

ACTAVIS PLC
GAAP TO NON-GAAP ADJUSTMENTS
October 1, 2013 - December 31, 2013
(In millions)

<u>Description</u>	<u>Pre-tax Adjustment</u>	<u>After-tax Adjustment</u>	<u>Line item</u>	<u>Segment</u>
Amortization expense ⁽¹⁾	\$ 388.4	\$ 336.6	Amortization	
Legal matters ⁽²⁾	1.9	1.2	General and administrative	
Acquisition and licensing ⁽³⁾				
Adjustment to fair values of assets and liabilities established through acquisition method accounting	\$ 0.4	\$ 0.3	Net revenue	Actavis Pharma
Amortization of inventory step-up	173.5	166.7	Cost of goods sold	Actavis Specialty Brands
Integration and restructuring expenses	2.3	1.3	Cost of goods sold	Actavis Pharma
Upfront and development milestone costs	3.0	2.7	Research and development	Actavis Specialty Brands
Upfront and development milestone costs	2.0	1.2	Research and development	Actavis Pharma
Contingent consideration fair value adjustments	(8.7)	(6.0)	Research and development	Actavis Specialty Brands
Integration and restructuring expenses	1.1	1.1	Research and development	Actavis Pharma
Integration and restructuring expenses	5.1	3.5	Selling and marketing	Actavis Pharma
Acquisition, integration & restructuring expenses	148.8	146.8	General and administrative	
Contingent consideration fair value adjustments	(4.5)	(3.4)	General and administrative	
Debt premium amortization	(5.5)	(5.5)	Interest	
Total acquisition and licensing	317.5	308.7		
Accretion expense ⁽⁴⁾				
Accretion expense	\$ 1.2	\$ 1.1	Cost of goods sold	Actavis Specialty Brands
Accretion expense	9.8	6.7	Research and development	Actavis Specialty Brands
Accretion expense	(6.5)	(4.7)	Interest	Actavis Specialty Brands
Total accretion expense	4.5	3.1		
Global supply chain ⁽⁵⁾				
Severance, accelerated depreciation, facility decommissioning and product transfer costs	\$ 15.9	\$ 11.1	Cost of goods sold	Actavis Pharma
Accelerated depreciation and product transfer costs	1.0	0.8	Research and development	Actavis Pharma
Accelerated depreciation and severance costs	0.1	0.1	Selling and marketing	Actavis Pharma
Accelerated depreciation and severance costs	0.9	0.9	General and administrative	
Total global supply chain	17.9	12.9		
Loss on asset sales and impairments ⁽⁶⁾				
Costs associated with holding assets out for sale	\$ 0.8	\$ 0.6	Cost of goods sold	Actavis Pharma
Costs associated with holding assets out for sale	(0.1)	(0.1)	Selling and marketing	Actavis Pharma
Costs associated with holding assets out for sale	2.6	2.5	General and administrative	
Loss (gain) on asset sales and impairments, net	85.8	77.3	Asset sales, impairments, and contingent consideration adjustments, net	
Asset sales	(6.6)	(5.0)	Other income	
Total asset sales and impairments	82.5	75.3		
Non-recurring (gains) losses ⁽⁷⁾				
Termination payment	\$ 0.3	\$ 0.2	Cost of goods sold	Actavis Specialty Brands
Extinguishment of debt	18.5	12.1	Other income (expense)	
Other	(2.3)	(2.0)	Other income (expense)	
Discrete tax items	-	(45.0)	Provision(benefit) for income taxes	
Total Non-recurring (gains) losses	16.5	(34.7)		

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Totals by segment and P&L line item	\$ 829.2	\$ 703.1	
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Explanation of reconciling items to arrive at non-GAAP financial results:

1. Includes amortization of acquired intangibles including product rights.

2. Includes charges related to the accrual and settlement of litigation related matters.

3. Amount in cost of goods sold includes amortization of the Warner Chilcott acquisition related inventory step up of \$173.5 and integration and restructuring costs related to the Actavis Group acquisition of \$2.3. Amount in research and development includes milestone payments associated with products that have not received regulatory approval of \$5.0, fair market value adjustments related to contingent consideration of \$8.7, and integration and restructuring costs related to the Actavis Group acquisition of \$1.1. Amount in selling and marketing includes integration and restructuring costs related to the acquisitions of the Actavis Group and Warner Chilcott of \$5.1. Amount in general and administrative includes restructuring charges for Warner Chilcott of \$124.7 including severance costs (\$70.5), stock-based compensation (\$45.4), and other restructuring charges (\$8.8), success fees for the Warner Chilcott acquisition of \$17.5 and integration and severance costs related to the Actavis Group acquisition of \$7.7. These amounts were offset, in part, by miscellaneous gains. Amount in interest expense includes the amortization of the fair value step up of senior secured notes assumed as part of the Warner Chilcott acquisition.

4. Amount includes accretion of acquisition related contingent consideration based upon the passage of time. Amount includes prior period reclassifications from interest expense into operating expenses.

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 Lincolnton, North Carolina and Canada. Amount in cost of goods sold includes the accelerated depreciation of \$6.5, facility decommissioning costs of \$1.4 and product transfer costs of \$7.2. Selling and marketing and research and development costs primarily relate to accelerated depreciation.

6. Includes the gain on the sale of product rights to Taro Pharmaceuticals North America, Inc. of \$4.3 and the gain on sale of the divestiture of our operations in Changzhou, China of \$2.3, offset, by the reversal of the losses resulting from the impairment of Western European operations held for sale of \$37.6 (which includes fees and restructuring associated with the transaction), the impairment of property, plant and equipment in Serbia of \$24.2, the impairment of Gabapentin product rights of \$10.8, an impairment loss recorded for Foshan, China of \$8.4 (which was sold in January 2014) and a payment made to Moksha 8 to terminate our agreement to develop and commercialize products in Brazil and Mexico of \$4.0.

7. Other income includes the reversal of the impact of the early extinguishment of the \$450 senior notes of \$17.1. Amount in provision (benefit) for income taxes includes the reversal of tax benefits from a capital loss associated with the reorganization of our international operations of \$50.1 and reversal of the impact of pre-acquisition activity established through purchase accounting of \$5.1M.

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January 1, 2013 - December 31, 2013
(In millions)

Description	Pre-tax Adjustment	After-tax Adjustment	Line item	Segment
Amortization expense ⁽¹⁾	\$ 842.7	\$ 683.6	Amortization	
Legal matters ⁽²⁾	47.7	43.4	General and administrative	
Acquisition and licensing ⁽³⁾				
Adjustment to fair values of assets and liabilities established through acquisition method accounting	\$ 6.7	\$ 5.1	Net revenue	Actavis Pharma
Amortization of inventory step-up	93.5	67.8	Cost of goods sold	Actavis Pharma
Amortization of inventory step-up	173.5	166.7	Cost of goods sold	Actavis Specialty Brands
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	6.1	4.2	Cost of goods sold	Actavis Pharma
Upfront and development milestone costs	17.4	14.3	Research and development	Actavis Specialty Brands
Upfront and development milestone costs	2.0	1.2	Research and development	Actavis Pharma
Contingent consideration fair value adjustments	(8.7)	(6.0)	Research and development	Actavis Specialty Brands
Integration and restructuring expenses	13.0	12.5	Research and development	Actavis Pharma
Adjustment to fair values of assets and liabilities established through acquisition method accounting	(4.5)	(3.5)	Selling and marketing	Actavis Pharma
Integration and restructuring expenses	8.1	6.0	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	208.6	193.6	General and administrative	
Contingent consideration fair value adjustments	(9.9)	(7.0)	General and administrative	
			Asset sales, impairments, and contingent consideration adjustments, net	
Contingent consideration fair value adjustments	150.3	150.3		
Debt premium amortization	(5.5)	(5.5)	Interest	
Total acquisition and licensing	697.8	639.7		
Accretion expense ⁽⁴⁾				
Accretion expense	\$ 1.2	\$ 1.1	Cost of goods sold	Actavis Specialty Brands
Accretion expense	9.8	6.7	Research and development	Actavis Specialty Brands
Accretion expense	-	-	Interest	Actavis Specialty Brands
Total accretion expense	11.0	7.8		
Global supply chain ⁽⁵⁾				
Severance, accelerated depreciation, facility decommissioning and product transfer costs	\$ 60.7	\$ 45.0	Cost of goods sold	Actavis Pharma
Accelerated depreciation and product transfer costs	3.9	2.8	Research and development	Actavis Pharma
Accelerated depreciation and severance costs	0.4	0.4	Selling and marketing	Actavis Pharma
Accelerated depreciation and severance costs	3.4	2.4	General and administrative	
Total global supply chain	68.4	50.6		
Loss on asset sales and impairments ⁽⁶⁾				
Costs associated with holding assets out for sale	\$ 0.8	\$ 0.6	Cost of goods sold	Actavis Pharma
Costs associated with holding assets out for sale	(0.1)	(0.1)	Selling and marketing	Actavis Pharma
Costs associated with holding assets out for sale	2.6	2.5	General and administrative	
			Asset sales, impairments, and contingent consideration adjustments, net	
Loss (gain) on asset sales and impairments, net	752.4	740.2		
Asset sales	(6.6)	(5.0)	Other income	
Total asset sales and impairments	749.1	738.2		
Non-recurring (gains) losses ⁽⁷⁾				
Contract termination payment	\$ 5.0	\$ 4.0	Revenue	Actavis Pharma
Termination payment	0.3	0.2	Cost of goods sold	Actavis Specialty Brands
Adjustment to fair values of assets and liabilities established through acquisition method accounting	8.8	8.8	Other income (expense)	
Release of acquisition related escrow account	(15.0)	(15.0)	Other income (expense)	
Extinguishment of debt	18.5	12.1	Other income (expense)	
Other	(3.4)	(3.0)	Other income (expense)	
Gain on sale of securities	(0.2)	(0.1)	Other income (expense)	

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Amortization of the excess purchase price of an equity method investment	0.6	0.4	Other income (expense)
Discrete tax items	-	(48.0)	Provision(benefit) for income taxes
Total Non-recurring (gains) losses	14.6	(40.6)	
Totals by segment and P&L line item	\$ 2,431.3	\$ 2,122.7	

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

- Includes amortization of acquired intangibles including product rights.
- Includes charges associated with allegations by certain European regulators that certain patent settlements violated competition laws of \$25.5, charges associated with drug pricing actions of \$15.0 and other charges related to the accrual and settlement of litigation related matters.
- Amount in net revenues includes contract revenue realized by the Company that was reflected in the fair value of deferred revenue in connection with the Actavis Group acquisition of \$6.7. Amount in cost of goods sold includes amortization of the Warner Chilcott and Actavis Group acquisitions related inventory step ups of \$173.5 and \$93.5, contingent consideration fair value adjustments associated with previous business combinations of \$5.9 and integration and restructuring costs related to the acquisition of the Actavis Group of \$6.1. Amount in research and development includes milestone payments associated with products that have not received regulatory approval of \$19.4, fair market value adjustments related to contingent consideration of \$8.7 and integration and restructuring costs primarily related to the acquisition of the Actavis Group of \$13.0. Amount in selling and marketing includes a reduction in bad debt reserves that were established in connection with the acquisition of the Actavis Group of \$4.5 offset by integration and restructuring costs related to the acquisitions of the Actavis Group and Warner Chilcott of \$8.1. Amount in general and administrative includes restructuring charges for Warner Chilcott of \$124.7 including severance costs (\$70.5), stock-based compensation (\$45.4), and other restructuring charges (\$8.8), acquisition, integration and restructuring costs related to the acquisitions of the Actavis Group, Warner Chilcott and Uteron of \$85.0 (these amounts were offset, in part, by miscellaneous gains) and 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 of \$41.3, as provided by the transaction agreement, offset, in part by, gains on business combination contingent consideration of \$9.9. Amount in asset sales, impairments and contingent consideration adjustments, net includes a non-cash fair value charge associated with the issuance of an additional 1.7 million shares of common stock in connection with the Actavis Group acquisition of \$150.3. Amount in interest expense includes the amortization of the fair value step up of senior secured notes assumed as part of the Warner Chilcott acquisition.
- Amount includes accretion of acquisition related contingent consideration based upon the passage of time.
- 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, Canada and India. Amount in cost of goods sold includes accelerated depreciation of \$28.5, severance and retention of \$11.0, product transfer costs of \$14.1 and facility decommissioning costs of \$7.1. Selling and marketing and research and development costs primarily relate to accelerated depreciation. Amount in general and administrative includes accelerated depreciation of \$3.9, offset, in part, by a net reduction in estimated severance costs of \$0.5.
- Includes impairment charges related to goodwill associated with the Actavis Pharma - Europe reporting unit of \$647.5, the reversal of the losses resulting from the impairment of Western European operations held for sale of \$37.6 (which includes fees and restructuring associated with the transaction), the impairment of property, plant and equipment in Serbia of \$24.2, an impairment of a facility in Greece of \$19.4, the impairment of product right intangible assets acquired in connection with the Specifar acquisition of \$13.9, the impairment of Gabapentin product rights of \$10.8, an impairment loss recorded for Foshan, China of \$8.4 (which was sold in January 2014), the impairment of in-process research and development acquired in connection with the Arrow Group acquisition of \$4.4 and a payment made to Moksha 8 to terminate our agreement to develop and commercialize products in Brazil and Mexico of \$4.0. Offsetting these charges, in part, were gains of related to the sale of a Russian subsidiary of \$11.7, gains related to a manufacturing facility in India of \$4.5, the gain on the sale of product rights to Taro Pharmaceuticals North America, Inc. of \$4.3 and the gain on sale of the divestiture of our operations in Changzhou, China of \$2.3.
- Amount in net revenue includes a manufacturing and supply contract early termination payment of \$5.0. Amount in other income includes a gain from the release of funds held in an escrow account established in connection with the Arrow acquisition of \$15.0, offset by the reversal of the impact of the early extinguishment of the \$450 senior notes of \$17.1 and the release of an indemnification receivable established in connection with an acquisition of \$8.8. Amount in provision (benefit) for income taxes includes the reversal of tax benefits from a capital loss associated with the reorganization of our international operations of \$50.1 and reversal of the impact of other pre-acquisition activity established through purchase accounting of \$2.1.