

ACTAVIS, INC.
GAAP TO NON-GAAP ADJUSTMENTS
July 1, 2013 - September 30, 2013
(In millions)

Description	Pre-tax Adjustment	After-tax Adjustment	Line item	Segment
Amortization expense ⁽¹⁾				
	\$ 146.3	\$ 111.7	Amortization	
	0.2	0.1	Other income (expense)	
Total amortization expense	146.5	111.8		
Legal matters ⁽²⁾	15.0	12.2	General and administrative	
Acquisition and licensing ⁽³⁾				
Adjustment to fair values of assets and liabilities established through acquisition method accounting	\$ 0.7	\$ 0.5	Net revenue	Actavis Pharma
Contingent consideration fair value adjustments	4.6	2.9	Cost of goods sold	Actavis Specialty Brands
Contingent consideration fair value adjustments	1.3	1.3	Cost of goods sold	Actavis Pharma
Integration and restructuring expenses	2.5	2.0	Cost of good sold	Actavis Pharma
Upfront and development milestone costs	13.4	10.7	Research and development	Actavis Specialty Brands
Integration and restructuring expenses	9.1	9.0	Research and development	Actavis Pharma
Adjustment to fair values of assets and liabilities established through acquisition method accounting	(0.8)	(0.6)	Selling and marketing	Actavis Pharma
Acquisition related stock-based compensation and related employer payroll taxes	41.3	35.8	General and administrative	
Acquisition, integration & restructuring expenses	16.4	15.6	General and administrative	
Contingent consideration fair value adjustments	(5.4)	(3.6)	General and administrative	
Total acquisition and licensing	83.1	73.6		
Accretion expense ⁽⁴⁾	5.1	3.5	Interest expense	
Global supply chain ⁽⁵⁾				
Severance, accelerated depreciation and product transfer costs	17.4	13.2	Cost of good sold	Actavis Pharma
Accelerated depreciation and product transfer costs	0.9	0.6	Research and development	Actavis Pharma
Severance costs	0.1	0.1	Selling and marketing	Actavis Pharma
Accelerated depreciation and severance costs	0.1	0.1	General and administrative	
Total global supply chain	18.5	14.0		
Loss on asset sales and impairments ⁽⁶⁾	13.6	9.9	Asset sales, impairments, and contingent consideration adjustments, net	
Non-recurring (gains) losses ⁽⁷⁾				
Adjustment to fair values of assets and liabilities established through acquisition method accounting	8.8	8.8	Other income (expense)	
Gain on sale of securities	(1.1)	(1.0)	Other income (expense)	
Discrete tax items	-	(17.0)	Provision(benefit) for income taxes	
Total Non-recurring (gains) losses	7.7	(9.2)		
Totals by segment and P&L line item	\$ 289.5	\$ 215.8		

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Explanation of reconciling items to arrive at non-GAAP financial results:

1. Includes amortization of acquired intangibles including product rights and the amortization of the excess purchase price of an equity method investment recorded in other income.
2. Includes \$15.0 associated with drug pricing actions.
3. Amount in net revenues includes \$0.7 of contract revenue realized by the Company that was reflected in the fair value of deferred revenue in connection with the Actavis Group acquisition. Amount in cost of goods sold includes \$5.9 of contingent consideration fair value adjustments associated with previous business combinations and \$2.5 of integration and restructuring costs related to the acquisition of Actavis. Amount in research and development includes \$13.4 related to Actavis Specialty Brands research and development licensing and milestone payments and \$9.1 of integration and restructuring costs primarily related to the acquisition of Actavis Group. Amount in selling and marketing includes a \$0.8 reduction in bad debt reserves that were established in connection with the acquisition of the Actavis Group. Amount in general and administrative includes \$41.3 for stock-based compensation and related employer payroll taxes resulting from acceleration of directors and named executive officers unvested equity-based awards immediately prior to the Warner Chilcott acquisition, as provided by the transaction agreement and \$16.4 of acquisition, integration and restructuring costs related to the acquisitions of Actavis Group and Warner Chilcott, offset in part by \$5.4 of foreign exchange gains on business combination contingent consideration.
4. Amount in interest expense includes contingent consideration fair value accretion adjustments associated with business acquisitions. These adjustments are based upon the passage of time and are classified as interest expense.
5. Represents amounts attributable to our global supply chain initiative to improve efficiencies within the Actavis Pharma segment. The costs primarily relate to the closures of certain manufacturing operations in Corona, California, Lincolnton, North Carolina and Canada. Amount in cost of goods sold includes \$8.3 of accelerated depreciation, \$5.7 of facility decommissioning costs, \$2.6 of product transfer costs and \$0.8 of severance. Amount in R&D includes \$0.9 of accelerated depreciation. Amount in selling and marketing includes \$0.1 of accelerated depreciation. Amount in general and administrative includes \$0.9 of accelerated depreciation, offset in part by \$0.8 reduction in Corporate estimated severance costs.
6. Includes \$13.9 impairment of product right intangible assets acquired in connection with the Specifar acquisition, offset in part by \$0.3 net gains on miscellaneous asset sales and impairments.
7. Amount in other income (expense) includes \$8.8 for the release of an indemnification receivable established in connection with an acquisition, offset in part by \$1.1 gain on sale of securities. Amount in provision (benefit) for income taxes includes certain discrete items including \$12.8 relating to the reversal of uncertain tax positions established through purchase accounting that are no longer needed and \$4.4 relating to UK rate change.