



## Allergan Acquisition – Shareholder Q&A



PLEASE REFER TO PAGES 159 THROUGH 166 OF THE REGISTRATION STATEMENT ON FORM S-4, INCLUDING AMENDMENT NO. 1 THERETO FILED BY ACTAVIS PLC WITH THE SECURITIES AND EXCHANGE COMMISSION (THE “SEC”) AND DECLARED EFFECTIVE ON JANUARY 26, 2015 (THE “REGISTRATION STATEMENT”) FOR INFORMATION ON THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE EXCHANGE OF ALLERGAN COMMON STOCK IN THE ACQUISITION. THE REGISTRATION STATEMENT IS AVAILABLE ON THE SEC’S EDGAR SYSTEM, AND MAY BE ACCESSED AT [www.sec.gov](http://www.sec.gov) OR [www.actavis.com/allergan](http://www.actavis.com/allergan). Actavis is providing the following information to help address some general questions that have been raised with regard to the acquisition. Please note that the responses below are intended for broad discussion purposes only, and are not intended to constitute tax advice or recommendation to take any particular tax position. Investors should carefully review the Registration Statement in its entirety. Any capitalized terms below shall have the respective meanings assigned to them in the Registration Statement. INVESTORS SHOULD CONSULT THEIR TAX ADVISORS FOR MORE SPECIFIC INFORMATION AND ADVICE.

### FOR ACTAVIS SHAREHOLDERS

**1. Will this transaction be taxable to Actavis shareholders?**

No, the transaction will not be taxable to current Actavis shareholders.

**2. What will Actavis shareholders receive in the acquisition?**

Current Actavis shareholders will not receive any consideration in the acquisition and, after the acquisition closes, will continue to hold the same number of Actavis plc shares as before the acquisition. After the acquisition, Actavis shareholders are expected to own approximately 71% of the combined company, while Allergan stockholders are expected to own approximately 29% of the combined company.

**3. Will the basis in my Actavis plc shares change as a result of the acquisition?**

Your basis is not expected to change as a result of the acquisition. However, we strongly encourage you to consult a professional tax advisor for advice specific to your tax situation.

**4. Do I need to send in my Actavis plc share certificates?**

If you currently hold certificates in Actavis plc, you do not need to send in your share certificates. However, if you hold certificates in Actavis, Inc., Watson Laboratories, Inc., Forest Laboratories, Inc. or any other predecessor companies you should exchange your old certificates for current Actavis plc certificates. Please contact our transfer agent, Computershare, at (855) 807-3171 for information on how to redeem your certificates.

**5. I am an Actavis employee. How are my employee restricted shares, restricted stock units or options affected by the acquisition?**

Your restricted shares, restricted stock units and options are not impacted by the acquisition.

**6. Whom should I contact for tax-related questions relating to the acquisition?**

We strongly encourage you to consult a professional tax advisor for advice specific to your tax situation. Actavis does not maintain individual shareholder records for determining cost basis for individual transactions. If you hold certificates, please contact our transfer agent, Computershare, at (855) 807-3171. If you hold your shares in a brokerage account, please contact your broker. Actavis is happy to provide the closing share price of Actavis, Allergan, Forest Laboratories, Warner Chilcott, Watson or any other predecessor company as of a specific date. Please contact our investor relations department at [investor.relations@actavis.com](mailto:investor.relations@actavis.com) for further information.

**7. Whom should I contact for other shareholder questions?**

For questions about other shareholder questions, please contact Computershare at (855) 807-3171.

For general investor relations inquiries, please contact (862) 261-7488 or [investor.relations@actavis.com](mailto:investor.relations@actavis.com).

# FOR ALLERGAN SHAREHOLDERS

## 1. What is the fair market value (FMV) of Actavis shares to be used for tax purposes?

The FMV of Actavis shares to be used for tax purposes is \$305.00 per share.

## 2. Will the acquisition be taxable to Allergan stockholders for U.S. federal income tax purposes?

The exchange of Allergan common stock for Actavis ordinary shares and cash in the Merger will be a taxable transaction. A U.S. holder will generally recognize capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between (i) the sum of (1) the fair market value of the Actavis ordinary shares received by the U.S. holder in the Merger, and (2) the amount of cash received by the U.S. holder in the Merger, including any cash received in lieu of fractional shares of Actavis ordinary shares, and (ii) the U.S. holder's tax basis in the Allergan common stock surrendered.

For a detailed discussion of the material U.S. federal income tax consequences of the acquisition and certain risk factors, please see "Certain Tax Consequences of the Merger—U.S. Federal Income Tax Considerations" in the Registration Statement.

## 3. What will Allergan stockholders receive in the Merger?

For Allergan stockholders, as a result of the Merger, each outstanding share of Allergan common stock, other than excluded shares, will be converted into the right to receive the Merger Consideration, which consists of 0.3683 of an Actavis ordinary share and \$129.22 in cash, without interest.

## 4. Will I receive fractional shares of Actavis as part of the consideration in the acquisition?

No holder of Allergan common stock will be issued fractional Actavis ordinary shares in the Merger. Any fractional consideration of Allergan common stock will receive, in lieu thereof, cash, without interest, in an amount equal to such fractional part of an Actavis ordinary share based on the Actavis VWAP of \$294.1509.

For a detailed discussion of the treatment of fractional shares in this transaction, please see "Consideration to Allergan Stockholders" in the Registration Statement.

## 5. How is the taxable gain for Allergan stockholders calculated for U.S. federal income tax purposes?

A U.S. holder will generally recognize capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between (i) the sum of (1) the fair market value of the Actavis ordinary shares received by the U.S. holder in the Merger, and (2) the amount of cash received by the U.S. holder in the Merger, including any cash received in lieu of fractional shares of Actavis ordinary shares, and (ii) the U.S. holder's tax basis in the Allergan common stock surrendered.

We strongly encourage you to consult a professional tax advisor for advice specific to your tax situation. For a detailed discussion of the material U.S. federal income tax consequences of the acquisition, please see "Certain Tax Consequences of the Merger—U.S. Federal Income Tax Considerations" in the Registration Statement.

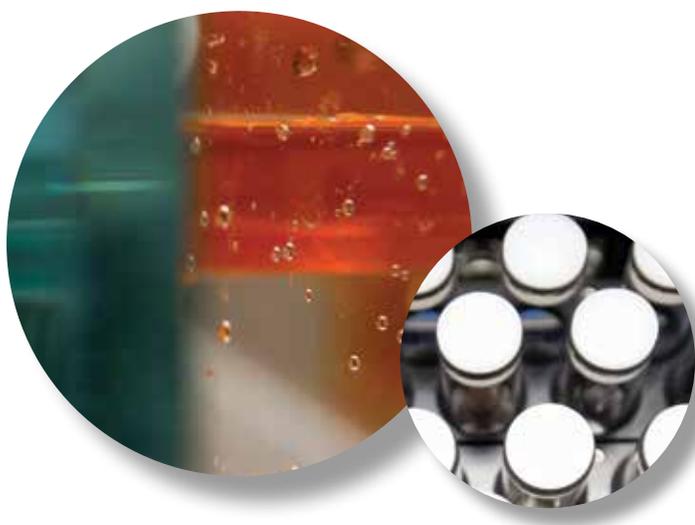
## 6. Do I need to send in my Allergan stock certificates?

After the close of the transaction, you will need to send in your Allergan stock certificates to be issued Actavis plc share certificates. Computershare, who will serve as the exchange agent for the acquisition, will send documentation to all certificated Allergan stockholders on how to submit their shares. If you do not receive this documentation or have further questions on how to redeem your shares of Allergan stock, please contact Allergan's information agent for the transaction, Innisfree M&A Incorporated at (877) 800-5187, or Computershare at (800) 308-3743. Please refer to pages 134 through 135 of the Registration Statement for information on the transmittal materials and procedures.

## 7. I am an Allergan employee. How will stock options and equity-based awards be treated in this transaction?

**Options Held by Continuing Employees:** Each Allergan Stock Option granted under any Allergan equity plan held by any Continuing Employee that is outstanding and unexercised immediately prior to the effective time of the Merger, whether or not then vested or exercisable, will be assumed by Actavis as of the effective time of the Merger and will be converted into an Actavis Stock Option. Each such converted Actavis Stock Option will be for that number of Actavis ordinary shares (rounded down to the nearest whole share) equal to the product of (i) the number of shares of Allergan common stock subject to such Allergan Stock Option multiplied by (ii) the Stock Award Exchange Ratio, at an exercise price per Actavis ordinary share (rounded up to the nearest whole cent) equal to the quotient obtained by dividing (x) the exercise price per share of Allergan common stock of such Allergan Stock Option by (y) the Stock Award Exchange Ratio. Each such Actavis Stock Option as so assumed and converted will continue to have, and will be subject to the same terms and conditions as applied to the applicable Allergan Stock Option immediately prior to the Merger (but taking into account any changes provided for in the applicable Allergan equity plan, in any award agreement or in the Allergan Stock Option by reason of the Merger).

**Restricted Stock Held by Continuing Employees:** Each Allergan Restricted Share granted under any Allergan equity plan held by a Continuing Employee that is not then vested will be assumed by Actavis as of the effective time of the Merger and will be converted into an Actavis Restricted Share. The number of converted Actavis Restricted Shares will be equal to the product of (i) the applicable number of Allergan Restricted Shares multiplied by (ii) the Stock Award Exchange Ratio. Such number of converted Actavis Restricted



Shares will be rounded up to the nearest whole share if half a share or more or down to the nearest whole share if less than half a share. Each such Actavis Restricted Share as so assumed and converted will continue to have, and will be subject to the same terms and conditions as applied to the applicable Allergan Restricted Share immediately prior to the Merger (but taking into account any changes provided for in the applicable Allergan equity plan, in any award agreement or in the Allergan Restricted Share by reason of the Merger).

**Restricted Stock Units Held by Continuing Employees:** Each outstanding Allergan RSU issued under any Allergan equity plan held by a Continuing Employee that is not then vested will be assumed by Actavis as of the effective time of the Merger and will be converted into an Actavis RSU with associated rights to the issuance of additional Actavis ordinary shares. The number of Actavis ordinary shares underlying each converted Actavis RSU will be equal to the product of (i) the number of shares of Allergan common stock underlying the applicable Allergan RSUs multiplied by (ii) the Stock Award Exchange Ratio. Such number of Actavis ordinary shares underlying the converted Actavis RSUs will be rounded up to the nearest whole share if half a share or more or down to the nearest whole share if less than half a share. Each Actavis RSU as so assumed and converted will continue to have, and will be subject to, the same terms and conditions as applied to the applicable Allergan RSU immediately prior to the Merger (but taking into account any changes provided for in the applicable Allergan equity plan, in any award agreement or in the Allergan RSU by reason of the Merger), provided that in the case of such Allergan RSUs held by Continuing Employees which are subject to performance vesting, the applicable Actavis RSUs corresponding to such Allergan RSUs will be earned at the effective time of the Merger based on target performance, and will otherwise vest on the last day of the original applicable performance period for such Allergan RSUs, subject to continued employment through the last day of the original applicable performance period. In addition, such Actavis RSUs may be subject to accelerated vesting upon certain terminations of employment as prescribed by the terms in effect for such Allergan RSUs immediately prior to the effective time of the Merger. Furthermore, Actavis will have the ability to adjust any dividend equivalent rights under any Allergan equity plan, in any award agreement or in any Allergan RSUs, to reflect the changes or adjustments contemplated to the corresponding Allergan RSUs by reason of the Merger.

**Equity Awards Held by Allergan Non-Employee Directors and Non-Continuing Employees:** The vesting of any unvested Allergan equity

awards held by any Allergan non-employee director or any employee of Allergan who is not a Continuing Employee will accelerate in full at the effective time of the Merger.

Holders of such accelerated Allergan RSUs and Allergan Restricted Shares will be entitled to receive the Merger Consideration in respect of the shares of Allergan common stock underlying the Allergan RSUs and the Allergan Restricted Shares, subject to applicable withholding taxes. Each such accelerated Allergan Stock Option will be cancelled at the effective time of the Merger and converted into the right to receive an amount in cash equal to the product of (i) the number of shares of Allergan common stock subject to such Allergan Stock Option multiplied by (ii) the excess, if any, of (A) the Stock Consideration Portion multiplied by the Actavis VWAP plus the Cash Consideration Portion less (B) the exercise price of such Allergan Stock Option, subject to applicable withholding taxes. Such cash amount will be rounded up to the nearest whole cent if half a cent or more or down to the nearest whole cent if less than half a cent.



For a detailed discussion of the treatment of Allergan Options, Allergan RSUs and Allergan Restricted Shares, please see “The Merger Agreement—Treatment of Allergan Stock Options and Other Allergan Equity-Based Awards” in the Registration Statement.

#### 8. Whom should I contact for tax-related questions?

We strongly encourage you to consult a professional tax advisor for advice specific to your tax situation. Allergan does not maintain individual stockholder records for determining cost basis for individual transactions. If you hold certificates, please contact Allergan’s transfer agent, Wells Fargo NA at (800) 468-9716. If you hold your shares in a brokerage account, please contact your broker. Actavis is happy to provide the closing share price of Allergan or another predecessor company for a specific date. Please contact our investor relations department at [investor.relations@actavis.com](mailto:investor.relations@actavis.com) for further information.

#### 9. Whom should I contact for other stockholder questions?

Questions relating to the Actavis/Allergan transaction can be directed to the following persons:

CONTACTS FOR ADDITIONAL QUESTIONS	SPECIALIST	PHONE	EMAIL
Allergan stock certificates	Wells Fargo NA	(800) 468-9716	
Actavis share certificates	Computershare	(855) 807-3171	
Predecessor company share certificates (Watson, Forest Laboratories, WarnerChilcott, Circa, Royce Labs, Andrx)	Computershare	(855) 807-3171	
Cost basis	Please contact your tax or financial advisor		
Historical share prices	Actavis Investor Relations	(862) 261-7488	<a href="mailto:investor.relations@actavis.com">investor.relations@actavis.com</a>
Specific Tax Questions	Please contact your tax or financial advisor		
Actavis Employee Stock Benefits	Actavis Stock Plan Administration	(862) 261-7847	
Allergan Employee Stock Benefits	Allergan Stock Plan Administration		<a href="mailto:IR-global_stock_plan_administration@allergan.com">IR-global_stock_plan_administration@allergan.com</a>
General investor questions	Actavis Investor Relations	(862) 261-7488	<a href="mailto:investor.relations@actavis.com">investor.relations@actavis.com</a>

# ALLERGAN SHAREHOLDER EXAMPLE

## Allergan Shareholder Surrendered 100 Shares with a \$50 Per Share Adjusted Tax Basis

### Original Cost Basis of Allergan Shares

100 shares x \$50/share \$5,000

### Consideration Received in the Merger

(0.3683 ACT share & \$129.22 cash per AGN share, ACT FMV= \$305)

Stock Merger Consideration (100 shares x 0.3683) 36.83 ACT shares (cash received in lieu of fractional share)  
36 ACT shares x \$305 \$10,980

### Cash Merger Consideration

(100 shares x \$129.22) + (0.83 ACT shares \* \$294.15 VWAP) \$13,166.14

### Gain or Loss Recognized in Merger

Total Consideration (\$13,166.14 + \$10,980) \$24,146.14

Less AGN Cost Basis (\$5,000)

**Total Taxable Gain/ Loss \$19,146.14**

### Basis in New ACT shares<sup>1</sup>

36 shares x \$305 (FMV) \$10,980

<sup>1</sup>Excludes fractional share, for which cash is received.



## Cautionary Statement Regarding Forward-Looking Statements

Statements contained in this communication that refer to Actavis' or Allergan's estimated or anticipated future results, including estimated synergies, or other non-historical facts are forward-looking statements that reflect Actavis' or Allergan's current perspective of existing trends and information as of the date of this communication. Forward looking statements generally will be accompanied by words such as "anticipate," "believe," "plan," "could," "should," "estimate," "expect," "forecast," "outlook," "targets," "guidance," "intend," "may," "might," "will," "possible," "potential," "predict," "project," or other similar words, phrases or expressions. Such forward-looking statements include, but are not limited to, statements about the benefits of the Allergan acquisition, including future financial and operating results, Actavis' or Allergan's plans, objectives, expectations and intentions. It is important to note that Actavis' and Allergan's respective goals and expectations are not predictions of actual performance. Actual results may differ materially from Actavis' or Allergan's current expectations depending upon a number of factors affecting Actavis' business, Allergan's business and risks associated with acquisition transactions. These factors include, among others, the inherent uncertainty associated with financial projections; restructuring in connection with the Allergan acquisition; subsequent integration of the Allergan acquisition and the ability to recognize the anticipated synergies and benefits of the Allergan acquisition; the anticipated size of the markets and continued demand for Actavis' and Allergan's products; Actavis' and Allergan's ability to successfully develop and commercialize new products; Actavis' and Allergan's ability to conform to regulatory standards and receive requisite regulatory approvals; availability of raw materials and other key ingredients; uncertainty and costs of legal actions and government investigations; the inherent uncertainty associated with financial projections; fluctuations in Actavis' operating results and financial condition, particularly given our manufacturing and sales of branded and generic products; risks associated with acquisitions, mergers and joint ventures, such as difficulties integrating businesses, uncertainty associated with financial projections, projected synergies, restructuring, increased costs, and adverse tax consequences; the adverse impact of substantial debt and other financial obligations on the ability to fulfill and/or refinance debt obligations; risks associated with relationships with employees, vendors or key customers as a result of acquisitions of businesses, technologies or products; our compliance with federal and state healthcare laws, including laws related to fraud, abuse, privacy security and others; risks of the generic industry generally; generic product competition with our branded products; uncertainty associated with the development of commercially successful branded pharmaceutical products; uncertainty associated with development and approval of commercially successful biosimilar products; costs and efforts to defend or enforce technology rights, patents or other intellectual property; expiration of Actavis' and Allergan's patents on our branded products and the potential for increased competition from generic manufacturers; risks associated with owning the branded and generic version of a product; competition between branded and generic products; the ability of branded product manufacturers to limit the production, marketing and use of generic products; Actavis' and Allergan's ability to obtain and afford third-party licenses and proprietary technology we need; Actavis' and Allergan's potential infringement of others' proprietary rights; our dependency on third-party service providers and third-party manufacturers and suppliers that in some cases may be the only source of finished products or raw materials that we need; Actavis' competition with certain of our significant customers; the impact of our returns, allowance and chargeback policies on our future revenue; successful compliance with governmental regulations applicable to Actavis' and Allergan's respective third party providers' facilities, products and/or businesses; the difficulty of predicting the timing or outcome of product development efforts and regulatory agency approvals or actions, if any; Actavis' and Allergan's vulnerability to and ability to defend against product liability claims and obtain sufficient or any product liability insurance; Actavis' and Allergan's ability to retain qualified employees and key personnel; the effect of intangible assets and resulting impairment testing and impairment charges on our financial condition; Actavis' ability to obtain additional debt or raise additional equity on terms that are favorable to Actavis; difficulties or delays in manufacturing; our ability to manage environmental liabilities; global economic conditions; Actavis' ability to continue foreign operations in countries that have deteriorating political or diplomatic relationships with the United States; Actavis' and Allergan's ability to continue to maintain global operations; risks associated with tax liabilities, or changes in U.S. federal or international tax laws to which we are subject, including the risk that the Internal Revenue Service disagrees that Actavis is a foreign corporation for U.S. federal tax purposes; risks of fluctuations in foreign currency exchange rates; risks associated with cyber-security and vulnerability of our information and employee, customer and business information that Actavis stores digitally; Actavis' ability to maintain internal control over financial reporting; changes in the laws and regulations, affecting among other things, availability, pricing and reimbursement of pharmaceutical products; the highly competitive nature of the pharmaceutical industry; Actavis' ability to successfully navigate consolidation of our distribution network and concentration of our customer base; the difficulty of predicting the timing or outcome of pending or future litigation or government investigations; developments regarding products once they have reached the market and such other risks and uncertainties detailed in Actavis' and Allergan's respective periodic public filings with the Securities and Exchange Commission (the "SEC"), including but not limited to Actavis' Annual Report on Form 10-K for the year ended December 31, 2014 and Allergan's Annual Report on Form 10-K for the year ended December 31, 2014, as amended from time to time in Actavis' and Allergan's respective other investor communications. Except as expressly required by law, each of Actavis and Allergan disclaim any intent or obligation to update or revise these forward-looking statements.

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