49.5	54.7
Accrued professional fees	25.4	39.3
Dividends payable	23.9	-
Manufacturing related	14.9	11.2
Other accrued expenses	312.1	183.3
Total accrued expenses	2,013.1	1,000.3
Accounts payable	369.4	323.3
Total Accounts Payable and Accrued Expenses	**2,382.5**	**1,323.6**

Creditors for tax and social welfare at the balance sheet dates amounted to:

($ in millions)	December 31, 2015	December 31, 2014
	$	$
Income taxes payable	54.2	23.1
Accrued other taxes	23.2	8.4
Social welfare taxes	33.7	6.4
Total	**111.1**	**37.9**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

12 Property, plant and equipment

Activity within property, plant and equipment, net for the years ended December 31, 2014 and 2015, as well as the net book value of continuing operations and discontinued operations as of December 31, 2015 and 2014 were as follows ($ in millions):

	Machinery and Equipment	Research and Laboratory Equipment	Other	Transportation	Land, Buildings and Leasehold Improvements	Construction in Progress	Total
	$	$	$	$	$	$	$
At December 31, 2013	**901.7**	**114.6**	**363.3**	**61.8**	**934.6**	**152.9**	**2,528.9**
Additions	119.7	21.9	5.0	37.5	50.6	11.8	246.5
Additions due to acquisitions	87.5	24.3	4.9	0.5	99.4	20.5	237.1
Disposals/transfers/impairments	(80.5)	(3.0)	1.1	(7.5)	(32.4)	(34.2)	(156.5)
Transfer to assets held for sale	(33.4)	(1.9)	(6.0)	-	(105.0)	-	(146.3)
Currency translation	(44.7)	(0.4)	(2.9)	(6.6)	(40.1)	(0.3)	(95.0)
At December 31, 2014	**950.3**	**155.5**	**365.4**	**85.7**	**907.1**	**150.7**	**2,614.7**
Additions	79.8	4.1	40.0	77.5	10.8	236.2	448.4
Additions due to acquisitions	224.4	19.1	72.3	1.0	585.2	312.5	1,214.5
Disposals/transfers/impairments	19.9	(6.3)	(23.3)	(9.4)	(20.3)	(118.1)	(157.5)
Transfer to assets held for sale	-	-	-	-	(4.5)	-	(4.5)
Currency translation	(42.7)	(0.5)	(8.9)	(4.3)	(38.4)	(2.9)	(97.7)
At December 31, 2015	**1,231.7**	**171.9**	**445.5**	**150.5**	**1,439.9**	**578.4**	**4,017.9**
Accumulated depreciation							
At December 31, 2013	**374.3**	**88.8**	**245.1**	**8.0**	**195.9**	**-**	**912.1**
Additions	127.0	44.5	4.9	9.3	45.2		230.9
Disposals/transfers/impairments	(63.9)	(1.5)	1.8	(4.1)	6.2	-	(61.5)
Transfer to assets held for sale	(12.6)	(0.9)	(1.2)	-	(29.7)	-	(44.4)
Currency translation	(9.5)	(0.1)	(1.2)	(1.8)	(4.5)	-	(17.1)
At December 31, 2014	**415.3**	**130.8**	**249.4**	**11.4**	**213.1**	**-**	**1,020.0**
Additions	65.7	8.3	78.7	12.3	53.3	-	218.3
Disposals/transfers/impairments	(22.6)	(8.3)	(23.3)	(6.0)	(60.5)	-	(120.7)
Transfer to assets held for sale	-	-	-	-	-	-	-
Currency translation	(16.2)	(0.7)	(4.6)	(1.4)	(6.3)	-	(29.2)
At December 31, 2015	**442.2**	**130.1**	**300.2**	**16.3**	**199.6**	**-**	**1,088.4**

	Machinery and Equipment	Research and Laboratory Equipment	Other	Transportation	Land, Buildings and Leasehold Improvements	Construction in Progress	Total
At December 31, 2014	**535.0**	**24.7**	**116.0**	**74.3**	**694.0**	**150.7**	**1,594.7**
Continuing Operations	30.9	2.4	51.0	53.4	109.1	36.6	283.4
Discontinued Operations	504.1	22.3	65.0	20.9	584.9	114.1	1,311.3
At December 31, 2015	**789.5**	**41.8**	**145.3**	**134.2**	**1,240.3**	**578.4**	**2,929.5**
Continuing Operations	269.2	17.8	90.9	117.5	654.6	423.9	1,573.9
Discontinued Operations	520.3	24.0	54.4	16.7	585.7	154.5	1,355.6

Depreciation expense for continuing operations was $128.6 million and $71.3 million in the years ended December 31, 2015 and 2014, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

13 Other assets

Prepaid expenses and other current assets consisted of the following ($ in millions):

	December 31, 2015	December 31, 2014
	$	$
Prepaid taxes	240.5	207.7
Current portion of deferred loan costs	36.3	124.9
Prepaid insurance	24.1	14.0
Other	257.6	132.2
Total prepaid expenses and other current assets	**558.5**	**478.8**

Other assets consisted of the following ($ in millions):

	December 31, 2015	December 31, 2014
	$	$
Deferred loan costs	159.5	58.9
Legacy Allergan Deferred executive compensation investments	118.1	-
Taxes receivable	39.6	-
Other assets	122.9	40.1
Total other assets	**440.1**	**99.0**

Deferred Loan Costs

Expenses associated with the issuance of indebtedness are capitalized and amortized as a component of interest expense over the term of the respective financing arrangements using the effective interest method. In the event that long-term debt is prepaid, the deferred loan costs associated with such indebtedness are expensed as a component of interest expense in the period in which such prepayment is made.

Other Assets

Other assets include security and equipment deposits and long-term receivables.

Investments

Investments in marketable securities and other investments consisted of the following ($ in millions):

	December 31, 2015	December 31, 2014
	$	$
Investments – marketable securities:		
U.S. Treasury and agency securities – maturing within one year	9.3	1.0
Total investments – marketable securities	9.3	1.0
Investments and other assets:		
Equity method investments	17.3	0.1
Cost method investments	16.7	0.3
Other long-term investments	78.2	53.9
Total investments	112.2	54.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

13 Other assets - continued

The Company's marketable securities and other long-term investments are classified as available-for-sale and are recorded at fair value based on quoted market prices using the specific identification method. These investments are classified as either current or non-current, as appropriate, in the Company's consolidated balance sheets.

The following table provides a summary of the fair value and unrealized gains (losses) related to the Company's available-for-sale securities ($ in millions):

At December 31, 2015	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
	$	**$**	**$**	**$**
Available-for-sale:				
U.S. treasury and agency securities	29.9	-	-	29.9
Total	**29.9**	**-**	**-**	**29.9**

At December 31, 2014	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
	$	**$**	**$**	**$**
Available-for-sale:				
U.S. treasury and agency securities	1.0	-	-	1.0
Total	**1.0**	**-**	**-**	**1.0**

Current Investments

The Company invests in U.S. treasury and agency securities. These investments are included in marketable securities on the Company's consolidated balance sheets at December 31, 2015 and 2014. Current investments are classified as available-for-sale and are recorded at fair value based on quoted market prices.

Investment in Equity Method Investments

The Company's equity method investments at December 31, 2015 and 2014 consist of various equity method investments in privately held companies.

Cost Method Investments

The Company's cost method investments consist primarily of investments in common shares of a number of private and public companies where its ownership interest is less than 20% or where it does not have the ability to exercise significant influence.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

13 Other assets - continued

The movements in long-term investments were as follows ($ in millions):

	Equity Method Investments	Cost Method and Other Long-term Investments
	$	$
Balance at December 31, 2013	**3.5**	**0.3**
Additions due to the Forest Acquisition	-	51.1
Other	(3.4)	2.8
Balance at December 31, 2014	**0.1**	**54.2**
Additions	-	20.0
Acquired from the Allergan Acquisition	17.3	15.0
Other	(0.1)	5.7
Balance at December 31, 2015	**17.3**	**94.9**

14 Goodwill, Product Rights and Other Intangible Assets

Goodwill

Goodwill for the Company's reporting segments consisted of the following ($ in millions):

	US Brands	US Medical Aesthetics	International Brands	Anda Distribution	Total
	$	$	$	$	$
Balance as of December 31, 2013	**4,298.5**	**-**	**139.4**	**86.3**	**4,524.2**
Additions through acquisitions	16,668.4	-	72.9	-	16,741.3
Measurement period adjustments and other	(36.8)	-	-	-	(36.8)
Held for sale	(309.1)	-	-	-	(309.1)
Foreign exchange and other adjustments	(17.3)	-	(4.7)	-	(22.0)
Balance as of December 31, 2014	**20,603.7**	**-**	**207.6**	**86.3**	**20,897.6**
Additions through acquisitions	15,435.8	4,006.7	8,283.8	-	27,726.3
Measurement period adjustments and other	68.0	-	-	-	68.0
Held for sale	-	-	(2,385.8)	-	(2,385.8)
Foreign exchange and other adjustments	-	-	245.4	-	245.4
Balance as of December 31, 2015	**36,107.5**	**4,006.7**	**6,351.0**	**86.3**	**46,551.5**

As of December 31, 2015 and 2014, the gross balance of goodwill, pre-impairments, was $46,568.8 million and $20,914.9 million, respectively.

The following items had a significant impact on goodwill in the year ended December 31, 2015:

- An increase in goodwill of $27,088.9 million resulting from the Allergan Acquisition;
- A decrease in goodwill due to classification of goodwill held for sale in connection with the Teva Transaction of $2,385.8 million. Goodwill was allocated based on the relative fair value of the former

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

14 Goodwill, Product Rights and Other Intangible Assets - continued

International Brands and Global Generics segments respective reporting units between the assets remaining with Allergan versus those held for sale based upon the expected price to be received upon disposition of the assets. Included within this total is goodwill acquired in the Auden Acquisition of $123.3 million. The balance of goodwill which was held for sale as of December 31, 2014 was $3,623.9 million;

- An increase in goodwill of $33.3 million resulting from the Oculeve Acquisition;
- An increase in goodwill of $328.7 million resulting from the Kythera Acquisition;
- An increase in goodwill of $138.5 million resulting from the AqueSys Acqusition;
- An increase in goodwill of $13.6 million resulting from the Northwood Acquisition; and
- Measurement period adjustments decreasing goodwill of $21.3 million resulting from the Forest and Durata Acquisitions and an out-of-period adjustment in goodwill of $83.6 million relating to the Forest Acquisition.

During the second quarter of 2013, concurrent with the availability of discrete financial information for our discontinued operations' new reporting units, the Company completed an extensive review of its operating businesses, including exploring options for addressing overall profitability of seven Western European commercial operations consisting of, among other things, restructuring their operations, refocusing their activities on specific sub-markets, as well as potential divestitures of such businesses to other third parties. The potential impact of these conditions were considered in the Company's projections when determining the indicated fair value of its then current reporting units for the impairment tests that were performed during the second quarter of 2013. Upon completion of step one of the impairment analysis for each of the Company's reporting units, it was concluded the fair value of the then current Actavis Pharma - Europe reporting unit was below its carrying value including goodwill. As a result of completing step two of the Company's impairment analysis, the Company recorded an impairment of the then current Actavis Pharma - Europe reporting unit of $647.5 million, representing primarily all the goodwill allocated to this reporting unit, in the year ended December 31, 2013, which is included as a component of income from discontinued operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

14 Goodwill, Product Rights and Other Intangible Assets - continued

Product Rights and Other Intangible Assets

Product rights and other intangible assets consisted of the following for the years ended December 31, 2015 and 2014 ($ in millions):

Cost Basis	Balance as of December 31, 2014	Acquisitions	Impairments	IPR&D to CMP Transfers	Disposals/ Held for Sale/ Other	Foreign Currency Translation	Balance as of December 31, 2015
	$	$	$	$	$	$	$
Intangibles with definite lives:							
Product rights and other related intangibles	15,305.7	47,163.8	(242.2)	3,128.5	(975.5)	163.9	**64,544.2**
Trade name	-	690.0	-	-	-	-	**690.0**
Total definite-lived intangible assets	15,305.7	47,853.8	(242.2)	3,128.5	(975.5)	163.9	**65,234.2**
Intangibles with indefinite lives:							
IPR&D	4,116.4	10,714.4	(511.6)	(3,128.5)	(38.8)	(23.7)	**11,128.2**
Trade name	76.2	-	-	-	-	-	**76.2**
Total indefinite- lived intangible assets	4,192.6	10,714.4	(511.6)	(3,128.5)	(38.8)	(23.7)	**11,204.4**
Total product rights and related intangibles	19,498.3	58,568.2	(753.8)	-	(1,014.3)	140.2	**76,438.6**

Accumulated Amortization	Balance as of December 31, 2014	Amortization	Impairments	Disposals/ Held for Sale/ Other	Foreign Currency Translation	Balance as of December 31, 2015
	$	$	$	$	$	$
Intangibles with definite lives:						
Product rights and other related intangibles	(3,407.6)	(5,393.9)	(7.5)	361.7	(0.1)	**(8,447.4)**
Trade name	-	(59.5)	-	-	-	**(59.5)**
Total definite-lived intangible assets	(3,407.6)	(5,453.4)	(7.5)	361.7	(0.1)	**(8,506.9)**
Total product rights and related intangibles	(3,407.6)	(5,453.4)	(7.5)	361.7	(0.1)	**(8,506.9)**
Net Product Rights and Other Intangibles	16,090.7					**67,931.7**

The following items had a significant impact on net product rights and other intangibles in the year ended December 31, 2015:

- The Company acquired intangible assets in connection with the Allergan Acquisition of $54,750.5 million, including product rights and other related intangibles, trade name and IPR&D assets of $44,360.5 million, $690.0 million, and $9,700.0 million, respectively;
- The Company acquired IPR&D assets of $286.0 million in connection with the Oculeve Acquisition;
- The Company acquired CMP and IPR&D assets of $2,120.0 million and $320.0 million, respectively, in connection with the Kythera Acquisition;
- The Company acquired CMP and IPR&D assets of $221.0 million and $302.0 million, respectively, in connection with the AqueSys Acquisition;
- The Company acquired CMP and IPR&D assets of $19.5 million and $13.6 million, respectively, in connection with Northwood Acquisition;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

14 Goodwill, Product Rights and Other Intangible Assets - continued

- In the year ended December 31, 2015, the Company divested Doryx resulting in a reduction of intangible assets of approximately $46.6 million;
- In the year ended December 31, 2015, the Company recognized $511.6 million in IPR&D impairments which reduced product rights and other intangibles. As part of IPR&D impairments, the Company made the decision to abandon a select IPR&D asset (acquired in connection with the Allergan Acquisition) based on the review of research studies, resulting in an impairment of the full asset value of $300.0 million. The Company recorded an impairment of $192.1 million related to a reduction in cash flows for women's healthcare portfolio products acquired in the Warner Chilcott acquisition as planned promotional initiatives on these future products has been reduced. The Company also recorded an impairment of $14.0 million due to the expected delay in the launch of a product acquired as part of the Allergan Acquisition;
- In the year ended December 31, 2015, the Company recorded an impairment to CMP $206.1 million related to the abandonment of an surgical product line;
- In the year ended December 31, 2015, the Company wrote off the value of royalty rights that expired in connection with the Respiratory Sale of $38.8 million; and
- In the year ended December 31, 2015, the Company recognized an out-of-period adjustment in intangible assets relating to the Forest Acquisition of $135.0 million relating to a contract termination.

Product rights and other intangible assets consisted of the following for the years ended December 31, 2014 and 2013 ($ in millions):

Cost Basis	Balance as of December 31, 2013	Acquisitions	Impairments	IPR&D to CMP Transfers	Disposals/ Held for Sale/ Other	Foreign Currency Translation	Balance as of December 31, 2014
	$	$	$	$	$	$	$
Intangibles with definite lives:							
Product rights and other related intangibles	4,006.6	11,850.8	-	140.0	(685.5)	(6.2)	**15,305.7**
Trade name	-	-	-	-	-	-	**-**
Total definite-lived intangible assets	4,006.6	11,850.8	-	140.0	(685.5)	(6.2)	**15,305.7**
Intangibles with indefinite lives:							
IPR&D	2,116.0	2,675.8	(424.3)	(140.0)	(36.3)	(74.8)	**4,116.4**
Trade name	76.2	-	-	-	-	-	**76.2**
Total indefinite-lived intangible assets	2,192.2	2,675.8	(424.3)	(140.0)	(36.3)	(74.8)	**4,192.6**
Total product rights and related intangibles	6,198.8	14,526.6	(424.3)	-	(721.8)	(81.0)	**19,498.3**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

14 Goodwill, Product Rights and Other Intangible Assets - continued

Accumulated Amortization	Balance as of December 31, 2013	Amortization	Impairments	Disposals/ Held for Sale/ Other	Foreign Currency Translation	Balance as of December 31, 2014
	$	$	$	$	$	$
Intangibles with definite lives:						
Product rights and other related intangibles	(1,160.8)	(1,945.5)	(289.7)	8.5	(20.1)	**(3,407.6)**
Trade name	-	-	-	-	-	**-**
Total definite-lived intangible assets	(1,160.8)	(1,945.5)	(289.7)	8.5	(20.1)	**(3,407.6)**
Total product rights and related intangibles	(1,160.8)	(1,945.5)	(289.7)	8.5	(20.1)	**(3,407.6)**
Net Product Rights and Other Intangibles	5,038.0					**16,090.7**

The following items had a significant impact on net product rights and other intangibles in the year ended December 31, 2014:

- On July 1, 2014, the Company acquired intangible assets in connection with the Forest Acquisition of $12,256.5 million, including IPR&D assets of $1,362.0 million, primarily related to continuing operations. On July 1, 2014, the Company divested certain products resulting in a reduction of intangible assets of approximately $13.5 million.
- On July 2, 2014, the Company acquired intangible assets in connection with the Furiex Acquisition of $1,411.6 million, including $408.6 million related to product rights and other intangibles and $1,003.0 million of acquired IPR&D. On July 2, 2014, the Company sold the product rights and other intangibles related to the royalty rights for Alogliptin and Priligy of $408.6 million to Royalty Pharm, Inc.
- In connection with the Forest Acquisition, the Company reviewed all ongoing R&D projects of both legacy Forest and Allergan plc. As a result of that review, the Company aligned future R&D expenditures with revised strategic priorities. As a result of this review, the Company abandoned certain ongoing R&D projects resulting in an impairment charge of $165.0 million in the year ended December 31, 2014.
- During the third quarter of 2014, the FDA's Cardiovascular and Renal Drugs Advisory Committee has voted to recommend against approval of Actavis' NDA for the fixed-dose combination of nebivolol and valsartan for the treatment of hypertension. As a result of the announcement, the Company recorded an impairment charge of $140.0 million for its asset in the quarter ended September 30, 2014. During the fourth quarter of 2014, the Company abandoned the IPR&D project based on FDA correspondence. As a result, the Company impaired the remaining $53.0 million related to the asset.
- On November 17, 2014, the Company acquired intangible assets in connection with the Durata Acquisition of $729.0 million, including $480.0 million related to product rights and other intangibles and $249.0 million of acquired IPR&D.
- During the fourth quarter of 2014, the Company held for sale intangible assets in connection with the Pharmatech Transaction and its respiratory franchise.
- During the fourth quarter of 2014, the Company recorded an impairment related to Doryx of $89.0 million. The impairment was caused by a shortening of the products life cycle for which to recover the value of the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

14 Goodwill, Product Rights and Other Intangible Assets - continued

Assuming no additions, disposals or adjustments are made to the carrying values and/or useful lives of the intangible assets, continuing operations related to annual amortization expense on product rights and other related intangibles as of December 31, 2015 over each of the next five years is estimated to be as follows ($ in millions):

	Amortization Expense
	$
2016	6,349.0
2017	6,286.8
2018	5,799.1
2019	5,717.3
2020	5,470.8

The above amortization expense is an estimate. Actual amounts may change from such estimated amounts due to fluctuations in foreign currency exchange rates, additional intangible asset acquisitions, finalization of preliminary fair value estimate, potential impairments, accelerated amortization or other events.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

15 Long-Term Debt and Leases

Debt consisted of the following ($ in millions):

	Balance As of		Fair Market Value As of	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	$	$	$	$
Senior Notes:				
Floating Rate Notes				
$500.0 million floating rate notes due September 1, 2016	500.0	-	500.5	-
$500.0 million floating rate notes due March 12, 2018	500.0	-	499.6	-
$500.0 million floating rate notes due March 12, 2020	500.0	-	496.2	-
	1,500.0	-	1,496.3	-
Fixed Rate Notes				
$800.0 million 5.750% notes due April 1, 2016	800.0	-	808.4	-
$1,000.0 million 1.850% notes due March 1, 2017	1,000.0	-	1,001.5	-
$500.0 million 1.300% notes due June 15, 2017	500.0	500.0	496.3	489.0
$1,200.0 million 1.875% notes due October 1, 2017	1,200.0	1,200.0	1,196.0	1,187.3
$3,000.0 million 2.350% notes due March 12, 2018	3,000.0	-	3,004.6	-
$250.0 million 1.350% notes due March 15, 2018	250.0	-	244.9	-
$1,050.0 million 4.375% notes due February 1, 2019	1,050.0	1,050.0	1,099.5	1,111.4
$500.0 million 2.450% notes due June 15, 2019	500.0	500.0	494.4	498.2
$400.0 million 6.125% notes due August 15, 2019	400.0	400.0	444.2	457.9
$3,500.0 million 3.000% notes due March 12, 2020	3,500.0	-	3,505.1	-
$650.0 million 3.375% notes due September 15, 2020	650.0	-	656.6	-
$750.0 million 4.875% notes due February 15, 2021	750.0	750.0	807.4	808.9
$1,200.0 million 5.000% notes due December 15, 2021	1,200.0	1,200.0	1,299.4	1,301.0
$3,000.0 million 3.450% notes due March 15, 2022	3,000.0	-	3,006.8	-
$1,700.0 million 3.250% notes due October 1, 2022	1,700.0	1,700.0	1,669.6	1,647.5
$350.0 million 2.800% notes due March 15, 2023	350.0	-	327.7	-
$1,200.0 million 3.850% notes due June 15, 2024	1,200.0	1,200.0	1,202.6	1,215.5
$4,000.0 million 3.800% notes due March 15, 2025	4,000.0	-	3,984.6	-
$2,500.0 million 4.550% notes due March 15, 2035	2,500.0	-	2,462.2	-
$1,000.0 million 4.625% notes due October 1, 2042	1,000.0	1,000.0	956.1	980.1
$1,500.0 million 4.850% notes due June 15, 2044	1,500.0	1,500.0	1,483.6	1,539.9
$2,500.0 million 4.750% notes due March 15, 2045	2,500.0	-	2,452.7	-
	32,550.0	11,000.0	32,604.2	11,236.7
Total Senior Notes Gross	**34,050.0**	**11,000.0**	**34,100.5**	**11,236.7**
Unamortized premium	225.9	239.9	-	-
Unamortized discount	(107.4)	(52.1)	-	-
Total Senior Notes Net	**34,168.5**	**11,187.8**	**34,100.5**	**11,236.7**
Term Loan Indebtedness:				
WC Term Loan				
WC Three Year Tranche variable rate debt maturing October 1, 2016	191.5	506.9		
WC Five Year Tranche variable rate debt maturing October 1, 2018**	498.8	744.7		
	690.3	1,251.6		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

15 Long-Term Debt and Leases - continued

	Balance As of		Fair Market Value As of	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	$	$	$	$
ACT Term Loan				
2017 Term Loan variable rate debt maturing October 31, 2017**	572.1	932.6		
2019 Term Loan variable rate debt maturing July 1, 2019**	1,700.0	1,900.0		
	2,272.1	2,832.6		
AGN Term Loan				
AGN Three Year Tranche variable rate debt maturing March 17, 2018	2,750.0	-		
AGN Five Year Tranche variable rate debt maturing March 17, 2020**	2,543.8	-		
	5,293.8	-		
Total Term Loan Indebtedness	**8,256.2**	**4,084.2**		
Other Indebtedness				
Revolver Borrowings	200.0	255.0		
Other	97.4	-		
Total Other Borrowings	**297.4**	**255.0**		
Capital Leases	**4.1**	**4.1**		
Total Indebtedness	**42,726.2**	**15,531.1**		

** The indebtedness requires a quarterly repayment of 2.5%.

Fair market value in the table above is determined in accordance with ASC Topic 820 “Fair Value Measurement” (“ASC 820”) under Level 2 based upon quoted prices for similar items in active markets. The book value of the outstanding term loan indebtedness approximates fair value as the debt is at variable interest rates and re-prices frequently.

Unless otherwise indicated, the remaining loan balances after the quarterly required payments are due upon maturity.

Floating Rate Notes

On March 4, 2015, Actavis Funding SCS, a limited partnership (société en commandite simple) organized under the laws of the Grand Duchy of Luxembourg and an indirect wholly-owned subsidiary of Allergan plc, issued floating rate notes due 2016 (the “2016 Floating Rate Notes”), floating rate notes due 2018 (the “2018 Floating Rate Notes”), floating rate notes due 2020 (the “2020 Floating Rate Notes”), 1.850% notes due 2017 (the “1.850% 2017 Notes”), 2.350% notes due 2018 (the “2.350% 2018 Notes”), 3.000% notes due 2020 (the “3.000% 2020 Notes”), 3.450% notes due 2022 (the “3.450% 2022 Notes”), 3.800% notes due 2025 (the “3.800% 2025 Notes”), 4.550% notes due 2035 (the “4.550% 2035 Notes”) and 4.750% notes due 2045 (the “4.750% 2045 Notes”). The notes are fully and unconditionally guaranteed by Actavis Funding SCS’s indirect parents, Warner Chilcott Limited and Actavis Capital S.a.r.l. (“Actavis Capital”), and by Actavis, Inc., a subsidiary of Actavis Capital, on an unsecured and unsubordinated basis. Allergan plc has not guaranteed the notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

15 Long-Term Debt and Leases - continued

Floating Rate Notes – continued

The 2016 Floating Rate Notes, the 2018 Floating Rate Notes and the 2020 Floating Rate Notes bear interest at a floating rate equal to three-month LIBOR plus 0.875%, 1.080% and 1.255% per annum, respectively. Interest on the 2016 Floating Rate Notes is payable quarterly on March 1, June 1, September 1 and December 1 of each year, and began on June 1, 2015. Interest on the 2018 Floating Rate Notes and the 2020 Floating Rate Notes is payable quarterly on March 12, June 12, September 12 and December 12 of each year, and began on June 12, 2015.

Fixed Rate Notes

Acquired Allergan Notes

On March 17, 2015 in connection with the Allergan Acquisition, the Company acquired, and subsequently guaranteed, along with Warner Chilcott Limited, the indebtedness of Allergan, Inc. comprised of the $350.0 million 2.800% senior notes due 2023, the $650.0 million 3.375% senior notes due 2020, the $250.0 million 1.350% senior notes due 2018 and the $800.0 million 5.750% senior notes due 2016. Interest payments are due on the $350.0 million senior notes semi-annually on the principal amount of the notes at a rate of 2.80% per annum, and are redeemable at any time at the Company's option, subject to a make-whole provision based on the present value of remaining interest payments at the time of the redemption, if the redemption occurs prior to December 15, 2022 (three months prior to the maturity of the 2023 senior notes). If the redemption occurs on or after December 15, 2022, then such redemption is not subject to the make-whole provision. Interest payments are due on the $650.0 million senior notes semi-annually on the principal amount of the notes at a rate of 3.375% per annum, and are redeemable at any time at the Company's option, subject to a make-whole provision based on the present value of remaining interest payments at the time of the redemption. Interest payments are due on the $250.0 million senior notes semi-annually on the principal amount of the notes at a rate of 1.350% per annum, and are redeemable at any time at the Company's option, subject to a make-whole provision based on the present value of remaining interest payments at the time of the redemption. Interest payments are due on the $800.0 million senior notes semi-annually on the principal amount of the notes at a rate of 5.750% per annum, and are redeemable at any time at the Company's option, subject to a make-whole provision based on the present value of remaining interest payments at the time of the redemption. The fair value of the acquired senior notes was determined to be $2,087.5 million as of March 17, 2015. As such, as part of acquisition accounting, the company recorded a premium of $37.5 million to be amortized as contra interest over the life of the notes.

Acquired Forest Notes

On July 1, 2014 in connection with the Forest Acquisition, the Company acquired the indebtedness of Forest comprised of the $1,050.0 million 4.375% senior notes due 2019, the $750.0 million 4.875% senior notes due 2021 and the $1,200.0 million 5.000% senior notes due 2021 (together the "Acquired Forest Notes"). Interest payments are due on the $1,050.0 million senior notes semi-annually in arrears on February 1 and August 1 beginning August 1, 2014. Interest payments are due on the $750.0 million senior notes due 2021 semi-annually in arrears on February 15 and August 15 beginning August 15, 2014. Interest payments are due on the $1,200.0 million senior note due 2021 semi-annually in arrears on June 15 and December 15, beginning December 15, 2014. As a result of acquisition accounting, the notes were fair valued with a premium of $260.3 million as of July 1, 2014, which will be amortized as contra-interest over the life of the notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

15 Long-Term Debt and Leases - continued

Fixed Rate Notes – continued

2014 Notes Issuance

On June 10, 2014, Actavis Funding SCS, a limited partnership (*societe en commandite simple*), organized under the laws of the Grand Duchy of Luxembourg, an indirect subsidiary of Allergan plc, issued the $500.0 million 1.300% notes due 2017, $500.0 million 2.450% notes due 2019, $1,200.0 million 3.850% notes due 2024 and $1,500.0 million 4.850% notes due 2044 (the "2014 New Notes"). Interest payments are due on the 2014 New Notes on June 15 and December 15 semi-annually, beginning on December 15, 2014. The guarantors of the debt are Warner Chilcott Limited, Actavis Capital S.a.r.l., and Actavis, Inc. Allergan plc will not guarantee the 2014 New Notes.

Actavis, Inc. Supplemental Indenture

On October 1, 2013, the Company, Actavis, Inc., a wholly owned subsidiary of the Company, and Wells Fargo Bank, National Association, as trustee, entered into a fourth supplemental indenture (the "Fourth Supplemental Indenture") to the indenture, dated as of August 24, 2009 (the "Base Indenture" and, together with the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture (each as defined below), the "Indenture"), as supplemented by the first supplemental indenture, dated as of August 24, 2009 (the "First Supplemental Indenture"), the second supplemental indenture, dated as of May 7, 2010 (the "Second Supplemental Indenture"), and the third supplemental indenture, dated as of October 2, 2012 (the "Third Supplemental Indenture"). Pursuant to the Fourth Supplemental Indenture, the Company has provided a full and unconditional guarantee of Actavis, Inc.'s obligations under its then outstanding $450.0 million 5.000% senior notes due August 15, 2014, (the "2014 Notes"), its $400.0 million 6.125% senior notes due August 15, 2019 (the "2019 Notes"), its $1,200.0 million 1.875% senior notes due October 1, 2017 (the "2017 Notes"), its $1,700.0 million 3.250% senior notes due October 1, 2022 (the "2022 Notes") and its $1,000.0 million 4.625% Senior Notes due October 1, 2042 (the "2042 Notes").

WC Supplemental Indenture

On October 1, 2013, the Company, WCCL (defined below), Warner Chilcott Finance LLC (the "Co-Issuer" and together with WC Company, the "Issuers") and Wells Fargo Bank, National Association, as trustee (the "WC Trustee"), entered into a third supplemental indenture (the "Supplemental Indenture") to the indenture, dated as of August 20, 2010 (the "WC Indenture"), among the Issuers, the guarantors party thereto and the WC Trustee, with respect to the Issuers' WC Notes. Pursuant to the Supplemental Indenture, the Company had provided a full and unconditional guarantee of the Issuers' obligations under the WC Notes and the WC Indenture.

On July 21, 2014, the Company redeemed the WC Notes for $1,311.8 million, which includes a make-whole premium of $61.8 million and the principal amount of the WC Notes of $1,250.0 million. As a result of the transaction, the Company recognized a gain in July of 2014 of $29.9 million, which includes the write-off of the then outstanding unamortized premium.

2012 Notes Issuance

On October 2, 2012, Actavis, Inc. issued the 2017 Notes, the 2022 Notes, and the 2042 Notes (collectively the "2012 Senior Notes"). Interest payments are due on the 2012 Senior Notes semi-annually in arrears on April 1 and October 1 beginning April 1, 2013. Net proceeds from the offering of the 2012 Senior Notes were used for the Actavis Group acquisition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

15 Long-Term Debt and Leases - continued

Fixed Rate Notes – continued

2009 Notes Issuance

On August 24, 2009, Actavis, Inc. issued the 2014 Notes and the 2019 Notes (collectively the "2009 Senior Notes"). Interest payments are due on the 2009 Senior Notes semi-annually in arrears on February 15 and August 15, respectively, beginning February 15, 2010. Net proceeds from the offering of 2009 Senior Notes were used to repay certain debt with the remaining net proceeds being used to fund a portion of the cash consideration for the Arrow Group acquisition. The 2014 Notes, which had an outstanding principal balance of $450.0 million and which were fully and unconditionally guaranteed by us, were redeemed on November 5, 2013 at a redemption price equal to $465.6 million, which resulted in a cash expense of $15.6 million in the fourth quarter of 2013.

Credit Facility Indebtedness

WC Term Loan Agreement

On December 17, 2014, Allergan plc and certain of its subsidiaries entered into a second amendment agreement (the "WC Term Loan Amendment") among Allergan plc, Warner Chilcott Limited, Warner Chilcott Finance, LLC, Actavis WC 2 S.à r.l. ("Actavis WC 2"), Warner Chilcott Company, LLC ("WCCL"), Warner Chilcott Corporation ("WC Corporation" and together with Actavis WC 2 and WCCL, the "WC Borrowers"), Bank of America, N.A. ("BofA"), as administrative agent, and the lenders party thereto. The WC Term Loan Amendment amends and restates Allergan plc's existing amended and restated WC term loan credit and guaranty agreement, dated as of June 9, 2014 (such agreement, prior to its amendment and restatement pursuant to the WC Term Loan Amendment, the "2014 WC Term Loan Agreement" and the 2014 WC Term Loan Agreement as amended and restated by the WC Term Loan Amendment, the "WC Term Loan Agreement"), among the WC Borrowers, Allergan plc, Warner Chilcott Limited, Warner Chilcott Finance, LLC, the lenders from time to time party thereto and BofA, as administrative agent, which amended and restated Allergan plc's existing WC term loan credit and guaranty agreement, dated as of August 1, 2013 (such agreement, prior to its amendment and restatement, the "Existing WC Term Loan Agreement") among the WC Borrowers, Warner Chilcott Finance, LLC, Actavis Limited, BofA, as administrative agent and a syndicate of banks participating as lenders.

Pursuant to the Existing WC Term Loan Agreement, on October 1, 2013 (the "WC Closing Date"), the lenders party thereto provided term loans in a total aggregate principal amount of $2.0 billion, comprised of (i) a $1.0 billion tranche that will mature on October 1, 2016 (the "WC Three Year Tranche") and (ii) a $1.0 billion tranche that will mature on October 1, 2018 (the "WC Five Year Tranche"). The proceeds of borrowings under the Existing WC Term Loan Agreement, together with $41.0 million of cash on hand, were used to finance the repayment in full of all amounts outstanding under Warner Chilcott's then-existing Credit Agreement, dated as of March 17, 2011, as amended by Amendment No. 1 on August 20, 2012, among the WC Borrowers, Warner Chilcott Holdings Company III, Limited, BofA, as administrative agent and a syndicate of banks participating as lenders.

Borrowings under the WC Term Loan Agreement bear interest at the applicable borrower's choice of a per annum rate equal to either (a) a base rate plus an applicable margin per annum varying from (x) 0.00% per annum to 0.75% per annum under the WC Three Year Tranche and (y) 0.125% per annum to 0.875% per

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

15 Long-Term Debt and Leases - continued

Credit Facility Indebtedness – continued

annum under the WC Five Year Tranche, depending on the publicly announced debt ratings for non-credit-enhanced, senior unsecured long-term indebtedness of Allergan plc (such applicable debt rating the "Debt Rating") or (b) a Eurodollar rate, plus an applicable margin varying from (x) 1.00% per annum to 1.75% per annum under the WC Three Year Tranche and (y) 1.125% per annum to 1.875% per annum under the WC Five Year Tranche, depending on the Debt Rating. The outstanding principal amount of loans under the WC Three Year Tranche is not subject to quarterly amortization and shall be payable in full on the three year anniversary of the WC Closing Date. The outstanding principal amount of loans under the WC Five Year Tranche is payable in equal quarterly amounts of 2.50% per quarter prior to the fifth anniversary of the WC Closing Date, with the remaining balance payable on the fifth year anniversary of the WC Closing Date.

The Company is subject to, and, at December 31, 2015, was in compliance with, all financial and operational covenants under the terms of the WC Term Loan Agreement. In February 2016, the Company prepaid approximately $310.0 million of indebtedness under the outstanding WC Five Year Tranche.

ACT Term Loan

On December 17, 2014, Allergan plc and certain of its subsidiaries entered into a third amendment agreement (the "ACT Term Loan Amendment") among Allergan plc, Warner Chilcott Limited, Actavis Capital, Actavis, Inc., Actavis Funding SCS, BofA, as administrative agent, and the lenders party thereto. The ACT Term Loan Amendment amends and restates Allergan plc's existing second amended and restated Allergan term loan credit and guaranty agreement, dated as of March 31, 2014 (such agreement, prior to its amendment and restatement pursuant to the ACT Term Loan Amendment, the "2014 ACT Term Loan Agreement" and the 2014 ACT Term Loan Agreement as amended and restated by the ACT Term Loan Amendment, the "ACT Term Loan") among Actavis Capital, Allergan plc, Warner Chilcott Limited, Actavis, Inc., Actavis Funding SCS, BofA, as administrative agent, and the lenders from time to time party thereto, which amended and restated Allergan plc's existing amended and restated Allergan term loan credit and guaranty agreement, dated as of October 1, 2013 (such agreement, prior to its amendment and restatement, the "Existing ACT Term Loan Agreement") among Actavis Capital, Allergan plc, Actavis, Inc., BofA, as administrative agent, and the lenders from time to time party thereto.

The Existing ACT Term Loan Agreement amended and restated Actavis, Inc.'s $1,800.0 million senior unsecured term loan credit facility, dated as of June 22, 2012. At the closing of the Existing ACT Term Loan Agreement, an aggregate principal amount of $1,572.5 million was outstanding (the "2017 term-loan"). The 2017 term-loan matures on October 31, 2017. The outstanding principal amount is payable in equal quarterly installments of 2.50% per quarter, with the remaining balance payable on the maturity date.

On March 31, 2014, Allergan plc, Actavis Capital, Actavis, Inc., BofA, as Administrative Agent, and a syndicate of banks participating as lenders entered into the 2014 ACT Term Loan Agreement to amend and restate the Existing ACT Term Loan Agreement. On July 1, 2014, in connection with the Forest Acquisition, the Company borrowed $2.0 billion of term loan indebtedness under tranche A-2 of the 2014 ACT Term Loan Agreement, which is due July 1, 2019 (the "2019 term-loan"). The outstanding principal amount is payable in equal quarterly installments of 2.50% per quarter, with the remaining balance payable on the maturity date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

15 Long-Term Debt and Leases - continued

Credit Facility Indebtedness – continued

The ACT Term Loan Agreement provides that loans thereunder will bear interest, at the Company's choice, of a per annum rate equal to either (a) a base rate, plus an applicable margin per annum varying from (x) 0.00% per annum to 1.00% per annum with respect to the 2017 term-loan and (y) 0.125% per annum to 0.875% per annum with respect to the 2019 term-loan, depending on the Debt Rating or (b) a Eurodollar rate, plus an applicable margin varying from (x) 1.00% per annum to 2.00% per annum with respect to the 2017 term-loan and (y) 1.125% per annum to 1.875% per annum with respect to the 2019 term-loan, depending on the Debt Rating.

The Company is subject to, and at December 31, 2015 was in compliance with, all financial and operational covenants under the terms of the ACT Term Loan Agreement. In February 2016, the Company prepaid approximately $200.0 million of indebtedness under the outstanding 2017 Term Loan.

AGN Term Loan

On December 17, 2014, Allergan, Inc. and certain of its subsidiaries entered into a senior unsecured term loan credit agreement (the "AGN Term Loan"), among Actavis Capital, as borrower, Allergan plc, Warner Chilcott Limited, Actavis, Inc., Actavis Funding SCS, the lenders from time to time party thereto (the "Term Lenders"), JPMorgan Chase Bank, N.A. ("JPMCB"), as administrative agent and the other financial institutions party thereto. Under the AGN Term Loan, the Term Lenders provided (i) a $2.75 billion tranche maturing on March 17, 2018 (the "AGN Three Year Tranche") and (ii) a $2.75 billion tranche and maturing on March 17, 2020 (the "AGN Five Year Tranche"). The proceeds of borrowings under the AGN Term Loan were used to finance, in part, the cash component of the Allergan Acquisition consideration and certain fees and expenses incurred in connection with the Allergan Acquisition.

Borrowings under the AGN Term Loan bear interest at our choice of a per annum rate equal to either (a) a base rate plus an applicable margin per annum varying from (x) 0.00% per annum to 1.00% per annum under the AGN Three Year Tranche and (y) 0.125% per annum to 1.250%% per annum under the AGN Five Year Tranche, depending on the Debt Rating or (b) a Eurodollar rate, plus an applicable margin varying from (x) 1.00% per annum to 2.00% per annum under the AGN Three Year Tranche and (y) 1.125% per annum to 2.250% per annum under the AGN Five Year Tranche, depending on the Debt Rating. The outstanding principal amount of loans under the AGN Three Year Tranche is not subject to quarterly amortization and shall be payable in full on the maturity date. The outstanding principal amount of loans under the AGN Five Year Tranche is payable in equal quarterly amounts of 2.50% per quarter prior to March 17, 2020, with the remaining balance payable on March 17, 2020.

The obligations of Actavis Capital under the Term Loan Credit Agreement are guaranteed by Warner Chilcott Limited, Actavis, Inc. and Actavis Funding SCS and will be guaranteed by any subsidiary of Allergan plc (other than Actavis Capital or a direct subsidiary of Allergan plc) that becomes a guarantor of third party indebtedness in an aggregate principal amount exceeding $350.0 million (unless, in the case of a foreign subsidiary, such guarantee would give rise to adverse tax consequences as reasonably determined by Allergan plc).

The Company is subject to, and at December 31, 2015 was in compliance with, all financial and operational covenants under the terms of the AGN Term Loan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

15 Long-Term Debt and Leases - continued

Credit Facility Indebtedness – continued

Bridge Loan Facility

On December 17, 2014, Allergan and certain of its subsidiaries entered into a 364-day senior unsecured bridge credit agreement (the "Bridge Loan Facility"), among Actavis Capital, as borrower, Allergan plc, Warner Chilcott Limited, Actavis, Inc., Actavis Funding SCS, the lenders from time to time party thereto, JPMCB, as administrative agent and the other financial institutions party thereto. No amounts were borrowed under the Bridge Loan Facility and the commitments under the Bridge Loan Facility expired on March 17, 2015 upon the closing of the Allergan Acquisition.

Cash Bridge Loan Facility

On March 11, 2015, Allergan and certain of its subsidiaries entered into a 60-day senior unsecured bridge credit agreement (the "Cash Bridge Loan Facility"), among Actavis Capital, as borrower, Allergan plc, Warner Chilcott Limited, Actavis, Inc., Actavis Funding SCS, the lenders from time to time party thereto (the "Cash Bridge Lenders"), JPMCB, as administrative agent and the other financial institutions party thereto. Under the Cash Bridge Loan Facility, the Cash Bridge Lenders committed to provide, subject to certain conditions, unsecured bridge financing, of which $2.8 billion was drawn to finance the Allergan Acquisition on March 17, 2015. The outstanding balance of the Cash Bridge Loan Facility was repaid on April 9, 2015.

Borrowings under the Cash Bridge Loan Facility bore interest at our choice of a per annum rate equal to either (a) a base rate plus an applicable margin per annum varying from 0.00% per annum to 1.00% per annum, depending on the Debt Rating or (b) a Eurodollar rate, plus an applicable margin varying from 1.00% per annum to 2.00% per annum, depending on the Debt Rating.

Revolving Credit Facility

On December 17, 2014, Allergan plc and certain of its subsidiaries entered into a revolving credit loan and guaranty agreement (the "Revolver Agreement") among Actavis Capital, as borrower, Allergan plc, Warner Chilcott Limited, Actavis, Inc., Actavis Funding SCS, the lenders from time to time party thereto (the "Revolving Lenders"), JPMCB as administrative agent, J.P. Morgan Europe Limited, as London agent, and the other financial institutions party thereto. Under the Revolver Agreement, the Revolving Lenders have committed to provide an unsecured revolving credit facility in an aggregate principal amount of up to $1.0 billion. The Revolver Agreement replaces Allergan plc's existing $750 million second amended and restated Actavis revolving credit and guaranty agreement dated as of June 30, 2014 (the "Existing Revolver") among Actavis Capital, Allergan plc, Warner Chilcott Limited, Actavis, Inc., Actavis Funding SCS, BofA, as administrative agent and the lenders from time to time party thereto. At closing, $600.0 million of loans were borrowed under the Revolver Agreement.

The Revolver Agreement provides that loans thereunder will bear interest, at Actavis Capital's choice, of a per annum rate equal to either (a) a base rate, plus an applicable margin per annum varying from 0.00% per annum to 1.00% per annum depending on the Debt Rating or (b) a Eurodollar rate, plus an applicable margin varying from 0.875% per annum to 2.00% per annum depending on the Debt Rating. Additionally, to maintain availability of funds, the Company pays an unused commitment fee, which according to the pricing grid is set at 0.075% to 0.250% per annum, depending on the Debt Rating, of the unused portion of the revolver. The Revolving Credit Agreement will mature on December 17, 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

15 Long-Term Debt and Leases - continued

Credit Facility Indebtedness – continued

The obligations of Actavis Capital under the Revolver Agreement are guaranteed by Allergan plc, Warner Chilcott Limited, Actavis, Inc. and Actavis Funding SCS and will be guaranteed by any subsidiary of Allergan (other than Actavis Capital) that becomes a guarantor of third party indebtedness in an aggregate principal amount exceeding $350 million (unless, in the case of a foreign subsidiary, such guarantee would give rise to adverse tax consequences as reasonably determined by Allergan plc).

The Company is subject to, and as of December 31, 2015 was in compliance with, all financial and operational covenants under the terms of the Revolving Credit Facility. In the fourth quarter of 2015, the Company borrowed $800.0 million under the revolving credit facility to fund, in part, the Kythera Acquisition. At December 31, 2015, $200.0 million was outstanding and was paid in full in January 2016. As of December 31, 2015, letters of credit outstanding were $28.8 million. The net availability under the Revolving Credit Facility was $771.2 million.

Annual Debt Maturities

As of December 31, 2015, annual debt maturities were as follows ($ in millions):

	Total Payments
	$
2016	2,175.5
2017	3,999.8
2018	7,095.1
2019	3,325.0
2020	6,093.8
2021 and after	19,617.0
	42,306.2
Capital leases	4.1
Other borrowings	297.4
Unamortized premium	225.9
Unamortized discount	(107.4)
Total Indebtedness	**42,726.2**

Amounts represent total anticipated cash payments assuming scheduled repayments.

Total interest expense in the years ended December 31, 2015 and 2014 was $1,427.2 million and $455.5 million, respectively. Interest on indebtedness which had a maturity in excess of five years from December 31, 2015 was approximately $718.2 million ($96.8 million relating to the 2021 Notes, $138.7 million relating to the 2022 Notes, $7.8 million relating to the 2023 Notes, $46.3 million relating to the 2024 Notes, $122.3 million relating to the 2025 Notes, $91.5 million relating to the 2035 Notes, $46.3 million relating to the 2042 Notes, $72.9 million relating to the 2044 Notes and $95.6 million relating to the 2045 Notes). Interest on indebtedness which had a maturity in excess of five years from December 31, 2014 was approximately $213.3 million ($48.3 million relating to the 2021 Notes, $55.3 million relating to the 2022 Notes, $24.6 million relating to the 2024 Notes, $46.3 million relating to the 2042 Notes and $38.8 million relating to the 2044 Notes.).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

15 Long-Term Debt and Leases - continued

Credit Facility Indebtedness – continued

During the years ended December 31, 2015 and 2014, the following components were included within interest expense ($ in millions):

($ in millions)	Years Ended December 31, 2015	2014
	$	$
Fixed Rate Notes	1,003.1	324.4
AGN Term Loan	79.1	-
ACT Term Loan	50.8	44.9
Floating Rate Notes	18.8	-
WC Term Loan	17.4	30.5
Revolving Credit Facility	4.8	3.5
Bridge loan commitment fee	264.9	73.6
Interest rate lock	(31.0)	-
Extinguishment of debt	-	(29.9)
Other	19.3	8.5
Interest expense and similar items	**1,427.2**	**455.5**

Interest Expense

Interest expense increased for the year ended December 31, 2015 over the prior year primarily due to interest from the indebtedness incurred as part of the Allergan Acquisition of $710.9 million and the full year impact of debt incurred associated with the Forest Acquisition.

Bridge Loan Commitment Fee

During the year ended December 31, 2015, we incurred costs associated with bridge loan commitments in connection with the Allergan Acquisition of $264.9 million.

During the year ended December 31, 2014, the Company recognized an expense of $47.8 million associated with the Allergan Acquisition bridge and term loan financing commitment fees. In connection with the Forest Acquisition, we secured a bridge loan commitment of up to $7.0 billion and incurred associated commitment costs of $25.8 million, which have been expensed in full.

Interest rate lock

During the year ended December 31, 2015, the Company entered into interest rate locks on a portion of the $21.0 billion of debt issued as part of the Allergan Acquisition. As a result of the interest rate locks, the Company recorded income of $31.0 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

15 Long-Term Debt and Leases - continued

Credit Facility Indebtedness – continued

Extinguishment of Debt

On July 21, 2014, the Company redeemed the Warner Chilcott Company, LLC's and Warner Chilcott Finance LLC's 7.75% senior notes due 2018 (the "WC Notes") for $1,311.8 million, which included a make-whole premium of $61.8 million, and the principal amount of the WC Notes of $1,250.0 million. As a result of the transaction, the Company recognized a gain of $29.9 million, which includes the write-off of the then outstanding unamortized premium.

Lease Commitments

The Company has operating leases for certain facilities and equipment. The terms of the operating leases for the Company's facility leases require the Company to pay property taxes, normal maintenance expense and maintain minimum insurance coverage. Total rental expense for operating leases for December 31, 2015, 2014, and 2013 was $49.9 million, $69.7 million, and $12.3 million, respectively. The Company also has capital leases for certain facilities and equipment, as addressed below. The future minimum lease payments under both capital and operating leases that have remaining terms in excess of one year are ($ in millions):

	Capital	Operating
	$	$
2016	0.3	29.9
2017	0.3	27.7
2018	0.3	23.6
2019	0.3	21.6
2020	0.3	17.0
Thereafter	2.6	70.8
Total minimum lease payments	4.1	190.6
Less: amount representing interest	-	
Present value of net minimum lease payments	**4.1**	

The Company has entered into certain sub-lease agreements which will offset future lease commitments.

16 Other Long-Term Liabilities

Other long-term liabilities consisted of the following ($ in millions):

	December 31, 2015	December 31, 2014
	$	$
Legacy Allergan deferred executive compensation	117.9	-
Long-term contractual obligations	26.4	29.7
Deferred Revenue	18.2	26.3
Other long-term liabilities	26.0	0.5
Total other long-term liabilities	**$188.5**	**$56.5**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

16 Other Long-Term Liabilities - continued

The Company has the following select provisions as of December 31, 2015 and 2014 considered long-term in nature ($ in millions):

	December 31, 2015	December 31, 2014
	$	$
Acquisition related contingent consideration liabilities	788.1	139.9
Long-term pension and post retirement liability	222.1	48.1
Long-term severance and restructuring liabilities	34.9	3.9
Product warranties	28.4	-
Litigation-related reserves	-	4.9
Total other long-term provisions	**1,073.5**	**196.8**

The Company determines the acquisition date fair value of contingent consideration obligations based on a probability-weighted income approach derived from revenue estimates and a probability assessment with respect to the likelihood of achieving contingent obligations including contingent payments such as milestone obligations, royalty obligations and contract earn-out criteria, where applicable. The fair value measurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement as defined in ASC 820. The resultant probability-weighted cash flows are discounted using an appropriate effective annual interest rate to reflect the internal rate of return and incremental commercial uncertainty, major risks and uncertainties associated with the successful completion of the projects triggering the contingent obligation. At each reporting date, the Company revalues the contingent consideration obligation to estimated fair value and records changes in fair value as income or expense in our consolidated statement of profit and loss accounts. Changes in the fair value of the contingent consideration obligations may result from changes in discount periods and rates, changes in the timing and amount of revenue estimates and changes in probability assumptions with respect to the likelihood of achieving the various contingent consideration obligations. Accretion expense related to the increase in the net present value of the contingent liability is included in operating income for the period.

17 Income Taxes

For the years ended December 31, 2015 and 2014, foreign losses before taxes were $4,174.4 million and $2,841.8 million, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

17 Income Taxes - continued

The Company's (benefit)/provision for income taxes consisted of the following ($ in millions):

	Years Ended December 31,	
	2015	**2014**
	$	**$**
Current (benefit) provision:		
U.S. federal	14.4	(62.0)
U.S. state	9.7	12.9
Non-U.S.	225.6	17.2
Total current (benefit) provision	249.7	(31.9)
Deferred (benefit) provision:		
U.S. federal	(1,326.2)	(304.3)
U.S. state	(58.7)	(5.1)
Non-U.S.	(426.7)	(125.7)
Total deferred (benefit) provision	(1,811.6)	(435.1)
Total provision for income taxes	**(1,561.9)**	**(467.0)**

The exercise of certain equity based awards resulted in a tax benefit that has been reflected as an increase to additional paid-in capital. Such benefits recorded were $76.1 million and $51.1 million for the years ended December 31, 2015 and 2014, respectively.

The reconciliation for the years ended December 31, 2015 and 2014 between the statutory Irish income tax rate for Allergan plc and the effective income tax rates were as follows:

	Years Ended December 31,	
	2015	**2014**
Statutory rate	(12.5%)	(12.5%)
Earnings subject to the U.S. federal and state tax rates	(18.5%)	(11.3%)
Earnings subject to rates different than the statutory rate	(2.3%)	1.1%
Tax reserves and audit outcomes	0.3%	1.3%
Non-deductible expenses	5.4%	5.0%
R&D credits and U.S. manufacturing deduction	(0.5%)	(1.2%)
Rate changes	0.0%	1.5%
Valuation allowances	(6.7%)	0.0%
Other	(0.5%)	(0.1%)
Effective income tax rate	**(35.3%)**	**(16.2%)**

In December 2009, the Commonwealth of Puerto Rico Department of Economic Development and Commerce granted a tax ruling to the Company on behalf of its Puerto Rican subsidiary for industrial development income derived from its manufacturing, servicing and licensing activities subject to a reduced 2% income tax rate. This tax ruling resulted in a tax benefit of $97.5 million for the year ended December 31, 2015. For the year ended December 31, 2014, the tax ruling did not result in an income tax

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

17 Income Taxes - continued

benefit. Continued qualification for the tax ruling is subject to certain requirements. The tax ruling is effective through 2024. The Company's Puerto Rican subsidiary is one of the entities included in the Teva Transaction.

Deferred tax assets and liabilities are measured based on the difference between the financial statement and tax basis of assets and liabilities at the applicable tax rates. The significant components of the Company's net deferred tax assets and liabilities consisted of the following ($ in millions):

	Years Ended December 31,	
	2015	**2014**
	$	**$**
Benefits from net operating and capital losses and tax credit carryforwards	1,305.8	709.9
Differences in financial statement and tax accounting for:		
Inventories, receivables and accruals	1,023.8	404.5
Outside basis differences	5,738.8	-
Share-based compensation	596.6	235.9
Basis difference in debt	82.2	89.9
Other	15.7	41.9
Total deferred tax asset, gross	8,762.9	1,482.1
Less: Valuation allowance	(196.2)	(474.0)
Total deferred tax asset, net	8,566.7	1,008.1
Differences in financial statement and tax accounting for:		
Property, equipment and intangible assets	(14,080.7)	(2,346.7)
Outside basis differences	(2,422.2)	(944.5)
Total deferred tax liabilities	(16,502.9)	(3,291.2)
Total deferred taxes	**(7,936.2)**	**(2,283.1)**

During the years ended December 31, 2015 and 2014, respectively, the Company recorded deferred tax liabilities of approximately $12.9 billion and $2.6 billion related to acquired entities.

The Company had the following carryforward tax attributes at December 31, 2015:

- $866.6 million U.S. capital loss which expires in 2018;
- $1,961.6 million U.S. federal net operating losses ("NOL") and other tax attributes which begin to expire in 2016;
- $289.2 million of U.S. tax credits which begin to expire in 2018;
- $367.7 million U.S. state tax NOLs which begin to expire in 2016;
- $46.7 million non-U.S. tax NOLs which begin to expire in 2016 and $354.2 million non-U.S. NOLs which are not subject to expiration.

Net operating loss and tax credit carryforwards of $1,931.7 million and $191.7 million, respectively, are subject to an annual limitation under Internal Revenue Code Section 382.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

17 Income Taxes - continued

During the year ended December 31, 2015, the Company recorded a benefit of $296.2 million for the reversal of a valuation allowance on a portion of U.S. capital loss carryforwards resulting from restructuring associated with the sale of the generics business. As of December 31, 2015, a valuation allowance of $196.2 million has been maintained due to the uncertainty of realizing net operating losses ($88.2 million), tax credits ($101.8 million), a capital loss carryforward ($5.8 million) and other deferred tax assets ($0.4 million).

In the third quarter of 2015, the Company reported its global generics business as a discontinued operation and its assets and liabilities as part of assets held for sale. For provision for income taxes, the Company calculated its total provision and its provision for taxes from continuing operations as well as discontinued operations consistent with the accounting standard. As part of recording assets held for sale, the Company also recorded the tax provision or benefit on certain differences between book and tax on its outside basis of both domestic and foreign subsidiaries. The most significant of these is a $5.7 billion deferred tax asset related to investments in certain domestic subsidiaries. This asset was recorded in Q3 since the benefit is expected to be realized in the foreseeable future. Specifically, the deferred tax asset will reverse upon the sale of these subsidiaries to Teva. Refer to “NOTE 6 – Discontinued Operations” for more information.

As of December 31, 2015, deferred income taxes have not been provided on $2,087.6 million of undistributed earnings of certain non-Irish subsidiaries as these amounts are intended to be indefinitely reinvested in non-Irish operations. It is not practicable to calculate the deferred taxes associated with these earnings because of the variability of multiple factors that would need to be assessed at the time of any assumed repatriation. In making this assertion, the Company evaluates, among other factors, the profitability of its Irish and non-Irish operations and the need for cash within and outside Ireland, including cash requirements for capital improvement, acquisitions and market expansion. Additionally, the Company has accrued income taxes, including withholding taxes, of $2,165.6 million for certain pre-acquisition earnings primarily related to the Forest and Allergan acquisitions. The Company expects that future subsidiary earnings will be indefinitely reinvested.

The deferred tax provisions movement for the years ended December 31, 2015 and 2014 is analysed as follows:

($ in millions)	**$**
Balance December 31, 2013	**(158.6)**
Provisions	424.7
Other	(3,060.9)
Balance December 31, 2014	**(2,794.8)**
Provisions	1,743.4
Other	(6,934.2)
Balance December 31, 2015	**(7,985.6)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

17 Income Taxes - continued

Accounting for Uncertainty in Income Taxes

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in millions):

	2015	2014
	$	$
Balance at the beginning of the year	712.2	119.3
Increases for current year tax positions	41.2	51.3
Increases for prior year tax positions	19.7	4.2
Increases due to acquisitions	115.5	567.0
Decreases for prior year tax positions	(41.4)	(26.6)
Settlements	(60.6)	(0.4)
Lapse of applicable statute of limitations	(3.2)	(0.5)
Foreign exchange	(1.7)	(2.1)
Balance at the end of the year	**781.7**	**712.2**

If these benefits were subsequently recognized, $749.1 million would favorably impact the Company's effective tax rate.

The Company's continuing policy is to recognize interest and penalties related to uncertain tax positions in tax expense. During the years ended December 31, 2015 and 2014, the company recognized approximately $(0.5) million and $5.1 million in interest and penalties, respectively. At December 31, 2015 and 2014, the Company had accrued $63.3 million (net of tax benefit of $34.2 million) and $65.6 million (net of tax benefit of $25.3 million of interest and penalties related to uncertain tax positions, respectively. Although the company cannot determine the impact with certainty based on specific factors, it is reasonably possible that the unrecognized tax benefits may change by up to approximately $200.0 million within the next twelve months.

The Company conducts business globally and, as a result, it files federal, state and foreign tax returns. The Company strives to resolve open matters with each tax authority at the examination level and could reach agreement with a tax authority at any time. While the Company has accrued for amounts it believes are in accordance with the accounting standard, the final outcome with a tax authority may result in a tax liability that is more or less than that reflected in the condensed consolidated financial statements. Furthermore, the Company may later decide to challenge any assessments, if made, and may exercise its right to appeal. The uncertain tax positions are reviewed quarterly and adjusted as events occur that affect potential liabilities for additional taxes, such as lapsing of applicable statutes of limitations, proposed assessments by tax authorities, negotiations with tax authorities, identification of new issues and issuance of new legislation, regulations or case law.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

17 Income Taxes - continued

Accounting for Uncertainty in Income Taxes – continued

Due to our numerous acquisitions, the Company has several concurrent audits still pending with the IRS as set forth below:

IRS Audits	Taxable Years
Actavis, Inc. (f/k/a Watson Pharmaceuticals, Inc.)	2008, 2009, 2010 and 2011
Actavis Inc.	2009, 2010, 2011 and 2012
Warner Chilcott Corporation	2010, 2011 and 2012
Forest Laboratories, Inc.	2007, 2008 and 2009
Aptalis Holdings, Inc.	2013
Durata Therapeutics Inc.	2012
Allergan, Inc.	2009 and 2010

The Warner Chilcott U.S. operating entities entered into an Advanced Pricing Agreement ("APA") with the IRS that specified the agreed upon terms under which the Warner Chilcott U.S. entities are compensated for distribution and service transactions between the Warner Chilcott U.S. entities and the Warner Chilcott non-U.S. entities, effective for 2011 through 2017. On December 29, 2015, the IRS and Warner Chilcott U.S. agreed to amend the term of the APA to 2011 through 2015. The Company believes that its transfer pricing arrangements comply with existing U.S. and non-U.S. tax rules.

18 Equity

Preferred Shares

On February 24, 2015, the Company completed an offering of 5,060,000 of our 5.500% mandatorily convertible preferred shares, Series A, par value $0.0001 per share (the "Mandatory Convertible Preferred Shares"). Dividends on the Mandatory Convertible Preferred Shares will be payable on a cumulative basis when, as and if declared by our board of directors, or an authorized committee thereof, at an annual rate of 5.500% on the liquidation preference of $1,000.00 per Mandatory Convertible Preferred Share. The Company may pay declared dividends in cash, by delivery of our ordinary shares or by delivery of any combination of cash and our ordinary shares, as determined by us in our sole discretion, subject to certain limitations, on March 1, June 1, September 1 and December 1 of each year commencing June 1, 2015, to and including March 1, 2018. The net proceeds from the Mandatory Convertible Preferred Share issuance of $4,929.7 million were used to fund the Allergan Acquisition.

Each Mandatory Convertible Preferred Share will automatically convert on March 1, 2018, into between 2.8345 and 3.4722 ordinary shares, subject to anti-dilution adjustments. The number of our ordinary shares issuable on conversion of the Mandatory Convertible Preferred Shares will be determined based on the volume weighted average price per ordinary share over the 20 consecutive trading day period beginning on and including the 22nd scheduled trading day immediately preceding March 1, 2018, the mandatory conversion date. At any time prior to March 1, 2018, other than during a fundamental change conversion period as defined, holders of the Mandatory Convertible Preferred Shares may elect to convert each Mandatory Convertible Preferred Share into our ordinary shares at the minimum conversion rate of 2.8345 ordinary shares per Mandatory Convertible Preferred Share, subject to anti-dilution adjustments. In addition,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

18 Equity - continued

holders may elect to convert any Mandatory Convertible Preferred Shares during a specified period beginning on the fundamental change effective date, in which case such Mandatory Convertible Preferred Shares will be converted into our ordinary shares at the fundamental change conversion rate and converting holders will also be entitled to receive a fundamental change dividend make-whole amount and accumulated dividend amount.

In the year ended December 31, 2015, the Company paid $208.1 million of dividends on preferred shares.

2015 Ordinary Shares Offering

On March 2, 2015, in connection with the Allergan Acquisition, the Company issued 14,513,889 of its ordinary shares for an actual public offering price of $288.00 per share. The net proceeds of $4,071.1 million were used, in part, to finance the Allergan Acquisition.

Share Repurchases

During the year ended December 31, 2014, the Company approved the cancellation of its then outstanding treasury shares. The Company has approved the cancellation of future shares repurchased and currently does not intend to hold shares repurchased by the Company in treasury shares. The financial statement impact resulting from this transaction was a reclassification from treasury stock to additional paid-in-capital.

Accumulated Other Comprehensive Income / (Loss)

For most of the Company's international operations, the local currency has been determined to be the functional currency. The results of its non-U.S. dollar based operations are translated to U.S. dollars at the average exchange rates during the period. Assets and liabilities are translated at the rate of exchange prevailing on the balance sheet date. Equity is translated at the prevailing rate of exchange at the date of the equity transaction. Translation adjustments are reflected in shareholders' equity and are included as a component of other comprehensive (loss). The effects of evaluating non-functional currency assets and liabilities into the functional currency are recorded as transaction gains/losses in general and administrative expenses in the consolidated statements of operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

18 Equity - continued

Unrealized gain / (losses) net of tax primarily represent experience differentials and other actuarial charges related to the Company's defined benefit plans. The movements in accumulated other comprehensive (loss) for the years ended December, 2015 and 2014 were as follows ($ in millions):

	Foreign Currency Translation Items	Unrealized gain/ (loss) net of tax	Total Accumulated Other Comprehensive Income / (Loss)
	$	$	$
Balance as of December 31, 2013	**85.1**	**5.4**	**90.5**
Other comprehensive (loss) before reclassifications into general and administrative	(519.5)	(36.4)	(555.9)
Total other comprehensive (loss)	(519.5)	(36.4)	(555.9)
Balance as of December 31, 2014	**(434.4)**	**(31.0)**	**(465.4)**
Other comprehensive gain / (loss) before reclassifications into general and administrative	(129.9)	101.2	(28.7)
Total other comprehensive income	(129.9)	101.2	(28.7)
Balance as of December 31, 2015	**(564.3)**	**70.2**	**(494.1)**

Called Up Share Capital ($ amount in thousands)

	Year Ended December 31, 2015	Year Ended December 31, 2014
	$	$
Authorised		
40,000 deferred ordinary shares of €1.00 par value	55.0	55.0
10,000,000 serial preferred shares of $0.0001 par value	1.0	1.0
1,000,000,000 ordinary shares of $0.0001 par value	100.0	100.0
Total authorised share capital	156.0	156.0
Allotted, called up and fully paid		
40,000 deferred ordinary shares of €1.00 par value	55.0	55.0
394.5 million and 265.9 million ordinary shares of $0.0001 par value	39.6	26.7
	94.6	**81.7**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

19 Segments

In the third quarter of 2015, there was a strategic shift in the business as a result of the Teva Transaction. As a result, the Company realigned its continuing operations into the following segments: US Brands, US Medical Aesthetics, International Brands and Anda Distribution. Prior to the realignment, the Company operated and managed its business as five distinct operating segments: US Brands, US Medical Aesthetics, International Brands, Global Generics, and Anda Distribution. In addition, certain revenues and shared costs and the results of corporate initiatives are managed outside of the four segments. The new operating segments are organized as follows:

- The US Brands segment includes sales and expenses relating to branded products within the United States, including certain Botox® therapies.
- The US Medical Aesthetics segment includes sales and expenses relating to aesthetics and dermatology products within the United States, including certain Botox® therapies.
- The International Brands segment includes sales and expenses relating to products sold outside of the United States.
- The Anda Distribution segment includes distribution of generic and branded pharmaceutical products manufactured by third parties, as well as by the Company, primarily to independent pharmacies, pharmacy chains, pharmacy buying groups and physicians' offices. The Anda Distribution segment operating results exclude sales of products developed, acquired, or licensed by the US Brands, US Medical Aesthetics and International Brands segments. As the generics business is now reported within Discontinued Operations, the Anda Distribution segment includes revenues and expenses related to Company manufactured generics products sold through Anda.

The Company evaluates segment performance based on segment contribution. Segment contribution for segments represents net revenues less cost of sales (excluding amortization and impairment of acquired intangibles including product rights), selling and marketing expenses, and select general and administrative expenses. The Company does not evaluate the following items at the segment level:

- Revenues and operating expenses within cost of sales (excluding amortization and impairment of acquired intangibles including product rights), selling and marketing expenses, and general and administrative expenses that result from the impact of corporate initiatives. Corporate initiatives primarily include integration, restructuring, acquisition and other shared costs.
- General and administrative expenses that result from shared infrastructure, including certain expenses located within the United States.
- Total assets including capital expenditures.
- Other select revenues and operating expenses including R&D expenses, amortization, IPR&D impairments and asset sales and impairments, net as not all such information has been accounted for at the segment level, or such information has not been used by all segments.

The Company defines segment net sales as product sales and other revenue derived from branded products or licensing agreements. In March 2015, as a result of the Allergan Acquisition, we began to promote Restasis®, Lumigan®/Ganfort®, Alphagan®/Combigan®, Botox®, fillers, other aesthetic products and other eye care products. In July 2014, as a result of the Forest Acquisition, the Company also began recognizing revenues on key US brands, including, but not limited to, Bystolic ®, Canasa®, Carafate®, Fetzima ®, Linzess ®, Namenda® IR (which lost exclusivity in July 2015), Namenda XR®, Saphris®, Teflaro® and Viibryd®. In October 2013, as a result of the Warner Chilcott acquisition, we began promoting a number of brand products, including, but not limited to, Actonel®, Asacol® HD, Atelvia®, Delzicol®, Estrace® Cream, Enablex®, Lo Loestrin® Fe and Minastrin® 24 Fe.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

19 Segments - continued

Cost of sales within segment contribution includes production and packaging costs for the products we manufacture, third party acquisition costs for products manufactured by others, profit-sharing or royalty payments for products sold pursuant to licensing agreements, inventory reserve charges and excess capacity utilization charges, where applicable. Cost of sales does not include amortization or impairment costs for acquired product rights or other acquired intangibles.

Selling and marketing expenses consist mainly of personnel-related costs, product promotion costs, distribution costs, professional service costs, insurance, depreciation and travel costs.

General and administrative expenses consist mainly of personnel-related costs, facilities costs, transaction costs, insurance, depreciation, litigation and settlement costs and professional services costs which are general in nature and attributable to the segment.

Segment net revenues, segment operating expenses and segment contribution information consisted of the following for the years ended December 31, 2015 and 2014 ($ in millions):

	Year Ended December 31, 2015				
	US Brands	**US Medical Aesthetics**	**International Brands**	**Anda Distribution**	**Total**
	$	**$**	**$**	**$**	**$**
Net revenues	9,134.3	1,513.9	2,187.3	2,225.4	15,060.9
Operating expenses:					
Cost of sales(1)	1,131.9	99.0	376.4	1,905.3	3,512.6
Selling and marketing	1,664.6	302.9	569.2	146.9	2,683.6
General and administrative	139.6	34.0	125.5	44.2	343.3
Segment Contribution	**6,198.2**	**1,078.0**	**1,116.2**	**129.0**	**8,521.4**
Contribution margin	***67.9%***	***71.2%***	***51.0%***	***5.8%***	***56.6%***
Corporate					2,940.4
Research and development					2,358.5
Selling, general and administrative excluded from segments and corporate designation					6,237.0
Other (income)					(0.1)
Interest (income)					(11.4)
Interest expense and similar items					1,427.2
(Loss) before taxes					(4,430.2)

(1) Excludes amortization and impairment of acquired intangibles including product rights.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

19 Segments - continued

	Year Ended December 31, 2014				
	US Brands	US Medical Aesthetics	International Brands	Anda Distribution	Total
	$	$	$	$	$
Net revenues	4,511.2	-	203.5	2,024.2	6,738.9
Operating expenses:					
Cost of sales(1)	736.7	-	48.2	1,711.6	2,496.5
Selling and marketing	806.4	-	48.2	135.6	990.2
General and administrative	119.5	-	12.0	36.4	167.9
Segment Contribution	**2,848.6**	**-**	**95.1**	**140.6**	**3,084.3**
Contribution margin	***63.1%***		***46.7%***	***6.9%***	***45.8%***
Corporate					2,247.0
Research and development					605.7
Selling, general and administrative excluded from segments and corporate designation					2,675.5
Other (income)					(16.4)
Interest (income)					(8.9)
Interest expense and similar items					455.5
(Loss) before taxes					(2,874.1)

(1) Excludes amortization and impairment of acquired intangibles including product rights.

The following is a reconciliation of net revenues for the operating segments to the Company's net revenues for the years ended December 31, 2015 and 2014 ($ in millions):

	Years Ended December 31,	
	2015	2014
	$	$
Segment net revenues	15,060.9	6,738.9
Corporate revenues	10.1	-
Net revenues	15,071.0	6,738.9

No country represents ten percent or more of net revenues outside of the United States. The US Brands, US Medical Aesthetics, and Anda Distribution segments are comprised solely of sales within the United States.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

19 Segments - continued

The following tables present global net revenues for the top products of the Company for the years ended December 31, 2015 and 2014 ($ in millions):

	Years Ended December 31,					
	Global		U.S.		International	
	2015	2014	2015	2014	2015	2014
	$	$	$	$	$	$
Botox®	1,975.7	-	1,386.6	-	589.1	-
Restasis®	1,047.8	-	999.6	-	48.2	-
Namenda XR®	759.3	269.5	759.3	269.5	-	-
Bystolic®	646.1	292.6	644.8	291.6	1.3	1.0
Asacol®/Delzicol®	618.5	614.1	552.9	541.0	65.6	73.1
Fillers	573.9	-	304.3	-	269.6	-
Namenda® IR	556.3	629.7	556.3	629.7	-	-
Lumigan®/Ganfort®	547.3	-	260.7	-	286.6	-
Linzess®/Constella®	459.3	174.4	454.8	173.2	4.5	1.2
Alphagan®/Combigan®	411.1	-	285.0	-	126.1	-
Lo Loestrin®	349.6	277.1	346.5	275.7	3.1	1.4
Viibryd®/Fetzima®	327.6	140.3	327.6	140.3	-	-
Estrace® Cream	326.2	258.2	326.2	258.2	-	-
Minastrin® 24	273.0	217.9	272.4	217.9	0.6	-
Silicone Implants	229.7	-	113.3	-	116.4	-
Carafate® / Sulcrate®	213.1	90.9	213.1	90.9	-	-
Aczone®	170.8	-	170.8	-	-	-
Other Products Revenues	3,360.3	1,750.0	2,684.1	1,623.2	676.2	126.8
Total Products Revenues	**12,845.6**	**4,714.7**	**10,658.3**	**4,511.2**	**2,187.3**	**203.5**
ANDA Revenues	2,225.4	2,024.2	2,225.4	2,024.2	-	-
Total Net Revenues	**15,071.0**	**6,738.9**	**12,883.7**	**6,535.4**	**2,187.3**	**203.5**

No other product represents ten percent or more of total net revenues.

The following table presents net revenues for the US Brands segment for the years ended December 31, 2015 and 2014 ($ in millions):

	Years Ended December 31,	
	2015	2014
	$	$
Central Nervous System (CNS)	2,541.2	1,109.4
Eye Care	1,831.3	-
Gastroenterology (GI)	1,575.3	966.8
Women's Health	998.0	791.7
Cardiovascular	644.8	291.6
Urology	238.8	111.9
Infectious Disease	188.8	62.7
Other	1,116.1	1,177.1
Total US Brands Net Revenues	**9,134.3**	**4,511.2**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

19 Segments - continued

The following table presents revenues for the US Medical Aesthetics segment for the years ended December 31, 2015 and 2014 ($ in millions):

	Years Ended December 31, 2015	2014
	$	$
Facial Aesthetics Total	817.8	-
Medical Dermatology Total	493.5	-
Plastic Surgery Total	202.6	-
Total US Medical Aesthetic Net Revenues	**1,513.9**	**-**

The following table presents net revenues for the International Brands segment for the years ended December 31, 2015, 2014 and 2013 ($ in millions):

	Years Ended December 31, 2015	2014
	$	$
Eye Care	924.0	-
Facial Aesthetics	620.0	-
Other Therapeutics	517.8	203.5
Plastic Surgery	125.5	-
Total International Brands Net Revenues	**2,187.3**	**203.5**

20 Business Restructuring Charges

During 2015, activity related to our business restructuring and facility rationalization activities primarily related to the cost optimization initiatives in conjunction with the Allergan and Forest acquisitions. Restructuring activities for the year ended December 31, 2015 as follows ($ in millions):

	Severance and Retention	Share-Based Compensation	Other	Total
	$	$	$	$
Reserve balance at December 31, 2014	111.1	-	-	111.1
Acquired liability	27.9	-	29.2	57.1
Charged to expense:				
Cost of sales	9.3	19.8	23.4	52.5
Research and development	77.7	104.6	-	182.3
Selling and marketing	71.5	47.0	-	118.5
General and administrative	130.5	293.3	42.4	466.2
Total expense	289.0	464.7	65.8	819.5
Cash payments	(312.3)	(127.1)	(59.1)	(498.5)
Other reserve impact	(19.0)	(337.6)	12.7	(343.9)
Reserve balance at December 31, 2015	**96.7**	**-**	**48.6**	**145.3**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

20 Business Restructuring Charges - continued

During 2014, activity related to our business restructuring and facility rationalization activities primarily related to the cost optimization initiatives in conjunction with the Forest and Warner Chilcott acquisitions. Restructuring activities for the year ended December 31, 2014 as follows ($ in millions):

	Severance and Retention	Share-Based Compensation	Other	Total
	$	$	$	$
Reserve balance at December 31, 2013	67.5	-	-	67.5
Acquired liability	12.2	-	-	12.2
Charged to expense:				
Cost of sales	7.0	3.4	-	10.4
Research and development	22.8	-	-	22.8
Selling and marketing	40.9	-	-	40.9
General and administrative	71.8	183.2	1.8	256.8
Total expense	142.5	186.6	1.8	330.9
Cash payments	(111.1)	-	-	(111.1)
Other reserve impact	-	(186.6)	(1.8)	(188.4)
Reserve balance at December 31, 2014	**111.1**	**-**	**-**	**111.1**

During the years ended December 31, 2015 and 2014, the Company recognized restructuring charges related to continuing operations of $819.5 million and $330.9 million, respectively.

21 Derivative Instruments and Hedging Activities

The Company's revenue, earnings, cash flows and fair value of its assets and liabilities can be impacted by fluctuations in foreign exchange risks and interest rates, as applicable. The Company manages the impact of foreign exchange risk and interest rate movements through operational means and through the use of various financial instruments, including derivative instruments such as foreign currency derivatives.

Foreign Currency Derivatives

Overall, the Company is a net recipient of currencies other than the U.S. dollar and, as such, benefits from a weaker dollar and is adversely affected by a stronger dollar relative to major currencies worldwide. Accordingly, changes in exchange rates, and in particular a strengthening of the U.S. dollar, may negatively affect the Company's consolidated revenues and favorably impact operating expenses in U.S. dollars.

Primarily as a result of the Allergan Acquisition and from time to time, the Company enters into foreign currency derivatives to reduce current and future earnings and cash flow volatility associated with foreign exchange rate changes to allow management to focus its attention on its core business issues. Accordingly, the Company enters into various contracts which change in value as foreign exchange rates change to economically offset the effect of changes in the value of foreign currency assets and liabilities, commitments and anticipated foreign currency denominated sales and operating expenses. The Company enters into foreign currency derivatives in amounts between minimum and maximum anticipated foreign exchange exposures. The Company does not designate the current derivative instruments as accounting hedges.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

21 Derivative Instruments and Hedging Activities - continued

The Company uses foreign currency derivatives, which provide for the sale or purchase or the option for sale or purchase of foreign currencies to economically hedge the currency exchange risks associated with probable but not firmly committed transactions that arise in the normal course of the Company's business. Probable but not firmly committed transactions are comprised primarily of sales of products and purchases of raw material in currencies other than the U.S. dollar. The foreign currency derivatives are entered into to reduce the volatility of earnings generated in currencies other than the U.S. dollar. While these instruments are subject to fluctuations in value, such fluctuations are anticipated to offset changes in the value of the underlying exposures.

The Company recognized realized and unrealized (gains) / losses on such contracts of $(1.4) million and $(2.3) million respectively, during the years ended December 31, 2015 and 2014.

The fair value of outstanding foreign currency derivatives are recorded in "Prepaid expenses and other current assets," "investments and other assets" or "Accounts payable and accrued expenses." At December 31, 2015 and 2014, foreign currency derivative assets associated with the foreign exchange option contracts of $73.5 million and $2.3 million, respectively, were included in "Prepaid expenses and other current assets" and "investments and other assets," At December 31, 2015, net foreign currency derivative liabilities associated with the foreign exchange forward contracts of $(0.3) million were included in "Accounts payable and accrued expenses."

22 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants. Fair values determined based on Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities. Fair values determined based on Level 2 inputs utilize observable quoted prices for similar assets and liabilities in active markets and observable quoted prices for identical or similar assets in markets that are not very active. Fair values determined based on Level 3 inputs utilize unobservable inputs and include valuations of assets or liabilities for which there is little, if any, market activity. A financial asset or liability's classification within the above hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

22 Fair Value Measurement - continued

Assets and liabilities measured at fair value or disclosed at fair value on a recurring basis as of December 31, 2015 and 2014 consisted of the following ($ in millions):

	Fair Value Measurements as of December 31, 2015 Using:			
	Total	**Level 1**	**Level 2**	**Level 3**
	$	**$**	**$**	**$**
Assets:				
Marketable securities	29.9	29.9	-	-
Deferred executive compensation investments	118.1	102.3	15.8	-
Foreign currency derivatives	73.5	-	73.5	-
Marketable equity securities	32.3	32.3	-	-
Total assets	**253.8**	**164.5**	**89.3**	**-**
Liabilities:				
Deferred executive compensation liabilities	117.9	102.1	15.8	-
Contingent consideration obligations	868.0	-	-	868.0
Total liabilities	**985.9**	**102.1**	**15.8**	**868.0**

	Fair Value Measurements as of December 31, 2014 Using:			
	Total	**Level 1**	**Level 2**	**Level 3**
	$	**$**	**$**	**$**
Assets:				
Marketable securities	1.0	1.0	-	-
Foreign currency derivatives	2.3	-	2.3	-
Total assets	**3.3**	**1.0**	**2.3**	**-**
Liabilities:				
Contingent consideration obligations	373.8	-	-	373.8
Total liabilities	**373.8**	**-**	**-**	**373.8**

Marketable securities and investments consist of available-for-sale investments in U.S. treasury and agency securities and publicly traded equity securities for which market prices are readily available. Unrealized gains or losses on marketable securities and investments are recorded in accumulated other comprehensive (loss).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

22 Fair Value Measurement - continued

Foreign Currency Contracts

At December 31, 2015 and 2014, the notional principal and fair value of the Company's outstanding foreign currency derivative financial instruments were as follows ($ in millions, except average contract rate or strike amount):

	Year Ended December 31, 2015		Year Ended December 31, 2014	
	Notional Principal	Average Contract Rate or Strike Amount Number	Notional Principal	Average Contract Rate or Strike Amount Number
	$		$	
Foreign currency forward contracts:				
(Receive U.S. dollar/pay foreign currecy)				
Russian ruble	18.8	1.41	10.3	1.05
	18.8		10.3	
Estimated fair value	(0.3)		2.3	
Foreign currency sold – put options:				
Euro	340.5	1.41	-	
	340.5		-	
Estimated fair value	73.5		-	

The notional principal amounts provide one measure of the transaction volume outstanding as of December 31, 2015 and 2014, and do not represent the amount of the Company's exposure to market loss. The estimates of fair value are based on applicable and commonly used pricing models using prevailing financial market information as of December 31, 2015 and 2014. The amounts ultimately realized upon settlement of these financial instruments, together with the gains and losses on the underlying exposures, will depend on actual market conditions during the remaining life of the instruments.

Contingent Consideration Obligations

The fair value measurement of the contingent consideration obligations is determined using Level 3 inputs and is based on a probability-weighted income approach. The measurement is based upon unobservable inputs supported by little or no market activity based on our own assumptions. Changes in the fair value of the contingent consideration obligations, including accretion, are recorded in our consolidated statements of profit and loss accounts as follows ($ in millions):

	Years Ended December 31,	
Expense / (income)	**2015**	**2014**
	$	$
Cost of sales	58.5	(9.9)
Research and development	37.7	(69.3)
Selling, general and administrative	-	0.4
Total	**96.2**	**(78.8)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

22 Fair Value Measurement - continued

During the year ended December 31, 2015, the Company recorded additional contingent consideration of $29.8 million in connection with the approval of Viberzi™, $81.4 million in connection with the approval of Liletta® and $6.4 million in connection with the approval of Dalvance®. Offsetting these amounts were gains from fair value of adjustments related to the Forest Acquisition of $32.3 million and the Allergan Acquisition of $8.2 million.

During the year ended December 31, 2014, the Company recorded additional contingent consideration of $50.3 million in connection with the acquisition of metronidazole 1.3% vaginal gel antibiotic from Valeant Pharmaceuticals, Inc. In the year ended December 31, 2014, the Company evaluated future projections of metronidazole 1.3% vaginal gel antibiotic. As a result of this review, the Company noted the intangible asset was not fully recoverable. As such, the Company impaired the asset by $25.0 million. At the same time, the Company reversed contingent consideration (through cost of sales) of $21.0 million, for a net loss of $4.0 million.

During the second quarter of 2014, the Company recorded fair value adjustments of contingent consideration of $22.8 million related specifically to IPR&D related to a project named Estelle and $1.5 million related to IPR&D for Colvir. Estelle is a novel natural estrogen-based 28 day cycle oral contraceptive for the prevention of pregnancy. At June 30, 2014, the acquired IPR&D intangible asset of $13.1 million was deemed to be fully impaired. Consequently the $22.8 million contingent liability was written off; resulting in a net gain of $9.7 million in the year ended December 31, 2014. Colvir is a treatment of premalignant Human Papilloma Virus (HPV) lesions of the uterine cervix. At June 30, 2014, the acquired IPR&D intangible asset of $2.0 million was deemed to be fully impaired. Consequently the $1.5 million contingent liability was written off; resulting in a net loss of $0.5 million in the year ended December 31, 2014.

During the fourth quarter of 2014, the Company sold its rights in Aeroquin. As a result, the Company wrote-off $16.0 million in contingent consideration in the year ended December 31, 2014. In addition, the Company wrote-off IPR&D of $18.0 million, resulting in a net loss of $2.0 million.

The table below provides a summary of the changes in fair value, including net transfers in and/or out, of all financial assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2015 and 2014 ($ in millions):

	Balance as of December 31, 2014	Net transfers in to (out of) Level 3	Purchases and settlements, net	Net accretion and fair value adjustments	Foreign currency translation	Balance as of December 31, 2015
	$	$	$	$	$	$
Liabilities:						
Contingent consideration obligations	373.8	-	405.1	96.2	(7.1)	868.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

22 Fair Value Measurement - continued

	Balance at December 31, 2013	Net transfers in to (out of) Level 3	Purchases and settlements, net	Net accretion and fair value adjustments	Foreign currency translation	Balance at December 31, 2014
	$	$	$	$	$	$
Liabilities:						
Contingent consideration obligations	203.8	-	251.9	(78.8)	(3.1)	373.8

During the years ended December 31, 2014 and 2015, respectively, the following activity in contingent consideration obligations by acquisition was incurred ($ in millions):

	Balance as of December 31, 2013	Acquisitions	Fair Value Adjustments and Accretion	Payments and Other	Balance as of December 31, 2014
	$	$	$	$	$
Medicines 360 acquisition	146.1	-	(19.5)	-	126.6
Furiex Acquisition	-	88.0	0.4	-	88.4
Forest Acquisition	-	68.0	(14.0)	(1.6)	52.4
Durata Acquisition	-	49.0	-	-	49.0
Metrogel acquisition	-	50.3	(19.1)	-	31.2
Uteron acquisition	45.0	-	(33.9)	(0.7)	10.4
Other	12.7	-	7.3	(4.2)	15.8
Total	**203.8**	**255.3**	**(78.8)**	**(6.5)**	**373.8**

	Balance as of December 31, 2014	Acquisitions	Fair Value Adjustments and Accretion	Payments and Other	Balance as of December 31, 2015
	$	$	$	$	$
Medicines 360 acquisition	126.6	-	93.6	(76.1)	144.1
Furiex Acquisition	88.4	-	30.2	(118.6)	-
Forest Acquisition	52.4	-	(29.8)	(2.2)	20.4
Durata Acquisition	49.0	-	6.4	(30.9)	24.5
Metrogel acquisition	31.2	-	(0.4)	0.1	30.9
Uteron acquisition	10.4	-	(2.1)	(0.1)	8.2
Allergan Acquisition	-	383.7	3.1	(57.1)	329.7
Oculeve Acquisition	-	90.0	-	-	90.0
AqueSys Acquisition	-	193.5	-	-	193.5
Other	15.8	15.8	(4.8)	(0.1)	26.7
Total	**373.8**	**683.0**	**96.2**	**(285.0)**	**868.0**

23 Commitments and Contingencies

The Company and its affiliates are involved in various disputes, governmental and/or regulatory inspections, inquires, investigations and proceedings, and litigation matters that arise from time to time in the ordinary course of business. The process of resolving matters through litigation or other means is inherently uncertain

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

23 Commitments and Contingencies - continued

and it is possible that an unfavorable resolution of these matters will adversely affect the Company, its results of operations, financial condition and cash flows. The Company's general practice is to expense legal fees as services are rendered in connection with legal matters, and to accrue for liabilities when losses are probable and reasonably estimable.

The Company evaluates, on a quarterly basis, developments in legal proceedings and other matters that could cause an increase or decrease in the amount of the liability that is accrued. As of December 31, 2015, the Company's consolidated balance sheet includes accrued loss contingencies of approximately $340.0 million, which includes the amount relating to the resolution with the federal government, as well as 50 states and the District of Columbia, concluding the previously disclosed federal investigation into certain sales and marketing practices involving several Warner Chilcott products during the time period January 2009 through March 2013.

The Company's legal proceedings range from cases brought by a single plaintiff to mass tort actions and class actions with thousands of putative class members. These legal proceedings, as well as other matters, involve various aspects of our business and a variety of claims (including, but not limited to, qui tam actions, antitrust, product liability, breach of contract, securities, patent infringement and trade practices), some of which present novel factual allegations and/or unique legal theories. In addition, a number of the matters pending against us are at very early stages of the legal process (which in complex proceedings of the sort faced by us often extend for several years). As a result, some matters have not yet progressed sufficiently through discovery and/or development of important factual information and legal issues to enable us to estimate a range of possible loss. In those proceedings in which plaintiffs do request publicly quantified amounts of relief, the Company does not believe that the quantified amounts are meaningful because they are merely stated jurisdictional limits, exaggerated and/or unsupported by the evidence or applicable burdens of proof.

Antitrust Litigation

Actos® Litigation. On December 31, 2013 two putative class actions, on behalf of putative classes of indirect purchaser plaintiffs, were filed in the federal court for the Southern District of New York against Actavis plc and certain of its affiliates alleging that Watson Pharmaceuticals, Inc.'s ("Watson" now known as Actavis, Inc.) 2010 patent lawsuit settlement with Takeda Pharmaceutical, Co. Ltd. related to Actos ® (pioglitazone hydrochloride and metformin "Actos ® ") is unlawful. Several additional complaints have also been filed. Plaintiffs then filed a consolidated, amended complaint on May 20, 2014. The amended complaint generally alleges an overall scheme that included Watson improperly delaying the launch of its generic version of Actos ® in exchange for substantial payments from Takeda in violation of federal and state antitrust and consumer protection laws. The complaint seeks declaratory and injunctive relief and unspecified damages. Defendants have moved to dismiss the amended complaint. On September 23, 2015, the court granted the motion to dismiss the indirect purchasers' complaint in its entirety. In May 2015, two additional putative class action complaints, each of which makes similar allegations against the Company and Takeda, were filed by plaintiffs on behalf of a putative class of direct purchasers. Defendants have moved to dismiss the direct purchasers' complaint.

The Company believes that it has substantial meritorious defenses to the claims alleged. However, these actions, if successful, could adversely affect the Company and could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

23 Commitments and Contingencies - continued

AndroGel® Litigation. On January 29, 2009, the U.S. Federal Trade Commission and the State of California filed a lawsuit in federal district court in California alleging that the September 2006 patent lawsuit settlement between Watson and Solvay Pharmaceuticals, Inc. ("Solvay"), related to AndroGel ® 1% (testosterone gel) CIII is unlawful. The complaint generally alleged that Watson improperly delayed its launch of a generic version of AndroGel ® in exchange for Solvay's agreement to permit Watson to co-promote AndroGel ® for consideration in excess of the fair value of the services provided by Watson, in violation of federal and state antitrust and consumer protection laws. The complaint sought equitable relief and civil penalties. On February 2 and 3, 2009, three separate lawsuits alleging similar claims were filed in federal district court in California by various private plaintiffs purporting to represent certain classes of similarly situated claimants. On April 8, 2009, the Court transferred the government and private cases to the United States District Court for the Northern District of Georgia. The FTC and the private plaintiffs filed amended complaints on May 28, 2009. The private plaintiffs amended their complaints to include allegations concerning conduct before the U.S. Patent and Trademark Office (the "USPTO"), conduct in connection with the listing of Solvay's patent in the FDA "Orange Book," and sham litigation. Additional actions alleging similar claims have been filed in various courts by other private plaintiffs purporting to represent certain classes of similarly situated direct or indirect purchasers of AndroGel ® . The Judicial Panel on Multidistrict Litigation ("JPML") transferred all federal court actions then pending outside of Georgia to that district. The district court then granted the Company's motion to dismiss all claims except the private plaintiffs' sham litigation claims. After the dismissal was upheld by the Eleventh Circuit Court of Appeals, the FTC petitioned the United States Supreme Court to hear the case. On June 17, 2013, the Supreme Court issued a decision, holding that the settlements between brand and generic drug companies which include a payment from the brand company to the generic competitor must be evaluated under a "rule of reason" standard of review and ordered the case remanded (the "Supreme Court AndroGel Decision"). The case is now back in the district court in Georgia. On August 5, 2014 the indirect purchaser plaintiffs filed an amended complaint which the Company answered on September 15, 2014.

The Company believes it has substantial meritorious defenses and intends to defend itself vigorously. However, these actions, if successful, could adversely affect the Company and could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

Asacol® Litigation. On June 22, 2015, two class action complaints were filed in federal court in Massachusetts on behalf of a putative class of indirect purchasers. In each complaint plaintiffs allege that they paid higher prices for Warner Chilcott's Asacol ® HD and Delzicol ® products as a result of Warner Chilcott's alleged actions preventing or delaying generic competition in the market for Warner Chilcott's older Asacol ® product in violation of U.S. federal antitrust laws and/or state laws. Plaintiffs seek unspecified injunctive relief, treble damages and/or attorneys' fees. All of the actions were consolidated in the federal district court. On September 21, 2015, three additional complaints were filed on behalf of putative classes of indirect purchasers, each raising similar allegations to the complaints filed in June 2015. Defendants have moved to dismiss the indirect purchasers' complaint.

The Company believes it has substantial meritorious defenses and intends to defend itself vigorously. However, these actions, if successful, could adversely affect the Company and could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

Botox® Litigation. On February 24, 2015, a class action complaint was filed in federal court in California. The complaint alleges unlawful market allocation in violation of Section 1 of the Sherman Act, 15 U.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

23 Commitments and Contingencies - continued

§1, agreement in restraint of trade in violation of 15 U.S.C. §1 of the Sherman Act, unlawful maintenance of monopoly market power in violation of Section 2 of the Sherman Act, 15 U.S.C. §2 of the Sherman Act, violations of California's Cartwright Act, Section 16700 et seq. of Calif. Bus. and Prof. Code., and violations of California's unfair competition law, Section 17200 et seq. of Calif. Bus. and Prof. Code. Plaintiffs filed an amended complaint on May 29, 2015. On June 29, 2015, the Company filed a motion to dismiss the complaint. On October 20, 2015, the Court denied the Company's motion to dismiss the complaint. On December 18, 2015, plaintiffs filed a motion for partial judgment on the pleadings or, in the alternative, for partial summary judgment or adjudication. The Company filed a response to the motion for judgment on the pleadings on February 11, 2016. The court held oral argument on plaintiff's motion on March 4, 2016 and took the matter under submission. The Company believes it has substantial meritorious defenses and intends to defend itself vigorously. However, these actions, if successful, could adversely affect the Company and could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

Cipro® Litigation. Beginning in July 2000, a number of suits were filed against Watson and certain Company affiliates including The Rugby Group, Inc. ("Rugby") in various state and federal courts alleging claims under various federal and state competition and consumer protection laws. The actions generally allege that the defendants engaged in unlawful, anticompetitive conduct in connection with alleged agreements, entered into prior to Watson's acquisition of Rugby from Sanofi Aventis ("Sanofi"), related to the development, manufacture and sale of the drug substance ciprofloxacin hydrochloride, the generic version of Bayer's brand drug, Cipro ® . The actions generally seek declaratory judgment, damages, injunctive relief, restitution and other relief on behalf of certain purported classes of individuals and other entities. While many of these actions have been dismissed, actions remain pending in various state courts, including California, Kansas, Tennessee, and Florida. There has been activity in Tennessee and Florida since 2003. In the action pending in Kansas, plaintiffs' motion for class certification has been fully briefed. In the action pending in the California state court, following the decision from the United States Supreme Court in the *Federal Trade Commission v. Actavis* matter involving AndroGel ® , described above, Plaintiffs and Bayer announced that they reached an agreement to settle the claims pending against Bayer and Bayer has now been dismissed from the action. Plaintiffs are continuing to pursue claims against the generic defendants, including Watson and Rugby. The remaining parties submitted letter briefs to the court regarding the impact of the Supreme Court AndroGel Decision and on May 7, 2015, the California Supreme Court issued a ruling, consistent with the Supreme Court AndroGel Decision discussed above, that the settlements between brand and generic drug companies which include a payment from the brand company to the generic competitor must be evaluated under a "rule of reason" standard of review.

In addition to the pending actions, the Company understands that various state and federal agencies are investigating the allegations made in these actions. Sanofi has agreed to defend and indemnify Watson and its affiliates in connection with the claims and investigations arising from the conduct and agreements allegedly undertaken by Rugby and its affiliates prior to Watson's acquisition of Rugby, and is currently controlling the defense of these actions.

Doryx® Litigation. In July 2012, Mylan Pharmaceuticals Inc. ("Mylan") filed a complaint against Warner Chilcott and Mayne Pharma International Pty. Ltd. ("Mayne") in federal court in Pennsylvania alleging that Warner Chilcott and Mayne prevented or delayed Mylan's generic competition to Warner Chilcott's Doryx ® products in violation of U.S. federal antitrust laws and tortiously interfered with Mylan's prospective economic relationships under Pennsylvania state law. In the complaint, Mylan seeks unspecified treble and punitive damages and attorneys' fees. Following the filing of Mylan's complaint, three putative class actions

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

23 Commitments and Contingencies - continued

were filed against Warner Chilcott and Mayne by purported direct purchasers, and one putative class action was filed against by purported indirect purchasers. In addition, four retailers filed in the same court a civil antitrust complaint in their individual capacities against Warner Chilcott and Mayne regarding Doryx ® . In each of the class and individual cases the plaintiffs allege that they paid higher prices for Warner Chilcott's Doryx ® products as a result of Warner Chilcott's and Mayne's alleged actions preventing or delaying generic competition in violation of U.S. federal antitrust laws and/or state laws. Plaintiffs seek unspecified injunctive relief, treble damages and/or attorneys' fees. All of the actions were consolidated in the federal district court.

Warner Chilcott and Mayne's motion to dismiss was denied without prejudice by the court in June 2013. Thereafter, Warner Chilcott and Mayne reached agreements to settle the claims of the Direct Purchaser Plaintiff class representatives, the Indirect Purchaser Plaintiff class representatives and each of the individual retailer plaintiffs. Warner Chilcott and Mylan filed motions for summary judgment on March 10, 2014. On April 16, 2015, the court issued an order granting Warner Chilcott and Mayne's motion for summary judgment, denying Mylan's summary judgment motion and entering judgment in favor of Warner Chilcott and Mayne on all counts. Mylan is appealing the district court's decision to the Third Circuit Court of Appeals and the appeal is fully briefed. The date for oral argument on the appeal has not yet been set.

The Company intends to vigorously defend its rights in the litigations. However, it is impossible to predict with certainty the outcome of any litigation and whether any additional similar suits will be filed.

Lidoderm® Litigation. On November 8, 2013, a putative class action was filed in the federal district court against Actavis, Inc. and certain of its affiliates alleging that Watson's 2012 patent lawsuit settlement with Endo Pharmaceuticals, Inc. related to Lidoderm® (lidocaine transdermal patches, "Lidoderm®") is unlawful. The complaint, asserted on behalf of putative classes of direct purchaser plaintiffs, generally alleges that Watson improperly delayed launching generic versions of Lidoderm® in exchange for substantial payments from Endo in violation of federal and state antitrust and consumer protection laws. The complaint seeks declaratory and injunctive relief and damages. Additional lawsuits containing similar allegations have followed on behalf of other classes of putative direct purchasers and suits have been filed on behalf of putative classes of end-payer plaintiffs. The Company anticipates additional claims or lawsuits based on the same or similar allegations may be filed. On April 3, 2014 the JPML consolidated the cases in federal district court in California. Defendants filed motions to dismiss each of the plaintiff classes' claims. On November 17, 2014, the court issued an order granting the motion in part but denying it with respect to the claims under Section 1 of the Sherman Act. Plaintiffs then filed an amended, consolidated complaint on December 19, 2014. Defendants have responded to the amended consolidated complaint. On March 5, 2015, a group of five retailers filed a civil antitrust complaint in their individual capacities regarding Lidoderm® in the same court where it was consolidated with the direct and indirect purchaser class complaints. The retailer complaint recites similar facts and asserts similar legal claims for relief to those asserted in the related cases described above. The five retailers amended their complaint on July 27, 2015. On March 30, 2016, the U.S. Federal Trade Commission filed a lawsuit in federal district court in the Eastern District of Pennsylvania against the company, one of its Global Generics business subsidiaries, Watson Laboratories, Inc., Endo Pharmaceuticals Inc. and others arising out of patent settlements relating to Lidoderm and Opana ER (generic oxymorphone extended release tablets). The Lidoderm settlement was reached by Endo Pharmaceuticals Inc. and Watson Laboratories, Inc. in May 2012, and all allegations against the Company and Watson Laboratories, Inc. relate to the Lidoderm settlement only. The FTC action as to Watson Laboratories, Inc. parallels the allegations contained in the private litigation, and seeks monetary and equitable relief.

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23 Commitments and Contingencies - continued

The Company believes it has substantial meritorious defenses and intends to defend itself vigorously. However, these actions, if successful, could adversely affect the Company and could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

Loestrin® 24 Litigation. On April 5, 2013, two putative class actions were filed in the federal district court against Actavis, Inc. and certain affiliates alleging that Watson's 2009 patent lawsuit settlement with Warner Chilcott related to Loestrin ® 24 Fe (norethindrone acetate/ethinyl estradiol tablets and ferrous fumarate tablets, "Loestrin ® 24") is unlawful. The complaints, both asserted on behalf of putative classes of end-payors, generally allege that Watson and another generic manufacturer improperly delayed launching generic versions of Loestrin ® 24 in exchange for substantial payments from Warner Chilcott, which at the time was an unrelated company, in violation of federal and state antitrust and consumer protection laws. The complaints each seek declaratory and injunctive relief and damages. Additional complaints have been filed by different plaintiffs seeking to represent the same putative class of end-payors. In addition to the end-payor suits, two lawsuits have been filed on behalf of a class of direct payors. The Company anticipates additional claims or lawsuits based on the same or similar allegations. After a hearing on September 26, 2013, the JPML issued an order transferring all related Loestrin ® 24 cases to the federal court for the District of Rhode Island. On September 4, 2014, the court granted the defendants' motion to dismiss the complaint. The plaintiffs appealed the district court's decision to the First Circuit Court of Appeals and oral argument was held on December 7, 2015. On February 22, 2016 the First Circuit issued its decision vacating the decision of, and remanding the matter to, the district court.

The Company believes it has substantial meritorious defenses and intends to defend itself vigorously including in the appeal of the district court's decision granting the Company's motion to dismiss. However, these actions, if successful, could adversely affect the Company and could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

Namenda® Litigation. On September 15, 2014, the State of New York, through the Office of the Attorney General of the State of New York, filed a lawsuit in the United States District Court for the Southern District of New York alleging that Forest is acting to prevent or delay generic competition to Forest's immediate-release product Namenda® in violation of federal and New York antitrust laws and committed other fraudulent acts in connection with its commercial plans for Namenda ® XR. In the complaint, the state seeks unspecified monetary damages and injunctive relief. On September 24, 2014, the state filed a motion for a preliminary injunction prohibiting Forest from discontinuing or otherwise limiting the availability of immediate-release Namenda® until the conclusion of the litigation. A hearing was held in November 2014 on the state's preliminary injunction motion. On December 11, 2014, the district court issued a ruling granting the state's injunction motion and issued an injunction on December 15, 2014. On May 22, 2015, the Court of Appeals for the Second Circuit affirmed the preliminary injunction. On June 5, 2015, Forest filed a petition with the Second Circuit for rehearing en banc which was denied. Forest and the New York Attorney General reached a settlement on November 24, 2015. On May 29, 2015, a putative class action was filed on behalf of a class of direct purchasers and on June 8, 2015 a similar putative class action was filed on behalf of a class of indirect purchasers. Since that time, additional complaints have been filed on behalf of putative classes of direct and indirect purchasers. The class action complaints make claims similar to those asserted by the New York Attorney General and also include claims that Namenda® patent litigation settlements between Forest and generic companies also violated the antitrust laws. On December 22, 2015, Forest and its co-defendants filed motions to dismiss the pending complaints of the putative classes of direct and indirect purchasers. These motions remain pending. The Company believes it has substantial meritorious defenses and intends to defend both its brand and generic defendant entities vigorously. However, these actions, if successful, could adversely affect the Company and could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

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23 Commitments and Contingencies - continued

Zymar®/Zymaxid® Litigation. On February 16, 2012, Apotex Inc. and Apotex Corp. filed a complaint in the federal district court in Delaware against Senju Pharmaceuticals Co., Ltd. ("Senju"), Kyorin Pharmaceutical Co., Ltd. ("Kyorin"), and Allergan, Inc. ("Allergan") alleging monopolization in violation of Section 2 of the Sherman Act, conspiracy to monopolize, and unreasonable restraint of trade in the market for gatifloxacin ophthalmic formulations, which includes Allergan's ZYMAR ® gatifloxacin ophthalmic solution 0.3% and ZYMAXID ® gatifloxacin ophthalmic solution 0.5% products. On May 24, 2012, Allergan filed a motion to dismiss the complaint to the extent it seeks to impose liability for alleged injuries occurring prior to August 19, 2011, which is the date Apotex obtained final approval of its proposed generic product. Allergan and the other defendants also moved to dismiss. Defendants also filed a motion to stay the action pending resolution of related patent actions in the federal court in Delaware and in the U.S. Court of Appeals for the Federal Circuit. On February 7, 2013, the court granted defendants' motion to stay the proceedings pending resolution of the appeal in the patent dispute and denied the motion to dismiss without prejudice to renew. On September 18, 2014, defendants filed a new motion to dismiss the Apotex plaintiffs' complaint. The court dismissed Allergan's motion on May 2, 2015. Thereafter, Allergan filed an answer to Apotex's complaint on June 1, 2015. On June 6, 2014, a separate antitrust class action complaint was filed in the federal district court in Delaware against the same defendants as in the Apotex case. The complaint alleges that defendants unlawfully excluded or delayed generic competition in the gatifloxacin ophthalmic formulations market (generic versions of ZYMAR ® and ZYMAXID ®). On September 18, 2014, Allergan filed a motion to dismiss for lack of subject matter jurisdiction and joined in co-defendants' motion to dismiss for failure to state a claim. On August 19, 2015, the court granted Allergan's motion to dismiss. On September 18, 2015, plaintiff filed a notice of appeal with the U.S. Court of Appeals for the Third Circuit. The Company believes it has substantial meritorious defenses and intends to defend itself vigorously. However, these actions, if successful, could adversely affect the Company and could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

Commercial Litigation

Celexa®/Lexapro® Class Actions. Forest and certain of its affiliates are defendants in three federal court actions filed on behalf of individuals who purchased Celexa ® and/or Lexapro ® for pediatric use, all of which have been consolidated for pretrial purposes in an MDL proceeding in the federal district court Massachusetts (the "Celexa ® /Lexapro ® MDL"). These actions, two of which were originally filed as putative nationwide class actions, and one of which is a putative California-wide class action, allege that Forest marketed Celexa ® and/or Lexapro ® for off-label pediatric use and paid illegal kickbacks to physicians to induce prescriptions of Celexa ® and Lexapro®. The complaints assert various similar claims, including claims under the state consumer protection statutes and state common laws. Plaintiffs in the various actions sought to have certified California, Missouri, Illinois and New York state-wide classes. However, only the Missouri state class was certified. Forest subsequently reached an agreement with the MDL plaintiffs to settle the Missouri class claims, including claims by both individuals and third party payors that purchased Celexa ® or Lexapro ® for use by a minor from 1998 to December 31, 2013, for $7.65 million with a potential to increase the amount to $10.35 million if settling plaintiffs meet certain thresholds. On September 8, 2014 the court granted final approval for the settlement.

Additional actions relating to the promotion of Celexa® and/or Lexapro® have been filed all of which have been consolidated in the Celexa ® /Lexapro ® MDL. On May 3, 2013, an action was filed in federal court in California on behalf of individuals who purchased Lexapro ® for adolescent use, seeking to certify a state-wide class action in California and alleging that our promotion of Lexapro ® for adolescent depression has been deceptive. On March 5, 2014 the court granted Forest's motion to dismiss this complaint. Plaintiff then appealed the district court's decision to the Court of Appeals for the First Circuit and on February 20, 2015,

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23 Commitments and Contingencies - continued

the First Circuit affirmed the dismissal of the complaint, ruling that Plaintiffs' California state law claims were preempted by the Federal Food, Drug, and Cosmetic Act (FDCA). On November 13, 2013, an action was filed in federal court in Minnesota seeking to certify a nationwide class of third-party payor entities that purchased Celexa ® and Lexapro ® for pediatric use. The complaint asserts claims under the federal Racketeer Influenced and Corrupt Organizations Act, alleging that Forest engaged in an off-label marketing scheme and paid illegal kickbacks to physicians to induce prescriptions of Celexa ® and Lexapro ® . Forest moved to dismiss the complaint and on December 12, 2014, the court issued a ruling dismissing plaintiff's claims under Minnesota's Deceptive Trade Practices Act, but denying the remaining portions of the motion. On March 13, 2014, an action was filed in the federal court in Massachusetts by two third-party payors seeking to certify a nationwide class of persons and entities that purchased Celexa ® and Lexapro ® for use by pediatric use. The complaint asserts claims under the federal Racketeer Influenced and Corrupt Organizations Act, state consumer protection statutes, and state common laws, alleging that Forest engaged in an off-label marketing scheme and paid illegal kickbacks to physicians to induce prescriptions of Celexa ® and Lexapro®. The court granted Forest's motion to dismiss this complaint in its December 12, 2014 ruling. On August 28, 2014, an action was filed in the federal district court in Washington seeking to certify a nationwide class of consumers and subclasses of Washington and Massachusetts consumers that purchased Celexa ® and Lexapro ® for pediatric use. The complaint asserts claims under the federal Racketeer Influenced and Corrupt Organizations Act, alleging that Forest engaged in off-label marketing scheme and paid illegal kickbacks to physicians to induce prescriptions of Celexa ® and Lexapro ® . Forest's response to the complaint was filed on December 19, 2014. On June 16, 2015, the court issued a ruling on the motion to dismiss, granting it in part and denying it in part. Plaintiffs thereafter filed an amended complaint. Forest moved to dismiss the amended complaint.

Forest and certain of its affiliates are also named as defendants in two actions filed on behalf of entities or individuals who purchased or reimbursed certain purchases of Celexa ® and Lexapro ® for pediatric use pending in the Missouri state court. These claims arise from similar allegations as those contained in the federal actions described in the preceding paragraphs. One action, filed on November 6, 2009, was brought by two entities that purchased or reimbursed certain purchases of Celexa ® and/or Lexapro ® . The complaint asserts claims under the Missouri consumer protection statute and Missouri common law, and seeks unspecified damages and attorneys' fees. The other action, filed on July 22, 2009, was filed as a putative class action on behalf of a class of Missouri citizens who purchased Celexa ® for pediatric use. The complaint asserts claims under the Missouri consumer protection statute and Missouri common law, and seeks unspecified damages and attorneys' fees. In October 2010, the court certified a class of Missouri domiciliary citizens who purchased Celexa ® for pediatric use at any time prior to the date of the class certification order, but who do not have a claim for personal injury. The Company reached agreements with both sets of plaintiffs in the Missouri actions to resolve each matter for payments that are not material to our financial condition or results of operations.

The Company intends to continue to vigorously defend against these actions. At this time, the Company does not believe losses, if any, would have a material effect on the results of operations or financial position taken as a whole.

Generic Drug Pricing Litigation. On March 2, 2016, a putative class action complaint was filed against Allergan plc and several other defendants in federal court in Pennsylvania on behalf of a putative class of direct and indirect purchasers of certain pharmaceutical products. Two additional indirect purchaser class action complaints were in the same court on March 25, 2016. Each of the complaints allege that the defendants engaged in a conspiracy to fix, maintain and/or stabilize the prices of certain generic drug products. The

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Company intends to vigorously defend against this action. However, this action, if successful, could adversely affect the Company and could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

Telephone Consumer Protection Act Litigation. A putative class action complaint against Anda, Inc. ("Anda"), a subsidiary of the Company, was filed in Missouri state court alleging claims for conversion and alleged violations of the Telephone Consumer Protection Act ("TCPA") and Missouri Consumer Fraud and Deceptive Business Practices Act. An amended complaint alleges that by sending unsolicited facsimile advertisements, Anda misappropriated the class members' paper, toner, ink and employee time when they received the alleged unsolicited faxes, and that the alleged unsolicited facsimile advertisements were sent to the plaintiff in violation of the TCPA and Missouri Consumer Fraud and Deceptive Business Practices Act. The complaint seeks to assert class action claims on behalf of the plaintiff and other similarly situated third parties. On May 19, 2011, the plaintiff's filed a motion seeking certification of a class of entities with Missouri telephone numbers who were sent Anda faxes for the period January 2004 through January 2008 but the court vacated the class certification hearing until the FCC Petition, described in more detail below, was addressed. On May 1, 2012, a separate action was filed in federal court in Florida, purportedly on behalf of the "end users of the fax numbers in the United States but outside Missouri to which faxes advertising pharmaceutical products for sale by Anda were sent." On July 10, 2012, Anda filed its answer and affirmative defenses. The parties filed a joint motion to stay the action pending the resolution of the FCC Petition which the court granted. In addition, in October 2012, Forest and certain of its affiliates were named as defendants, in a putative class action in federal court in Missouri. This suit alleges that Forest and another defendant violated the TCPA and was filed on behalf of a proposed class that includes all persons who, from four years prior to the filing of the action, were sent telephone facsimile messages of material advertising the commercial availability of any property, goods, or services by or on behalf of defendants, which did not display an opt-out notice compliant with a certain regulation promulgated by the FCC. On July 17, 2013, the district court granted Forest's motion to stay the action pending the administrative proceeding initiated by the pending FCC Petition and a separate petition Forest filed. On October 31, 2015, another class action complaint was filed in Missouri state court against Allergan USA, Inc., Warner Chilcott Corporation and Actavis, Inc. alleging violations of the Telephone Consumer Protection Act, the Missouri Consumer Fraud and Protection Act and conversion on behalf of a putative nationwide class of plaintiffs to who defendant Warner Chilcott Corporation sent unsolicited facsimile advertisements. Defendants removed this action to the federal district court for the Western District of Missouri on December 10, 2015 and responded to the complaint on February 8, 2016. On February 17, 2016, plaintiffs voluntarily dismissed defendants Allergan USA, Inc. and Actavis, Inc. from the litigation.

In a related matter, in November 2010 Anda filed a petition with the FCC, asking the FCC to clarify the statutory basis for its regulation requiring "opt-out" language on faxes sent with express permission of the recipient (the "FCC Petition"). On May 2, 2012, the Consumer & Governmental Affairs Bureau of the FCC dismissed the FCC Petition. On May 14, 2012, Anda filed an application for review of the Bureau's dismissal by the full Commission, requesting the FCC to vacate the dismissal and grant the relief sought in the FCC Petition. The FCC did not rule on the application for review. On June 27, 2013, Forest filed a Petition for Declaratory Ruling with the FCC requesting that the FCC find that (1) the faxes at issue in the action complied, or substantially complied with the FCC regulation, and thus did not violate it, or (2) the FCC regulation was not properly promulgated under the TCPA. On January 31, 2014, the FCC issued a Public Notice seeking comment on several other recently-filed petitions, all similar to the one Anda filed in 2010. On October 30, 2014, the FCC issued a final order on the FCC Petition granting Anda, Forest and

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several other petitioners a retroactive waiver of the opt-out notice requirement for all faxes sent with express consent. The litigation plaintiffs, who had filed comments on the January 2014 Public Notice, have appealed the final order to the Court of Appeals for the District of Columbia. Anda, Forest and other petitioners have moved to intervene in the appeal seeking review of that portion of the FCC final order addressing the statutory basis for the opt out/express consent portion of the regulation.

Anda and Forest believe they have substantial meritorious defenses to the putative class actions brought under the TCPA, and intend to defend the actions vigorously. However, these actions, if successful, could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

Prescription Drug Abuse Litigation. On May 21, 2014, the California counties Santa Clara and Orange filed a lawsuit in California state court on behalf of the State of California against several pharmaceutical manufacturers. Plaintiffs named Actavis plc in the suit. The California plaintiffs filed an amended complaint on June 9, 2014. On June 2, 2014, the City of Chicago also filed a complaint in Illinois state court against the same set of defendants, including Actavis plc, that were sued in the California Action. Co-defendants in the action removed the matter to the federal court in Illinois. Both the California and Chicago complaints allege that the manufacturer defendants engaged in a deceptive campaign to promote their products in violation of state and local laws. Each of the complaints seeks unspecified monetary damages, penalties and injunctive relief. Defendants have moved to dismiss the complaints in each action. On May 8, 2015, the court in the Chicago litigation granted the Company's motion to dismiss the complaint. On August 26, 2015, the City of Chicago filed a second amended complaint. In the California action, on August 27, 2015, the court stayed the action based on primary jurisdiction arguments raised in the motions to dismiss. The Company anticipates that additional suits will be filed. The Company believes it has several meritorious defenses to the claims alleged. However, an adverse determination in these actions could have an adverse effect on the Company's business, results of operations, financial condition and cash flows.

Testosterone Replacement Therapy Class Action. On November 24, 2014, the Company was served with a putative class action complaint filed on behalf a class of third party payers in federal court in Illinois. The suit alleges that the Company and other named pharmaceutical defendants violated various laws including the federal Racketeer Influenced and Corrupt Organizations Act and state consumer protection laws in connection with the sale and marketing of certain testosterone replacement therapy pharmaceutical products ("TRT Products"), including the Company's Androderm ® product. This matter was filed in the TRT Products Liability MDL, described in more detail below, notwithstanding that it is not a product liability matter. Plaintiff alleges that it reimbursed third parties for dispensing TRT Products to beneficiaries of its insurance policies. Plaintiff seeks to obtain certain equitable relief, including injunctive relief and an order requiring restitution and/or disgorgement, and to recover damages and multiple damages in an unspecified amount. Defendants filed a joint motion to dismiss the complaint, after which plaintiff amended its complaint. Defendants jointly filed a motion to dismiss the amended complaint, which was granted in part and denied in part on February 3, 2016. The Court dismissed plaintiff's substantive RICO claims for mail and wire fraud for failure to plead with particularity under Rule 9(b) but granted plaintiffs leave to replead. The court also dismissed plaintiff's state law statutory claims and common law claims for fraud and unjust enrichment. The Court declined to dismiss plaintiff's conspiracy claims pursuant to 18 U.S.C. § 1962(d) and its claims for negligent misrepresentation. Plaintiff has until April 7, 2016 to file an amended complaint On March 2, 2016, the defendants jointly filed a Motion for Reconsideration of the court's ruling on plaintiff's claims under 18 U.S.C. § 1962(d). The Company believes it has substantial meritorious defenses to the claims alleged and intends to vigorously defend the action. However, an adverse determination in

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the case could have an adverse effect on the Company's business, results of operations, financial condition and cash flows.

TNS Products Litigation. On March 19, 2014, a complaint was filed in the federal district court in California. The complaint alleges violations of the California Unfair Competition Law, the Consumers Legal Remedies Act, and the False Advertising Law, and deceit. On June 2, 2014, Plaintiff filed a first amended complaint. On June 23, 2014, Allergan filed a motion to dismiss the first amended complaint. On September 5, 2014, the court granted-in-part and denied-in-part Allergan's motion to dismiss. On September 8, 2014, the court set trial for September 1, 2015. On November 4, 2014, Allergan and SkinMedica filed a motion to dismiss. On January 7, 2015, Allergan and SkinMedica's motion to dismiss was denied. On January 15, 2015, the court set a trial date of February 16, 2016. On February 19, 2015 Plaintiff filed a third amended complaint. On May 27, 2015, the case was stayed pending the decision of the Ninth Circuit Court of Appeals in another matter involving similar legal issues. The Company believes it has substantial meritorious defenses and intends to defend itself vigorously. However, these actions, if successful, could adversely affect the Company and could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

West Virginia Prescription Drug Abuse Litigation. On June 26, 2012, the State of West Virginia filed a lawsuit against multiple distributors of prescription drugs, including Anda. The complaint generally alleges that the defendants distributed prescription drugs in West Virginia in violation of state statutes, regulation and common law. The complaint seeks injunctive relief and unspecified damages and penalties. On January 3, 2014, plaintiff filed an amended complaint which the defendants moved to dismiss. On December 16, 2014, the court issued an order denying the defendants' motion to dismiss. On January 27, 2015, the State filed a second amended complaint which the Company moved to dismiss. On September 8, 2015, the court issued a ruling denying the motion to dismiss the second amended complaint. On October 23, 2015, defendants filed a writ of prohibition in the Supreme Court of Appeals of West Viriginia seeking review of the court's denial of the motion to dismiss the second amended complaint. On January 5, 2016, the Supreme Court of Appeals of West Virginia declined to issue an order to show cause on defendants' writ of prohibition. The case is in its preliminary stages and the Company believes it has substantial meritorious defenses to the claims alleged. However, an adverse determination in the case could have an adverse effect on the Company's business, results of operations, financial condition and cash flows.

Xaleron Dispute. On February 5, 2016, Xaleron Pharmaceuticals, Inc. filed a lawsuit against Allergan, Inc. and Actavis, Inc. in state court in New York. The complaint, filed on February 26, 2016, alleges Allergan misappropriated Xaleron's confidential business information and asserts claims for unfair competition, tortious interference with prospective economic advantage and unjust enrichment. The Company intends to vigorously defend against this action. However, this action, if successful, could adversely affect the Company and could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

Employment Litigation

In July 2012, Forest and certain of its affiliates were named as defendants in an action brought by certain former company sales representatives and specialty sales representatives in the federal district court in New York. The action is a putative class and collective action, and alleges class claims under Title VII for gender discrimination with respect to pay and promotions, as well as discrimination on the basis of pregnancy, and

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a collective action claim under the Equal Pay Act. The proposed Title VII gender class includes all current and former female sales representatives employed by the Company throughout the U.S. from 2008 to the date of judgment, and the proposed Title VII pregnancy sub-class includes all current and former female sales representatives who have been, are, or will become pregnant while employed by the Company throughout the U.S. from 2008 to the date of judgment. The proposed Equal Pay Act collective action class includes current, former, and future female sales representatives who were not compensated equally to similarly-situated male employees during the applicable liability period. The Second Amended Complaint also includes non-class claims on behalf of certain of the named Plaintiffs for sexual harassment and retaliation under Title VII, and for violations of the Family and Medical Leave Act. On August 14, 2014, the court issued a decision on the Company's motion to dismiss, granting it in part and denying it in part, striking the plaintiffs' proposed class definition and instead limiting the proposed class to a smaller set of potential class members and dismissing certain of the individual plaintiffs' claims. Plaintiffs filed a motion for conditional certification of an Equal Pay Act collective action on May 22, 2015 which the Company has opposed. On September 2, 2015, the court granted plaintiffs motion to conditionally certify a collective action. The litigation is still in its early stages and the parties are beginning to work on discovery matters. The Company intends to continue to vigorously defend against this action. At this time, the Company does not believe losses, if any, would have a material effect on the results of operations or financial position taken as a whole.

FDA Litigation

In May 2002, Company subsidiary Watson Laboratories, Inc. reached an agreement with the FDA on the terms of a consent decree with respect to its Corona, California manufacturing facility. The court approved the consent decree on May 13, 2002 (*United States of America v. Watson Laboratories, Inc., et. al* ., United States District Court for the Central District of California, EDCV-02-412-VAP). The consent decree applies only to the Company's Corona, California facility and not other manufacturing sites. The decree requires that the Corona, California facility complies with the FDA's current Good Manufacturing Practices ("cGMP") regulations.

Pursuant to the agreement, the Company hired an independent expert to conduct inspections of the Corona facility at least once each year. In February 2014 the independent expert concluded its most recent inspection of the Corona facility. At the conclusion of the inspection, the independent expert reported its opinion to the FDA that, based on the findings of the audit of the facility, the FDA's applicable cGMP requirements, applicable FDA regulatory guidance, and the collective knowledge, education, qualifications and experience of the expert's auditors and reviewers, the systems at the Corona facility audited and evaluated by the expert are in compliance with the FDA's cGMP regulations. However, the FDA is not required to accept or agree with the independent expert's opinion. The FDA has conducted periodic inspections of the Corona facility since the entry of the consent decree, and concluded its most recent general cGMP inspection in April 2014. At the conclusion of the inspection, the FDA inspectors issued a Form 483 to the facility identifying certain observations concerning the instances where the facility failed to follow cGMP regulations. The facility recently responded to the Form 483 observations. If in the future, the FDA determines that, with respect to its Corona facility, the Company has failed to comply with the consent decree or FDA regulations, including cGMPs, or has failed to adequately address the FDA's inspectional observations, the consent decree allows the FDA to order a variety of actions to remedy the deficiencies. These actions could include ceasing manufacturing and related operations at the Corona facility, and recalling affected products. Such actions, if taken by the FDA, could have a material adverse effect on the Company, its results of operations, financial position and cash flows.

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Patent Litigation

Patent Enforcement Matters

Acular LS®. In September 2015, Allergan received a Paragraph IV certification notice letter from Aurobindo Pharma USA Inc. (“Aurobindo”) contending that U.S. Patent Numbers 8,008,338 (the “’338 Patent”), 8,207,215 (the “’215 Patent), 8,377,982 (the “’982 Patent”), 8,541,163 (the “’163 Patent”), 8,648,107 (the “’107 Patent”), 8,906,950 (the “’950 Patent”), and 8,946,281 (the “’281 Patent”) are invalid and not infringed by Aurobindo’s proposed generic version of Acular LS ® . While the Company intends to vigorously defend the ’338 Patent, the ’215 Patent, the ’982 Patent, the ’163 Patent, the ’107 Patent, the ’950 Patent, and the ’281 Patent and pursue its legal rights, Allergan can offer no assurance as to whether such lawsuit will be successful and that a generic version will not be launched. In November 2015, Allergan filed a complaint against Aurobindo in the U.S. District Court for the Eastern District of Texas, Marshall Division (the “Texas Litigation”) and, in the U.S. District Court for the District of Delaware (the “Delaware Litigation”). These lawsuits triggered an automatic stay of approval of the applicable ANDAs that expires no earlier than March 30, 2018 (unless there is a final court decision adverse to Allergan sooner). In January 2016, Aurobindo filed a counterclaim against Allergan in the Delaware Litigation and Texas Litigation. In March 2016, the Court in the Texas Litigation entered an order scheduling the bench trial for November 1, 2017.

Amrix®. In August 2014, Aptalis Pharmatech, Inc. (“Aptalis”) and Ivax International GmbH (“Ivax”), Aptalis’s licensee for Amrix, brought an action for infringement of U.S. Patent No. 7,790,199 (the “‘199 patent”), and 7,829,121 (the “‘121 patent”) in the U.S. District Court for the District of Delaware against Apotex Inc. and Apotex Corp. (collectively “Apotex”). Apotex has notified Aptalis that it has filed an ANDA with the FDA seeking to obtain approval to market a generic version of Amrix before these patents expire. (The ‘199 and ‘121 patents expire in November 2023.) This lawsuit triggered an automatic stay of approval of Apotex’s ANDA until no earlier than December 27, 2016 (unless there is a final court decision adverse to Forest sooner, and subject to any other exclusivities, such as a first filer 180 day market exclusivity). A bench trial concluded on November 17, 2015. Post-trial briefing is scheduled to conclude by March 30, 2016. The Company believes it has meritorious claims to prevent the generic applicant from launching a generic version of Amrix. However, there can be no assurance a generic version will not be launched.

Atelvia®. In August and October 2011 and March 2012, Warner Chilcott received Paragraph IV certification notice letters from Watson Laboratories, Inc. – Florida (together with Actavis, Inc. (formerly Watson Pharmaceuticals, Inc.) and its subsidiaries, “Actavis”), Teva and Ranbaxy Laboratories Ltd. (together with its affiliates, “Ranbaxy”) indicating that each had submitted to the FDA an ANDA seeking approval to manufacture and sell a generic version of Atelvia ® 35 mg tablets (“Atelvia ® “). The notice letters contend that Warner Chilcott’s U.S. Patent Nos. 7,645,459 (the “‘459 Patent”) and 7,645,460 (the “‘460 Patent”), two formulation and method patents expiring in January 2028, are invalid, unenforceable and/or not infringed. Warner Chilcott filed a lawsuit against Actavis in October 2011, against Teva in November 2011 and against Ranbaxy in April 2012 in the U.S. District Court for the District of New Jersey charging each with infringement of the ‘459 Patent and ‘460 Patent. On August 21, 2012, the United States Patent and Trademark Office issued to the Company U.S. Patent No. 8,246,989 (the “‘989 Patent”), a formulation patent expiring in January 2026. The Company listed the ‘989 Patent in the FDA’s Orange Book, each of Actavis, Teva and Ranbaxy amended its Paragraph IV certification notice letter to contend that the ‘989 Patent is invalid and/or not infringed, and Warner Chilcott amended its complaints against Actavis, Teva and Ranbaxy to assert the ‘989 Patent. On October 2, 2013, Actavis divested its ANDA to Amneal

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Pharmaceuticals. In September 2013, Warner Chilcott received a Paragraph IV certification notice letter from Impax Laboratories, Inc. indicating that it had submitted to the FDA an ANDA seeking approval to manufacture and sell a generic version of Atelvia ® . Warner Chilcott filed a lawsuit against Impax on October 23, 2013, asserting infringement of the ‘459, ‘460, and ‘989 patents. On June 13, June 30, and July 15, 2014, the Company entered into settlement agreements with Ranbaxy, Amneal and Impax, respectively. Each agreement permits Ranbaxy, Amneal and Impax to launch generic versions of Atelvia ® on July 9, 2025, or earlier in certain circumstances. Trial against Teva began on July 14, 2014 and concluded on July 18, 2014. On March 4, 2015, the District Court ruled that the claims at issue in the litigation are invalid for obviousness. The Company intends to appeal this ruling. On March 5, 2015, the Company filed a motion for entry of an injunction or stay pending appeal seeking to enjoin Teva from launching a generic version of Atelvia pending such appeal. On March 30, 2015, the District Court denied the Company’s motion for entry of an injunction or stay during the pendency of an appeal, but temporarily enjoined Teva from launching its generic product for 10 business days following entry of the order so that the Company could move before the Federal Circuit for an injunction pending appeal. On April 27, 2015, the Federal Circuit temporarily enjoined Teva from launching its generic product pending resolution of the Company’s motion for an injunction pending appeal. The Federal Circuit denied the Company’s motion on May 15, 2015, and Teva launched their generic version of Atelvia®. Appellate briefing is complete and oral argument was held on February 1, 2016. The parties are now awaiting a decision.

On March 18, 2016, the U.S. Court of Appeals for the Federal Circuit entered its opinion and judgment affirming the District Court’s decision.

Bystolic® IPR. On December 23, 2015, Forest Laboratories Holdings Limited (“Forest”) received a notification letter that an Inter Partes Review of the USPTO (“IPR”) petition was filed by Lower Drug Prices for Consumers, LLC (“LDPC”) regarding U.S. Patent No. 6,545,040, expiring on December 17, 2021 (the “’040 Patent”). LDPC filed the IPR petition on December 22, 2015, and refiled a corrected petition on January 20, 2016. Forest’s deadline to file a Patent Owner’s Preliminary Response is currently on or about April 4, 2016.

Canasa®. In July 2013, Aptalis Pharma US, Inc. and Aptalis Pharma Canada Inc. brought actions for infringement of U.S. Patent Nos. 8,217,083 (the “‘083 patent”) and 8,436,051 (the “‘051 patent”) in the U.S. District Court for the District of New Jersey against Mylan and Sandoz. These companies have notified Aptalis that they have filed ANDAs with the FDA seeking to obtain approval to market generic versions of Canasa ® before these patents expire. Amended complaints were filed against these companies in November 2013 adding claims for infringement of U.S. Patent No. 7,854,384 (the “‘384 patent”). The ‘083, ‘051, and ‘384 patents expire in June 2028. On November 11, 2015, Aptalis entered into a settlement agreement with Mylan. Under the terms of the settlement agreement, Mylan may launch its generic version of Canasa® on December 15, 2018, or earlier under certain circumstances. On March 22, 2016, Aptalis entered into a settlement agreement with Sandoz. On December 14, 2015, Aptalis brought an action for infringement of the ‘083, ‘051, and ‘384 patents in the U.S. District Court for the District of New Jersey against Pharmaceutical Sourcing Partners, Inc. (“PSP”). PSP had notified Aptalis that it had filed an ANDA with the FDA seeking to obtain approval to market generic versions of Canasa® before certain of these patents expire. This lawsuit triggered an automatic stay of approval of PSP’s ANDA that expires no earlier than May 2018 (unless a court issues a decision adverse to Aptalis sooner). On December 23 and 27, 2015, Aptalis brought actions for infringement of the ‘083, ‘051, and ‘384 patents in the U.S. District Courts for the District of New Jersey and the District of Delaware, respectively, against Delcor Asset Corp.,

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Renaissance Pharma, Inc. and Renaissance Acquisition Holdings, LLC ("Delcor"). Delcor has notified Aptalis that it has filed an ANDA with the FDA seeking to obtain approval to market generic versions of Canasa before certain of these patents expire. These lawsuits triggered an automatic stay of approval of Delcor's ANDA that expires no earlier than May 2018 (unless there is a final court decision adverse to Aptalis sooner). On March 14, 2016, Aptalis filed a motion to dismiss PSP's Seventh and Eighth counterclaims or in the alternative, to bifurcate the trial and stay discovery relating to PSP's seventh and eighth counterclaims. Trial is scheduled for November 2017 in the PSP action. The Company believes it has meritorious claims to prevent the generic applicants from launching a generic version of Canasa ®. However, there can be no assurance a generic version will not be launched.

Combigan® II. In 2012, Allergan filed a complaint against Sandoz, Alcon, Apotex and Watson in the U.S. District Court for the Eastern District of Texas, Marshall Division, alleging that their proposed products infringe U.S. Patent Number 8,133,890 ("890 Patent"), and subsequently amended their complaint to assert infringement of U.S. Patent Number 8,354,409. In March 2013, Allergan received a Paragraph IV invalidity and non-infringement certification from Sandoz, contending that the '890 Patent is invalid and not infringed by the proposed generic product. In October 2013, Allergan filed a motion to stay and administratively close the Combigan II matter, which was granted. In April 2015, Allergan filed a stipulation of dismissal and the U.S. District Court granted the Order with respect to the Watson defendants. In October 2015, the U.S. District Court entered an order consolidating the *Combigan® III* matter *C.A. 2:15-cv-00347-JRG* into this matter *C.A. 2:12-cv-00207-JRG*, as lead case and subsequently, set the bench trial for October 25, 2016. A Markman Hearing was held on March 2, 2016. While the Company intends to vigorously defend the patents at issue in this litigation, Allergan can offer no assurance as to whether the lawsuit will be successful and that a generic version will not be launched.

Combigan® III. On January 26, 2015, Allergan received a Paragraph IV letter from Sandoz contending that U.S. Patent Numbers 7,030,149, 7,320,976, 7,642,258, and 8,748,425 are invalid and not infringed by the proposed generic product. In March 2015, Allergan filed a complaint against Sandoz in the U.S. District Court for the Eastern District of Texas, Marshall Division, alleging that their proposed products infringe U.S. Patent Numbers 7,030,149, 7,320,976, 7,642,258, and 8,748,425 (the "Combigan Patents"). In April 2015, Sandoz filed a counterclaim against Allergan. In August 2015, Allergan filed a motion for consolidation with *C.A. 2:12-cv-00207-JRG* and request for earlier trial date. In October 2015, the U.S. District Court held oral argument on the motion for consolidation and earlier trial date and entered an order consolidating this matter *C.A. 2:15-cv-00347-JRG* into the *Combigan® II* matter *C.A. 2:12-cv-00207-JRG* and subsequently, set the bench trial for October 25, 2016. A Markman Hearing was held on March 2, 2016. While the Company intends to vigorously defend the patents at issue in this litigation, Allergan can offer no assurance as to whether the lawsuit will be successful and that a generic version will not be launched.

Delzicol®. On August 28, 2015, Warner Chilcott Company, LLC, Warner Chilcott (US), LLC, and Qualicaps Co., Ltd. (collectively, "Plaintiffs") brought an action for infringement of U.S. Patent No. 6,649,180 (the "'180 patent") in the United States District Court for the Eastern District of Texas against Teva Pharmaceuticals USA, Inc. and Teva Pharmaceutical Industries Ltd. (collectively, "Teva"). Teva notified Plaintiffs that it has filed an ANDA with the FDA seeking to obtain approval to market generic versions of Delzicol® before the '180 patent expires in April 2020. This lawsuit triggered an automatic stay of approval of Teva's ANDA that expires no earlier than January 2018 (unless there is a final court decision adverse to Plaintiffs sooner). Trial is scheduled for October 2017. On November 9, 2015, Plaintiffs also brought an action for infringement of '180 patent in the United States District Court for the

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Eastern District of Texas against Mylan Pharmaceuticals, Inc., Mylan Laboratories Limited and Mylan, Inc. (collectively, “Mylan”). Mylan notified Plaintiffs that it has filed an ANDA with the FDA seeking to obtain approval to market generic versions of Delzicol® before the ‘180 patent expires in April 2020. This lawsuit triggered an automatic stay of approval of Mylan’s ANDA that expires no earlier than March 2018 (unless a court issues a decision adverse to Plaintiffs sooner). On December 16, 2015, Mylan filed a motion to dismiss for failure to state a claim, lack of personal jurisdiction, and improper venue, which remains pending. Trial is scheduled for October 2017. In March 2016, the Court entered an order consolidating the Mylan litigation (*C.A. 2:15-cv-01740*) with the Teva litigation (*C.A. 2:15-cv-01471*) matter as the lead case. While the Company intends to vigorously defend the patents at issue in this litigation, Warner Chilcott can offer no assurance as to whether the lawsuit will be successful and that a generic version will not be launched.

In February 2016, Warner Chilcott received a Paragraph IV letter from Zydus notifying Warner Chilcott that they have filed an ANDA with the FDA seeking to obtain approval to market generic versions of Delzicol® before the patent expires in April 2020, contending that U.S. Patent Number 6,649,180 (the “’180 patent”) is invalid and not infringed by the proposed generic product.

Lastacaft®. In October 2014, Allergan and Vistakon Pharmaceuticals, LLC (“Vistakon”) filed a complaint in the U.S. District Court for the District of Delaware for infringement of U.S. Patent No. 8,664,215 (“’215 Patent”) against Wilshire Pharmaceuticals, Inc. (“Wilshire”). In February 2015, Wilshire filed a motion to dismiss Count II of the complaint for lack of subject matter jurisdiction and a counterclaim against Allergan and Vistakon. The parties stipulated and the Court ordered that Count II is dismissed without prejudice. In June 2015, the Court scheduled a bench trial for July 17, 2017. This lawsuit triggered an automatic stay of approval of the applicable ANDAs that expires no earlier than January 28, 2018 (unless there is a final court decision adverse to Allergan sooner). While the Company intends to vigorously defend the patents at issue in this litigation, Allergan can offer no assurance as to whether the lawsuit will be successful and that a generic version will not be launched.

Latisse® III. In December 2014, Allergan and Duke University filed a complaint for declaratory judgment of infringement of U.S. Patent Nos. 8,906,962 (“‘962 Patent”) against Apotex. In January 2015, Allergan and Duke subsequently filed an amended complaint against Apotex to assert infringement of U.S. Patent Number 8,926,953 (“‘953 Patent”). In March 2015, Allergan and Duke filed a second amended complaint asserting only the ‘953 Patent. Apotex filed a motion to dismiss for failure to state a claim with respect to the ‘953 Patent.

In February 2016, Allergan received a Paragraph IV letter from Sandoz notifying Allergan that they have filed an ANDA with the FDA seeking to obtain approval to market generic versions of Latisse® before the patents expire in January 2023, contending that U.S. Patent Numbers 9,216,183 (the “’183 patent”) and 9,226,931 (the “’931 patent) are invalid and not infringed by the proposed generic product.

In December 2014, Allergan and Duke filed a complaint for infringement of U.S. Patent No. 8,906,962 (“‘962 Patent”) against Sandoz, Inc. (“Sandoz”), Akorn, Inc. (“Akorn”), Hi-Tech Parmacal Co., Inc. (“Hi-Tech”), and Actavis, Inc., Watson Laboratories, Inc., and Actavis Pharma, Inc. (collectively, “Actavis”). In January 2015, Allergan and Duke subsequently filed an amended complaint against Sandoz, Akorn, Hi-Tech, and Actavis to assert infringement of U.S. Patent Number 8,926,953 (“‘953 Patent”). In March 2015, Allergan filed a notice of voluntary dismissal as to the Actavis defendants. In March 2015, Allergan and

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Duke filed a motion for leave to file a second amended complaint asserting only the ‘953 Patent. In April 2015, Sandoz filed a motion to dismiss for failure to state a claim. In May 2015, Akorn and Hi-Tech filed a motion to dismiss for failure to state a claim. On May 19, 2015, the court entered an opinion and order granting Allergan and Duke’s motion for leave to file a second amended complaint, which will render moot Apotex’s motion to dismiss for failure to state a claim, Allergan and Duke’s motion to dismiss Apotex’s counterclaims, Sandoz’s motion to dismiss for failure to state a claim, and Akorn and Hi-Tech’s motion to dismiss for failure to state a claim. On May 22, 2015, Allergan and Duke filed a second amended complaint. On June 22, 2015, Apotex and Sandoz filed separate motions to dismiss for failure to state a claim. On July 2, 2015, Akorn and Hi-Tech filed a motion for judgment on the pleadings. On August 31, 2015, the court issued an order and judgment dismissing the case with prejudice in favor of Apotex, Sandoz and Akorn on all of Allergan’s claims alleging infringement of the ‘953 patent. In the Sandoz and Akorn matters, the court also declared and adjudged the ‘953 patent invalid as obvious, and collaterally estopped Allergan from asserting the ‘953 patent against Sandoz or Akorn or contesting the invalidity of the ‘953 patent. In late September, the court entered a final judgment that declared and adjudged claims 8, 23 and 26 of the ‘953 patent invalid as obvious and collaterally estopped Allergan from asserting claims 8, 23 and 26 of the ‘953 patent against Apotex and Akorn or contesting the invalidity of claims 8, 23 and 26 of the ‘953 patent. On September 30, 2015, Allergan filed a Notice of Appeal to the Court of Appeals for the Federal Circuit. On October 19, 2015, the U.S. Court of Appeals for the Federal Circuit docketed the appeal filed by Allergan. While the Company intends to vigorously defend the patents at issue in this litigation, Allergan can offer no assurance as to whether the lawsuit will be successful and that a generic version will not be launched.

Minastrin® 24 Fe. On June 6, 2014, Warner Chilcott sued Lupin Atlantis Holdings SA, Lupin Ltd. and Lupin Pharmaceuticals, Inc. (collectively, “Lupin”) in the United States District Court for the District of Maryland, alleging that sales of Lupin’s norethindrone and ethinyl estradiol chewable tablets, a generic version of Warner Chilcott’s Minastrin ® 24 Fe, would infringe U.S. Patent 6,667,050 (the “‘050 patent”). The Complaint seeks an injunction. Pursuant to the provisions of the Hatch-Waxman Act, the FDA is precluded from granting final approval to the generic applicants until the earlier of thirty months after the generic applicant provided Warner Chilcott with notice of its abbreviated new drug application filing or the generic applicant prevails in the pending litigation. Warner Chilcott further notes that FDA will not approve any ANDA product before May 8, 2016 due to Minastrin ® 24 Fe’s new dosage form exclusivity, which expires on that date. The litigation against Lupin is pending. Warner Chilcott notes that on April 29, 2014, several of the claims of the ‘050 patent were declared invalid in the Generess litigation discussed above. Warner Chilcott has appealed the Generess decision and the appeal is currently pending. Lupin and the Company have entered into a settlement agreement and have moved the District Court in the Generess matter for an indicative ruling that it would vacate the decision in Generess if the pending appeal in that case is remanded. On April 8, 2015, the District Court granted the parties’ motion and the Generess appeal has been terminated. The parties request that the District Court in Generess vacate its prior opinion was granted on May 18, 2015. This case was dismissed on May 18, 2015. By letter dated April 15, 2015, the Company received a Paragraph IV notice letter from Amneal Pharmaceuticals LLC (“Amneal”). A complaint against Amneal was filed on May 28, 2015 in the United States District Court for the District of New Jersey. The Company settled its litigation with Amneal and the case was dismissed on January 2016. The Company is also involved in ANDA litigation with Mylan Pharmaceuticals, Inc. and Jai Pharma Limited regarding their Paragraph IV challenge to the ‘050 patent. This litigation is ongoing. While the Company intends to vigorously defend the patent at issue in this litigation, Warner Chilcott can offer no assurance as to whether the lawsuit will be successful and that a generic version will not be launched.

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Namenda XR®. Between January and October 2014, Forest Laboratories, Inc., Forest Laboratories Holdings, Ltd. (collectively, "Forest") and Merz Pharma and Adamas Pharmaceuticals, Forest's licensors for Namenda XR® (all collectively, "Plaintiffs"), brought actions for infringement of some or all of U.S. Patent Nos. 5,061,703 (the "'703 patent"), 8,039,009 (the "'009 patent"), 8,168,209 (the "'209 patent"), 8,173,708 (the "'708 patent"), 8,283,379 (the "'379 patent"), 8,329,752 (the "'752 patent"), 8,362,085 (the "'085 patent"), and 8,598,233 (the "'233 patent") in the U.S. District Court for the District of Delaware against Wockhardt, Teva, Sun, Apotex, Anchen, Zydus, Watson, Par, Mylan, Amneal, Ranbaxy, and Amerigen, and related subsidiaries and affiliates thereof. These companies have notified Plaintiffs that they have filed ANDAs with the FDA seeking to obtain approval to market generic versions of Namenda XR® before these certain patents expire. Including a 6-month pediatric extension of regulatory exclusivity, the '703 patent expires in October 2015, the '009 patent expires in September 2029, and the '209, '708, '379, '752, '085, and '233 patents expire in May 2026. These lawsuits triggered an automatic stay of approval of the applicable ANDAs that expires no earlier than June 2016 (unless there is a final court decision adverse to Plaintiffs sooner). On June 11, 2014, Mylan filed a motion to dismiss for lack of personal jurisdiction, which the district court denied on March 30, 2015. On December 18, 2014, Ranbaxy filed an IPR before the Patent Trial and Appeal Board, U.S. Patent and Trademark Office, with respect to the '085 patent. Adamas filed a preliminary response on April 14, 2015. On May 1, 2015, Forest entered into a settlement agreement with Ranbaxy. On May 15, 2015, the Patent Trial and Appeal Board granted Adamas and Ranbaxy's joint motion to terminate the case. On October 17, 2014, Forest and Actavis Laboratories FL, Inc. (f/k/a Watson Laboratories, Inc. — Florida) filed a stipulation dismissing their respective claims without prejudice. On November 3, 2014, Plaintiffs entered into a settlement agreement with Wockhardt. Under the terms of the settlement agreement, and subject to review of the settlement terms by the U.S. Federal Trade Commission, Plaintiffs will provide a license to Wockhardt that will permit it to launch its generic version of Namenda XR® as of the date that is the later of (a) two (2) calendar months prior to the expiration date of the last to expire of the '703 patent, the '209 patent, the '708 patent, the '379 patent, the '752 patent, the '085 patent, and the '233 patent, including any extensions and/or pediatric exclusivities; or (b) the date that Wockhardt obtains final FDA approval of its ANDA, or earlier in certain circumstances. On January 13, 2015, Plaintiffs entered into settlement agreements with Anchen and Par. Under the terms of the settlement agreements, and subject to review of the settlement terms by the U.S. Federal Trade Commission, Plaintiffs will provide licenses to Anchen and Par that will permit them to launch their generic versions of Namenda XR® as of the date that is the later of (a) two (2) calendar months prior to the expiration date of the last to expire of the '209 patent, the '708 patent, the '379 patent, the '752 patent, the '085 patent, and the '233 patent, as well as the '009 patent for Par only, including any extensions and/or pediatric exclusivities; or (b) the dates that Anchen and Par obtain final FDA approval of their respective ANDAs, or earlier in certain circumstances. On May 11, 2015, Forest entered into a settlement agreement with Sun. On August 18, 2015, Forest entered into a settlement agreement with Zydus. On September 9, 2015, Forest entered into a settlement agreement with Amneal. Under the terms of the settlement agreement, and subject to review of the settlement terms by the U.S. Federal Trade Commission, Plaintiffs will provide a license to Amneal that will permit it to launch its generic version of Namenda XR® beginning January 31, 2020, following receipt by Amneal of final approval from the FDA on its ANDA for generic Namenda XR®; or (b) under certain circumstances, Amneal has an option to launch an authorized generic version of Namenda XR® beginning on January 31, 2021. The Company entered into a settlement agreement with Amerigen on October 20, 2015. The Company entered into a settlement agreement with Mylan on November 16, 2015. The Company entered into a settlement agreement with Lupin on December 22, 2015. On January 5, 2016, the district court issued a claim construction ruling that included findings of indefiniteness as to certain claim terms in the asserted

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patents. On February 11, 2016, the Company settled with Apotex. Trial began on February 16, 2016 with the remaining defendant Teva with respect to the '009 patent. On October 9, 2015, the Company also brought an action for infringement of the '009, '209, '708, '379, '752, '085, and '233 patents in the U.S. District Court for the District of Delaware against Accord Healthcare, Inc. and Intas Pharmaceuticals Limited (collectively, "Accord"). The Accord defendants have notified Plaintiffs that they have filed an ANDA with the FDA seeking to obtain approval to market generic versions of Namenda XR® before these certain patents expire. The Accord defendants have notified Plaintiffs that they have filed an ANDA with the FDA seeking to obtain approval to market generic versions of Namenda XR® before these patents expire. On January 14, 2016, Forest entered into a settlement agreement with Accord. On December 18, 2015, the Company also brought an action for infringement of the '209, '708, '379, '752, '085, and '233 patents in the U.S. District Court for the District of Delaware against Panacea Biotec, Ltd. ("Panacea"). Panacea has notified Plaintiffs that it has filed an ANDA with the FDA seeking to obtain approval to market generic versions of Namenda XR® before these patents expire. This lawsuit triggered an automatic stay of approval of Panacea's ANDA that expires no earlier than May 2018 (unless a court issues a decision adverse to Plaintiffs sooner). The Company believes it has meritorious claims to prevent the generic applicants from launching a generic version of Namenda XR®. However, there can be no assurance a generic version will not be launched.

Namzaric™. On August 27, 2015, Forest Laboratories, LLC, Forest Laboratories Holdings, Ltd. (collectively, "Forest") and Adamas Pharmaceuticals, Inc. (all collectively, "Plaintiffs"), brought an action for infringement of some or all of U.S. Patent Nos. 8,039,009 (the "'009 patent"), 8,058,291 (the "'291 patent"), 8,168,209 (the "'209 patent"), 8,173,708 (the "'708 patent"), 8,283,379 (the "'379 patent"), 8,293,794 (the "'794 patent"), 8,329,752 (the "'752 patent"), 8,338,485 (the "'485 patent"), 8,338,486 (the "'486 patent"), 8,362,085 (the "'085 patent"), 8,580,858 (the "'858 patent") and 8,598,233 (the "'233 patent") in the U.S. District Court for the District of Delaware against Amneal Pharmaceuticals LLC and Par Pharmaceutical, Inc., and related subsidiaries and affiliates thereof. These companies have notified Plaintiffs that they have filed ANDAs with the FDA seeking to obtain approval to market generic versions of Namzaric™ before these certain patents expire. Including a 6-month pediatric extension of regulatory exclusivity, the '009 patent expires in September 2029, and the '209, '708, '379, '752, '085, and '233 patents expire in May 2026. The '291 patent expires in December 2029, and the '794, '485, '486, and '858 patents expire in November 2025. These lawsuits triggered an automatic stay of approval of the applicable ANDAs that expires no earlier than January 2018 (unless there is a final court decision adverse to Plaintiffs sooner). On October 23, 2015, the Company also brought an action for infringement of the '009, '291, '209, '708, '379, '794, '752, '485, '486, '085, '858 and '233 patents in the U.S. District Court for the District of Delaware against Amerigen Pharmaceuticals, Inc. and Amerigen Pharmaceuticals Ltd. (collectively, "Amerigen"). The Amerigen defendants have notified Plaintiffs that they have filed an ANDA with the FDA seeking to obtain approval to market generic versions of Namzaric™ before these certain patents expire. On January 5, 2016, the district court in the Namenda XR® patent litigations issued a claim construction ruling that included findings of indefiniteness as to certain claim terms in certain of the patents also asserted in the pending Namzaric™ patent litigations. Trial is scheduled for October 2017. While the Company intends to vigorously defend the patents at issue in this litigation, Forest can offer no assurance as to whether the lawsuit will be successful and that a generic version will not be launched.

Rapaflo®. On June 17, 2013, Actavis, Inc., Watson Laboratories, Inc., (collectively, "Actavis") and Kissei Pharmaceutical Co., Ltd. ("Kissei") sued Hetero USA Inc., Hetero Labs Limited, and Hetero Labs Limited, Unit 3 (collectively, "Hetero") in the United States District Court for the District of Delaware, alleging that

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sales of silodosin tablets, a generic version of Actavis' Rapaflo ® tablets, would infringe U.S. Patent No. 5,387,603 (the "'603 patent"). On June 17, 2013 Actavis and Kissei sued Sandoz Inc. ("Sandoz") in the United States District Court for the District of Delaware, alleging that sales of Sandoz's generic version of Rapaflo ® would infringe the '603 patent. The complaint seeks injunctive relief. On December 22, 2014 the Parties completed a settlement agreement with Hetero. Actavis and Kissei's lawsuit against Sandoz have been consolidated and remain pending. Pursuant to the provisions of the Hatch-Waxman Act, the FDA is precluded from granting final approval to the generic applicants prior to April 8, 2016. The Company believes it has meritorious claims to prevent the generic applicants from launching a generic version of Rapaflo®. However, if a generic applicant prevails in the pending litigation or launches a generic version of Rapaflo® before the pending litigation is finally resolved, it could have an adverse effect on the Company's business, results of operations, financial condition and cash flows.

Restasis®. Between August and September 2015, Allergan brought actions for infringement of U.S. Patent Nos. 8,629,111 (the "'111 patent"), 8,633,162 (the "'162 patent"), 8,642,556 (the "'556 patent"), 8,648,048 (the "'048 patent"), and 8,685,930 (the "'930 patent") in the U.S. District Court for the Eastern District of Texas against Akorn, Inc, Apotex, Inc., Mylan Pharmaceuticals, Inc., Teva Pharmaceuticals USA, Inc., InnoPharma, Inc., and Pfizer, Inc., and related subsidiaries and affiliates thereof. On September 14, 2015, Allergan brought an action for infringement of these patents in the U.S. District Court for the District of Delaware against InnoPharma, Inc. and Pfizer, Inc. These companies have notified Allergan that they have filed ANDAs with the FDA seeking to obtain approval to market generic versions of Restasis® before these patents expire in August 2024. In the Texas actions the District Court granted joint motions to dismiss without prejudice Teva Pharmaceutical Industries Ltd. and Pfizer, Inc., on October 12 and October 22, 2015, respectively. Teva Pharmaceuticals USA, Inc. ("Teva") and InnoPharma, Inc. ("InnoPharma") remain defendants in the respective actions. In October 2015, Mylan Pharmaceuticals, Inc. and Mylan, Inc. ("Mylan") filed a motion to dismiss for lack of personal jurisdiction and improper venue, and for failure to state a claim as to Mylan, Inc.; Teva filed a motion to dismiss for lack of personal jurisdiction and improper venue; Apotex, Inc. and Apotex Corp. ("Apotex") filed an answer, affirmative defenses and counterclaim; Akorn, Inc. ("Akorn") filed an answer and counterclaim; and Teva filed an answer, counterclaim and motion to dismiss. Allergan entered into a settlement agreement with Apotex on December 15, 2015. In December 2015, Allergan and Apotex filed a joint stipulation of dismissal and the U.S. District Court granted the Order with respect to the Apotex defendants. In January 2016, the Court scheduled a bench trial for August 29, 2017. While the Company intends to vigorously defend the patents at issue in this litigation, Allergan can offer no assurance as to whether the lawsuit will be successful and that a generic version will not be launched.

In February 2016, Allergan filed an amended complaint to include U.S. Patent Number 9,248,191 (the "'191 patent"). In February and March 2016, Allergan received Paragraph IV letters from Apotex, Mylan and Teva notifying Allergan that they have filed ANDAs with the FDA seeking to obtain approval to market generic versions of Restasis® before the patents expire in August 2024, contending that the '191 patent is invalid and not infringed by their respective proposed generic products.

On March 1, 2016, Allergan received a Paragraph IV letter from Famy Care Limited ("Famy Care") notifying Allergan that they have filed an ANDA with the FDA seeking to obtain approval to market generic versions of Restasis® before the patents expire in August 2024, contending that the '111 patent, the '556 patent, the '048 patent, the '930 patent, and the '191 patent are invalid and not infringed by their respective proposed generic products. In March 2016, the Court entered an order requesting supplemental briefs on the

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effect of the Federal Circuit's *Acorda* decision (No. 2014-1456) on Teva's and Mylan's pending motions to dismiss. In their supplemental briefs, Teva acknowledged that, under the *Acorda* decision, it is subject to specific personal jurisdiction in the Eastern District of Texas and that venue is proper, and Mylan requested that the District Court refrain from taking action on its pending motion until after Mylan has sought panel and *en banc* rehearing in the *Acorda* action.

Saphris®. Between September 2014 and May 2015, Forest Laboratories, LLC, and Forest Laboratories Holdings, Ltd. (collectively, "Forest") brought actions for infringement of some or all of U.S. Patent Nos. 5,763,476 (the "'476 patent"), 7,741,358 (the "'358 patent") and 8,022,228 (the "'228 patent") in the U.S. District Court for the District of Delaware against Sigmapharm Laboratories, LLC, Hikma Pharmaceuticals, LLC, Breckenridge Pharmaceutical, Inc., Alembic Pharmaceuticals, Ltd. and Amneal Pharmaceuticals, LLC, and related subsidiaries and affiliates thereof. Including a 6-month pediatric extension of regulatory exclusivity, the '476 patent expires in December 2020, and the '358 and '228 patents expire in October 2026. These lawsuits triggered an automatic stay of approval of the applicable ANDAs that expires no earlier than February 13, 2017 (unless a court issues a decision adverse to Forest sooner). On February 3, 2015, the District Court consolidated the then-pending actions for all purposes and issued a scheduling order setting a trial date in August 2016. On September 30, 2015, the District Court consolidated all pending actions. On March 28, 2016, the Court entered Forest and Hikma's proposed joint stipulation and order of adverse judgment and dismissal of claims related to the '358 and '228 patents. The Company believes it has meritorious claims to prevent the generic applicants from launching a generic version of Saphris®. However, there can be no assurance a generic version will not be launched.

Savella®. Between September 2013 and February 2014, Forest Laboratories, Inc., Forest Laboratories Holdings, Ltd. (collectively, "Forest") and Royalty Pharma Collection Trust ("Royalty"), Forest's licensor for Savella®, brought actions for infringement of U.S. Patent Nos. 6,602,911 (the "'911 patent"), 7,888,342 (the "'342 patent"), and 7,994,220 (the "'220 patent") in the U.S. District Court for the District of Delaware against Amneal, Apotex, First Time US Generics, Glenmark, Hetero, Lupin, Mylan, Par, Ranbaxy, and Sandoz, and related subsidiaries and affiliates thereof. These companies have notified Forest and Royalty that they have filed ANDAs with the FDA seeking to obtain approval to market generic versions of Savella before these patents expire. (The '342 patent expires in November 2021, the '911 patent expires in January 2023, and the '220 patent expires in September 2029.) These lawsuits triggered an automatic stay of approval of the applicable ANDAs until July 14, 2016 (unless a court issues a decision adverse to Forest and Royalty Pharma sooner). On March 7, 2014, Forest and Royalty voluntarily dismissed, without prejudice, all claims against Sandoz. On March 20, 2014, the district court consolidated all of the remaining pending actions for all purposes and issued a scheduling order setting a trial date in January 2016. On May 12, 2014, Forest and Royalty entered into a settlement agreement with First Time US Generics. Under the terms of the settlement agreement, and subject to review of the settlement terms by the U.S. Federal Trade Commission, Forest will provide a license to First Time that will permit it to launch its generic version of Savella® as of the date that is the later of (a) six (6) calendar months prior to the expiration date of the last to expire of the '911 patent, the '342 patent, and the '220 patent, including any extensions and/or pediatric exclusivities; or (b) the date that First Time obtains final FDA approval of its ANDA, or earlier in certain circumstances. On December 15, 2014, Forest and Royalty entered into a settlement agreement with Ranbaxy. On April 8, 2015, Defendants filed a motion to dismiss for lack of standing. On or about April 29, 2015, Forest entered into a settlement agreement with Par that will permit Par to launch its generic version of Savella® as of the date that is the later of (a) six (6) calendar months prior to the expiration date of the last to expire of the '911 patent, the '342 patent, and the '220 patent, including any extensions and/or pediatric exclusivities; or

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(b) the date that Par obtains final FDA approval of its ANDA, or earlier in certain circumstances. On December 11, 2015, Forest and Royalty entered into settlement agreements with Hetero and Glenmark. On January 8, 2016, Forest and Royalty entered into a settlement agreement with Amneal. On January 19, 2016, Forest and Royalty entered into a settlement agreement with Apotex. The defendants under these agreements may enter the market as of March 19, 2026. A bench trial concluded on January 26, 2016. Post-trial briefing is scheduled to conclude by April 26, 2016. The Company believes it has meritorious claims to prevent the remaining generic applicants from launching a generic version of Savella®. However, there can be no assurance a generic version will not be launched.

Teflaro®. In January 2015, Forest Laboratories, LLC, Forest Laboratories Holdings, Ltd., and Cerexa, Inc. (collectively, "Forest") and Takeda Pharmaceutical Company Limited ("Takeda"), Forest's licensor for Teflaro®, brought an action for infringement of some or all of U.S. Patent Nos. 6,417,175 (the "'175 patent"), 6,906,055 (the "'055 patent"), 7,419,973 (the "'973 patent") and 8,247,400 (the "'400 patent") in the U.S. District Court for the District of Delaware against Apotex and Sandoz, and related subsidiaries and affiliates thereof. These companies have notified Forest and Takeda that they have filed ANDAs with the FDA seeking to obtain approval to market generic versions of Teflaro® before some or all of the '175, '055, '973 and '400 patents expire. (The '175 patent expires in April 2022 (including a patent term extension), the '055 and '973 patents expire in December 2021, and the '400 patent expires in February 2031.) These lawsuits triggered an automatic stay of approval of the applicable ANDAs until April 29, 2018 (unless a court issues a decision adverse to Forest and Takeda sooner). On June 24, 2015, the District Court issued a scheduling order setting a trial date in June 2017. While the company intends to vigorously defend the patents at issue in this litigation, Forest can offer no assurance as to whether the lawsuit will be successful and that a generic version will not be launched.

Viibryd®. In March 2015, Forest Laboratories, LLC, Forest Laboratories Holdings, Ltd., (collectively, "Forest") and Merck KGaA and Merck Patent Gesellschaft Mit Beschränkter Haftung (collectively, "Merck"), Forest's licensor for Viibryd, brought actions for infringement of U.S. Patent Nos. 7,834,020 (the "'020 patent"), 8,193,195 (the "'195 patent"), 8,236,804 (the "'804 patent") and 8,673,921 (the "'921 patent") in the U.S. District Court for the District of Delaware against Accord Healthcare Inc. ("Accord"), Alembic Pharmaceuticals, Ltd. ("Alembic"), Apotex, Inc. ("Apotex"), InvaGen Pharmaceuticals, Inc. ("InvaGen"), and Teva Pharmaceuticals USA, Inc. ("Teva"), and related subsidiaries and affiliates thereof. These companies have notified Forest and/or Merck that they have filed ANDAs with the FDA seeking to obtain approval to market generic versions of Viibryd before the '020, '195, '804 and '921 patents expire in June 2022. These lawsuits triggered an automatic stay of approval of the applicable ANDAs until July 21, 2018 (unless a court issues a decision adverse to Forest and Merck sooner). On August 24, 2015, the District Court consolidated the actions for all purposes and issued a scheduling order setting a trial date in January 2018. On November 23, 2015, Forest and Merck brought an action for infringement of the '020, '195, '804 and '921 patents in the U.S. District Court for the District of Delaware against InvaGen, which matter was consolidated with the earlier-filed action against InvaGen. While the Company intends to vigorously defend the patents at issue in this litigation, Forest can offer no assurance as to whether the lawsuit will be successful and that a generic version will not be launched.

Patent Defense Matters

Bayer Patent Litigation. In August 2012, Bayer Pharma AG (together with its affiliates, "Bayer") filed a complaint against Warner Chilcott in the U.S. District Court for the District of Delaware alleging that Warner Chilcott's manufacture, use, offer for sale, and/or sale of its Lo Loestrin ® Fe oral contraceptive

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product infringes Bayer's U.S. Patent No. 5,980,940. In the complaint, Bayer seeks injunctive relief and unspecified monetary damages for the alleged infringement. In December 2012, Bayer amended the complaint to add a patent interference claim seeking to invalidate the Company's '984 Patent, which covers the Lo Loestrin ® Fe product. On December 15, 2014, Warner Chilcott filed a Summary Judgment motion seeking dismissal of the case. On April 21, 2015, the District Court granted Warner Chilcott's motion and held the '940 patent invalid for indefiniteness. On June 5, 2015, Bayer filed a notice of appeal. Briefing is complete. In February 2016, the U.S. Court of Appeals for the Federal Circuit scheduled oral argument for April 5, 2016.

Although it is impossible to predict with certainty the outcome of any litigation, the Company believes that it has a number of strong defenses to the allegations in the complaints and intends to vigorously defend the litigations. These cases are in the early stages of litigation, and an estimate of the potential loss, or range of loss, if any, to the Company relating to these proceedings is not possible at this time.

Oxymorphone Extended-Release Tablets (Generic version of Opana® ER). On December 11, 2012, Endo Pharmaceuticals Inc. ("Endo") sued Actavis, Inc. and Actavis South Atlantic LLC ("Actavis South Atlantic") in the United States District Court for the Southern District of New York, alleging that sales of the Company's 7.5 mg and 15 mg oxymorphone extended-release tablets, generic versions of Endo's Opana ® ER, infringe U.S. Patent Nos. 7,851,482; 8,309,122; and 8,329,216. Thereafter, FDA approved Actavis' 5 mg, 10 mg, 20 mg, 30 mg, and 40 mg oxymorphone extended-release tablets and Endo filed a motion for a preliminary injunction seeking to prevent Actavis from selling the new strengths. On September 12, 2013, the district court denied Endo's motion for a preliminary injunction and Actavis immediately launched the new strengths. On March 31, 2014, the Federal Circuit reversed the district court's denial of Endo's motion for a preliminary injunction and remanded the matter to the district court for further consideration. On January 13, 2015, Endo dismissed its claims against Actavis concerning the '482 patent. Trial with respect to the '122 and '216 patents began on March 23, 2015 and concluded on April 24, 2015.On August 14, 2015, the court found the '122 and '216 patents valid and infringed and ordered Actavis to cease selling its generic product within 60 days. Actavis filed a motion to amend the judgment to remove the injunction on continuing sales or in the alternative stay the injunction pending appeal. On October 8, 2015, the court tolled the 60 day period for Actavis to cease selling its generic product while the court considers the motion to amend the judgment. The motion is currently pending. On November 7, 2014, Endo and Mallinckrodt LLC sued Actavis and certain of its affiliates in the United States District Court for the District of Delaware, alleging that sales of the Company's generic versions of Opana ® ER, 5mg, 7.5 mg, 10 mg, 15 mg, 20 mg, 30 mg and 40 mg, infringe U.S. Patent Nos. 7,808,737 (which the USPTO recently issued to Endo) and 8,871,779 (which Endo licensed from Mallinckrodt). The case is currently pending, and trial is scheduled to begin on February 21, 2017. On September 23, 2015, the Magistrate Judge recommended granting Actavis' motion to dismiss the '737 patent for invalidity/unpatentable subject matter. On November 17, 2015 the District Court Judge upheld the Magistrate's recommendation regarding invalidity of the '737 patent and dismissed that patent from the case. The Company believes it has substantial meritorious defenses to the case. However, Actavis has sold and is continuing to sell its generic versions of Opana ® ER. Therefore, an adverse final determination that one of the patents in suit is valid and infringed could have an adverse effect on the Company's business, results of operations, financial condition and cash flows.

Teva Namenda XR Patent Litigation. In December 2013, Forest Laboratories, Inc. ("Forest") was named as a defendant in an action brought by Teva Pharmaceuticals USA, Inc. and Mayne Pharma International Pty

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Ltd. in the U.S. District Court for the District of Delaware. The complaint alleges that Forest infringes U.S. Patent No. 6,194,000 by making, using, selling, offering to sell, and importing Namenda XR. The district court has scheduled a trial to begin in July 2016. On October 29, 2015, Plaintiffs filed a First Amended Complaint, adding Forest Pharmaceuticals, Inc. as a named defendant. Defendants responded on November 18, 2015. On December 7, 2015, Plaintiffs filed a motion to dismiss Defendants' counterclaims for invalidity and motion to strike certain of Defendants' affirmative defenses concerning invalidity. Plaintiffs' motion remains pending. The relief requested in the Amended Complaint includes damages, but not preliminary or permanent injunctive relief. On March 16, 2016, the Court entered an order denying the Company's request to file a motion for summary judgment. The Company intends to continue to vigorously defend against this action. At this time, the Company does not believe losses, if any, would have a material effect on the results of operations or financial position taken as a whole.

Product Liability Litigation

Actonel® Litigation. Warner Chilcott is a defendant in approximately 194 cases and a potential defendant with respect to approximately 386 unfiled claims involving a total of approximately 588 plaintiffs and potential plaintiffs relating to Warner Chilcott's bisphosphonate prescription drug Actonel ® . The claimants allege, among other things, that Actonel ® caused them to suffer osteonecrosis of the jaw ("ONJ"), a rare but serious condition that involves severe loss or destruction of the jawbone, and/or atypical fractures of the femur ("AFF"). All of the cases have been filed in either federal or state courts in the United States. Warner Chilcott is in the initial stages of discovery in these litigations. In addition, Warner Chilcott is aware of four purported product liability class actions that were brought against Warner Chilcott in provincial courts in Canada alleging, among other things, that Actonel ® caused the plaintiffs and the proposed class members who ingested Actonel ® to suffer atypical fractures or other side effects. It is expected that these plaintiffs will seek class certification. Plaintiffs have typically asked for unspecified monetary and injunctive relief, as well as attorneys' fees. Warner Chilcott is indemnified by Sanofi for certain Actonel claims pursuant to a collaboration agreement relating to the two parties' co-promotion of the product in the United States and other countries. In addition, Warner Chilcott is also partially indemnified by the Proctor & Gamble Company ("P&G") for ONJ claims that were pending at the time Warner Chilcott acquired P&G's global pharmaceutical business in October 2009. In May and September 2013, Warner Chilcott entered into two settlement agreements which resolved a majority of the then-existing ONJ-related claims which are subject to the acceptance by the individual respective claimants.

The Company believes it has substantial meritorious defenses to these cases and intends to defend these claims vigorously. Warner Chilcott maintains product liability insurance against such cases. However, litigation is inherently uncertain and the Company cannot predict the outcome of this litigation. These actions, if successful, or if insurance does not provide sufficient coverage against such claims, could adversely affect the Company and could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

Alendronate Litigation. Beginning in 2010, approximately 130 product liability suits on behalf of approximately 175 plaintiffs have been filed against the Company and certain of its affiliates, including Cobalt Laboratories, as well as other manufacturers and distributors of alendronate for personal injuries including AFF and ONJ allegedly arising out of the use of alendronate. The actions are pending in various state and federal courts. Several of the cases were consolidated in an MDL proceeding in federal court in New Jersey. In 2012, the MDL court granted the Company's motion to dismiss all of the cases then pending

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

23 Commitments and Contingencies - continued

against the Company in the New Jersey MDL. The Third Circuit affirmed the dismissal. Any new cases against the Company filed in the MDL are subject to dismissal unless plaintiffs can establish that their claims should be exempted from the 2012 dismissal order. Other cases were consolidated in an MDL in federal court in New York, where the Company filed a similar motion to dismiss. The Court granted, in part, the motion to dismiss which has resulted in the dismissal of several other cases. The Company has also been served with nine cases that are part of a consolidated litigation in the California state court. In 2012, the California court partially granted a motion filed on behalf of all generic defendants seeking dismissal. Appeals in the California cases have been exhausted and the Company has not yet been able to determine how that will affect the cases filed against it. The remaining active cases are part of a mass tort coordinated proceeding in New Jersey state court. In the New Jersey proceeding, the Court granted, in part, a motion to dismiss. The Company believes that it has substantial meritorious defenses to these cases and maintains product liability insurance against such cases. However, litigation is inherently uncertain and the Company cannot predict the outcome of this litigation. These actions, if successful, or if our indemnification arrangements or insurance do not provide sufficient coverage against such claims, could adversely affect the Company and could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

Benicar® Litigation. The Company is named in approximately 1315 actions involving allegations that Benicar®, a treatment for hypertension that Forest co-promoted with Daiichi Sankyo between 2002 and 2008, caused certain gastrointestinal injuries. Under Forest's Co-Promotion Agreement, Daiichi Sankyo is defending us in these lawsuits.

Celexa®/Lexapro® Litigation. Forest and its affiliates are defendants in approximately three actions pending in various federal district courts involving allegations that Celexa ® or Lexapro ® caused or contributed to individuals committing or attempting suicide, or caused a violent event. The Company has reached agreements in principle to resolve two of the three matters. The remaining case is stayed.

Approximately 185 actions are pending against Forest and its affiliates involving allegations that Celexa® or Lexapro ® caused various birth defects. Several of the cases involve multiple minor-plaintiffs. The majority of these actions have been consolidated in state court in Missouri where one case is set for trial in September 2016. Five actions remain in New Jersey state court, none of which are set for trial. There are birth defect cases pending in other jurisdictions, including a case pending in the United States District Court for the Southern District of Mississippi that is set for trial in August 2017.

The Company believes it has substantial meritorious defenses to the Celexa®/Lexapro® cases and maintains product liability insurance against such cases. However, litigation is inherently uncertain and the Company cannot predict the outcome of this litigation. These actions, if successful, or if insurance does not provide sufficient coverage against such claims, could adversely affect the Company and could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

Metoclopramide Litigation. Beginning in 2009, a number of product liability suits were filed against certain Company affiliates, including legacy Actavis and Watson companies, as well as other manufacturers and distributors of metoclopramide, for personal injuries allegedly arising out of the use of metoclopramide. Approximately 1,500 cases remain pending against Actavis, Watson and/or its affiliates in state and federal courts, representing claims by multiple plaintiffs. Discovery in these cases is in the preliminary stages as the Company is actively moving to dismiss the suits and either initiating or defending appeals on such motions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

23 Commitments and Contingencies - continued

The Company believes that, with respect to the majority of the cases against the legacy Watson companies, it will be defended in and indemnified by Pliva, Inc., an affiliate of Teva, from whom the Company purchased its metoclopramide product line in late 2008. With respect to the cases pending against the legacy Actavis companies, the Company recently reached an agreement in principle to resolve the majority of the matters. The Company believes that it has substantial meritorious defenses to these cases and maintains product liability insurance against such cases. However, litigation is inherently uncertain and the Company cannot predict the outcome of this litigation. These actions, if successful, or if our indemnification arrangements or insurance do not provide sufficient coverage against such claims, could adversely affect the Company and could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

Propoxyphene Litigation. Beginning in 2011, a number of product liability suits were filed against Watson and certain of its affiliates, as well as other manufacturers and distributors of propoxyphene, for personal injuries including adverse cardiovascular events or deaths allegedly arising out of the use of propoxyphene. Cases are pending against Watson and/or its affiliates in various state and federal courts, representing claims by approximately 1,400 plaintiffs. A number of the cases were consolidated in an MDL in federal district court in Kentucky. On June 22, 2012, the MDL court granted the generic defendants' joint motion to dismiss the remaining MDL cases. On June 27, 2014, the Sixth Circuit affirmed the district court's dismissal. Plaintiffs did not file a petition for a writ of certiorari with the United States Supreme Court. In addition, approximately 35 cases were filed in California state court. These cases were removed to federal district courts and, after disputes over whether the cases should be remanded to state court, the Ninth Circuit Court of Appeals determined that the removals to federal court were proper. Many of the cases in California federal courts were transferred to the U.S. Disctrict Court for the Eastern District of Kentucky and consolidated for all pretrial proceedings in front of Judge Reeves, who presided over the MDL proceedings. The Court has issued a Show Cause Order requiring plaintiffs to show cause on or before April 18, 2016 why their claims against the Generic Defendants (including Watson) should not be dismissed pursuant to the Court's prior order in the MDL dismissing all of the claims against the Generic Defendants with prejudice. Once the remaining procedural matters are resolved, the defendants will file demurrers and motions to dismiss the remaining suits. In addition, approximately eight lawsuits have been filed in Oklahoma which plaintiffs are seeking to have remanded from federal to state court. The Company believes that it has substantial meritorious defenses to these cases and maintains product liability insurance against such cases. However, litigation is inherently uncertain and the Company cannot predict the outcome of this litigation. These actions, if successful, or if insurance does not provide sufficient coverage against such claims, could adversely affect the Company and could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

Testosterone Litigation. Beginning in 2014, a number of product liability suits were filed against the Company and certain of its affiliates, as well as other manufacturers and distributors of testosterone products, for personal injuries including but not limited to cardiovascular events allegedly arising out of the use of Androderm ® testosterone cypionate, AndroGel and/or testosterone enanthate. Actavis, Inc. and/or one or more of its subsidiaries have been served in approximately 378 currently pending actions, four of which are pending in state courts and the remainder of which are pending in federal court. The federal court actions have been consolidated in an MDL in federal court in Illinois. The defendants have responded to the plaintiffs' master complaint in the MDL. Plaintiffs have agreed to dismiss all claims relating to any of Actavis' generic TRT products from the cases. These cases are in the initial stages and discovery is in the early stages. The Company anticipates that additional suits will be filed. The Company believes that it has

23 Commitments and Contingencies - continued

substantial meritorious defenses to these cases and maintains product liability insurance against such cases. However, litigation is inherently uncertain and the Company cannot predict the outcome of this litigation. These actions, if successful, or if insurance does not provide sufficient coverage against such claims, could adversely affect the Company and could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

Government Investigations, Government Litigation and Qui Tam Litigation

Warner Chilcott. Beginning in February 2012, Warner Chilcott, along with several of its current and former employees in its sales organization and certain third parties, received subpoenas from the United States Attorney for the District of Massachusetts. The subpoena received by Warner Chilcott seeks information and documentation relating to a wide range of matters, including sales and marketing activities, payments to people who are in a position to recommend drugs, medical education, consultancies, prior authorization processes, clinical trials, off-label use and employee training (including with respect to laws and regulations concerning off-label information and physician remuneration), in each case relating to all of Warner Chilcott's current key products. The Company has recorded a contingent liability for the quarter ended March 31, 2015 under *ASC 450, Contingencies,* based on its analysis of this matter, however, there can be no assurance that the Company's estimate will not differ materially from the recorded contingent liability. The Company is also aware of three qui tam complaints filed by former Warner Chilcott sales representatives and unsealed in February and March 2013 and March 2014. Two unsealed federal qui tam complaints were filed in the federal court in Massachusetts and allege that Warner Chilcott violated Federal and state false claims acts through the promotion of all of Warner Chilcott's current key products by, among other things, making improper claims concerning the products, providing kickbacks to physicians and engaging in improper conduct concerning prior authorizations. Since then, one of the two complaints was voluntarily dismissed. The remaining complaint seeks, among other things, treble damages, civil penalties of up to eleven thousand dollars for each alleged false claim and attorneys' fees and costs. Other similar complaints may exist under seal. The United States of America elected not to intervene in the unsealed actions. On October 29, 2015, Warner Chilcott subsidiary, Warner Chilcott Sales (US) LLC, reached an agreement with the federal government, the 50 states and the District of Columbia that resolves both the government's investigation and the pending federal qui tam case. In addition, Warner Chilcott Sales (US) LLC agreed to plead guilty to a charge of health care fraud in violation of 18 U.S.C. § 1347. The third complaint was filed in California state court and contains similar allegations as the other qui tam complaints and asserts additional causes of action under California state law. The State of California declined to intervene in this action. Warner Chilcott filed a motion to dismiss this complaint and has reached an agreement to settle the California action.

Forest. Forest received a subpoena dated August 5, 2013 from the U.S. Department of Health and Human Services, Office of Inspector General. The subpoena requests documents relating to the marketing and promotion of Bystolic ®, Savella ®, and Namenda ®, including with respect to speaker programs for these products. In February 2014, the U.S. District Court for the Eastern District of Wisconsin unsealed a *qui tam* complaint. The complaint asserts claims under the False Claims Act and contains allegations regarding off-label promotion of Bystolic ® and Savella ® and "kickbacks" provided to physicians to induce prescriptions of Bystolic ®, Savella ®, and Viibryd ®. Forest moved to dismiss the complaint. On January 6, 2015, the court granted Forest's motion to dismiss the complaint. On February 5, 2016, the relator filed a second amended complaint. The U.S. Attorney's Office declined to intervene in this action but has reserved the right to do so at a later date. On February 23 and 24, 2016, the parties participated in a non-binding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

23 Commitments and Contingencies - continued

mediation. As a result of the mediation, a framework now exists for the parties to reach an agreement to settlement this matter. However, the framework is subject to a number of conditions, including additional approvals within the government and Forest. The settlement, if approved, would include the dismissal of the action pending in federal court in Wisconsin. The Company continues to cooperate with this investigation and to discuss these issues with the government.

Forest received a subpoena, dated April 29, 2015, from the U.S. Department of Health and Human Services, Office of Inspector General ("OIG"). The subpoena requests documents relating to Average Manufacturer ("AMP") and Best Price calculations for several of its products. The Company intends to cooperate fully with the OIG's requests.

In April 2014, the federal district court in Massachusetts unsealed a *qui tam* complaint which asserts claims under the False Claims Act and contains allegations regarding off-label promotion of Namenda®. The Company filed a motion to dismiss the relator's Second Amended Complaint and the court granted in part and denied in part Forest's motion, dismissing the False Claims Act conspiracy claim only. The U.S. Attorney's Office declined to intervene in this action but has reserved the right to do so at a later date.

The Company intends to vigorously defend itself in the litigations. However, these cases are in the early stages of litigation, it is impossible to predict with certain the outcome of any litigation, and the Company can offer no assurance as to when the lawsuits will be decided, whether the Company will be successful in its defense and whether any additional similar suits will be filed. If these claims are successful, such claims could adversely affect the Company and could have a material adverse effect on the Company's business, financial condition, results of operation and cash flows.

Allergan. In December 2011, the federal district court in Pennsylvania issued an order partially unsealing the second amended qui tam complaint, filed by relators Herbert J. Nevyas, M.D. and Anita Nevyas-Wallace, M.D., to be informally provided to Allergan, Inc. The complaint asserts claims under Federal and State False Claims Acts and Federal and State Anti-Kickback Acts. On December 16, 2013, the court entered an order to unseal this qui tam action. On April 1, 2014, Allergan filed a motion to dismiss. On May 26, 2015, the court issued a ruling granting, in part, the motion to dismiss and denying it in part. Allergan filed an answer to the remaining claims on June 25, 2015. On July 7, 2015, the court scheduled trial in this matter for October 31, 2016.

Actavis. On June 25, 2015, the Company received a subpoena from the U.S. Department of Justice ("DOJ"), Antitrust Division seeking information relating to the marketing and pricing of certain of the Company's generic products and communications with competitors about such products. The Company intends to cooperate fully with the DOJ's requests.

Patent Settlement Investigations. The Company and various of its affiliates have received letters and investigatory subpoenas from the U.S. Federal Trade Commission ("FTC") indicating that the FTC is conducting a nonpublic investigations into certain agreements the Company have made to settle patent disputes with other brand and generic pharmaceutical companies. The Company is cooperating in responding to the investigations.

Governmental Reimbursement and Drug Pricing Investigations and Litigation. The Company has also received investigatory subpoenas from the U.S. Attorney's Office and various state agencies requesting information and documents relating to certain categories of drug pricing including, but not limited to,

23 Commitments and Contingencies - continued

Average Wholesale Price ("AWP"), Wholesale Acquisition Cost ("WAC"), Average Manufacturer Price ("AMP") and Best Price ("BP"). The Company intends to cooperate with this subpoena.

Beginning in 1999, the Company was informed by the DOJ that it, along with numerous other pharmaceutical companies, is a defendant in a *qui tam* action brought in 1995 under the U.S. False Claims Act. Since that time, the Company also received and responded to notices or subpoenas from the U.S. House Committee on Energy and Commerce as well as from Attorneys General of various states, including Florida, Nevada, New York, California and Texas, relating to pharmaceutical pricing issues and whether allegedly improper actions by pharmaceutical manufacturers led to excessive payments by Medicare and/or Medicaid. Other state and federal inquiries regarding pricing and reimbursement issues are anticipated.

The Company and certain of its subsidiaries have also been named as defendants in various lawsuits filed by numerous states and qui tam relators, including Wisconsin, Kentucky, Illinois, Mississippi, Missouri, South Carolina, Utah, Kansas and Louisiana. These actions allege generally that the plaintiffs (all governmental entities) were overcharged for their share of Medicaid drug reimbursement costs as a result of reporting by manufacturers of AWP that did not correspond to actual provider costs of prescription drugs. In 2011, Watson settled certain claims made against it by a relator in a *qui tam* action brought against the Company on behalf of the United States. The settlement of that *qui tam* action resolved all claims on behalf of the United States asserted in that action except for claims relating to the federal share of Medicaid payments made by the States of Alabama, Alaska, Kentucky, Idaho, Illinois, South Carolina and Wisconsin. The Company subsequently settled all claims, including the claims on behalf of the United States, brought by Alabama. In addition, the Company has reached settlements with the states of the Louisiana, Missouri, Kansas and South Carolina. In addition, the Company has begun having discussions with the plaintiffs in the Illinois and Wisconsin actions about a possible resolution of those matters. The court in the Utah case dismissed that state's claims against the Company. The case against Watson on behalf of Kentucky was tried in November 2011. The jury reached a verdict in Watson's favor on each of Kentucky's claims against Watson. An agreed form of judgment has been entered and the case now has been dismissed with prejudice. The case against Watson on behalf of Mississippi was tried from November 2012 through April 2013. On August 28, 2013, the court issued a ruling in favor of the state and awarded the state $12.4 million in compensatory damages and civil penalties, and on March 20, 2014 issued its ruling imposing an additional $17.9 million in punitive damages. Post-trial motions were filed and denied by the court. The Company is appealing both the original and punitive damage awards.

In addition, Forest and certain of its affiliates are defendants in four state court actions pending in Illinois, Mississippi, Utah and Wisconsin that contain similar actions as those raised in the actions against Watson. Discovery is ongoing in these actions. A trial in the Mississippi action is scheduled in August 2015. Forest and the other defendants filed a motion to dismiss Utah's amended complaint. This motion to dismiss was denied in part, and discovery is proceeding. On February 17, 2014, the Wisconsin state court granted defendants' motion to dismiss plaintiff's Second Amended Complaint. However, the relator filed a separate action making the same basic allegations as in its amended complaint in the original action. The Company intends to continue to vigorously defend against these actions. At this time, the Company does not believe losses, if any, would have a material effect on the results of operations or financial position taken as a whole.

On December 28, 2015, a putative class action complaint was filed in state court in Pennsylvania on behalf of a putative class of private payers. The complaint alleges that manufacturers of generic drugs including Actavis Group, Forest Laboratories, Inc. and Watson Pharmaceuticals, Inc., caused plaintiffs to overpay for prescription drug products through the use of inflated AWPs. The complaint alleges violations of the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

23 Commitments and Contingencies - continued

Pennsylvania Unfair Trade Practices and Consumer Protection Law, negligent misrepresentation/fraud, unjust enrichment, civil conspiracy and aiding and abetting. Defendants removed this action to the federal court in Pennsylvania under the Class Action Fairness Act. An additional complaint then was filed in state court in Pennsylvania on behalf an individual indirect purchaser containing similar allegations to the class complaint.

With regard to the remaining drug pricing actions, the Company believes that it has meritorious defenses and intends to vigorously defend itself in those actions. The Company continually monitors the status of these actions and may settle or otherwise resolve some or all of these matters on terms that the Company deems to be in its best interests. However, the Company can give no assurance that it will be able to settle the remaining actions on terms it deems reasonable, or that such settlements or adverse judgments in the remaining actions, if entered, will not exceed the amounts of the liability reserves. Additional actions by other states, cities and/or counties are anticipated. These actions and/or the actions described above, if successful, could adversely affect the Company and could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

DESI Drug Reimbursement Litigation. In December 2009, the Company learned that numerous pharmaceutical companies, including certain subsidiaries of the Company, were named as defendants in a *qui tam* action pending in federal court in Massachusetts. The tenth amended complaint, which was served on certain of the Company's subsidiaries, alleges that the defendants falsely reported to the United States that certain pharmaceutical products, including those subject to the Food and Drug Administration's Drug Efficacy Study Implementation ("DESI") review program, were eligible for Medicaid reimbursement and thereby allegedly caused false claims for payment to be made through the Medicaid program. The Company's subsidiaries named in the action together with all other named defendants filed a Joint Motion to Dismiss the Tenth Amended Complaint on December 9, 2011. On February 25, 2013, the court granted the motion to dismiss as to all defendants. The plaintiff may appeal. On September 11, 2013, a similar action was filed against certain Company subsidiaries as well as Warner Chilcott and numerous other pharmaceutical company defendants by the State of Louisiana based on the same core set of allegations as asserted in the federal court action in Massachusetts. Defendants filed exceptions to plaintiffs' complaint. On June 28, 2015, the State of Louisiana filed an amended complaint and defendants promptly moved to dismiss. On September 21, 2015, the court granted defendants' motion to dismiss the amended complaint in its entirety. Additional actions alleging similar claims could be asserted. The Company believes that it has meritorious defenses to the claims and intends to vigorously defend itself against such allegations. However, these actions or similar actions, if successful, could adversely affect the Company and could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

Medicaid Price Adjustments. The Company has notified the Centers for Medicare and Medicaid Services ("CMS") that certain of the legacy Actavis group's Medicaid price submissions require adjustment for the period 2007 through 2012. The Company is in the process of completing the resubmissions. Based on prevailing CMS practices the Company does not expect to incur penalties in connection with the resubmissions. With respect to periods prior to 2007, the Company has advised CMS that its records are insufficient to support a reliable recalculation of its price submissions, and has proposed not to recalculate the price submissions for such periods. Because there are insufficient records to support a reliable recalculation of its price submissions prior to 2007, at this time the amount of any potential liability related to the price submissions prior to 2007 is not estimable and the Company has not concluded that any liability

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

23 Commitments and Contingencies - continued

for periods prior to 2007 is probable. The Company believes it has substantial meritorious positions and defenses with respect to these pricing resubmission matters. However, if CMS were to successfully pursue claims against the Company for the periods in question, such claims could adversely affect the Company and could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

Paroxetine Investigation. On April 19, 2013, the UK Office of Fair Trading (which closed in April, 2014 in connection with a government restructuring and transferred responsibility for this matter to the U.K. Competition and Markets Authority) issued a Statement of Objections against GlaxoSmithKline ("GSK") and various generic drug companies, including Actavis UK Limited, formerly known as Alpharma Limited, now a subsidiary of the Company, alleging that GSK's settlements with such generic drug companies improperly delayed generic entry of paroxetine, in violation of the United Kingdom's competition laws. The Company has responded to the Statement of Objections, however, on February 12, 2016 the UK Competition and Markets Authority imposed a fine on the Company. The Company believes it has substantial meritorious defenses to the allegations. However,
an adverse determination in the matter could have an adverse effect on the Company's business, results of operations, financial condition and cash flows.

Romanian Investigation. In July 2015, the Company received a subpoena as part of a nationwide investigation of the pharmaceutical industry conducted by the Romanian government. The purpose of the investigation is to gather documents and information, and to examine sponsorship arrangements concluded with certain oncologists and hematologists during the period from January 2012 through June 2015. The Company is fully cooperating with the investigation. This government investigation could adversely affect the Company and could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

The Company and its affiliates are involved in various other disputes, governmental and/or regulatory inspections, inquires, investigations and proceedings that could result in litigation, and other litigation matters that arise from time to time. The process of resolving matters through litigation or other means is inherently uncertain and it is possible that an unfavorable resolution of these matters will adversely affect the Company, its results of operations, financial condition and cash flows.

24 Employees

The average number of employees for the year was as follows:

	Years Ended December 31,	
	2015	2014
	Number	Number
Manufacturing	15,724	9,953
Sales, marketing and distribution	7,917	8,112
Research and development	2,720	2,359
General, finance and administration	3,279	1,609
	29,640	22,033

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

24 Employees - continued

The following table represents compensation costs, including restructuring, for the years ended December 31, 2015 and 2014 ($ in millions):

	Year Ended December 31,	
	2015	2014
	$	$
Wages and salaries	$2,252.3	$1,557.9
Restructuring	832.4	360.6
Stock-based compensation	362.4	214.6
Other retirement benefit costs	99.9	89.0
Social insurance costs	185.1	97.1
Other benefits	271.6	231.8
Total	**$4,003.7**	**$2,551.0**
Amount included in continuing operations	$2,871.4	$1,475.4
Amount included in discontinued operations	$1,132.3	$1,075.6

On a global basis, the amount of compensation costs capitalized into inventory approximated $130.4 million and $125.9 million as of December 31, 2015 and 2014, respectively. All other compensation costs were expensed in the periods.

25 Concentration

The Company considers there to be a concentration risk for customers that account for 10% of more of their third party revenues. The following table illustrates any customer, on a global basis, which accounted for 10% or more of our annual revenues in any of the past three fiscal years and the respective percentage of our revenues for which they account for each of the last three years:

Customer	2015	2014
McKesson Corporation	24%	22%
Cardinal Health, Inc.	18%	16%
AmerisourceBergen Corporation	17%	17%

Changes in the mix of concentration amongst the Company's largest customers are due, in part, to the impact of acquisitions as well as changes in the supply chain of our indirect customers.

The Company's accounts receivable primarily arise from product sales in North America and Europe and primarily represent amounts due from wholesalers, distributors, drug store chains and service providers in the health care and pharmaceutical industries, public hospitals and other government entities. Approximately 65% and 70% of the gross accounts receivable balance are concentrated among the Company's three largest customers as of December 31, 2015 and 2014, respectively. The Company performs ongoing credit evaluations of its customers and maintains an allowance for potential uncollectible accounts. Actual losses from uncollectible accounts have been minimal.

Outside of the U.S., concentrations of credit risk with respect to accounts receivable are limited due to the wide variety of customers and markets using the Company's products, as well as their dispersion across many different geographic areas. The Company monitors economic conditions, including volatility associated with international economies, and related impacts on the relevant financial markets and its

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

25 Concentration - continued

business, especially in light of sovereign credit issues. The Company does not expect to have write-offs or adjustments to accounts receivable which would have a material adverse effect on its financial position, liquidity or results of operations.

Certain of the Company's finished products and raw materials are obtained from single source suppliers. Although the Company seeks to identify more than one source for its various finished products and raw materials, loss of a single source supplier could have an adverse effect on the Company's results of operations, financial condition and cash flows. Further, a second source supplier may not be able to produce the same volumes of inventory as the Company's primary supplier. No third party manufacturer accounted for 10% or more of the Company's products sold based on third-party revenues for the year ended December 31, 2015.

26 Reconciliation of Amounts Reported in our Annual Report on Form 10-K Filed With the United States Securities and Exchange

As discussed in Note 1, these consolidated financial statements are prepared using US GAAP to the extent that the use of such principles does not contravene Irish Company Law. We also prepare consolidated financial statements using US GAAP which are included in our Annual Report on Form 10-K as filed with the United States Securities and Exchange Commission on February 26, 2016. The primary differences between these statutory financial statements and our consolidated financial statements included in our Form 10-K are the presentational format of the profit and loss and balance sheet, terminology used, and the inclusion of certain additional disclosures.

US GAAP terminology	Irish Company Law terminology
Accounts receivable	Debtors
Liabilities	Creditors
Operating results	Key performance indicators
Risk factors	Principal risks and uncertainties
Accumulated deficit/surplus and Statement of Operations	Profit and loss account

Irish Company Law contains specific requirements for the classification of any liability uncertain as to the amount at which it will be settled or as to the date on which it will be settled.

27 Directors' Remuneration

	Year Ended December 31,	
	2015	2014
	$	$
Emoluments(1)	45.9	7.9
Benefits under long-term incentive schemes(2)	2.5	54.3
Contributions to retirement benefit schemes;		
- Defined benefit scheme	-	-
- Defined contribution scheme	0.2	0.1
Compensation for loss of office paid by the company and other termination payments(3)	-	7.8
	48.6	**70.1**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

27 Directors' Remuneration - continued

(1) Emoluments include salaries, fees and percentages, bonuses, any sums paid by way of expense allowance in so far as those sums are chargeable to income tax, and the estimated money value of any other benefits received otherwise than in cash.
(2) Benefits under long-term incentive schemes excludes options to acquire Allergan plc shares, but includes restricted shares and share units.
(3) Pursuant to the terms of a separation agreement entered into between a former director and Actavis, Inc., the former director who left the group in 2014 became entitled to termination benefits.

28 Auditors' Remuneration

	Year Ended December 31,	
	2015	2014
($ in millions)	$	$
Auditors' remuneration paid to PricewaterhouseCoopers Ireland and its affiliates as follows:		
Auditors' remuneration	51.2	33.1

The table below shows remuneration for all work carried out for Allergan plc and its subsidiaries by PricewaterhouseCoopers Ireland in each of the following categories of work ($ in thousands):

	Year Ended December 31,	
	2015	2014
	$	$
Auditors' remuneration - Group:		
Statutory audit of group financial statements	1,496.2	200.0
Other assurance services	28.1	520.7
Tax advisory services	511.2	262.6
Other non-audit services	-	83.1
	2,035.5	1,066.4

29 Related Party Transactions

There were no related party transactions requiring disclosure during the years December 31, 2015 and 2014.

30 Subsequent Events

On January 7, 2016, the Company acquired Anterios, Inc. ("Anterios"), a clinical stage biopharmaceutical company developing a next generation delivery system and botulinum toxin-based prescription products. Under the terms of the agreement, the Company acquired Anterios for an upfront payment of $90.0 million and potential development and commercialization milestone payments related to NDS™, Anterios' proprietary platform delivery technology that enables local, targeted delivery of neurotoxins through the skin without the need for injections.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings

As of December 31, 2015 the Company had the following subsidiaries:

Name	Registered Office	Principal activities	Portion of equity held
3948587 Canada Inc.	597 Sir-Wilfrid-larier, Mont-St-Hilaire, Quebec, J3H 6C4, Canada	Dormant	100%
Abri Pharmaceuticals Company	1959 Upper Water Street, Suite 900, Halifax NS Canada B3J X2X	Dormant	100%
Actavis S.à r.l.	6, rue Jean Monnet, L-2180, Luxembourg	Holding Company	100%
Actavis S.à r.l. Luxembourg, Zweigniederlassung Steinhausen	Turmstrasse 24, 6300 Zug, Switzerland	Other	100%
Actavis (Cyprus) Limited	Eagle House 16 Kyriakos Matsis Avenue, 10th Floor, Ayioi 1082 Nicosia, Cyprus	Holding Company	100%
Actavis (MEEA) FZE	Actavis MEEA FZE 6WA 8th Floor, Suite 819 Dubai Airport Free Zone Dubai, U.A.E.	Pharmaceutical Distribution	100%
Actavis (Pty) Ltd. (f/k/a Watson Pharma (Pty) Ltd.)	1st Floor, 24 Peter Place, Lyme Park, Bryanston, Gauteng, South Africa	Pharmaceutical Distribution	100%
Actavis A/S	Ørnegårdsvej 16, 2820 Gentofte, Denmark	Pharmaceutical Distribution	100%
Actavis A/S Sucursal Portugese Branch	Rua Virgilio Correia 11-A 1600-219 Lisbon Portugal	Pharmaceutical Distribution	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Actavis AB	Strandbergsgatan 61S-11289 Stockholm, Sweden	Pharmaceutical Distribution and Manufacturing	100%
Actavis Acquisition 1 S.à r.l. (Irish Branch)	53 Merrion Square, Dublin 2, Ireland	Other	100%
Actavis Acquisition 1 S.à r.l. (f/k/a Watson Pharma S. à r.l.)	6, rue Jean Monnet, L-2180, Luxembourg	Holding Company	100%
Actavis Acquisition 2 S.à r.l. (f/k/a Watson Pharma Actavis S. a r.l.)	6, rue Jean Monnet, L-2180, Luxembourg	Holding Company	100%
Actavis Asia Pacific Private Limited	20 Pasir Panjang Road, Mapletree Business City, #09-25 Singapore 117439	Other	100%
Actavis ASKA KK	Shinjuku Nomura Bldg. 1-26-2, Nishishinjuku, Shinjukuku, Tokyo	Other	45%
Actavis Australia Pty Ltd.	Level 5, 117-119 Harrington Street, The Rocks, NSW 2000, Australia	Pharmaceutical Distribution	100%
Actavis Capital S.à r.l. (f/k/a Actavis WC Holding S. a r.l.)	6, rue Jean Monnet, L-2180, Luxembourg	Holding Company	100%
Actavis CZ a.s.	Radlická 608/2, Praha 5 – Smíchov, Postal Code 150 00, Czech Republic	Pharmaceutical Distribution	100%
Actavis d.o.o. Belgrade	12 Djordja Stanojevica Str. Beograd—Novi Beograd Serbia	Pharmaceutical Distribution	100%
Actavis Dutch Holding BV	Keizerstraat 13, 4811 HL, Breda, The Netherlands	Holding Company	100%
Actavis EAD	29 Atanas Dukov Str., 1407 Sofia, Bulgaria	Pharmaceutical Distribution	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Actavis ehf.	Reykjavikurvegur 78 IS 220 Hafnarfjordur Iceland	Manufacturing	100%
Actavis Elizabeth LLC	200 Elmora Avenue, Elizabeth, NJ 07207	Manufacturing	100%
Actavis Export International Limited	BLB 016 Bulebel Industrial Estate Zejtun ZTN 3000, Malta	Pharmaceutical Distribution	100%
Actavis Farmaceutica LTDA (f/k/a Arrow Farmaceutica LTDA)	Rua Barão de Petrópolis St, 293 and 311- Rio Comprido- Rio de Janeiro, Brazil	Pharmaceutical Distribution and Manufacturing	100%
Actavis Finance S.à r.l.	6, rue Jean Monnet, L-2180, Luxembourg	Holding Company	100%
Actavis Finance ehf.	Reykjavíkurvegi 76-78220 Hafnarfjordur Iceland	Holding Company	100%
Actavis Finance S.à r.l. Co.	US	Other	100%
Actavis Funding SCS	46a, avenue J.F. Kennedy, L-1855 Luxembourg	Other	100%
Actavis GmbH	Münchner Bundesstrasse 142 AT-5020 Salzburg Austria	Pharmaceutical Distribution	100%
Actavis Group ehf	Reykjavíkurvegi 76-78220 Hafnarfjordur Iceland	Pharmaceutical Distribution	100%
Actavis Group PTC ehf	Reykjavikurvegi 76-78 220 Hafnarfjordur Iceland	Pharmaceutical Distribution	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Actavis Holding 2 S.à r.l. (f/k/a WatsonPhHldg 2 S.a r.l.)	6, rue Jean Monnet, L-2180, Luxembourg	Holding Company	100%
Actavis Holding AB	Strandbergsgatan 61SE-11289 StockholmSweden	Holding Company	100%
Actavis Holding Asia BV	Keizerstraat 13, 4811 HL, Breda, The Netherlands	Holding Company	100%
Actavis Holding Germany GmbH	Köningsberger strasse 16, 55218 Ingelheim, Germany	Holding Company	100%
Actavis Holdings South Africa (Pty) Ltd. (f// k/a Watson Pharma Holdings South Africa (Pty) Ltd.)	1st Floor, 24 Peter Place, Lyme Park, Bryanston, Gauteng, South Africa	Holding Company	100%
Actavis Holdings UK II Limited	Whiddon Valley Barnstaple Devon EX32 8NS UK	Holding Company	100%
Actavis Holdings UK Ltd.	Whiddon Valley Barnstaple Devon EX32 8NSUK	Holding Company	100%
Actavis Hong Kong Limited	11th Floor, One Pacific Place, 88 Queensway, Hong Kong	Holding Company	100%
Actavis Hungary Kft	Könyves Kálmán Krt. 11/C1097 Budapest Hungary Post box:pf. 906/331386 BudapestHungary	Pharmaceutical Distribution	100%
Actavis Ilaclari AS	Esentepe Mah. Harman Cad. Ali Kaya Sok. Polat Plaza B Blok No: 2 K:7-8 Sisli, Istanbul, Turkey	Pharmaceutical Distribution	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Actavis International Holding S.à r.l. (f/k/ aWatsonPhHldg.)	6, rue Jean Monnet, L-2180, Luxembourg	Holding Company	100%
Actavis International Limited	BLB 016, Bulebel Industrial Estate Zejtun ZTN 3000 Malta	Pharmaceutical Distribution	100%
Actavis Ireland Holding Limited	70 Sir John Rogerson's Quay, Dublin 2, Ireland	Holding company	100%
Actavis Ireland Limited	Unit 7-8, Euro House Euro Business Park Little Island, County Cork Ireland	Pharmaceutical Distribution	100%
Actavis Isle of Man Limited	2nd Floor, Atlantic House, Circular Road, IM1 1AG Douglas Isle of Man British Isles	Research & Development	100%
Actavis Istanbul Ilac Sanayi Ve Ticaret Limited Sirketi	Ortabayir Mah. AgacaltiSok.No:5/A Kagithane/istanbul, Turkey	Dormant	100%
Actavis Italy S.p.A.	Via Luigi Pasteur 10, 20014 Nerviano (MI), Italy	Pharmaceutical Distribution	100%
Actavis Kadian LLC	400 Interpace Parkway, Parsippany, NJ 07054	Dormant	100%
Actavis K.K.	Yebisu Garden Place Tower 35F, 4-20-3, Ebisu, Shibuya-ku, Tokyo 150-6035, Japan	Pharmaceutical Distribution	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Actavis Laboratories FL, Inc. (f/k/a Watson Laboratories, Inc. Florida)	400 Interpace Parkway, Parsippany, NJ 07054	Manufacturing	100%
Actavis Laboratories NY, Inc. (f/k/a Watson Laboratories, Inc. (Copiague))	400 Interpace Parkway, Parsippany, NJ 07054	Manufacturing	100%
Actavis Laboratories UT, Inc. (f/k/a Watson Laboratories, Inc. (Salt Lake City))	400 Interpace Parkway, Parsippany, NJ 07054	Research & Development and Manufacturing	100%
Actavis LLC	Morris Corporate Center III, 400 Interpace Parkway, Parsippany, NJ 07054	Holding Company	100%
Actavis Limited	BLB016, Bulebel Industrial Estate Zejtun ZTN 3000Malta	Research & Development and Manufacturing	100%
Actavis Luxembourg International S.a r.l.	6, rue Jean Monnet, L-2180, Luxembourg	Holding Company	100%
Actavis Malta Limited	BLB 016 Bulebel Industrial Estate zejtun ZTN 3000 Malta	Pharmaceutical Distribution	100%
Actavis Mid Atlantic LLC	400 Interpace Parkway, Parsippany, NJ 07054	Other	100%
Actavis New Zealand Limited (f/k/a Arrow Pharm (NZ) Ltd)	Unit B8, 31-49 Normanby Rd, Mt Eden, Auckland 1024, New Zealand	Pharmaceutical Distribution	100%
Actavis Nordic A/S	Ørnegårdsvej 16, 2820 Gentofte, Denmark	Pharmaceutical Distribution	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Actavis Norway AS	Drammenweien 167, 0277 Oslo, Norway	Pharmaceutical Distribution	100%
Actavis Operations EOOD	109, blvd. Bulgaria, Vertigo Business Center, fl. 14-15, Sofia 1404, Bulgaria	Holding Company	100%
Actavis OY (Finland)	Klovinpellontie 3 FIN-02180 Espoo Finland	Pharmaceutical Distribution	100%
Actavis Pharma (Pty) Ltd. (f/k/a Watson Pharma No 1 (Pty) Ltd.)	1st Floor, 24 Peter Place, Lyme Park, Bryanston, Gauteng, South Africa	Pharmaceutical Distribution	100%
Actavis Pharma Company (f/k/a Cobalt Ph. & Arrow Ph. OTC)	1959 Upper Water Street, Suite 900, Halifax NS, Canada B3J X2X	Pharmaceutical Distribution, Research & Development and Manufacturing	100%
Actavis Pharma Development Centre Private Limited	21-22, Kalpataru Square, Kondivita Lane, Off Andheri Kurla Road, Andheri (East), Mumbai, Maharashtra, INDIA, 400059	Research & Development	100%
Actavis Pharma Holding S.à r.l. (f/k/a WatsonPharma S.a r.l.)	6, rue Jean Monnet, L-2180, Luxembourg	Holding Company	100%
Actavis Pharma Holding 4 ehf (APH4)	Reykjavikurvegi 76-78 220 Hafnarfjordur Iceland	Holding Company	100%
Actavis Pharma Holding 5 ehf (APH5)	Reykjavikurvegi 76-78 220 HafnarfjordurIceland	Holding Company	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Actavis Pharma Iberia S.L.U. (f/k/a Warner Chilcott Iberia S.L.U.)	Calle Hermosilla 11 4º 28001 Madrid, Spain	Pharmaceutical Distribution	100%
Actavis Pharma, Inc.(f/k/a Watson Pharma, Inc.)	400 Interpace Parkway, Parsippany, NJ 07054	Pharmaceutical Distribution	100%
Actavis Pharma Private Limited	21-22, Kalpataru Square, Kondivita Lane, Off Andheri Kurla Road, Andheri (East), Mumbai, Maharashtra, INDIA, 400059	Other	100%
Actavis Pharma Pty Ltd. (f/k/a Watson Pharma Pty Ltd)	Level 5, 117 Harrington Street, The Rocks, Sydney NSW 2000, Australia	Holding Company	100%
Actavis Pharma S. de R.L. de C.V. (f/k/a WatsonPh. S. de RL de CV)	Mexico	Other	100%
Actavis Pharmaceuticals NJ, Inc. (f/k/a Watson Pharmaceuticals (NJ) Inc.)	400 Interpace Parkway, Parsippany, NJ 07054	Research & Development and Regulatory Services	100%
Actavis Polska Sp. z.o.o.	ul. Marynarska 15, 02-674 Warsaw, Poland	Pharmaceutical Distribution	100%
Actavis Pty Ltd (f/k/a/ Ascent Pharmaceuticals Pty Ltd)	Level 5, 117-119 Harrington Street, The Rocks NSW 2000, Australia	Holding Company	100%
Actavis Puerto Rico Holdings, Inc.	400 Interpace Parkway, Parsippany, NJ 07054	Holding Company	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Actavis S. de R.L. de C.V.	Ejercito Nacional 418, 505, Calle Lope de Vega, Calle Hegel, Chapultepec 11570, Mexico	Dormant	100%
Actavis s.r.o.	Dúbravska cesta 14, 841 04, Bratislava Slovak Republic	Pharmaceutical Distribution	100%
Actavis Sdn. Bhd (f/k/a Ascent Pharmahealth Malaysia Sdn.)	Level 21, Suite 21.01 The Garden South Tower, Mid Valley City, 59200 Kuala Lumpur, Malaysia	Pharmaceutical Distribution	100%
Actavis Services (Asia) Limited (f/k/a Marrow Holdings Ltd.)	HF62, Hal Far Industrial Estate, Birzebbugia, BBG 3000, Malta	Holding Company	100%
Actavis South Atlantic LLC	400 Interpace Parkway, Parsippany, NJ 07054	Other	100%
Actavis Specialty Pharmaceuticals Co. (f/k/a Watson Pharma Co)	1959 Upper Water Street, Suite 900, Halifax NS, Canada, B3J 3N2	Pharmaceutical Distribution and Research & Development	100%
Actavis SRL	11, Ion Mihalache Blvd. 01117, Bucharest 1Romania	Pharmaceutical Distribution	100%
Actavis Switzerland AG	Wehntalerstrasse 190 CH-8105 RegensdorfSwitzerland	Pharmaceutical Distribution	100%
Actavis Totowa LLC	400 Interpace Parkway, Parsippany, NJ 07054	Other	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Actavis UK Limited	Whiddon Valley Barnstaple Devon EX32 8NS UK	Pharmaceutical Distribution	100%
Actavis Ukraine LLC	33, T. Shevchenko Boulevard Kiev, Ukraine, 01032	Pharmaceutical Distribution	100%
Actavis US Holding LLC	400 Interpace Parkway, Parsippany, NJ 07054	Holding Company	100%
Actavis W.C. Holding Inc.	400 Interpace Parkway, Parsippany, NJ 07054	Holding Company	100%
Actavis WC 1 S.a r.l. (f/k/a WC Luxembourg S. a r.l.)	6, rue Jean Monnet, L-2180, Luxembourg	Holding Company	100%
Actavis WC 2 S.a r.l. (f/k/a WC Luxco S.aÂ r.l.)	6, rue Jean Monnet, L-2180, Luxembourg	Holding Company	100%
Actavis WC 3 S.a r.l. (f/k/a WC Luxco Holdings S.aÂ r.l.)	6, rue Jean Monnet, L-2180, Luxembourg	Holding Company	100%
Actavis, Inc.	400 Interpace Parkway, Parsippany, NJ 07054	Holding Company	100%
Actavis, Inc. II SCS	2, rue Joseph Hackin, L-1746 Luxembourg	Holding Company	100%
Actavis, Inc. SCS (f/k/a Watson Pharmaceuticals, Inc. SCS)	2, rue Joseph Hackin, L-1746 Luxembourg	Holding Company	100%
AGN Seabreeze, LLC	2525 Dupont Drive, Irvine, CA 92612	Holding Company	100%
AHI C.V.	Cumberland House, 1 Victoria Street, Hamilton HM 11, Bermuda	Holding Company	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
AHI CV HoldCo, LLC	400 Interpace Parkway, Parsippany, NJ 07054	Holding Company	100%
Alet SA	Aidiniou Str., 12461, Haidari, Athens, Greece	Pharmaceutical Distribution	100%
Allergan (Thailand) Limited	Thailand	Holding Company	100%
Allergan AG	Puls 5, Hardturmstrasse 11, 8005, Zurich, Switzerland	Pharmaceutical Distribution	100%
Allergan ApS	c/o Biofarma A/S, Naverland 22, 2600 Glostrup, Denmark Tel. Fax.	Pharmaceutical Distribution	100%
Allergan AS	c/o Visma Services, Karenlyst allé 7, Oslo 0214, Norway	Pharmaceutical Distribution	100%
Allergan Asia Limited	Suites 1307-10, Cityplaza Four, 12 Taikoo Wan Road, Taikoo Shing, Island East, Hong Kong	Other	100%
Allergan Australia Pty Limited	Level 4, 810 Pacific Highway, Gordon NSW 2071	Pharmaceutical Distribution	100%
Allergan B.V.	Fellenoord 130, 5611 ZB Eindhoven, Netherlands	Pharmaceutical Distribution	100%
Allergan Biologics Ltd. (f/k/a Eden Biodesign Ltd.)	12 Estuary Banks, Speke, Liverpool, L24 8RB, England	Research & Development	100%
Allergan Botox	Castlebar Road, Westport, Co mayo, Ireland.	Holding Company	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Allergan C.I.S. SARL	Russia, 115191, Moscow, Kholodilny pereulok, 3, korp. 1, bld. 4, Russian Federation	Pharmaceutical Distribution	100%
Allergan Costa Rica S.R.L	900 Global Park, La Aurora, Heredia, Costa Rica	Pharmaceutical Distribution	100%
Allergan de Colombia S.A.	Calle 113 No. 7-21 Of 713	Pharmaceutical Distribution	100%
Allergan de Venezuela, C.A.	Av. Francisco de Miranda CC Lido, Torre D Nivel 4 Of 41-D Zona el Rosal, Caracas, Venezuela	Marketing	100%
Allergan Development I	Longphort House, Earlsfort Centre, Lower Leeson Street, Dublin 2, Ireland.	Holding Company	100%
Allergan Development II	Longphort House, Earlsfort Centre, Lower Leeson Street, Dublin 2, Ireland.	Holding Company	100%
Allergan Development Ventures I Ireland	Longphort House, Earlsfort Centre, Lower Leeson Street, Dublin 2, Ireland.	Holding Company	100%
Allergan Development Ventures I LP	Canon's Court, 22 Victoria Street, Hamilton HM12 Bermuda	Holding Company	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Allergan Development Ventures I UK	1st Floor Marlow International, The Parkway, Marlow, Buckinghamshire SL7 1YL, England	Holding Company	100%
Allergan France SAS	12 place de la defence, 4eme etage, 92400, Courbevoie, France.	Pharmaceutical Distribution	100%
Allergan Healthcare India Private Limited	Level 2, Prestige Obelisk, No 3, Kasturba Road, Bangalore -560001 India	Pharmaceutical Distribution	100%
Allergan Healthcare Philippines, Inc.	21st Floor, Units B,C,D, Robinsons Cyberscape Beta, Topaz and Ruby Roads, Ortigas Center, Pasig City, 1605 Philippines	Marketing	100%
Allergan Hellas Pharmaceuticals S.A.	166a Kifisias Avenue & 2 Sofokleous Street, in the Municipality of Marousi, P.C. 151 26.	Other	100%
Allergan Holdings 2 BV	Keizerstraat 13, 4811HL Breda, The Netherlands	Holding Company	100%
Allergan Holdings B Ltd.	Bermuda	Holding Company	100%
Allergan Holdings B.V.	Pietermaai 15, Curacao, The Netherlands	Holding Company	100%
Allergan Holdings B1, Unlimited	Cannon’s Court, 22 Victoria Street, Hamilton HM 12 Bermuda	Holding Company	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Allergan Holdings B2, Unlimited	Cannon's Court, 22 Victoria Street, Hamilton HM 12 Bermuda	Holding Company	100%
Allergan Holdings C Ltd.	Clifton House, PO Box 1350, 75 Fort Street, Grand Cayman KY1-1203, Cayman Islands	Holding Company	100%
Allergan Holdings France SAS	12 place de la defense, 4eme etage, 92400, Courbevoie, France	Holding Company	100%
Allergan Holdings Limited	1st Floor Marlow International, The Parkway, Marlow, Buckinghamshire SL7 1YL, United Kingdom	Holding Company	100%
Allergan Holdings S. à r.l.	6, rue Jean Monnet, L-2180 Luxembourg	Holding Company	100%
Allergan Holdings Unlimited Company (f/k/a Furiex Holdings Unlimied Company)	Clonshaugh Business & Technology Park, Dublin 17, Ireland	Holding Company	100%
Allergan Holdings, Inc.	2525 Dupont Drive, Irvine, CA 92612	Holding Company	100%
Allergan Hong Kong Limited	Suite Pt 1308-10, 13th Floor, Citiplaza Four, 12 Taikoo Wan Road, Taikoo Shing, Hong Kong	Pharmaceutical Distribution	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Allergan Ilaclari Ticaret A.S.	Eski Buyukdere Cad. Iz Plaza Giz Kat 12, Maslak-Sisli, Istanbul, 34398, Turkey	Pharmaceutical Distribution	100%
Allergan Inc.	85 Enterprise Blvd., Suite 500 Markham, Ontario, L6G 0B5	Pharmaceutical Distribution	100%
Allergan India Private Limited	Level 2, Prestige Obelisk, No 3, Kasturba Road, Bangalore -560001 India	Pharmaceutical Distribution	51%
Allergan Industrie SAS	Route de Promery, 254 ZA Pre Mairy, 74370, Pringy, France	Manufacturing	100%
Allergan Information Consulting (Shanghai) Co., Ltd.	Suite 5605, Building 1, Plaza 66, 1266 Nanjin Road West, Shanghai, China	Other	100%
Allergan International YK	Yebisu Garden Place Tower, 4-20-3 Ebisu, Shibuya-ku, Tokyo, Japan	Pharmaceutical Distribution	100%
Allergan Ireland Holdings Ltd.	Arthur Cox Buildings, Earlsfort Terrace, Dublin 2	Holding Company	100%
Allergan Israel Limited	C/O Aminut Financial Services, 12 Ha'yetzira St , Ra'anana, 43663, Israel	Other	100%
Allergan Japan KK	Yebisu Garden Place Tower, 4-20-3 Ebisu, Shibuya-ku, Tokyo, Japan	Other	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Allergan K.K.	Yebisu Garden Place Tower, 4-20-3 Ebisu, Shibuya-ku, Tokyo, Japan	Pharmaceutical Distribution	100%
Allergan Korea Ltd	14F, 411, Seocho-daero, Seocho-gu, Seoul, Korea	Other	100%
Allergan Laboratorios Limitada	Av. Apoquindo 3472, Of 802, Las Condes, Santiago.	Pharmaceutical Distribution	100%
Allergan Limited	1st Floor Marlow International, The Parkway, Marlow, Buckinghamshire SL7 1YL, United Kingdom	Pharmaceutical Distribution	100%
Allergan Luxembourg S.a r.l.	560A, rue de Neudorf, L-2220 Luxembourg	Other	100%
Allergan Malaysia Sdn. Bhd.	Level 10, Menara LGB, 1 Jalan Wan Kadir, Taman Tun Dr. Ismail, 60000 Kuala Lumpur, Malaysia	Marketing	100%
Allergan Medical S.a r.l.	c/o MME Compliance AG, Gubelstrasse 11, 6300 Zug, Switzerland	Other	100%
Allergan Medical Pty Ltd.	Level 4, 810 Pacific Highway, Gordon NSW 2072 Australia	Dormant	100%
Allergan Middle East FZ-LLC	603-606 Building 26, Dubair Healthcare City, Dubai, United Arab Emirates	Other	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Allergan N.V.	Pegasuslaan 5, 1831 Die gem, Belgium	Pharmaceutical Distribution	100%
Allergan New Zealand Ltd.	Cnr Manu Tapu Dr & Joseph Hammond Place, Auckland International Airport, Mangere, Auckland, NZ.	Pharmaceutical Distribution	100%
Allergan NK	Japan	Holding Company	100%
Allergan Norden AB	Strandbergsgatan 61, SE 112 51 Stockholm, Sweden	Pharmaceutical Distribution	100%
Allergan Norden AB (Finnish branch)	Klovinpellontie 3, 02180 Espoo, Finland	Pharmaceutical Distribution	100%
Allergan Optical Irvine, Inc.	2525 Dupont Drive, Irvine, CA 92612	Other	100%
Allergan Pharmaceuticals (Proprietary) Ltd.	30 New Road (Entrance Off Bavaria Road), Randjespark Ext 11, Johannesburg, 1682, South Africa	Pharmaceutical Distribution	100%
Allergan Pharmaceuticals Holdings (Ireland)	Longphort House, Earlsfort Centre, Lower Leeson Street, Dublin 2, Ireland.	Other	100%
Allergan Pharmaceuticals International Limited (f/k/a Aptalis Pharma Ltd.).	Clonshaugh Industrial Estate, Coolock, Dublin 17	Pharmaceutical Distribution	100%
Allergan Pharmaceuticals Ireland	Castlebar Road, Westport, Co Mayo, Ireland	Pharmaceutical Distribution and Manufacturing	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Allergan Pharmaceuticals Ireland	Zephyr House, 122 Mary Street, PO Box 709, Grand Cayman KY1-1107, Cayman Islands	Dormant	100%
Allergan Pharmaceuticals Taiwan Co. Ltd.	Taiwan	Other	100%
Allergan Productos Farmaceuticos S.A.	Libertador Avenue 498 Piso 29, North Section, City of Buenos Aires, Argentina	Other	100%
Allergan Produtos Farmaceuticos Ltda.	Av. Dr. Cardoso de Melo, 1855, 13º andar, Bloco I, Vila Olimpia, São Paulo, SP, Brazil	Other	100%
Allergan Property Holdings, LLC	2525 Dupont Drive, Irvine, CA 92612	Holding Company	100%
Allergan Puerto Rico Holdings, Inc.	2525 Dupont Drive, Irvine, CA 92612	Holding Company	100%
Allergan S.A.	Edificio La Encina, Plaza de la Encina 10-11, 28760 – Tres Cantos, Madrid, Spain	Pharmaceutical Distribution	100%
Allergan S.p.A.	Via Salvatore Quasimodo N. 134/138, 00144 Rome, Italy	Pharmaceutical Distribution	100%
Allergan Sales Puerto Rico, Inc.	2525 Dupont Drive, Irvine, CA 92612	Other	100%
Allergan Sales, LLC.	2525 Dupont Drive, Irvine, CA 92612	Other	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Allergan Services B.V.	Fellenoord 130, 5611 ZB Eindhoven , Netherlands	Other	100%
Allergan Services International, Limited	Longphort House, Earlsfort Centre, Lower Leeson Street, Dublin 2, Ireland.	Other	100%
Allergan Servicios Profesionales, S. de R.L. de C.V.	Av. Santa Fee 505 Pist 11 Col, Cruz Manca Santa Fe De Cuajimalpta. Mexico, D.F. 05349	Other	100%
Allergan Singapore Pte. Ltd.	8 Marina Boulevard, #05-02 Marina Bay, Financial Centre, Singapore 018981	Marketing	100%
Allergan Singapore Pte. Ltd. Indonesia Rep Office	Indonesia	Marketing	100%
Allergan Singapore Pte. Ltd. Vietnam Rep Office	Vietnam	Marketing	100%
Allergan Sp. z o.o.	Ul. Marynarska 15, 02-674 Warszawa, Poland	Other	100%
Allergan Specialty Therapeutics, Inc.	2525 Dupont Drive, Irvine, CA 92612	Other	100%
Allergan UK Group Limited	Whiddon Valley, Barnstaple, Devon, EX32 8NS, United Kingdom	Holding Company	100%
Allergan UK LLP	Whiddon Valley, Barnstaple, Devon EX32 8NS, United Kingdom	Other	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Allergan Ukraine, LLC	vul. Boryspilska, d. 9, Darnytskyy, rayon, Kyiv 02099, Ukraine	Pharmaceutical Distribution	100%
Allergan USA, Inc.	2525 Dupont Drive, Irvine, CA 92612	Pharmaceutical Distribution and Manufacturing	100%
Allergan, Inc.	2525 Dupont Drive, Irvine, CA 92612	Holding Company	100%
Allergan, S.A. de C.V.	Av. Santa Fee 505 Pist 11 Col, Cruz Manca Santa Fe De Cuajimalpta. Mexico, D.F. 05349	Pharmaceutical Distribution	100%
Anda Inc.	2915 Weston Road, Weston, FL 33331	Pharmaceutical Distribution	100%
Anda Marketing, Inc.	2915 Weston Road, Weston, FL 33331	Dormant	100%
Anda Pharmaceuticals, Inc.	6500 Adelaide Court, Groveport, OH 43125	Pharmaceutical Distribution	100%
Anda Puerto Rico Inc.	Metro Office Park Metro#2, Texaco Plaza, STE 412, 1 Street, San Juan PR 00920	Pharmaceutical Distribution	100%
Anda Veterinary Supply Inc.	2915 Weston Road, Weston, FL 33331	Dormant	100%
Andrx Corporation	4955 Orange Drive, Davie, FL 33314	Holding Company	100%
Andrx Laboratories (NJ), Inc.	4955 Orange Drive, Davie, FL 33314	Dormant	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Andrx Labs LLC	4955 Orange Drive, Davie, FL 33314	Dormant	100%
Andrx Pharmaceuticals (Mass), Inc.	4955 Orange Drive, Davie, FL 33314	Dormant	100%
Andrx Pharmaceuticals (NC) Equipment, LLC	4955 Orange Drive, Davie, FL 33314	Procurement	100%
Andrx Pharmaceuticals (NC), Inc.	4955 Orange Drive, Davie, FL 33314	Dormant	100%
Andrx Pharmaceuticals Equipment #1, LLC	4955 Orange Drive, Davie, FL 33314	Dormant	100%
Andrx Pharmaceuticals Sales and Marketing, Inc.	2915 Weston Road, Weston, FL 33331	Dormant	100%
Andrx Pharmaceuticals, LLC	400 Interpace Parkway, Parsippany, NJ 07054	Dormant	100%
Andrx South Carolina I, Inc.	7909 Parkland Road, Suit e475, Columbia, SC 29233	Dormant	100%
APBI Holdings, LLC	3900 Paramount Parkway Suite 150, Morrisville NC 27560	Holding Company	100%
Aptalis Holding B.V.	Keizerstraat 13, 4811 HL Breda, The Netherlands	Holding Company	100%
Aptalis Holdings, Inc.	400 Interpace Parkway, Parsippany, NJ 07054	Holding Company	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Aptalis Netherlands B.V.	Keizerstraat 13, 4811 HL Breda, The Netherlands	Holding Company	100%
Aptalis Pharma Canada ULC	4300 Bankers Hall West, 888—3rd Street S.W., Calgary AB T2P 5C5	Pharmaceutical Distribution and Manufacturing	100%
Aptalis Pharma Export, Inc.	597 boul. Sir-Wilfrid-Laurier Mont-Saint-Hilaire (Québec) J3H6C4 Canada	Holding Company	100%
Aptalis Pharma GmbH	Friedrichstrasse 191, 10117 Berlin, Germany	Pharmaceutical Distribution	100%
Aptalis Pharma Ltd. (f/k/a Allergan Pharmaceuticals International Ltd.)	Castlebar Road, Westport, Co Mayo, Ireland	Other	100%
Aptalis Pharma S.r.l.	Pessano con Bornago (MI) via Martin Luther King 13, 20060, Milan, Italy	Pharmaceutical Distribution	100%
Aptalis Pharma SAS	5/6 place de l'Iris La Défense 5, 92400 Courbevoie, France	Pharmaceutical Distribution and Manufacturing	100%
Aptalis Pharma UK Limited	Ashcombe Court, Woolsack Way, Godalming, Surrey GU7 1LQ	Pharmaceutical Distribution	100%
Aptalis Pharma US, Inc.	400 Interpace Parkway, Parsippany, NJ 07054	Pharmaceutical Distribution and Manufacturing	100%
AqueSys, Inc.	400 Interpace Parkway, Parsippany, NJ 07054	Pharmaceutical Distribution	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Arrow ApS	c/o Actavis A/S Ørnegaardsvej 16, 2820 Gentofte, Denmark	Pharmaceutical Distribution	100%
Arrow Generics Ltd.	WHIDDON VALLEY, BARNSTAPLE, DEVON, EX32 8NS, England	Pharmaceutical Distribution	100%
Arrow Group ApS	Sankt Peders Stræde 2, 1, 4000 Roskilde Denmark	Holding Company	100%
Arrow International Ltd.	HF62, Hal Far Industrial Estate, Birzebbugia, BBG 3000, Malta	Holding Company	100%
Arrow Laboratories Ltd.	HF62, Hal Far Industrial Estate, Birzebbugia, BBG 3000, Malta	Pharmaceutical Distribution	100%
Arrow Lakemedel Aktiebolag	Strandbergsgatan 61, SE-11289 Stockholm, Sweden	Pharmaceutical Distribution	100%
Arrow No7 Ltd.	Whiddon Valley, Barnstaple, North Devon, EX32 8NS, United Kingdom	Other	100%
Arrow Pharma (Malta) Ltd.	HF62, Hal Far Industrial Estate, Birzebbugia, BBG 3000, Malta	Pharmaceutical Distribution and Manufacturing	100%
Arrow Pharma (HK) Limited	Unit 2209, 22/F, Wu Chung House, 213 Queen’s Road East, Wanchai, Hong Kong S.A.R.	Dormant	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Arrow Pharma Tender (Pty) Ltd.	1st Floor, 24 Peter Place, Lyme Park, Bryanston, Gauteng, South Africa	Pharmaceutical Distribution	65%
Arrow Supplies Ltd.	HF62, Hal Far Industrial Estate, Birzebbugia, BBG 3000, Malta	Pharmaceutical Distribution	100%
Arrowblue Productos Farmaceuticos SA	Avenida Dom Joao II Torre Fernao de Magalhaes 10 esq 1998-025 Lisbon Portugal	Dormant	100%
Ascent Australia Pty Ltd	Level 5, 117-119 Harrington Street, The Rocks NSW 2000, Australia	Holding Company	100%
Ascent Pharma Pty Ltd.	Level 5, 117-119 Harrington Street, The Rocks NSW 2000, Australia	Other	100%
Ascent Pharmahealth Asia Pte Ltd	2 Chia Ping Road, Haw Par Tiger Balm Building, Singapore 619968	Holding Company	100%
Ascent Pharmahealth Hong Kong Limited	Room 1903-05, 19/F Hollywood Plaza, 601 Nathan Road, Mongkok, Kowloon, Hong Kong	Dormant	100%
Ascent Pharmahealth Pty Ltd	Level 5, 117-119 Harrington Street, The Rocks NSW 2000, Australia	Holding Company	100%
Auden Mckenzie (Pharma Division) Limited	Mckenzie House, Bury Street, Ruislip, Middlesex, HA4 7TL, United Kingdom	Manufacturing	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Auden Mckenzie Holdings Limited	Mckenzie House, Bury Street, Ruislip, Middlesex, HA4 7TL, United Kingdom	Holding Company	100%
Axcan EU LLC	400 Interpace Parkway, Parsippany, NJ 07054	Pharmaceutical Distribution	100%
Axcan France (Invest) SAS	5-6 Place de l’Iris, Tour Manhattan, La Defense, 92400 Courbevoie, France	Pharmaceutical Distribution	100%
Axcan Pharma (Australia) Pty Ltd	Walker Wayland Pty Limited, Level 11, Suite 11.01, 60 Castlereagh Street, Sydney, Australia	Holding Company	66.67%
Balkanpharma Dubnitza AD	3 Samokovsko Shose str. Dupnitsa Bulgaria	Manufacturing	98%
Balkanpharma Healthcare International (Cyprus) Ltd.	Eagle House 16 Kyriakos Matsis Avenue 10th Floor Ayioi 1082 Nicosia, Cyprus	Dormant	100%
Balkanpharma Securitiy EOOD	109, blvd. Bulgaria, Vertigo Business Center, fl. 14-15, Sofia 1404, Bulgaria	Other	100%
Balkanpharma Troyan AD	1 Krairechna str. Troyan Bulgaria	Manufacturing	98%
Biovena Pharma Sp. z.o.o.	ul. Marynarska 15, 02-674 Warsaw, Poland	Pharmaceutical Distribution	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Biozymes Inc.	597 boul. Sir-Wilfrid-Laurier Mont-Saint-Hilaire (Québec) J3H6C4 Canada	Dormant	63%
Bowmed Ltd.	Whiddon Valley, Barnstaple, North Devon, EX32 8NS, United Kingdom	Other	100%
Breath Limited	Whiddon Valley, Barnstaple, North Devon, EX32 8NS, United Kingdom	Pharmaceutical Distribution	100%
Cerexa Inc.	400 Interpace Parkway, Parsippany, NJ 07054	Research & Development	100%
Changzhou Siyao Pharmaceuticals Co., Ltd.	Meilongba, Southern Suburbs, Changzhou, Jiangsu, China	Pharmaceutical Distribution and Manufacturing	25%
Chilcott UK Limited	Old Belfast Road Millbrook Larne County Antrim BT40 2SH Northern Ireland	Holding Company	100%
Circa Pharmaceuticals West, Inc.	400 Interpace Parkway, Parsippany, NJ 07054	Dormant	100%
China Medical & Chemical Industrial Development Group Ltd.	Unit 2401A, 24/FL, Park-in Commercial Centre, 56 Dundas Street, Mongkok, Kowloon, Hong Kong	Dormant	100%
Circa Sub	400 Interpace Parkway, Parsippany, NJ 07054	Dormant	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Cobalt Laboratories LLC	400 Interpace Parkway, Parsippany, NJ 07054	Holding Company	100%
Collagen Aesthetics Benelux S.A.		Dormant	100%
Commack Properties, Inc.	400 Interpace Parkway, Parsippany, NJ 07054	Holding Company	100%
Coventry Acquisition, LLC	400 Interpace Parkway, Parsippany, NJ 07054	Holding Company	100%
Cybear, LLC	2915 Weston Road, Weston, FL 33331	Dormant	100%
D 3 Pharma Ltd.	Onega House, 112 Main Road, Sidcup, Kent, DA14 6NE	Other	38%
Del Mar Indemnity Co. Inc.	c/o Marsh Management Services, Inc., P.O. Box 4238, Honolulu, Hawaii 96813-4238	Insurance	100%
Development Partners, LLC	3900 Paramount Parkway Suite 150, Morrisville NC 27560	Pharmaceutical Distribution	100%
Dogwood Pharmaceuticals, Inc.	400 Interpace Parkway, Parsippany, NJ 07054	Holding Company	100%
Drug House of Australia Pte Ltd	2 Chia Ping Road, Haw Par Tiger Balm Building, Singapore 619968	Pharmaceutical Distribution	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Durata Therapeuctics Holding CV	190 Elgin Avenue, Goerge Town, Grand Cayman KY1-9005, Cayman Islands	Holding Company	100%
Durata Therapeuctics International BV	Spaces Zuidas II, Barbara Strozzilaan 101, 1083 HN Amsterdam, The Netherlands	Holding Company	100%
Durata Therapeuctics Limited	5th Flr, Alder Castle, 10 Noble Street, London EC2V 7QJ, UK	Pharmaceutical Distribution	100%
Durata Therapeuctics U.S. Limited	Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County ofNew Castle, Delaware 1980 I. The	Holding Company	100%
Durata Therapeuctics, Inc	400 Interpace Parkway, Parsippany, NJ 07054	Holding Company	100%
Eden Biodesign Inc.	400 Interpace Parkway, Parsippany, NJ 07054	Dormant	100%
Eden Biopharm Group Ltd.	12 Estuary Banks, Speke, Liverpool, L24 8RB, England	Holding Company	100%
Eden Biopharm Ltd.	12 Estuary Banks, Speke, Liverpool, L24 8RB, England	Other	100%
Eremad Pty Ltd.	Level 2, 108 Power Street, Hawthorn VIC 3122	Other	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Eurand France S.A.S.	Z.I. de Nogent-sur-Oise, 14, rue du Clos Barrois, 60180 Nogent-sur-Oise, France	Holding Company	100%
Exemplar Pharm LLC	2525 Dupont Drive, Irvine, CA 92612	Dormant	100%
Femalon SPRL	Rue du Travail 16, 4460 Grâce-Hollogne	Research & Development	100%
FL Cincinnati I Inc.	400 Interpace Parkway, Parsippany, NJ 07054	Holding Company	100%
FL Holding C.V.	Cumberland House, 1 Victoria Street, Hamilton HM 11 Bermuda	Holding Company	100%
FLI International LLC	400 Interpace Parkway, Parsippany, NJ 07054	Holding Company	100%
Forest Finance B.V.	Keizerstraat 13, 4811 HL Breda, The Netherlands	Holding Company	100%
Forest Healthcare (Branch of Forest Tosara Ltd.)	Franciscusweg 277, 1216 SG Hilversum, The Netherlands	Holding Company	100%
Forest Holdings France SAS	12 Place de la Defense, 92400 Courbevoie, France	Holding Company	100%
Forest Laboratories Canada Inc.	44 Chipman Hill, Suite 1000, Saint John, New Brunswick, Canada, E2L 2A9	Pharmaceutical Distribution	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Forest Laboratories Denmark APS	c/o Intertrust (Denmark) Aps Havnegade 39 1058 Copenhagen Denmark	Pharmaceutical Distribution	100%
Forest Laboratories Deutschland GmbH	Friedrichstrate 191 10117 Berlin Germany	Pharmaceutical Distribution	100%
Forest Laboratories France S.A.S.	27 Avenue de L'Opera 75001 Paris France	Pharmaceutical Distribution	100%
Forest Laboratories Holdings Limited	Clonshuagh Business and Technology Park , Clonshaugh , Dublin 17 Ireland	Holding Company	100%
Forest Laboratories Ireland Ltd	Clonshuagh Business and Technology Park , Clonshaugh , Dublin 17 Ireland	Dormant	100%
Forest Laboratories Italy S.R.L.	Largo Richini 6, 20122 Milan , Italy	Pharmaceutical Distribution	100%
Forest Laboratories Osterreich GmbH	Kaernter Ring 5 – 7, 1010 Vienna, Austria	Pharmaceutical Distribution	100%
Forest Laboratories Products Corp.	400 Interpace Parkway, Parsippany, NJ 07054	Dormant	100%
Forest Laboratories Spain, SL	Calle Hermosillia No 11 , 28001, Madrid	Pharmaceutical Distribution	100%
Forest Laboratories Switzerland GmbH	Leutschenbachstrasse 95 8050 Zurich Switzerland	Pharmaceutical Distribution	100%
Forest Laboratories UK Limited	Whiddon Valley, Barnstaple, North Devon, EX32 8NS, United Kingdom	Pharmaceutical Distribution	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Forest Laboratories, LLC	Morris Corporate Center III, 400 Interpace Parkway Bldg. A, Parsippany NJ 07054	Holding Company	100%
Forest Pharma B.V.	Newtonlaan 115, 3584 BH Utrecht, The Netherlands	Holding Company	100%
Forest Pharmaceuticals, Inc.	13600 Shoreline Drive, St. Louis MO 63045	Pharmaceutical Distribution and Manufacturing	100%
Forest Research Institute, Inc.	400 Interpace Parkway, Parsippany, NJ 07054	Research & Development	100%
Forest Tosara Ltd.	Unit 146 Baldoyle Industrial Estate, Grange Road, Dublin 13 Ireland	Pharmaceutical Distribution and Manufacturing	100%
FRX Churchill Holdings, Inc.	400 Interpace Parkway, Parsippany, NJ 07054	Holding Company	100%
Furiex Pharmaceuticals, LLC	3900 Paramount Parkway Suite 150, Morrisville NC 27560	Holding Company	100%
Furiex Holdings Unlimited Company	Clonshaugh Business & Technology Park, Dublin 17, Ireland	Holding Company	100%
Gastro Services Pty Ltd	Walker Wayland Services Pty Limited, Suite 11.01 Level 11, 60 Castlereagh Street, SYDNEY NSW, 2000	Holding Company	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
GenuPro, LLC	3900 Paramount Parkway Suite 150, Morrisville NC 27560	Pharmaceutical Distribution	100%
Herbert Laboratories	2525 Dupont Drive, Irvine, CA 92612	Dormant	100%
Inamed Corporation	2525 Dupont Drive, Irvine, CA 92612	Dormant	100%
Inamed Development Corporation	2525 Dupont Drive, Irvine, CA 92612	Dormant	100%
Inamed Do Brazil Ltda	Brazil	Other	100%
Inamed, LLC	2525 Dupont Drive, Irvine, CA 92612	Holding Company	100%
Inwood Laboratories, Inc.	400 Interpace Parkway, Parsippany, NJ 07054	Other	100%
Ireland Actavis Finance Ltd.	Ireland	Other	100%
Kythera Biopharmaceuticals (Europe) Ltd.	21 St. Thomas Street, Bristol, BS1 6JS UK	Other	100%
Kythera Biopharmaceuticals Australia Pty Ltd.	181 William Street, Melbourne, Victoria 3000, Australia	Other	100%
Kythera Biopharmaceuticals, Inc.	Corporation Service Company, 2711 Centerville Road, Suite 400, City of Wilmington, County of New Castle, 19808	Pharmaceutical Distribution	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Kythera Holdings Ltd.	Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda	Holding Company	100%
Lime Pharma Limited	McKenzie House, Bury Street, Ruislip, Middlesex, HA4 7TL, United Kingdom	Research & Development	100%
LLC Actavis	40, bld.4, Bolshaya Ordynka st., Moscow, 119017	Pharmaceutical Distribution	100%
Lotus Laboratories Private Ltd.	7 Jasma Bhavan RoadMillers Tank Bed AreaOpp. Guru Nanak BhavanVasanth NagarBangalore – 560052, India	Research & Development	100%
M8 Holdings LLC	400 Interpace Parkway, Parsippany, NJ 07054	Holding Company	100%
Makewhey Products Pty LTd.	2 PENCARROW CRESCENT, PENCARROW PARK, LA LUCIA RIDGE OFFICE ESTATE, LA LUCIA, 4051 SOUTH AFRICA	Dormant	100%
Makoff R&D Laboratories, Inc.	400 Interpace Parkway, Parsippany, NJ 07054	Dormant	100%
MAP Pharmaceuticals, Inc.	2525 Dupont Drive, Irvine, CA 92612	Pharmaceutical Distribution	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Marrow Pharmaceuticals Research & Development Co Ltd.	No.29 Rd. Jingxian, Qixianling, New- and High-Technology Industrial Park, Dalian City, Liaoning Province	Holding Company	50%
Marsam Pharma, LLC	400 Interpace Parkway, Parsippany, NJ 07054	Dormant	100%
McGhan Ireland Holdings Ltd.	Longphort House, Earlsfort Centre, Lower Leeson Street, Dublin 2, Ireland	Holding Company	100%
McGhan Ltd	Ireland	Dormant	100%
McGhan Medical B.V.	Fellenoord 130, 5611 ZB Eindhoven, The Netherlands	Other	100%
Med All Enterprise (Shanghai) Co. Ltd.	Room 3104, 31F, B Stock, Yujing International Business Square, No. 555 Ave Pudong, Pudong New District, Shanghai	Dormant	100%
Medis ehf	Reykjavikurvegi 78 220 Hafnarfjordur Iceland	Pharmaceutical Distribution	100%
Medis Pharma BV (f/k/a Actavis Holding BV)	Keizerstraat 13, 4811 HL Breda, The Netherlands	Holding Company	100%
Medis Pharma France SAS	15 Rue Taitbout 75009 Paris	Pharmaceutical Distribution	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Medis Pharma GmbH	Königsberger Straße 16, 55218 Ingelheim, Germany	Pharmaceutical Distribution	100%
Medis Pharma Pty Ltd. (f/k/a Spirit Pharmaceuticals Pty Ltd)	1002/53 Walker Street North Sidney, NSW 2060 Australia. PO box: 6127 North Sidney 2059 NSW Australia	Pharmaceutical Distribution	100%
Medis-Danmark A/S	Oernegaardsvej 162820 GentofteDenmark	Dormant	100%
Milbook (NI) Limited	Old Belfast Road Millbrook Larne County Antrim BT40 2SH Northern Ireland	Dormant	100%
MPEX London Limited	Ashcombe Court, Woolsack Way, Godalming, Surrey GU7 1LQ	Holding Company	100%
MPEX Pharmaceuticals, Inc.	400 Interpace Parkway, Parsippany, NJ 07054	Pharmaceutical Distribution	100%
MSI, Inc	400 Interpace Parkway, Parsippany, NJ 07054	Dormant	100%
Natrapac Inc.	400 Interpace Parkway, Parsippany, NJ 07054	Dormant	100%
Naurex Inc.	400 Interpace Parkway, Parsippany, NJ 07054	Pharmaceutical Distribution	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Nicobrand Limited	189 Castleroe Road, Coleraine, County Londonderry, BT51 3RP, Northern Ireland	Manufacturing	100%
Northwood Medical Innovation Ltd.	1st Floor Marlow International, The Parkway, Marlow, Bucks SL7 1YL, England	Pharmaceutical Distribution	100%
NRIM Limited	McKenzie House, Bury Street, Ruislip, Middlesex, HA4 7TL, United Kingdom	Other	100%
Oculeve, Inc.	400 Interpace Parkway, Parsippany, NJ 07054	Pharmaceutical Distribution	100%
Odyssea Pharma SPRL	Rue du Travail 16, 4460 Grâce-Hollogne	Research & Development and Manufacturing	100%
Oncopharma AG	Turmstrasse 24CH-6300 ZugSwitzerland	Holding Company	100%
Pacific Pharma, Inc.	2525 Dupont Drive, Irvine, CA 92612	Pharmaceutical Distribution	100%
Paomar Plc.	Diagoras House, 16 Pantelis Catelaris Street, 7th Floor, 1097 Nicosia, Republic of Cyprus	Holding Company	100%
Pharm-Allergan GmbH	Bruckengebaude, Westhafenplatz 6-8, 60327, Frankfurt am Main, Germany	Pharmaceutical Distribution	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Pharm-Allergan GmbH (Austria Branch)	Austria	Other	100%
PharmaPack International B.V.	Keizerstraat 13, 4811 HL Breda, The Netherlands	Holding Company	100%
Pharmascript Pharmaceuticals Limited	1st Floor, 24 Peter Place, Lyme Park, Bryanston, Gauteng, South Africa	Pharmaceutical Distribution	64.80%
Pharmax Holding Limited	Riverbridge House, Anchor Boulevard ,Crosways, Dartford Kent, DA2 6SL UK	Holding Company	100%
Pharmax Limited	Riverbridge House, Anchor Boulevard ,Crosways, Dartford Kent, DA2 6SL UK	Dormant	100%
PT Actavis Indonesia	JL. Raya Bogor Km 28 Jakarta 13710 P.O. Box 1044/JAT Jakarta 13010 Indonesia	Pharmaceutical Distribution	100%
R&D Ferriecit Capital Resources, Inc.	US – California	Research & Development	100%
R&D New Media Services Inc.	400 Interpace Parkway, Parsippany, NJ 07054	Research & Development	100%
R&D Pharmaceutical, Inc.	400 Interpace Parkway, Parsippany, NJ 07054	Research & Development	100%
R&D Research & Development Corp.	400 Interpace Parkway, Parsippany, NJ 07054	Research & Development	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Referral-Net (Pty) Ltd.	1st Floor, 24 Peter Place, Lyme Park, Bryanston, Gauteng, South Africa	Dormant	100%
Robin Hood Holdings Ltd.	HF62, Hal Far Industrial Estate, Birzebbugia, BBG 3000, Malta	Holding Company	100%
Royce Laboratories, Inc.	400 Interpace Parkway, Parsippany, NJ 07054	Dormant	100%
Royce Research & Development Limited Partnership I	400 Interpace Parkway, Parsippany, NJ 07054	Dormant	100%
Royce Research Group, Inc.	400 Interpace Parkway, Parsippany, NJ 07054	Dormant	100%
Rugby Laboratories, Inc.	400 Interpace Parkway, Parsippany, NJ 07054	Dormant	100%
RxAPS, Inc.	2915 Weston Road, Weston, FL 33331	Dormant	100%
SC Pharma Pty Ltd.	Level 2, 108 Power Street, Hawthorn VIC 3122	Other	25%
Schein Bayer Pharmaceutical Services, Inc.	400 Interpace Parkway, Parsippany, NJ 07054	Dormant	100%
Schein Pharmaceutical International, Inc.	400 Interpace Parkway, Parsippany, NJ 07054	Dormant	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Schein Pharmaceutical (Bermuda) Ltd	O'Hara House, 3 Bermudiana Road, Hamilton HM 8, Bermuda	Dormant	100%
Scriptpharm Marketing (Pty) Ltd.	1st Floor Block C, Sandton Close 1, CNR 5th street and Norwich Close, Sandown, 2196	Dormant	100%
Seabreeze LP Holdings, LLC	2525 Dupont Drive, Irvine, CA 92612	Holding Company	100%
Seabreeze Silicone	Longphort House, Earlsfort Centre, Lower Leeson Street, Dublin 2, Ireland	Other	100%
Seeker Investments Limited	Nerine Chambers; P.O. Box 905; Road Town; Tortola; British Virgin Islands	Holding Company	100%
Selamine Ltd.	15 Main Street, Raheny, Dublin 5, Republic of Ireland	Dormant	100%
Silicone Engineering, Inc.	2525 Dupont Drive, Irvine, CA 92612	Dormant	100%
Silom Medical Co., Ltd.	973 President Tower, 8th, 10th-11th floors, Room Nos. 8E,10I and 11K, Kwaeng Lumpini, Khet Pathumwan, Bangkok 10330, Thailand	Pharmaceutical Distribution and Manufacturing	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Silom Medical International Co., Ltd.	973 President Tower, 8th, 10th-11th floors, Room Nos. 8E,10I and 11K, Kwaeng Lumpini, Khet Pathumwan, Bangkok 10330, Thailand	Pharmaceutical Distribution	100%
Sindan Pharma SRL	11, Ion Mihalache Blvd. 01117 Bucharest Romania	Manufacturing	100%
Soosysoo Ltd.	Nerine Chambers, PO box 905, Read Town, Tortola, British Virgin Islands	Dormant	50%
SourceCF Inhalation Systems, LLC	400 Interpace Parkway, Parsippany, NJ 07054	Pharmaceutical Distribution	100%
Spear Pharmaceuticals (Pty) Ltd.	1st Floor, 24 Peter Place, Lyme Park, Bryanston, Gauteng, South Africa	Dormant	100%
Specifar SA	1, 28 Octovriou St, 123 51 Ag, Varvara, Athens, Greece	Pharmaceutical Distribution	100%
Spirit Pharmaceuticals NZ Pty Ltd.	CST Nexia Limited, Chartered Accountants, L3, Nexia Centre, 22 Amersham Way, Manukau, Auckland, 2104, New Zealand	Other	100%
SR Six, Inc.	4955 Orange Drive, Davie, FL 33314	Dormant	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Systemic Pulmonary Delivery, Ltd.	Clarendon House, 2 Church Street, Hamilton HM11, Bermuda	Dormant	100%
Tango US Holdings Inc.	Morris Corporate Center III, 400 Interpace Parkway Bldg. A, Parsippany NJ 07054	Holding Company	100%
The Rugby Group, Inc.	400 Interpace Parkway, Parsippany, NJ 07054	Dormant	100%
The Seabreeze LP Holdings LLC AGN Seabreeze LLC Limited Partner	25/28 North Wall Quay, IFSC, Dublin, 1, Ireland	Holding Partnership	100%
Tosara Exports Limited	Clonshaugh Business & Technology Park, Coolock, Dublin 17, Ireland	Pharmaceutical Distribution and Manufacturing	100%
UAB Actavis Baltic	Senasis Ukmerges kelias 4, Uzubaliu km, Avizieniu sen. LT-14013, Vilnius, Lithuania	Pharmaceutical Distribution	100%
UAB Actavis Baltic Estonia Branch	Tiigi 28/Kesk tee 23a, Rae vald 75301, Estonia	Pharmaceutical Distribution	100%
UAB Actavis Baltic Latvia Branch	Latvia Kleistu str. 24, Riga, LV-1067	Pharmaceutical Distribution	100%
Uteron Pharma SPRL	Rue du Travail 16, 4460 Grâce-Hollogne, Belgium	Holding Company	100%
Valmed Pharmaceuticals, Inc.	400 Interpace Parkway, Parsippany, NJ 07054	Pharmaceutical Distribution	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Varioraw Percutive Sàrl	Place bel-Air 4, c/o Fiduciaire Heller S.A.	Holding Company	100%
Vicuron Pharmaceuticals, Inc	400 Interpace Parkway, Parsippany, NJ 07054	Holding Company	100%
Warner Chilcott (Ireland) Limited	Building B, Xerox Technology Park Dundalk, Co Louth Ireland	Holding company	100%
Warner Chilcott (US), LLC	400 Interpace Parkway, Parsippany, NJ 07054	Pharmaceutical Distribution	100%
Warner Chilcott Acquisition Limited	No. 1, The Heights Brooklands Weybridge, Surrey KT13 0NY	Holding Company	100%
Warner Chilcott Australia Pty. Ltd.	KING & WOOD MALLESONS, 'Governor Phillip Tower' Level 61, 1 Farrer Place, SYDNEY NSW 2000	Pharmaceutical Distribution	100%
Warner Chilcott Company, LLC	365 San Francisco Street, Penthouse Old San Juan, Puerto Rico 00901	Research & Development and Manufacturing	100%
Warner Chilcott Corporation	400 Interpace Parkway, Parsippany, NJ 07054	Holding Company	100%
Warner Chilcott Deutschland GmbH	Dr. Otto-Röhm-Str 2-4 D-64331 Weiterstadt Germany	Pharmaceutical Distribution and Manufacturing	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Warner Chilcott Finance LLC	400 Interpace Parkway, Parsippany, NJ 07054	Other	100%
Warner Chilcott France SAS	Grande Arche Paroi Nord, 92044 Paris La Défense, France	Pharmaceutical Distribution	100%
Warner Chilcott Holdings Company II, Limited	Appleby, Canon's Court 22 Victoria Street Hamilton HM 12 Bermuda	Holding Company	100%
Warner Chilcott Holdings Company III, Limited	Appleby, Canon's Court 22 Victoria Street Hamilton HM 12 Bermuda	Holding Company	100%
Warner Chilcott Intermediate (Ireland) Limited	Clonshaugh Business & Technology Park, Coolock, Dublin D17 E400, Ireland	Holding company	100%
Warner Chilcott Italy S.r.l.	16, Via dei Pratoni Scandicci, Florence Italy 50018	Pharmaceutical Distribution	100%
Warner Chilcott Leasing Equipment Inc.	400 Interpace Parkway, Parsippany, NJ 07054	Other	100%
Warner Chilcott Limited	Appleby, Canon's Court 22 Victoria Street Hamilton HM 12 Bermuda	Holding Company	100%
Warner Chilcott Nederland B.V.	Keizerstraat 13, 4811 HL Breda, The Netherlands	Pharmaceutical Distribution	100%
Warner Chilcott Pharmaceuticals B.V.B.A.	Rue du Travail 16, 4460 Grâce-Hollogne, Belgium	Pharmaceutical Distribution	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Warner Chilcott Pharmaceuticals S.à .r.l.	Avenue des Morgines 12 1213 Petit Lancy Geneva, Switzerland	Pharmaceutical Distribution	100%
Warner Chilcott Pharmaceuticals UK Limited	No. 1, The Heights Brooklands Weybridge, Surrey KT13 0NY	Dormant	100%
Warner Chilcott plc	Clonshaugh Business and Technology Park, Coolock, Dublin 17 Ireland	Holding company	100%
Warner Chilcott Research Laboratories Limited	Old Belfast Road Millbrook Larne County Antrim BT40 2SH Northern Ireland	Dormant	100%
Warner Chilcott Sales (US), LLC	400 Interpace Parkway, Parsippany, NJ 07054	Other	100%
Warner Chilcott UK Limited	Old Belfast Road, Millbrook, Larne, County Antrim, BT40 2SH, Northern Ireland Northern Ireland	Pharmaceutical Distribution, Research & Development and Manufacturing	100%
Watson Cobalt Holdings, LLC	400 Interpace Parkway, Parsippany, NJ 07054	Dormant	100%
Watson Diagnostics Inc.	400 Interpace Parkway, Parsippany, NJ 07054	Dormant	100%
Watson Laboratories Inc. (Connecticut)	400 Interpace Parkway, Parsippany, NJ 07054	Dormant	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Watson Laboratories Inc. (Corona)	400 Interpace Parkway, Parsippany, NJ 07054	Research & Development and Manufacturing	100%
Watson Laboratories Inc. Ohio	400 Interpace Parkway, Parsippany, NJ 07054	Dormant	100%
Watson Laboratories LLC	400 Interpace Parkway, Parsippany, NJ 07054	Other	100%
Watson Laboratories S. de R.L. de C.V.	Mexico	Pharmaceutical Distribution	100%
Watson Laboratories, Inc. (Arizona)	400 Interpace Parkway, Parsippany, NJ 07054	Other	100%
Watson Management Corporation	4955 Orange Drive, Davie, FL 33314	Other	100%
Watson Manufacturing Services, Inc.	Morris Corporate Center III, 400 Interpace Parkway Bldg. A, Parsippany NJ 07054	Other	100%
Watson Merger Sub Inc.	400 Interpace Parkway, Parsippany, NJ 07054	Administration	100%
Watson Pharma Private Ltd.—Mumbai	At 21-22, Kalpataru Square, Kondivita Lane, Off Andheri Kurla Road, Andheri (East), Mumbai – 400 059	Research & Development and Manufacturing	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Watson Pharmaceuticals (Asia) Ltd.	Nerine Chambers; P.O. Box 905; Road Town; Tortola; British Virgin Islands	Holding Company	100%
Watson Pharmaceuticals (China) Limited	Nerine Chambers; P.O. Box 905; Road Town; Tortola; British Virgin Islands	Holding Company	100%
Watson Pharmaceuticals International, Ltd.	Nerine Chambers; P.O. Box 905; Road Town; Tortola; British Virgin Islands	Dormant	100%
Watson Therapeutics, Inc.	4955 Orange Drive, Davie, FL 33314	Research & Development	100%
WC Pharmaceuticals I Limited	Icom House 1/5 Irish Town, Suite 3, Second Floor P.O. Box 883 Gibraltar	Holding Company	100%
WC Pharmaceuticals II Limited	Icom House 1/5 Irish Town, Suite 3, Second Floor P.O. Box 883 Gibraltar	Holding Company	100%
Willow Pharmaceuticals Pty Ltd.	Level 5, 117-119 Harrington Street, The Rocks NSW 2000, Australia	Pharmaceutical Distribution	100%
WP Holdings Ltd.	Nerine Chambers; P.O. Box 905; Road Town; Tortola; British Virgin IslandsIslands	Holding Company	100%
Zdravlje AD	Vlajkova st. 199 16000 Leskovac Serbia	Manufacturing	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31 Subsidiary Undertakings - continued

Name	Registered Office	Principal activities	Portion of equity held
Zelphy 1308 (Pty) Ltd.	1st Floor, 24 Peter Place, Lyme Park, Bryanston, Gauteng, South Africa	Dormant	100%

32 Approval of the financial statements

The financial statements were approved by the directors on April 4, 2016.

PARENT COMPANY BALANCE SHEET
As of December 31, 2015

(all amounts in millions)	Notes	2015 $	2014 $
Assets			
Fixed assets			
Financial assets – investment in subsidiary	3	89,264.7	45,785.4
		89,264.7	45,785.4
Current assets			
Debtors – accounts receivable and other		-	0.6
Debtors – amounts due from subsidiaries		1,462.3	504.3
Cash at bank and in hand		59.6	5.4
		1,521.9	510.3
Creditors: amounts falling due within one year			
Amounts owed to subsidiaries		(439.6)	(262.0)
Accrued liabilities		(29.2)	(1.9)
Total current liabilities		(468.8)	(263.9)
Net current assets		1,053.1	246.4
Total assets less current liabilities		90,317.8	46,031.8
Creditors: amounts falling due after one year			
Called up share capital as presented as liability	6	(5,206.7)	-
Net Assets		85,111.1	46,031.8
Capital and reserves			
Called up share capital as presented as equity	4	0.1	0.1
Share premium account	5	79,014.2	45,776.8
Other Reserves		992.0	343.5
Profit and loss account	5	5,104.8	(88.6)
Total equity	6	85,111.1	46,031.8

On behalf of the board

/s/ Paul M. Bisaro
Paul M. Bisaro
Director

/s/ Brenton L. Saunders
Brenton L. Saunders
Director

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2015

(all amounts in millions)

	Notes	Called-up share capital presented as equity	Share premium	Other reserves	Profit and loss account	Total
		$	$	$	$	$
Balance at 1 January 2014		-	25,080.4	54.5	(20.7)	25,114.3
Loss for the financial year		-	-	-	(67.9)	(67.9)
Other comprehensive income for the financial year		-	-	-	-	-
Total comprehensive loss for the financial year		-	-	-	(67.9)	(67.9)
Credit relating to equity settled share-based payments		-	-	289.0	-	289.0
Proceeds from shares issued						
- Issuance of shares for Forest acquisition		0.1	20,590.4	-	-	20,590.5
- Issuance of shares – others		-	106.0	-	-	106.0
Total transactions recognised directly in equity		0.1	20,696.4	289.0	-	20,985.5
Balance at 31 December 2014		0.1	45,776.8	343.5	(88.6)	46,031.8
Balance at 1 January 2015		0.1	45,776.8	343.5	(88.6)	46,031.8
Loss for the financial year		-	-	-	(596.8)	(596.8)
Other comprehensive income		-	-	-	-	-
Total comprehensive loss for the financial year		-	-	-	(596.8)	(596.8)
Credit relating to equity settled share-based payments		-	-	648.5	-	648.5
Proceeds from shares issued						
- Issuance of shares to Legacy Allergan shareholders		-	34,686.5	-	-	34,686.5
- Issuance of ordinary shares – Allergan		-	4,071.1	-	-	4,071.1
- Issuance of shares – others		-	270.0	-	-	270.0
Capital reduction	5	-	(5,790.2)	-	5,790.2	-
Total transactions recognised directly in equity		-	33,237.4	648.5	5,790.2	39,706.1
Balance at 31 December 2015		**0.1**	**79,014.2**	**992.0**	**5,104.8**	**85,111.1**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1 General Information

Allergan plc (formerly known as Actavis plc and formerly known as Actavis Limited) was incorporated in Ireland on May 16, 2013 as a private limited company and re-registered effective September 20, 2013 as a public limited company. Allergan plc was established for the purpose of facilitating the business combination between Actavis, Inc. and Warner Chilcott plc ("Warner Chilcott").

On May 17, 2013 Actavis Limited acquired 100% of the share capital of Actavis Ireland Holding Limited ("AIHL"), a private limited company incorporated in Ireland. On September 30, 2013, AIHL allotted and issued 134,099,200 preference shares to Actavis plc in exchange for an allotment and issuance of 134,099,200 ordinary shares by Allergan plc.

On October 1, 2013, pursuant to the transaction agreement dated May 19, 2013 among Actavis, Inc., Warner Chilcott, Allergan plc, Actavis Ireland Holding Limited, Actavis W.C. Holding LLC (now known as Actavis W.C. Holding Inc.) and Actavis W.C. Holding 2 LLC (now known as Actavis W.C. Holding 2 Inc.) ("MergerSub"), (i) Allergan plc acquired Warner Chilcott (the "Warner Chilcott Acquisition") pursuant to a scheme of arrangement under Section 201, and a capital reduction under Sections 72 and 74, of the Irish Companies Act of 1963 where each Warner Chilcott ordinary share was converted into 0.160 of an Allergan plc ordinary share (the "Company Ordinary Shares"), or $5,833.9 million in equity consideration, and (ii) MergerSub merged with and into Actavis, Inc., with Actavis, Inc. as the surviving corporation in the merger (the "Merger" and, together with the Warner Chilcott Acquisition, the "Transactions"). Following the consummation of the Transactions, Actavis, Inc. and Warner Chilcott became wholly-owned subsidiaries of Allergan plc. Each of Actavis, Inc.'s common shares was converted into one Company Ordinary Share.

On October 1, 2013, the AIHL preference shares were converted to ordinary shares. On November 27, 2013 Allergan plc transferred 100% of its share holding in AIHL to Warner Chilcott plc, in return for 10,000 shares (par value USD 0.01) and the remainder allocated to share premium.

On July 1, 2014, the Allergan group acquired Forest Laboratories, Inc. ("Forest") for consideration including the issuance of Allergan plc equity. The equity instruments were issued in exchange for shares in Tango US Holdings Inc. valued at $20,590.5 million. On July 1, 2014, Warner Chilcott plc made a distribution to Allergan plc of $815.6 million.

On March 17, 2015, the Allergan Group acquired Allergan, Inc. ("Legacy Allergan") for approximately $77.0 billion including outstanding indebtedness assumed of $2.2 billion, cash consideration of $40.1 billion and equity consideration of $34.7 billion, which includes outstanding equity awards (the "Allergan Acquisition"). As part of the consideration, equity instruments of Allergan plc were issued through public offering and through issuance to Legacy Allergan shareholders. The Company issued ordinary shares for net proceeds of $4,071.1 million through a public offering, which was used in part to fund the cash consideration portion of the Allergan Acquisition, and issued equity consideration to Legacy Allergan shareholders, including outstanding equity awards, valued at $34,686.5 million.

The principal activity of Allergan plc is an investment holding company. Its registered address is Clonshaugh Business and Technology Park, Coolock, Dublin, D17 E400, Ireland. These financial statements are the Company's separate financial statements and are presented in its functional currency which is US dollars.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS - continued

2 Statement of compliance and summary of significant accounting policies

Statement of compliance

These financial statements have been prepared on a going concern basis and in accordance with Irish GAAP (accounting standards issued by the Financial Reporting Council of the UK and promulgated by the Institute of Chartered Accountants in Ireland and the Companies Act 2014). The entity financial statements comply with Financial Reporting Standard 102, ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’ (“FRS 102”) and the Companies Act 2014.

Accounting policies

The significant accounting policies used in the preparation of the entity financial statements are set out below. These policies have been consistently applied to all financial years presented, unless otherwise stated. The company has adopted FRS 102 for the first time in these entity financial statements. Details of the transition to FRS 102 are disclosed in note 11.

Basis of preparation

The financial statements have been prepared on a historical cost convention, as modified by the measurement of certain financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date. It also requires the directors to exercise its judgement in the process of applying the company’s accounting policies.

In accordance with section 304 of the Companies Act 2014, the Company is availing of the exemption from presenting its individual profit and loss account to the annual general meeting and from filing it with the Registrar of Companies. The Company’s loss for the years ended December 31, 2015 and 2014 determined in accordance with Irish GAAP was $596.8 million and $67.9 million, respectively.

Disclosure exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions. The company is a qualifying entity and has availed of the following disclosure exemptions:

i) Exemption from the requirements of Section 7 of FRS 102 and FRS 102 paragraph 3.17(d) to present a statement of cash flows.

ii) Exemption from the financial instrument disclosure requirements of Section 11 paragraphs 11.39 to 11.48A and Section 12 paragraphs 12.26 to 12.29A of FRS 102 as the equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

iii) Exemption from certain disclosure requirements of Section 26 of FRS 102 (paragraphs 26.18(b), 26.19 to 26.21 and 26.23), in respect of share-based payments as the share-based payment concerns its own equity instruments and its separate financial statements are presented alongside the consolidated financial statements of the group; and the equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

iv) Exemption from the requirement of FRS 102 paragraph 33.7 to disclose key management personnel compensation in total.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS - continued

2 Statement of compliance and summary of significant accounting policies - continued

Basis of preparation – continued

The company is able to take advantage of the disclosure exemptions above as:

i. its shareholders have been notified in writing on April 24, 2015 and have not objected to the use of the exemptions;

ii. it otherwise applies the recognition, measurement and disclosure requirements of FRS 102; and

iii. it discloses in the notes to these financial statements a brief narrative summary of the disclosure exemptions adopted and the name of the parent of the group in whose consolidated financial statements its financial statements are consolidated, and from where those financial statements may be obtained.

Critical accounting judgments and estimation uncertainty

Estimates and judgments made in the process of preparing the entity financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The estimation process required to prepare the Company's financial statements requires assumptions to be made about future events and conditions, and as such, is inherently subjective and uncertain. The Company's actual results could differ materially from those estimates.

Carrying value of investment in subsidiary

The Company is a holding company and at the balance sheet has an investment in subsidiary carried at cost of $89,264.7 million. The investment is reviewed for impairment indicators. Recoverability of the investment is dependent on the financial condition of the subsidiaries of the Company.

Financial assets

Investment in subsidiary is stated in the Company's Balance Sheet at cost less any return of capital, unless it has been impaired in which case it is carried at net of any impairment loss recognized.

Taxation

Income tax expense for the financial year, if any, comprises current and deferred tax recognized in the financial year. Income tax expense is presented in the same component of total comprehensive income (profit and loss account or other comprehensive income) or equity as the transaction or other event that resulted in the income tax expense.

Current tax is the amount of income tax payable in respect of the taxable profit for the financial year or past financial years. Current tax is measured at the amount of current tax that is expected to be paid using tax rates and laws that have been enacted or substantively enacted by the end of the financial year.

The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. A current tax liability is recognized where appropriate and measured on the basis of amounts expected to be paid to the tax authorities.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS - continued

2 Statement of compliance and summary of significant accounting policies - continued

Basis of preparation – continued

Deferred tax is recognized in respect of timing differences, which are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in financial years different from those in which they are recognized in financial statements.

Deferred tax is recognized on all timing differences at the end of each financial year with certain exceptions. Unrelieved tax losses and other deferred tax assets are recognized only when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the end of each financial year end and that are expected to apply to the reversal of the timing difference.

Foreign currencies

Transactions denominated in foreign currencies are translated into dollars at the rate of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All translation differences are taken to the profit and loss account.

Financial instruments

The Company has chosen to apply the provisions of Sections 11 and 12 of FRS 102 to account for all of its financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, cash and cash equivalents are initially recognized at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial asset is initially measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

At the end of each financial year financial assets measured at amortized cost are assessed for objective evidence of impairment. If there is objective evidence that a financial asset measured at amortized cost is impaired an impairment loss is recognized in profit or loss. The impairment loss is the difference between the financial asset's carrying amount and the present value of the financial asset's estimated cash inflows discounted at the asset's original effective interest rate. No impairments were recognized in the years ended December 31, 2015 or 2014.

Financial assets are derecognized when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of ownership of the financial asset are transferred to another party or (c) control of the financial asset has been transferred to another party who has the practical ability to unilaterally sell the financial asset to an unrelated third party without imposing additional restrictions.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS - continued

2 Statement of compliance and summary of significant accounting policies - continued

Financial instruments – continued

Financial liabilities

Basic financial liabilities, including accrued liabilities, loans from fellow group companies and preference shares, are initially recognized at transaction price, unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial liability is initially measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Loans from fellow group companies, and financial liability from arrangements which constitute financing transactions are subsequently carried at amortized cost, using the effective interest method.

Mandatory convertible preference shares, in which there is an unavoidable contractual obligation to pay cash and /or other financial assets are classified as financial liabilities and are marked-to-market with fair value movements recorded in profit or loss at each reporting date. The dividends on these preference shares are charged to the liability.

Financial liabilities are derecognized when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Equity shares issued

Equity shares issued are recognized at the proceeds received. Incremental costs directly attributable to the issue of new equity shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends and other distributions to company's equity shareholders are recognized as a liability in the financial statements in the financial year in which the dividends and other distributions are approved by the company's shareholders.

Share-based compensation

The Company operates a number of equity-settled, share-based compensation plans for employees of some of its subsidiaries. The fair value of the employee services received in exchange for the equity instruments granted in each of the subsidiaries of the company is recognized as an addition to investment in subsidiary with a corresponding increase in equity. Subsequently, the Company recharges its subsidiary which has the impact of reducing investment in subsidiary with a corresponding offset to related-party debtors.

The proceeds received by the Company when share options are exercised are credited to share capital (nominal value) and the balance to share premium.

The Company does not operate any material cash-settled share-based payment schemes or share-based payment transactions with cash alternatives.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS - continued

3 Investment in subsidiary

($ in millions)	$
At December 31, 2013	**25,085.7**
Additions in connection with the Forest Acquisition	21,406.1
Receipt of dividend from subsidiary out of pre-acquisition profits	(815.6)
Capital contribution to subsidiary	109.2
At December 31, 2014	**45,785.4**
Contribution of Allergan to Warner Chilcott	43,687.3
Receipt of dividend from subsidiary out of pre-acquisition profits	(208.0)
At December 31, 2015	**89,264.7**

Details of subsidiary

Name	Principal activities	Registered office	Portion of ordinary shares held
Warner Chilcott plc	Holding Company	1 Grand Canal Square Docklands Dublin 2 Ireland	100%

4 Called up share capital ($ in thousands except share data)

Allotted, called up and fully paid equity	Date of issuance	
December 31, 2013 – 174,154,221 ordinary shares of $0.0001 par value, and 40,000 deferred ordinary shares of €1.00 par value		72.5
90,438,280 ordinary shares of $0.0001 par value issued as part of the Forest acquisition	7/1/2014	9.0
1,928,528 ordinary shares of $0.0001 par value allotted during the year	1/1/2014 / 12/31/2014	0.3
606,012 ordinary shares of $0.0001 par value cancelled during the year	1/1/2014 / 12/31/2014	(0.1)
December 31, 2014 – 265,902,877 ordinary shares of $0.0001 par value, and 40,000 deferred ordinary shares of €1.00 par value		81.7
14,513,889 ordinary shares of $0.0001 par value issued as part of the Allergan Acquisition	3/17/2015	1.5
111,291,368 ordinary shares of $0.0001 par value issued to Legacy Allergan shareholders as part of the Allergan Acquisition	3/17/2015	11.1
763,479 ordinary shares of $0.0001 par value issued for stock-based compensation	1/1/2015 / 12/31/2015	0.1
2,408,026 ordinary shares of $0.0001 par value issued for option exercises	1/1/2015 / 12/31/2015	0.2
December 31, 2015 – 394,484,089 ordinary shares of $0.0001 par value, and 40,000 deferred ordinary shares of €1.00 par value		**94.6**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS - continued

5 Reserves

Share Premium

Share premium represents proceeds received from the issuance of share capital in excess of par value.

Other reserves

During the year, 395,550 ordinary shares, par value $0.0001, were cancelled. In line with the requirements of Irish law, the par value of the cancelled shares totaling $40 was transferred to a capital redemption reserve fund account in equity. The cumulative amount within Other Reserves was $149 as of December 31, 2015. The rest of the Other Reserves balance relates to share based payment adjustments and tax credits.

Profit and loss reserve

This represents the accumulated comprehensive income since incorporation plus capital reductions and less distributions to equity shareholders.

On March 13, 2015, the Irish High Court approved the creation of distributable profits through a capital reduction which lowered share premium and increased profit and loss reserves in Allergan plc, the legal entity by $5,790.2 million.

6 Called up share capital as presented as liability

On February 24, 2015, Allergan plc completed an offering of 5,060,000 (authorized and issued) of our 5.500% mandatorily convertible preferred shares, Series A, par value $0.0001 per share (the "Mandatory Convertible Preferred Shares"). Dividends on the Mandatory Convertible Preferred Shares will be payable on a cumulative basis when, as and if declared by our board of directors, or an authorized committee thereof, at an annual rate of 5.500% on the liquidation preference of $1,000.00 per Mandatory Convertible Preferred Share. The Company may pay declared dividends in cash, by delivery of our ordinary shares or by delivery of any combination of cash and our ordinary shares, as determined by us in our sole discretion, subject to certain limitations, on March 1, June 1, September 1 and December 1 of each year commencing June 1, 2015, to and including March 1, 2018. The net proceeds from the Mandatory Convertible Preferred Share issuance of $4,929.7 million were used to fund the Allergan Acquisition.

Each Mandatory Convertible Preferred Share will automatically convert on March 1, 2018, into between 2.8345 and 3.4722 ordinary shares, subject to anti-dilution adjustments. The number of our ordinary shares issuable on conversion of the Mandatory Convertible Preferred Shares will be determined based on the volume weighted average price per ordinary share over the 20 consecutive trading day period beginning on and including the 22nd scheduled trading day immediately preceding March 1, 2018, the mandatory conversion date. At any time prior to March 1, 2018, other than during a fundamental change conversion period as defined, holders of the Mandatory Convertible Preferred Shares may elect to convert each Mandatory Convertible Preferred Share into our ordinary shares at the minimum conversion rate of 2.8345 ordinary shares per Mandatory Convertible Preferred Share, subject to anti-dilution adjustments. In addition, holders may elect to convert any Mandatory Convertible Preferred Shares during a specified period beginning on the fundamental change effective date, in which case such Mandatory Convertible Preferred Shares will be converted into our ordinary shares at the fundamental change conversion rate and converting holders will also be entitled to receive a fundamental change dividend make-whole amount and accumulated dividend amount.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS - continued

6 Called up share capital as presented as liability - continued

In the year ended December 31, 2015, the Company paid $208.1 million of dividends on the Mandatory Convertible Preferred shares, which reduced the liability and was recorded through profit and loss.

The instruments are treated as indebtedness and are marked-to-market at each reporting date. The Company notes that the fair market value as of December 31, 2015 is $5,206.7 million.

7 Related party transactions

The Company is exempt from disclosing related party transactions with entities that are wholly owned within the group it heads.

The disclosure of directors' remuneration is in note 27 of the consolidated financial statements of the Company.

8 Auditors' remunerations

In the years ended December 31, 2015 and 2014, $35 thousand and $35 thousand, respectively, was payable for the statutory audit of the parent individual accounts to its auditors, PricewaterhouseCoopers, Ireland.

9 Financial commitments and contingent liabilities

At December 31, 2015 and 2014, the Company had no annual commitments under non-cancellable operating leases. The Company guarantees certain outstanding indebtedness of the group.

The Company and its affiliates are involved in a number of disputes, governmental and/or regulatory inspections, inquires, investigations and proceedings that could result in litigation, and other litigation matters that arise from time to time. The process of resolving matters through litigation or other means is inherently uncertain and it is possible that an unfavorable resolution of these matters will adversely affect the Company, its results of operations, financial condition and cash flows.

10 Events after year end

The Company evaluated subsequent events for inclusion in this report up through April 4, 2016.

11 Transitions to FRS 102

This is the first year that the Company has presented financial statements complying with FRS 102. The last financial statements under old Irish GAAP were for the financial year ended December 31, 2014. The Company's date of transition to FRS 102 is January 1, 2015. There were no measurement adjustments arising from the company's transition. Therefore, the loss for the financial year ended December 31, 2014 and the total equity as of December 31, 2014 remains consistent under FRS 102 with that previously reported under old Irish GAAP.

12 Approval of financial statements

The directors approved the financial statements on April 4, 2016.