



## ACTAVIS PLC – SHAREHOLDER Q&A ON TAX GAINS CALCULATION



PLEASE REFER TO PAGES 125 to 140 OF THE REGISTRATION STATEMENT FILED BY ACTAVIS LIMITED, ON FORM S-4 AS FILED WITH THE SEC ON JULY 31, 2013 (THE “REGISTRATION STATEMENT”) FOR INFORMATION ON THE TAX CONSEQUENCES OF THE EXCHANGE OF ACTAVIS COMMON STOCK. The Form S-4 is available on the SEC’s EDGAR system, and may be accessed at <http://1.usa.gov/18CZ9X8>

Actavis is providing the following information to help address some general questions that have been raised. 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 CONSULT THEIR TAX ADVISORS FOR MORE SPECIFIC INFORMATION AND ADVICE.

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, YOU ARE HEREBY NOTIFIED THAT: (A) ANY U.S. FEDERAL TAX ADVICE CONTAINED HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED UNDER THE INTERNAL REVENUE CODE; (B) THE ADVICE IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN, AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER’S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.



# Frequently Asked Questions

## 1. What is the fair value of the Actavis, Inc. common stock that will be used to calculate the value of the consideration that Actavis plc stockholders will receive?

The fair market value of the new Actavis plc stock that was issued was \$144.00 per share on October 1, 2013.

## 2. What is the exchange ratio for each Warner Chilcott share?

The exchange ratio of WCRX shares to ACT shares is 0.16:1. In other words, for each share of WCRX stock, Warner Chilcott holders will receive 0.16 shares of ACT stock. After the conversion, any fractional shares will be converted to cash (please see question 8 for details on the treatment of fractional shares).

## 3. Will you be providing the shareholders of Actavis, Inc. and Warner Chilcott plc the “required issuer statement” on Form 8937 for this transaction?

Yes, this form will be accessible on the investor relations section of Actavis’ web site.

## 4. Is the transaction a taxable event for U.S. shareholders?

Generally, for Actavis shareholders the answer is yes. For Warner Chilcott shareholders the answer is generally no. However, in limited circumstances there are exceptions to this and we recommend that you consult your own tax advisor as to the particular tax consequences of the transaction, including the effect of U.S. federal, state and local tax laws or foreign tax laws.

## 5. For US shareholders, how is the taxable gain for Actavis shareholders calculated?

Put simply, the taxable gain is the excess of the fair market value of Actavis plc stock (\$144.00) received as a result of the transaction compared to your adjusted tax cost basis in Actavis, Inc. stock.

The taxable gain to be recognized by a U.S. holder of Actavis, Inc. shares is equal to the excess, if any, of the total consideration received in this transaction (i.e., the sum of the fair market value of the Actavis plc shares received on the date of the transaction and any cash in lieu of fractional Actavis plc shares) over the U.S. holder’s aggregate adjusted tax basis in the Actavis, Inc. common stock. If the total consideration is less than the aggregate adjusted basis in the Actavis, Inc. common stock, the U.S. holder will recognize a taxable loss. A U.S. holder’s gain or loss will generally be capital gain or loss. The deductibility of capital losses is subject to limitations. Warner Chilcott shareholders generally will not recognize gain or loss as a result of this transaction, except for any gain or loss recognized on any cash received in lieu of a fractional Actavis plc share.





## 6. What is my basis in the new Actavis plc stock?

Actavis, Inc. shareholders will have a basis in the new Actavis plc shares received of \$144.00 per share. Warner Chilcott shareholders will generally have a tax basis in the Actavis plc shares equal to their adjusted tax basis of the Warner Chilcott shares surrendered in the transaction.

## 7. How do I calculate the basis of my Warner Chilcott shares?

Your cost basis will generally equal the amount you paid for your shares adjusted for certain items such as stock dividends, stock splits and similar transactions. Since this determination is based on your particular facts and circumstances, you should consult with a tax advisor to determine the tax basis in your Warner Chilcott shares.

## 8. How do fractional shares get treated?

Shareholders will receive cash in lieu of a fractional share of Actavis plc stock pursuant to this transaction. Warner Chilcott shareholders will recognize gain or loss on any cash received in lieu of a fractional Actavis plc share equal to the difference between the amount of cash received and the portion of the holder's adjusted tax basis in Warner Chilcott shares allocable to the fractional share (determined as if the U.S. holder had received the fractional share in the transaction and then exchanged such share for cash). Any resulting gain or loss generally will be capital in nature.

## 9. Will you provide an example to illustrate the U.S. Federal income tax consequences to Actavis, Inc. and Warner Chilcott shareholders?

U.S. holders (as defined in the Registration Statement) of Actavis, Inc. shares will recognize a taxable gain or loss when they receive Actavis plc shares or cash for fractional shares. We recommend that you consult your own tax advisor as to the particular tax consequences of the transaction, including the effect of U.S.

federal, state and local tax laws or foreign tax laws. Warner Chilcott shareholders generally will not recognize gain or loss as a result of this this transaction, except for any gain or loss recognized on any cash received in lieu of a fractional Actavis plc share (please refer to question 4 for greater than 5% U.S. holders).



# FEDERAL INCOME TAX CONSEQUENCES EXAMPLES

Examples to illustrate the U.S. Federal income tax consequences to shareholders is included below. The following examples illustrate the tax consequences to Actavis, Inc. and Warner Chilcott shareholders:

## ACTAVIS SHAREHOLDER EXAMPLE:

### Actavis Shareholder Surrendered 150 Shares with a \$70 Per Share Adjusted Tax Basis

#### Original Cost Basis of Actavis, Inc. Shares

150 shares x \$70/share \$10,500.00

#### Consideration Received in the Merger

Stock Merger Consideration (150 New Actavis plc shares x \$144) \$21,600.00

#### Gain or Loss Realized in Merger

Total Consideration \$21,600.00  
 Less Actavis, Inc. Tax Basis (\$10,500.00)  
**Realized Gain/(Loss) \$11,100.00**

#### Gain or Loss Recognized in Merger

\$11,100.00

#### Basis in New Actavis plc Shares

Value of New Actavis plc shares (150 shares x \$144) \$21,600.00

#### In the event that you have a fractional share

#### Gain or Loss Recognized on Fractional Share

Cash Paid in Lieu of Fractional Share (0.5 share x \$144.00) \$72.00  
 Less: Basis in Fractional Share [(0.5 / 70.0) x \$1] (35.00)  
 Taxable Gain/(Loss) on Fractional Share \$36.00



## WARNER CHILCOTT SHAREHOLDER EXAMPLE:

### Warner Chilcott Shareholder (not a 5% U.S. holder) surrenders 100 Shares with a \$10 Per Share Adjusted Tax Basis

#### Original Cost Basis of Warner Chilcott Shares

100 shares x \$10/share \$1,000.00

#### Consideration Received in the Transaction

Stock Merger Consideration (.16 shares of Actavis plc)  
 100 shares x 0.16 = 16 shares Actavis plc  
 16 shares x \$144.00 \$2,304.00

#### Gain or Loss Realized in Transaction

Total Consideration \$2,304.00  
 Less Warner Chilcott Tax Basis (\$1,000.00)  
**Realized Gain/(Loss) \$1,304.00**

#### Gain or Loss Recognized in Merger

\$0

#### Basis in New Actavis plc Shares

Carryover basis in Warner Chilcott shares \$1,000.00



#### Actavis U.S. Administrative Headquarters

Actavis, Inc.  
 Morris Corporate Center III  
 400 Interpace Parkway  
 Parsippany, NJ 07054 USA

**Investor Relations:** 862 - 261 - 7488  
 investor.relations@actavis.com  
**NYSE:ACT** [www.actavis.com](http://www.actavis.com)

