

ACTAVIS PLC
July 1, 2014 - September 30, 2014
(In millions)

Description	Pre-tax Adjustment	After-tax Adjustment	Line item	Segment
Amortization expense ⁽¹⁾	\$ 873.6	\$ 782.1	Amortization	
Legal matters ⁽²⁾				
	\$ (10.0)	\$ (6.3)	General and administrative	North American Brand
Total legal matters	<u>(10.0)</u>	<u>(6.3)</u>		
Acquisition and licensing ⁽³⁾				
Revenue recognition adjustment resulting for acquisition accounting	\$ 4.8	\$ 3.8	Net revenue	North American Generic and International
Amortization of inventory step-up	56.0	44.0	Cost of goods sold	North American Generic and International
Amortization of inventory step-up	437.8	396.1	Cost of goods sold	North American Brand
Acquisition accounting fair market value adjustment to stock-based compensation	5.9	3.9	Cost of goods sold	North American Brand
Acquisition, integration & restructuring expenses	10.0	7.0	Cost of goods sold	North American Brand
Acquisition, integration & restructuring expenses	(0.6)	(0.6)	Cost of goods sold	North American Generic and International
Acquisition accounting fair market value adjustment to stock-based compensation	46.1	31.1	Research and development	
Brand related milestone payments	17.1	12.1	Research and development	
Acquisition, integration & restructuring expenses	19.2	13.2	Research and development	
Contingent consideration fair value adjustments	(1.4)	(1.4)	Research and development	
Acquisition accounting fair market value adjustment to stock-based compensation	34.5	21.5	Selling and marketing	North American Brand
Acquisition, integration & restructuring expenses	40.4	25.4	Selling and marketing	North American Brand
Acquisition accounting fair market value adjustment to stock-based compensation	127.2	77.2	General and administrative	North American Brand
Foreign currency impact on acquisition related liabilities	11.5	7.5	General and administrative	North American Generic and International
Acquisition related costs	40.9	33.9	General and administrative	North American Brand
Acquisition related costs	0.6	0.6	General and administrative	North American Generic and International
Acquisition, integration & restructuring expenses	60.9	37.9	General and administrative	North American Brand
Acquisition, integration & restructuring expenses	5.9	4.6	General and administrative	North American Generic and International
Amortization of bridge loan financing fees	2.8	2.8	Other income	
Debt premium amortization	(12.5)	(8.3)	Interest	
Total acquisition and licensing	<u>907.1</u>	<u>712.3</u>		
Accretion expense ⁽⁴⁾				
Accretion expense	\$ 0.9	\$ 0.5	Cost of goods sold	North American Brand
Accretion expense	4.2	3.1	Research and development	
Total accretion expense	<u>5.1</u>	<u>3.6</u>		
Global supply chain ⁽⁵⁾				
Severance, accelerated depreciation, facility decommissioning and product transfer costs	\$ 8.3	\$ (4.3)	Cost of goods sold	North American Generic and International
Accelerated depreciation and severance costs	-	10.3	General and administrative	North American Generic and International
Total global supply chain	<u>8.3</u>	<u>6.0</u>		
Loss on asset sales and impairments ⁽⁶⁾				
Operating results for assets held for sale	\$ (34.4)	\$ (34.4)	Net revenue	North American Generic and International
Operating results for assets held for sale	28.1	28.1	Cost of goods sold	North American Generic and International
Costs associated with holding assets out for sale	-	(3.7)	General and administrative	North American Generic and International
			Asset sales, impairments, and contingent consideration adjustment, net	
Loss (gain) on asset sales and impairments, net	312.3	306.3		
Loss (gain) on asset sales	(2.5)	1.1	Other income (expense)	
Total asset sales and impairments	<u>303.5</u>	<u>297.4</u>		
Non-recurring (gains) losses ⁽⁷⁾				
Regulation change relating to the U.S. Pharma fee	\$ 105.0	\$ 105.0	Selling and marketing	North American Brand
Regulation change relating to the U.S. Pharma fee	10.8	10.8	Selling and marketing	North American Generic and International
Other	-	-	General and administrative	North American Generic and International
Gain on extinguishment of debt	(29.9)	(28.9)	Other income (expense)	
Discrete tax items	-	13.8	Provision(benefit) for income taxes	
Total Non-recurring (gains) losses	<u>85.9</u>	<u>100.7</u>		
Totals by segment and P&L line item	<u>\$ 2,173.5</u>	<u>\$ 1,895.8</u>		

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

- Includes amortization of acquired intangibles including product rights.
- Includes charges related to the accrual and settlement of litigation related matters, if any.
- Amount included in revenues is the adjustment relating to the amount recognized in Europe resulting from acquisition accounting of deferred revenues of \$4.8. Amount in cost of goods sold includes amortization of the Forest acquisition (\$479.5), Warner Chilcott acquisition (\$13.8) and Silom acquisition (\$0.5) related inventory step ups of \$493.8, the purchase accounting impact on stock-based compensation associated with the Forest acquisition of \$5.9 and restructuring and integration costs associated with the Forest and Warner Chilcott acquisitions of \$9.4, including severance and severance related charges of \$8.6. Amount in research and development includes the purchase accounting impact on stock-based compensation associated with the Forest and Furieux acquisitions of \$46.1, contractual milestone payments of \$17.1 and restructuring and integration costs related to the Forest acquisition of \$19.2 relating to severance and severance related charges, offset, in part, by fair market value adjustments relating to contingent consideration liabilities assumed as part of acquisition accounting of \$1.4. Amount in selling and marketing includes the purchase accounting impact on stock-based compensation associated with the Forest acquisition of \$34.5 and integration and restructuring costs related to the Forest acquisition of \$40.4, including severance and severance related charges of \$38.8. Amount in general and administrative includes success fees associated with the Forest and Furieux acquisitions of \$24.3, the purchase accounting impact on stock-based compensation associated with the acquisitions of Forest and Furieux of \$127.2, other restructuring, acquisition and integration costs associated with the acquisitions of Forest and Warner Chilcott of \$84.0, including severance and severance related charges of \$50.8 and the foreign currency impact of contingent consideration of \$11.5. Amount in interest expense includes the amortization of the fair value step up of senior secured notes assumed as part of the Forest (\$11.2) and Warner Chilcott (\$1.3) acquisitions. Amount in other income (expense) includes the amortization expenses relating to the bridge loan commitments entered into in connection with the proposed acquisition of Forest of \$2.8.
- 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.
- Amounts recorded in net revenues and cost of goods sold represents the operating results from Western European assets sold in Q2 14. Amount in asset sales, impairments and contingent consideration adjustments, net includes the impairment of IPR&D resulting from the abandonment of projects in connection with the Forest acquisition of \$165.0 as the Company reviewed all ongoing R&D projects of both legacy Forest and Actavis. As a result of that review, the Company aligned R&D expenditures with strategic priorities. Also included in asset sales, impairments and contingent consideration adjustments, net is the impairment of acquired IPR&D of \$140.0 due to identified triggering events in Q3 14, the impairment of fixed assets associated with our international operations of \$9.8, other miscellaneous charges and a gain on the sale of products associated with the Forest acquisition of \$5.4. Amount in other income (expense) includes a milestone receipt under a prior year sale of a business.
- Amount in selling and marketing includes a charge for an additional year of the non-tax deductible Branded Prescription Drug Fee in accordance with final regulations issued in the third quarter of 2014 by the Internal Revenue Service. Amount in other income (expense) represents the gain associated with the extinguishment of the Company's former 7.75% senior notes of \$29.9. Provision (benefit) for income tax includes the impact of discrete tax items during the quarter.

ACTAVIS PLC
January 1, 2014 - September 30, 2014
(In millions)

Description	Pre-tax Adjustment	After-tax Adjustment	Line item	Segment
Amortization expense ⁽¹⁾	\$ 1,720.7	\$ 1,525.6	Amortization	
Legal matters ⁽²⁾				
	\$ (1.0)	\$ (1.0)	General and administrative	North American Generic and International
	(7.5)	(3.9)	General and administrative	North American Brand
Total legal matters	(8.5)	(4.9)		
Acquisition and licensing ⁽³⁾				
Revenue recognition adjustment resulting for acquisition accounting	\$ 10.3	\$ 8.1	Net revenue	North American Generic and International
Amortization of inventory step-up	68.0	53.0	Cost of goods sold	North American Generic and International
Amortization of inventory step-up	635.9	594.3	Cost of goods sold	North American Brand
Contingent consideration fair value adjustments	6.0	6.0	Cost of goods sold	North American Generic and International
Acquisition accounting fair market value adjustment to stock-based compensation	5.9	3.9	Cost of goods sold	North American Brand
Acquisition, integration & restructuring expenses	14.0	9.0	Cost of goods sold	North American Brand
Acquisition, integration & restructuring expenses	(0.3)	(0.3)	Cost of goods sold	North American Generic and International
Acquisition accounting fair market value adjustment to stock-based compensation	46.1	31.1	Research and development	
Brand related milestone payments	17.1	12.1	Research and development	
Acquisition, integration & restructuring expenses	20.2	14.2	Research and development	
Acquisition related settlements	0.3	0.2	Research and development	
Contingent consideration fair value adjustments	(19.3)	(15.4)	Research and development	
Acquisition accounting fair market value adjustment to stock-based compensation	34.5	21.5	Selling and marketing	North American Brand
Contract termination payment	10.0	6.2	Selling and marketing	North American Brand
Acquisition, integration & restructuring expenses	-	-	Selling and marketing	North American Generic and International
Acquisition, integration & restructuring expenses	48.4	30.4	Selling and marketing	North American Brand
Acquisition accounting fair market value adjustment to stock-based compensation	127.2	77.2	General and administrative	North American Brand
Foreign currency impact on acquisition related liabilities	12.8	8.8	General and administrative	North American Generic and International
Acquisition related costs	68.2	60.2	General and administrative	North American Brand
Acquisition related costs	12.8	12.8	General and administrative	North American Generic and International
Acquisition, integration & restructuring expenses	82.3	54.3	General and administrative	North American Brand
Acquisition, integration & restructuring expenses	19.3	14.3	General and administrative	North American Generic and International
Acquisition related payment for the release of trading restrictions	(5.0)	(5.0)	Other income	
Amortization of bridge loan financing fees	25.8	25.8	Other income	
Debt premium amortization	(23.4)	(19.0)	Interest	
Total acquisition and licensing	1,217.1	1,003.7		
Accretion expense ⁽⁴⁾				
Accretion expense	\$ 2.1	\$ 1.8	Cost of goods sold	North American Brand
Accretion expense	11.4	7.5	Research and development	North American Generic and International
Total accretion expense	13.5	9.3		
Global supply chain ⁽⁵⁾				
Severance, accelerated depreciation, facility decommissioning and product transfer costs	\$ 30.7	\$ 20.4	Cost of goods sold	North American Generic and International
Accelerated depreciation and product transfer costs	1.5	1.3	Research and development	
Accelerated depreciation and severance costs	6.4	6.1	General and administrative	North American Generic and International
Total global supply chain	38.6	27.8		
Loss on asset sales and impairments ⁽⁶⁾				
Operating results for assets held for sale	\$ (183.8)	\$ (183.8)	Net revenue	North American Generic and International
Operating results for assets held for sale	144.6	144.6	Cost of goods sold	North American Generic and International
Operating results for assets held for sale	2.7	2.7	Research and development	
Write-off of contingent consideration	(24.7)	(24.7)	Research and development	
Operating results for assets held for sale	26.6	26.6	Selling and marketing	North American Generic and International
Operating results for assets held for sale	6.9	6.9	General and administrative	North American Generic and International
Costs associated with holding assets out for sale	5.7	3.0	General and administrative	North American Generic and International
			Asset sales, impairments, and contingent consideration adjustment, net	
Loss (gain) on asset sales and impairments, net	334.0	321.0	Other income (expense)	
Loss (gain) on asset sales	14.1	11.8		
Total asset sales and impairments	326.1	308.1		
Non-recurring (gains) losses ⁽⁷⁾				
Regulation change relating to the U.S. Pharma fee	\$ 105.0	\$ 105.0	Selling and marketing	North American Brand
Regulation change relating to the U.S. Pharma fee	10.8	10.8	Selling and marketing	North American Generic and International
Other	(1.4)	(0.9)	General and administrative	North American Generic and International
Gain on extinguishment of debt	(29.9)	(28.9)	Other income (expense)	
Discrete tax items	-	4.1	Provision(benefit) for income taxes	
Total Non-recurring (gains) losses	84.5	90.1		
Totals by segment and P&L line item	\$ 3,392.0	\$ 2,959.7		

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, if any.
3. Amount included in revenues is the adjustment relating to the amount recognized in Europe resulting from acquisition accounting of deferred revenues of \$10.3. Amount in cost of goods sold includes amortization of the Forest acquisition (\$479.5), Warner Chilcott acquisition (\$223.4) and Silom acquisition (\$1.0) related inventory step ups of \$703.9, the purchase accounting impact on stock-based compensation associated with the Forest acquisition of \$5.9, the fair value adjustment of contingent consideration for marketed products of \$6.0 and restructuring and integration costs associated with the Forest and Warner Chilcott acquisitions of \$13.7, including severance and severance related charges of \$8.6. Amount in research and development includes the purchase accounting impact on stock-based compensation associated with the Forest and Furiex acquisitions of \$46.1, contractual milestone payments of \$17.1, the fair market value adjustments relating to contingent consideration liabilities assumed as part of acquisition accounting, which created income in the period of \$19.3, and other restructuring and acquisition related charges associated with the Forest and Warner Chilcott acquisitions of \$20.5, including severance and severance related charges of \$19.1. Amount in selling and marketing includes the purchase accounting impact on stock-based compensation associated with the Forest acquisition of \$34.5 and integration and restructuring costs related to the Forest and Warner Chilcott acquisitions of \$48.4, including severance and severance related charges relating to Forest of \$42.2, and the termination costs relating to the Company's co-promotion agreements with Valeant of \$10.0. Amount in general and administrative includes the purchase accounting impact on stock-based compensation associated with the acquisitions of Forest and Furiex of \$127.2, costs associated with the acquisitions of Forest, Furiex and Warner Chilcott of \$179.1, which includes success fees associated with the acquisition of Forest and Furiex of \$24.3, severance and severance related charges of \$71.0, financing-related charges of \$9.3 and other costs associated with the acquisitions of \$74.5, acquisition related fees in association with the Silom acquisition of \$3.5 and the foreign currency impact of contingent consideration of \$12.8. Amount in interest expense includes the amortization of the fair value step up of senior secured notes assumed as part of the Forest (\$11.2) and Warner Chilcott (\$12.2) acquisitions. Amount in other income (expense) includes the amortization expenses relating to the bridge loan commitments entered into in connection with the proposed acquisition of Forest Laboratories of \$25.8, offset, in part, by fees received by former Legacy Actavis shareholders to end their restricted trading window of \$5.0.
4. Amount includes accretion of acquisition related contingent consideration based upon the passage of time.
5. Represents amounts attributable to our global supply chain initiative to improve efficiencies within the Actavis Pharma segment.
6. Amounts recorded in net revenues, cost of goods sold, research and development and selling and marketing includes the operating results from Western European assets held for sale in Q1 14 and subsequently sold in Q2 14. Amounts in general and administrative expenses represents the operating results from Western European assets held for sale in Q1 14 and subsequently sold in Q2 14, as well as costs associated with disposing of the entities of \$5.7. Amounts included in research and development includes the write-off of contingent consideration associated with R&D projects not currently being continued of \$24.7. Amount in asset sales, impairments and contingent consideration adjustments, net includes the impairment of IPR&D resulting from the abandonment of projects in connection with the Forest acquisition as the Company reviewed all ongoing R&D projects of both legacy Forest and Actavis of \$165.0. As a result of that review, the Company aligned R&D expenditures with strategic priorities. Also included in asset sales, impairments and contingent consideration adjustments, net is the impairment of acquired IPR&D of \$140.0 due to identified triggering events in Q3 14, the impairment of assets held for sale / sold in our Lincolnton and Corona manufacturing facilities of \$12.9, the impairment of IPR&D of \$16.3, the impairment of fixed assets associated with our international operations of \$9.8 and the impairment of intangible assets for discontinued products of \$1.5, offset, in part, by gains on the assets while they were held for sale of Foshan and Western Europe due to movements in working capital in the period (\$5.6) as well as miscellaneous gains for assets sold. Included in other income (expense) is the net loss associated with the Q2 14 sale of our Western European infrastructure based on the allocation of consideration to the assets sold and the supply agreement entered into at the time of sale of \$20.9, a gain on the sale of our investment in Columbia Laboratories Inc. of \$4.3 and a milestone receipt under a prior year sale of a business.
7. Amount in selling and marketing includes a charge for an additional year of the non-tax deductible Branded Prescription Drug Fee in accordance with final regulations issued in the third quarter of 2014 by the Internal Revenue Service. Amount in other income (expense) represents the gain associated with the extinguishment of the Company's former 7.75% senior notes of \$29.9. Provision (benefit) for income tax includes the impact of discrete tax items during the period.