KKR & Co. L.P.
Form S-4/A
March 21, 2014

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As filed with the Securities and Exchange Commission on March 21, 2014

Registration No. 333-193359

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 4
to

Form S-4

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

KKR & CO. L.P.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**6282**	**26-0426107**
(State or other jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

9 West 57th Street, Suite 4200
New York, New York 10019
Telephone: (212) 750-8300
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

David J. Sorkin, Esq.
General Counsel
KKR & Co. L.P.
9 West 57th Street, Suite 4200
New York, New York 10019
Telephone: (212) 750-8300
(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after the effectiveness of this registration statement and the satisfaction or waiver of all other conditions to the closing of the merger described herein.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ý	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)	o
Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)	o

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this proxy statement/prospectus is subject to completion and amendment. A registration statement relating to the securities described in this proxy statement/prospectus has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy these securities be accepted prior to the time the registration statement becomes effective. This proxy statement/prospectus shall not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of these securities in any jurisdiction, in which such offer, solicitation or sale would be unlawful prior to registration under the securities laws of any such jurisdiction.

PRELIMINARY SUBJECT TO COMPLETION, DATED MARCH 21, 2014

MERGER PROPOSAL YOUR VOTE IS VERY IMPORTANT

March 24, 2014

Dear KFN Common Shareholder:

On December 16, 2013, KKR Financial Holdings LLC, which is referred to as KFN, and KKR & Co. L.P., which is referred to as KKR, entered into a merger agreement pursuant to which KFN will become an indirect subsidiary of KKR. The KFN board of directors has determined, upon the unanimous recommendation of a transaction committee of the KFN board of directors composed solely of independent directors, that the merger and the merger agreement are fair to and in the best interests of KFN and its common shareholders, and has approved the merger agreement and the merger.

If the merger is completed, each outstanding KFN common share will be converted into the right to receive 0.51 common units representing limited partner interests of KKR, which are referred to as KKR common units. The consideration to be received by KFN common shareholders is valued at $12.79 per KFN common share based on KKR's closing price as of December 16, 2013, representing a 35% premium to KFN's closing price on such date. The common shares of KFN are traded on the New York Stock Exchange under the symbol "KFN," and the KKR common units are traded on the New York Stock Exchange under the symbol "KKR."

Immediately following completion of the merger, based on the number of outstanding KFN common shares (including restricted shares) outstanding as of March 18, 2014, it is expected that KFN common shareholders will own approximately 25.8% of the outstanding KKR common units (or 13.1% of the outstanding KKR common units, if you include KKR common units that could be deemed to be beneficially owned by KKR principals and other persons through KKR Holdings L.P. by virtue of certain exchange rights).

We are holding a special meeting of KFN common shareholders on April 30, 2014 at 9:00 a.m., local time, at The Bently Reserve, Gateway Room, 301 Battery Street, San Francisco, California 94111, to obtain your vote to adopt the merger agreement. **Your vote is very important, regardless of the number of common shares you own. The merger cannot be completed unless the holders of at least a majority of the outstanding KFN common shares, including a majority of the outstanding KFN common shares held by common shareholders other than KKR and its affiliates, vote for the adoption of the merger agreement at the special meeting.**

The KFN board of directors, upon the unanimous recommendation of a transaction committee of the KFN board of directors composed solely of independent directors, recommends that KFN common shareholders vote "FOR" the adoption of the merger agreement and "FOR" the adjournment of the KFN special meeting if necessary to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the KFN special meeting.

On behalf of the KFN board of directors, I invite you to attend the special meeting. Whether or not you expect to attend the KFN special meeting in person, we urge you to submit your proxy as promptly as possible through one of the delivery methods described in the accompanying proxy statement/prospectus.

In addition, we urge you to read carefully the accompanying proxy statement/prospectus (and the documents incorporated by reference into the accompanying proxy statement/prospectus) which includes important information about the merger agreement, the proposed merger, KFN,

KKR and the

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special meeting. **Please pay particular attention to the section titled "Risk Factors" beginning on page 104 of the accompanying proxy statement/prospectus.**

On behalf of the KFN board of directors, thank you for your continued support.

Sincerely,

Craig Farr
Chief Executive Officer and Director

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the merger or the securities to be issued under the accompanying proxy statement/prospectus, passed upon the merits or fairness of the merger or determined that the accompanying proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The accompanying proxy statement/prospectus is dated March 24, 2014 and is first being mailed to the common shareholders of KFN on or about March 24, 2014.

555 California Street, 50th Floor
San Francisco, CA 94104

NOTICE OF SPECIAL MEETING OF COMMON SHAREHOLDERS

To the Common Shareholders of KKR Financial Holdings LLC:

Notice is hereby given that a special meeting of common shareholders of KKR Financial Holdings LLC, which is referred to as KFN, a Delaware limited liability company, will be held on April 30, 2014 at 9:00 a.m., local time, at The Bently Reserve, Gateway Room, 301 Battery Street, San Francisco, California 94111, solely for the following purposes:

Proposal 1: to consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated as of December 16, 2013 (as it may be amended from time to time), which is referred to as the merger agreement, by and among KFN, KKR & Co. L.P., which is referred to as KKR, KKR Fund Holdings L.P. and Copal Merger Sub LLC, a direct, wholly owned subsidiary of KKR Fund Holdings L.P., a copy of which agreement is attached as Annex A to the proxy statement/prospectus accompanying this notice; and

Proposal 2: to consider and vote on a proposal to approve the adjournment of the KFN special meeting, if necessary to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the special meeting.

These items of business, including the merger agreement and the proposed merger, are described in detail in the accompanying proxy statement/prospectus. **The KFN board of directors has determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are fair to and in the best interests of KFN and its common shareholders and recommends that KFN common shareholders vote "FOR" the proposal to adopt the merger agreement and "FOR" the adjournment of the KFN special meeting if necessary to solicit additional proxies in favor of such adoption.**

Only common shareholders of record as of the close of business on February 26, 2014, the record date for the special meeting, are entitled to notice of the KFN special meeting and to vote at the KFN special meeting or at any adjournment or postponement thereof. A list of common shareholders entitled to vote at the special meeting will be available in our offices located at 555 California Street, 50th Floor, San Francisco, CA 94104, during regular business hours for a period of ten days before the special meeting, and at the place of the special meeting during the special meeting.

Adoption of the merger agreement by the KFN common shareholders is a condition to the consummation of the merger and requires the affirmative vote of holders of at least a majority of the outstanding KFN common shares, including a majority of the outstanding KFN common shares held by common shareholders other than KKR and its affiliates. Therefore, your vote is very important. **Your failure to vote your shares will have the same effect as a vote "AGAINST" the adoption of the merger agreement.**

By order of the board of directors,

Nicole J. Macarchuk
General Counsel

San Francisco, California
March 24, 2014

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YOUR VOTE IS IMPORTANT!

WHETHER OR NOT YOU EXPECT TO ATTEND THE KFN SPECIAL MEETING IN PERSON, WE URGE YOU TO SUBMIT YOUR PROXY AS PROMPTLY AS POSSIBLE (1) THROUGH THE INTERNET, (2) BY TELEPHONE OR (3) BY MARKING, SIGNING AND DATING THE ENCLOSED PROXY CARD AND RETURNING IT IN THE POSTAGE-PAID ENVELOPE PROVIDED. You may revoke your proxy or change your vote at any time before the KFN special meeting. If your common shares are held in the name of a bank, broker or other fiduciary, please follow the instructions on the voting instruction card furnished to you by such record holder.

We urge you to read the accompanying proxy statement/prospectus, including all documents incorporated by reference into the accompanying proxy statement/prospectus, and its annexes carefully and in their entirety. If you have any questions concerning the merger, the adjournment vote, or the special meeting or the accompanying proxy statement/prospectus, would like additional copies of the accompanying proxy statement/ prospectus or need help voting your KFN common shares, please contact KFN's proxy solicitor, Innisfree M&A Incorporated, toll-free at (888) 750-5834.

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ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates by reference important business and financial information about KKR and KFN from other documents filed with the Securities and Exchange Commission, referred to in this proxy statement/prospectus as the SEC, that are not included in or delivered with this proxy statement/prospectus. See "Where You Can Find More Information" beginning on page 234 of this proxy statement/prospectus.

Documents incorporated by reference are available to you without charge upon written or oral request. You can obtain any of these documents by requesting them in writing or by telephone from the appropriate party at the following addresses, telephone numbers and email addresses.

KKR & Co. L.P.
Attention: Investor Relations
9 West 57th Street, Suite 4200
New York, New York 10019
(877) 610-4910
Email: Investor-Relations@kkr.com

KKR Financial Holdings LLC
Attention: Investor Relations
555 California Street, 50th Floor
San Francisco, CA 94104
(855) 374-5411
Email: KFN.IR@kkr.com

To receive timely delivery of the requested documents in advance of the KFN special meeting, you should make your request no later than April 23, 2014.

ABOUT THIS DOCUMENT

This document, which forms part of a registration statement on Form S-4 filed with the SEC by KKR (Registration No. 333-193359), constitutes a prospectus of KKR under Section 5 of the Securities Act of 1933, as amended, which is referred to in this proxy statement/prospectus as the Securities Act, with respect to the KKR common units to be issued pursuant to the merger agreement. This document also constitutes a notice of meeting and a proxy statement under Section 14(a) of the Securities Exchange Act of 1934, as amended, which is referred to in this proxy statement/prospectus as the Exchange Act, with respect to the special meeting of KFN common shareholders, at which KFN common shareholders will be asked to consider and vote on, among other matters, a proposal to adopt the merger agreement.

You should rely only on the information contained in or incorporated by reference into this proxy statement/prospectus. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this proxy statement/prospectus. This proxy statement/prospectus is dated March 24, 2014. The information contained in this proxy statement/prospectus is accurate only as of that date or, in the case of information in a document incorporated by reference, as of the date of such document, unless the information specifically indicates that another date applies. Neither the mailing of this proxy statement/prospectus to KFN common shareholders nor the issuance by KKR of its common units pursuant to the merger agreement will create any implication to the contrary.

This proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction in which or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction.

The information concerning KKR contained in this proxy statement/prospectus or incorporated by reference has been provided by KKR, and the information concerning KFN contained in this proxy statement/prospectus or incorporated by reference has been provided by KFN.

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QUESTIONS AND ANSWERS

Set forth below are questions that you, as a common shareholder of KKR Financial Holdings LLC, which is referred to in this proxy statement/prospectus as KFN, may have regarding the merger described below, the adjournment proposal and the KFN special meeting, and brief answers to those questions. You are urged to read carefully this proxy statement/prospectus and the other documents referred to in this proxy statement/prospectus in their entirety, including the merger agreement, which is attached as Annex A to this proxy statement/prospectus, and the documents incorporated by reference into this proxy statement/prospectus, because this section may not provide all of the information that is important to you with respect to the merger, the adjournment proposal and the special meeting. You may obtain a list of the documents incorporated by reference into this proxy statement/prospectus in the section titled "Where You Can Find More Information" beginning on page 234.

Q:

Why am I receiving this proxy statement/prospectus?

A:

KKR & Co. L.P., which is referred to in this proxy statement/prospectus as KKR, and KFN have agreed to a merger, which we refer to in this proxy statement/prospectus as the merger, pursuant to which KFN will become an indirect subsidiary of KKR and the common shares of KFN will cease to be publicly traded. In order to complete the merger, KFN common shareholders must vote to adopt the Agreement and Plan of Merger, dated as of December 16, 2013, among KFN, KKR, KKR Fund Holdings L.P., a subsidiary of KKR which is referred to in this proxy statement/prospectus as Fund Holdings, and Copal Merger Sub LLC, a subsidiary of Fund Holdings which is referred to in this proxy statement/prospectus as Merger Sub, which agreement, as it may be amended from time to time, is referred to in this proxy statement/prospectus as the merger agreement. KFN is holding a special meeting of its common shareholders to obtain such shareholder approval.

In the merger, KKR will issue common units representing limited partner interests in KKR, which are referred to this proxy statement/prospectus as KKR common units, as the consideration to be paid to holders of KFN common shares. This document is being delivered to you as both a proxy statement of KFN and a prospectus of KKR in connection with the merger. It is the proxy statement by which the KFN board of directors is soliciting proxies from you to vote on the adoption of the merger agreement at the special meeting or at any adjournment or postponement of the special meeting, and the approval of the adjournment of the special meeting under certain circumstances. It is also the prospectus by which KKR will register the KKR common units to be received by you in the merger.

Q:

What am I being asked to vote on?

A:

KFN's common shareholders are being asked to vote on the following proposals:

Proposal 1: to adopt the merger agreement, a copy of which is attached as Annex A to this proxy statement/prospectus; and

Proposal 2: to approve the adjournment of the KFN special meeting, if necessary to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the special meeting.

The approval of the proposal to adopt the merger agreement by a majority of the outstanding KFN common shares, including a majority of the outstanding KFN common shares held by shareholders other than KKR and its affiliates, is a condition to the completion of the merger. The approval of the proposal to adjourn the KFN special meeting is not a condition to the obligations of KFN or KKR to complete the merger.

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Q:

Does KFN's board of directors recommend that its common shareholders adopt the merger agreement?

A:

Yes. The KFN board of directors, upon the unanimous recommendation of a transaction committee of the KFN board of directors consisting solely of independent directors, which is referred to in this proxy statement/prospectus as the KFN transaction committee, has approved the merger agreement and the transactions contemplated thereby, including the merger, and determined that these transactions are fair to and in the best interests of the KFN common shareholders. Therefore, the KFN board of directors recommends that you vote "**FOR**" the proposal to adopt the merger agreement at the special meeting. See "Special Factors Recommendation of the KFN Board of Directors and Reasons for the Merger; Fairness of the Merger" beginning on page 38 of this proxy statement/prospectus.

In considering the recommendation of the KFN board of directors with respect to the merger agreement and the transactions contemplated thereby, including the merger, you should be aware that directors and executive officers of KFN are parties to agreements or participants in other arrangements that give them interests in the merger that may be different from, or in addition to, your interests as a common shareholder of KFN, including certain indemnification, exculpation and expense advancement rights provided pursuant to the merger agreement. You should consider these interests in voting on this proposal. These different interests are described under "Special Factors Interests of Directors and Executive Officers of KFN in the Merger" beginning on page 97 of this proxy statement/prospectus.

Q:

Does KFN's board of directors recommend that its common shareholders approve the adjournment of the KFN special meeting, if necessary?

A:

Yes. KFN's board of directors recommends that you vote "**FOR**" the proposal to adjourn the KFN special meeting if necessary to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the KFN special meeting. See "Approval of Adjournment of the KFN Special Meeting" beginning on page 231 of this proxy statement/prospectus.

Q:

What will happen in the merger?

A:

In the merger, Merger Sub, a direct, wholly owned subsidiary of Fund Holdings that was formed solely for the purpose of the merger, will be merged with and into KFN. KFN will be the surviving entity in the merger and will be an indirect subsidiary of KKR following completion of the merger. KFN's outstanding preferred shares will remain outstanding as preferred shares of KFN following the merger.

Q:

What will I receive in the merger?

A:

If the merger is completed, each of your KFN common shares will be cancelled and converted automatically into the right to receive 0.51 KKR common units. KFN common shareholders will receive cash for any fractional KKR common units that they would otherwise receive in the merger.

Based on the closing price for KKR common units on the New York Stock Exchange, which is referred to in this proxy statement/prospectus as the NYSE, on December 16, 2013, the last trading day prior to the public announcement of the merger agreement, the merger consideration represented approximately $12.79 in value for each KFN common share, implying a 35% premium to KFN's closing price as of December 16, 2013. Based on the closing price of $23.46 for KKR common units on the NYSE on March 20, 2014, the most recent practicable trading day prior to the date of this proxy statement/prospectus, the merger consideration represented approximately $11.96 in value for each KFN common share. Because KFN common shareholders will receive a

fixed fraction of a KKR common unit in exchange for each common share of KFN held by such KFN common shareholder, the value of the merger consideration that KFN common shareholders will receive in the merger will depend on the market price of KKR common units at the time the merger is completed. The market price of KKR common units will fluctuate prior to the merger, and the market price of KKR common units when received by KFN common shareholders after the merger is completed could be greater or less than the current market price of KKR common units or the market price of KKR common units at the time of the special meeting. See "Risk Factors" beginning on page 104 of this proxy statement/prospectus.

Q:

What will happen to my KFN options, phantom shares, restricted shares and preferred shares in the merger?

A:

If the merger is completed, each outstanding KFN option to acquire common shares, whether vested or unvested, will be cancelled and converted into the right to receive an amount in cash equal to the excess of (1) the cash value of the number of KKR common units that a holder of a KFN common share would be entitled to receive (determined by reference to the average closing price of a KKR common unit over the 10 trading day period ending on the trading day immediately preceding the closing date), over (2) the exercise price per KFN common share subject to the option immediately prior to the merger. Each KFN phantom share will automatically be converted into the right to receive 0.51 KKR common units for each KFN common share subject to such award, but such KKR common units will remain subject to the terms of the award plan following the merger. Each restricted KFN common share will be automatically converted in the merger into 0.51 restricted KKR common units having the same terms and conditions as applied to such restricted KFN common shares. The board of directors of KFN has the ability under the merger agreement to accelerate the vesting of KFN phantom shares and restricted KFN common shares prior to the effectiveness of the merger. Each preferred share of KFN will remain an outstanding preferred share of KFN, as the surviving entity in the merger, following the merger. See "The Merger Agreement Treatment of Equity Awards" beginning on page 140 of this proxy statement/prospectus.

Q:

What happens if the merger is not completed?

A:

If the merger agreement is not adopted by KFN common shareholders or if the merger is not completed for any other reason, you will not receive any form of consideration for your KFN common shares in connection with the merger. Instead, KFN will remain an independent public company and its common shares will continue to be listed and traded on the NYSE. If the merger agreement is terminated under specified circumstances, KFN may be required to pay Merger Sub or its designee a termination payment of $26,250,000 or to reimburse KKR in respect of certain of its expenses related to the merger, as described under "The Merger Agreement Termination Payment and Expenses" beginning on page 143 of this proxy statement/prospectus.

Q:

Will I continue to receive future distributions on my KFN common shares?

A:

Before completion of the merger, KFN expects to continue to pay distributions to its common and preferred shareholders, depending on market conditions, KFN's liquidity needs, legal and contractual restrictions on the payment of distributions (including a restriction in the merger agreement on KFN paying a quarterly distribution in excess of $0.22 per KFN common share without KKR's consent), the amount of KFN's ordinary taxable income or loss, and gains or losses recognized by KFN. Additionally, the merger agreement provides that KFN and KKR will coordinate the timing of distribution declarations leading up to the merger so that, in any quarter, a holder of KFN common shares will not receive distributions in respect of both its KFN common shares and in respect of the KKR common units that such holder will receive in the merger.

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Receipt of any regular distribution from KFN will not reduce the merger consideration you receive. After completion of the merger, you will be entitled only to distributions on any KKR common units you receive in the merger and hold through the applicable distribution record date.

Q:

What shareholder vote is required for the approval of each proposal?

A:

The following are the vote requirements for the proposals:

Proposal 1: *Adoption of the Merger Agreement.* The affirmative vote of holders of at least a majority of the outstanding KFN common shares entitled to vote thereon, including a majority of the outstanding KFN common shares entitled to vote thereon held by shareholders other than KKR and its affiliates. Accordingly, abstentions and unvoted common shares will have the same effect as votes "AGAINST" the adoption of the merger agreement.

Proposal 2: *Adjournment of the KFN Special Meeting (if necessary).* The affirmative vote of holders of at least a majority of the outstanding KFN common shares entitled to vote thereon present in person or represented by proxy at the special meeting. Accordingly, an abstention on this proposal will have the same effect as a vote "AGAINST" the proposal, although an unvoted common share will have no effect on the proposal assuming that a quorum is present at the special meeting.

Q:

What constitutes a quorum for the special meeting?

A:

The presence, in person or by proxy, of the holders of KFN common shares entitled to cast a majority of all the votes entitled to be cast at the special meeting will constitute a quorum.

Q:

When is this proxy statement/prospectus being mailed?

A:

This proxy statement/prospectus and the proxy card are first being sent to KFN common shareholders on or about March 24, 2014.

Q:

Who is entitled to vote at the special meeting?

A:

All holders of KFN common shares who hold such shares at the close of business on the record date for the special meeting (February 26, 2014) are entitled to receive notice of and to vote at the special meeting provided that such shares remain outstanding on the date of the special meeting. As of the close of business on the record date, there were 204,824,159 KFN common shares outstanding. Each KFN common share is entitled to one vote.

Holders of KFN preferred shares are not entitled to vote at the special meeting and no vote of KFN's preferred shares is necessary for the completion of the merger.

Q:

When and where is the special meeting?

A:

The special meeting will be held at The Bently Reserve, Gateway Room, 301 Battery Street, San Francisco, California 94111, on April 30, 2014 at 9:00 a.m., local time.

Q:

How do I vote my common shares at the special meeting?

A:

If you are entitled to vote at the KFN special meeting and hold your common shares in your own name, you can submit a proxy or vote in person by completing a ballot at the special meeting. However, KFN encourages you to submit a proxy before the special meeting even if you plan to attend the special meeting. A proxy is a legal designation of another person to vote your KFN

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common shares on your behalf. If you hold common shares in your own name, you may submit a proxy for your common shares by:

- calling the toll-free number specified on the enclosed proxy card and following the instructions when prompted;
- accessing the Internet website specified on the enclosed proxy card and following the instructions provided to you; or
- filling out, signing and dating the enclosed proxy card and mailing it in the prepaid envelope included with these proxy materials.

If you submit a proxy by telephone or the Internet, please do not return your proxy card by mail. See the response to the next question for how to vote common shares held through a broker or other nominee.

Q:

If my common shares are held in "street name" by my broker, will my broker automatically vote my common shares for me?

A:

No. As a KFN common shareholder your broker or other nominee does not have the authority to vote on the merger proposal. Your broker or other nominee will vote your common shares held by it in "street name" only if you provide instructions to it on how to vote. You should follow the directions your broker or other nominee provides. If you do not provide voting instructions to your broker or other nominee, your common shares will not be voted. This failure to vote will have the same effect as a vote "AGAINST" the adoption of the merger agreement.

If you hold common shares through a broker or other nominee and wish to vote your common shares in person at the special meeting, you must obtain a proxy from your broker or other nominee and present it to the inspector of election with your ballot when you vote at the special meeting.

Q:

How will my common shares be voted at the special meeting?

A:

If you submit your proxy by telephone, the Internet or by signing and returning your proxy card, the officers named in your proxy card will vote your common shares in the manner you requested if you correctly submitted your proxy. If you sign your proxy card and return it without indicating how you would like to vote your common shares, your proxy will be voted as the KFN board of directors recommends, which is:

- ***Proposal 1:*** "**FOR**" the adoption of the merger agreement; and
- ***Proposal 2:*** "**FOR**" the approval of the adjournment of the KFN special meeting, if necessary to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the special meeting.

Q:

Who may attend the special meeting?

A:

KFN common shareholders at the close of business on the record date for the special meeting (February 26, 2014) or their authorized representatives may attend the special meeting.

Q:

Is my vote important?

A:

Yes, your vote is very important. If you do not submit a proxy or vote in person at the special meeting, it will be more difficult for KFN to obtain the necessary quorum to hold the special meeting. In addition, an abstention or your failure to submit a proxy or to vote in person will have the same effect as a vote "AGAINST" the adoption of the merger agreement. If you hold your

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common shares through a broker or other nominee, your broker or other nominee will not be able to cast a vote on the adoption of the merger agreement without instructions from you. The KFN board of directors recommends that you vote "**FOR**" the adoption of the merger agreement.

Q:

Can I revoke my proxy or change my voting instructions?

A:

Yes. You may revoke your proxy and/or change your vote at any time before your proxy is voted at the special meeting. If you are a common shareholder of record, you can do this by:

sending a duly signed revocation to KFN at 555 California Street, 50th Floor, San Francisco, CA, 94104, Attn: Corporate Secretary, that bears a date later than the date of the proxy you want to revoke and is received prior to the special meeting;

submitting a valid, later-dated proxy by mail, telephone or Internet that is received prior to the special meeting; or

attending the special meeting and voting by ballot in person (your attendance at the special meeting will not, by itself, revoke any proxy that you have previously given).

If you hold your KFN common shares through a broker or other nominee, you must follow the directions you receive from your broker or other nominee in order to revoke your proxy or change your voting instructions.

Q:

What happens if I sell my common shares after the record date but before the special meeting?

A:

The record date for the special meeting (the close of business on February 26, 2014) is earlier than the date of the special meeting and the date that the merger is expected to be completed. If you sell or otherwise transfer your KFN common shares after the record date but before the date of the special meeting, you will retain your right to vote at the special meeting (unless otherwise agreed between you and the transferee). However, you will not have the right to receive the merger consideration to be received by KFN's common shareholders in the merger. In order to receive the merger consideration, you must hold your common shares through completion of the merger.

Q:

What do I do if I receive more than one set of voting materials?

A:

You may receive more than one set of voting materials for the special meeting, including multiple copies of this proxy statement/prospectus, proxy cards and/or voting instruction forms. This can occur if you hold your common shares in more than one brokerage account, if you hold common shares directly as a record holder and also in "street name," or otherwise through a nominee, and in certain other circumstances. If you receive more than one set of voting materials, we encourage you to vote and/or return each set separately in order to ensure that all of your common shares are voted.

Q:

Am I entitled to appraisal rights if I vote against the adoption of the merger agreement?

A:

No. Appraisal rights, which generally confer on holders of securities who do not vote in favor of or consent to a merger the right to demand payment of fair value for their securities as determined by a court in a judicial proceeding instead of receiving the consideration offered to such holders in connection with the merger, are not available in connection with the merger under the Delaware Limited Liability Company Act or under KFN's Second Amended and Restated Operating Agreement, as amended, which is referred to in this proxy statement/prospectus as KFN's operating agreement.

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Q:

Is completion of the merger subject to any conditions?

A:

Yes. In addition to the adoption of the merger agreement by KFN common shareholders, completion of the merger requires the receipt of the necessary governmental clearances and the satisfaction or, to the extent permitted by applicable law, waiver of the other conditions specified in the merger agreement. For a more complete summary of the conditions that must be satisfied (or, to the extent permitted by applicable law, waived) prior to completion of the merger, see "The Merger Agreement Conditions to Consummation of the Merger" beginning on page 134 of this proxy statement/prospectus.

Q:

When do you expect to complete the merger?

A:

KFN and KKR are working towards completing the merger promptly. KFN and KKR currently expect to complete the merger in the first half of 2014, subject to receipt of KFN shareholder approval, regulatory approvals and clearances and other usual and customary closing conditions. However, no assurance can be given as to when, or if, the merger will occur.

Q:

What are the expected U.S. federal income tax consequences to a KFN common shareholder as a result of the transactions contemplated by the merger agreement?

A:

The merger will be a taxable transaction for U.S. federal income tax purposes. If you are a U.S. holder of KFN common shares, for U.S. federal income tax purposes, your receipt of KKR common units and cash in lieu of fractional units in exchange for your KFN common shares in the merger generally will cause you to recognize gain or loss measured by the difference, if any, between (i) the sum of (A) the fair market value of any KKR common units received, (B) the amount of cash received and (C) your share of KFN's nonrecourse debt immediately prior to the merger and (ii) your adjusted tax basis in your KFN common shares. Any such gain or loss recognized generally will be treated as capital gain or loss and will be long-term capital gain or loss if your holding period for your KFN common shares exceeds one year. However, a portion of any such gain will be treated as ordinary income to the extent attributable to your allocable share of unrealized gain or loss in KFN's assets as described in Section 751 of the U.S. Internal Revenue Code, which is referred to in this proxy statement/prospectus as the Code. If you are a non-U.S. holder of KFN common shares, a portion of any gain recognized by you in the merger (which will be calculated in the same manner described above for a U.S. holder) may be treated for U.S. federal income tax purposes as effectively connected income, and hence you may be subject to U.S. federal income tax on such portion. All holders of KFN common shares should consult their own tax advisor for a full understanding of how the merger will affect their taxes. See "Material U.S. Federal Income Tax Consequences of the Merger" beginning on page 172 of this proxy statement/prospectus for further discussion of the U.S. federal income tax consequences of the merger.

Q:

What are the expected U.S. federal income tax consequences for a KFN common shareholder of the ownership of KKR common units after the merger is completed?

A:

Subject to the requirements below, KKR will be treated, for U.S. federal income tax purposes, as a partnership and not as an association or a publicly traded partnership taxable as a corporation. As a result, a U.S. KKR common unitholder will be subject to U.S. federal, state, local and possibly, in some cases, foreign income taxation on its allocable share of KKR's items of income, gain, loss, deduction and credit (including its allocable share of those items of any entity in which KKR invests that is treated as a partnership or is otherwise subject to tax on a flow-through basis) for each of KKR's taxable years ending with or within the unitholder's taxable year, regardless of whether or when such unitholder receives cash distributions. KKR will be treated, for U.S. federal income tax purposes, as a partnership described above so long as 90% of KKR's gross income for

each taxable year constitutes qualifying income as defined in Section 7704 of the Code and KKR is not required to register as an investment company under the U.S. Investment Company Act of 1940, as amended, which is referred to in this proxy statement/prospectus as the Investment Company Act, on a continuing basis, assuming there is no change in law.

KKR expects that it will be engaged in a U.S. trade or business for U.S. federal income tax purposes, including by reason of investments in U.S. real property holding corporations, real estate assets and natural resource and oil and gas investments, in which case some portion of KKR's income would be treated as effectively connected income with respect to non-U.S. holders, or ECI. To the extent KKR's income is treated as ECI, non-U.S. KKR common unitholders generally would be subject to withholding tax on their allocable share of such income, would be required to file a U.S. federal income tax return for such year reporting their allocable share of income effectively connected with such trade or business and any other income treated as ECI, and would be subject to U.S. federal income tax at regular U.S. tax rates on any such income (state and local income taxes and filings may also apply in that event). Non-U.S. KKR common unitholders that are corporations may also be subject to a 30% branch profits tax (potentially reduced under an applicable treaty) on their actual or deemed distributions of such income. In addition, distributions to non-U.S. KKR common unitholders that are attributable to profits on the sale of a U.S. real property interest may also be subject to 30% withholding tax. Also, non-U.S. KKR common unitholders may be subject to 30% withholding on allocations of KKR's income that are U.S. source fixed or determinable annual or periodic income under the Code, unless an exemption from or a reduced rate of such withholding applies (under an applicable treaty of the Code) and certain tax status information is provided.

All holders of KFN common shares should consult their own tax advisor for a full understanding of the tax consequences of the ownership of KKR common units after the merger is completed. See "Material U.S. Federal Tax Consequences of KKR Common Unit Ownership" beginning on page 184 of this proxy statement/prospectus for further discussion of the U.S. federal income tax consequences of the ownership of KKR common units.

Q:

What do I need to do now?

A:

Carefully read and consider the information contained in and incorporated by reference into this proxy statement/prospectus, including its annexes. Then, please vote your KFN common shares, which you may do by:

- submitting your proxy by telephone or via the Internet by following the instructions included on your proxy card;
- completing, dating, signing and returning the enclosed proxy card in the accompanying postage-paid envelope; or
- attending the special meeting and voting by ballot in person.

If you hold KFN common shares through a broker or other nominee, please instruct your broker or nominee to vote your KFN common shares by following the instructions that the broker or nominee provides to you with these materials.

Q:

Should I send in my share certificates now?

A:

No. KFN shareholders should not send in their share certificates at this time. After completion of the merger, KKR's exchange agent will send you a letter of transmittal and instructions for exchanging your KFN common shares for the merger consideration. The KKR common units you receive in the merger will be issued in book-entry form.

Q:

Whom should I call with questions?

A:

KFN shareholders should call Innisfree M&A Incorporated, KFN's proxy solicitor, toll-free at (888) 750-5834 (banks and brokers call collect at (212) 750-5833) with any questions about the merger or the special meeting, or to obtain additional copies of this proxy statement/prospectus, proxy cards or voting instruction forms.

SUMMARY

This summary highlights selected information from this proxy statement/prospectus. You are urged to read carefully the entire proxy statement/prospectus and the other documents referred to in this proxy statement/prospectus because the information in this section does not provide all the information that might be *important to you with respect to the merger agreement, the merger and the other matters being considered at the KFN special meeting. See "Where You Can Find More Information" beginning on page 234 of this proxy statement/prospectus.*

The Parties (See page 127)

KKR Financial Holdings LLC

KFN is a Delaware limited liability company whose common shares are publicly traded on the NYSE under the symbol "KFN." KFN is a specialty finance company with expertise in a range of asset classes. The principal executive offices of KFN are located at 555 California Street, 50th Floor, San Francisco, California 94104, and its telephone number is (415) 315-3620.

KKR & Co. L.P.

KKR is a Delaware limited partnership whose common units are publicly traded on the NYSE under the symbol "KKR." KKR is a global investment firm with $94.3 billion in assets under management as of December 31, 2013. The principal executive offices of KKR are located at 9 West 57th Street, Suite 4200, New York, New York 10019, and its telephone number is (212) 750-8300. KKR and its subsidiaries are referred to in this proxy statement/prospectus as the KKR Group.

KKR Fund Holdings L.P.

Fund Holdings is an exempted limited partnership formed under the laws of the Cayman Islands and is a subsidiary of KKR. The principal executive offices of Fund Holdings are located c/o KKR 9 West 57th Street, Suite 4200, New York, New York 10019, and its telephone number is (212) 750-8300.

Copal Merger Sub LLC

Merger Sub is a Delaware limited liability company and is a direct, wholly owned subsidiary of Fund Holdings. The principal executive offices of Merger Sub are located at 9 West 57th Street, Suite 4200, New York, New York 10019, and its telephone number is (212) 750-8300.

The Merger (See page 133)

KFN, KKR, Fund Holdings and Merger Sub have entered into the merger agreement. Subject to the terms and conditions of the merger agreement and in accordance with Delaware law, Merger Sub will be merged with and into KFN, with KFN continuing as the surviving entity. Upon completion of the merger, KFN will be a direct subsidiary of Fund Holdings, and KFN common shares will no longer be publicly traded. KFN's preferred shares will remain outstanding and listed on the NYSE after completion of the merger.

Merger Consideration (See page 140)

The merger agreement provides that, at the effective time of the merger, each KFN common share issued and outstanding immediately prior to the effective time will be converted into the right to receive 0.51 KKR common units. Each KFN common share that is held by Fund Holdings or any subsidiary of Fund Holdings immediately prior to the effective time of the merger will be cancelled without any conversion or payment of

consideration in respect thereof.

KKR will not issue any fractional KKR common units in the merger. Instead, the total number of KKR common units that each KFN common shareholder will receive in the merger will be rounded down to the nearest whole number, and each KFN common shareholder will receive cash, without interest, for any fractional KKR common unit that such person would otherwise receive in the merger.

Treatment of Equity Awards (See page 140)

Options. Each KFN option to purchase a KFN common share that is outstanding and unexercised immediately prior to the effective time of the merger will be cancelled and converted into the right to receive an amount in cash equal to the excess of the cash value of 0.51 KKR common units over the exercise price per KFN common share subject to such option.

Restricted Shares. Each restricted KFN common share that is outstanding immediately prior to the effective time of the merger will be converted into 0.51 restricted KKR common units having the same terms and conditions as applied to such restricted KFN common share immediately prior to the effective time.

Phantom Shares. Each outstanding phantom share under KFN's Non-Employee Directors' Deferred Compensation and Share Award Plan will be converted into a phantom share in respect of 0.51 KKR common units and will otherwise remain subject to the terms of the plan.

KFN Special Shareholder Meeting; Shareholders Entitled to Vote; Vote Required (See page 129)

Meeting. The KFN special meeting will be held at The Bently Reserve, Gateway Room, 301 Battery Street, San Francisco, California 94111, on April 30, 2014, at 9:00 a.m., local time. At the special meeting, KFN common shareholders will be asked to vote on the following proposals:

Proposal 1: *Adoption of the Merger Agreement.* The affirmative vote of holders of at least a majority of the outstanding KFN common shares entitled to vote thereon, including a majority of the outstanding KFN common shares entitled to vote thereon held by shareholders other than KKR and its affiliates. Accordingly, abstentions and unvoted shares will have the same effect as votes "AGAINST" the adoption of the merger agreement.

Proposal 2: *Adjournment of the KFN Special Meeting (if necessary).* The affirmative vote of holders of at least a majority of the outstanding KFN common shares entitled to vote thereon present in person or represented by proxy at the special meeting. Accordingly, an abstention will have the same effect as a vote "AGAINST" the proposal, although an unvoted share will have no effect on the proposal assuming that a quorum is present at the special meeting.

Record Date. Only KFN common shareholders of record as of the close of business on February 26, 2014 will be entitled to receive notice of and to vote at the special meeting. As of the close of business on the record date of February 26, 2014, there were 204,824,159 KFN common shares outstanding and entitled to vote at the special meeting, including 4,658,021 shares held by KKR and its affiliates. Each holder of a KFN common share is entitled to one vote for each common share owned as of the record date.

Required Vote. To adopt the merger agreement, holders of at least a majority of the outstanding KFN common shares entitled to vote thereon, including a majority of the outstanding KFN common shares entitled to vote thereon held by shareholders other than KKR and its affiliates, must vote in favor of the adoption of the merger agreement. **The merger cannot be completed unless KFN common shareholders adopt the merger agreement**. **Because approval is based on the affirmative vote of at least a majority of the outstanding KFN common shares, a KFN common shareholder's failure to vote, an abstention from voting or the failure of a KFN common shareholder who holds his or her units in**

"street name" through a broker or other nominee to give voting instructions to such broker or other nominee will have the same effect as a vote "AGAINST" the adoption of the merger agreement.

To approve the adjournment of the KFN special meeting, if necessary to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the special meeting, the affirmative vote of holders of at least a majority of the outstanding KFN common shares entitled to vote thereon present in person or represented by proxy at the special meeting is required. Because approval of this proposal is based on the voting power present with respect to such proposal, abstentions will have the same effect as a vote "AGAINST" the proposal, and failures to be present to vote and failures of KFN common shareholders who hold their shares in "street name" through brokers or other nominees to give voting instructions to such brokers or other nominees will have no effect on the vote held on such proposal provided that a quorum is present.

Share Ownership of KFN's Directors and Executive Officers. As of the close of business on the record date for the special meeting, KFN's directors and executive officers beneficially owned and had the right to vote 1,662,070 common shares at the special meeting, representing approximately 0.8% of the KFN common shares entitled to vote at the special meeting.

It is expected that KFN's directors and executive officers will vote their shares "**FOR**" the adoption of the merger agreement and "**FOR**" the proposal to adjourn the special meeting, if necessary, although none of them has entered into any agreement requiring them to do so.

Share Ownership of Affiliates of KKR. As of the close of business on the record date for the special meeting, affiliates of KKR beneficially owned and had the right to vote 4,658,021 common shares at the special meeting, representing approximately 2.3% of the KFN common shares entitled to vote at the special meeting.

It is expected that the affiliates of KKR will vote their shares "**FOR**" the adoption of the merger agreement and "**FOR**" the proposal to adjourn the special meeting, if necessary, although none of them has entered into any agreement requiring them to do so. Any such affirmative vote will not, however, affect the required approval of the proposal to adopt the merger agreement by the affirmative vote of a majority of KFN common shares entitled to vote thereon other than KFN common shares held by KKR and its affiliates.

Recommendation of the KFN Board of Directors and Reasons for the Merger; Fairness of the Merger (See page 38)

The KFN board of directors, upon the unanimous recommendation of a transaction committee consisting solely of independent directors, recommends that KFN shareholders vote "**FOR**" the adoption of the merger agreement.

In the course of reaching its decision to approve the merger agreement and the transactions contemplated by the merger agreement, the KFN board of directors considered a number of factors in its deliberations. For a more complete discussion of these factors, see "Special Factors Recommendation of the KFN Board of Directors and Reasons for the Merger; Fairness of the Merger" beginning on page 38 of this proxy statement/prospectus.

Opinion of the Financial Advisor to the KFN Transaction Committee (See page 42)

Sandler O'Neill & Partners, L.P., referred to in this proxy statement/prospectus as Sandler O'Neill, acted as financial advisor to the transaction committee in connection with the proposed transaction and participated in certain of the negotiations leading to the execution of the merger agreement. At the December 13, 2013 meeting of the transaction committee, Sandler O'Neill delivered to the transaction committee its oral opinion, which was subsequently confirmed in writing on December 16, 2013, that, as of December 16, 2013, the merger consideration was fair to the holders of KFN common shares from a

financial point of view. **The full text of Sandler O'Neill's opinion is attached as Annex B to this proxy statement/prospectus. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler O'Neill in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the full text of the opinion. Holders of KFN common shares are urged to read the entire opinion carefully in connection with their consideration of the proposed merger.**

KKR Unitholder Approval is Not Required (See page 101)

KKR unitholders are not required to adopt the merger agreement or approve the merger or the issuance of KKR common units in connection with the merger.

Ownership of KKR after the Merger

Based on the number of outstanding KFN common shares (including restricted shares) outstanding as of March 18, 2014, KKR expects to issue approximately 104.5 million KKR common units to KFN common shareholders pursuant to the merger agreement. The actual number of KKR common units to be issued pursuant to the merger agreement will be determined at the completion of the merger based on the exchange ratio of 0.51 and the number of KFN common shares (including restricted shares) outstanding at that time.

As of March 18, 2014, KKR Holdings L.P., which is referred to in this proxy statement/prospectus as KKR Holdings, owns 393,357,457 partnership interests of each of KKR Management Holdings L.P. and Fund Holdings (the holding companies of the KKR business) which are referred to, together, in this proxy statement/prospectus as the KKR Group Partnerships. These partnership interests are referred to in this proxy statement/prospectus as the KKR Group Partnership units, and may be collectively exchanged, on a quarterly basis, for KKR common units on a one-for-one basis, subject to customary conversion rate adjustments for splits, unit distributions and reclassifications.

As of March 18, 2014, KKR had 300,354,288 of its common units outstanding, which excludes KKR common units beneficially owned by KKR Holdings through its ownership of KKR Group Partnership units, KKR common units available for future issuances under the KKR & Co. L.P. 2010 Equity Incentive Plan and KKR common units available for future issuance in connection with KKR's acquisitions. Based on the number of KKR common units outstanding as of March 18, 2014 referenced in the immediately preceding sentence, it is anticipated that, immediately after the completion of the merger, former KFN common shareholders will own approximately 25.8% of the outstanding KKR common units. However, assuming all of the KKR Group Partnership units held by KKR Holdings as of March 18, 2014 were exchanged into KKR common units prior to the merger, it is anticipated that, immediately after the completion of the merger, former KFN common shareholders will own approximately 13.1% of the outstanding KKR common units. See "Organizational Chart" for a simplified diagram showing KKR's organizational structure.

Holders of KKR common units do not elect KKR's managing partner or its board of directors and, unlike the holders of KFN's common shares with respect to KFN, have only limited voting rights on matters affecting KKR's business and therefore limited ability to influence decisions regarding KKR's business, which is run by its managing partner. See "Comparison of KKR Common Units and KFN Common Shares" beginning on page 212 of this proxy statement/prospectus.

Interests of Directors and Executive Officers of KFN in the Merger (See page 98)

KFN's executive officers and directors have interests in the merger that are different from, or in addition to, their interests as common shareholders of KFN. The members of the KFN board of directors were aware of and considered these interests, among other matters, in evaluating and negotiating the merger agreement and the merger, and in recommending to KFN's common

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shareholders that the merger agreement be adopted. KFN's executive officers (including any executive officers who are members of the KFN board of directors) did not participate in the vote by the KFN board of directors relating to the merger. The merger agreement provides for the conversion of KFN restricted common shares and KFN phantom shares into awards in respect of KKR common units, with the number of KFN common shares underlying such converted awards to be adjusted on the same basis as KFN common shares. In addition, KFN's executive officers and directors are entitled to continued exculpation, indemnification, expense advancement rights and insurance coverage under indemnification agreements and the merger agreement. These different interests are described under "Special Factors Interests of Directors and Executive Officers of KFN in the Merger" beginning on page 98 of this proxy statement/prospectus.

Risks Relating to the Merger and Ownership of KKR Common Units (See page 104)

KFN common shareholders should consider carefully all the risk factors, together with all of the other information included or incorporated by reference, in this proxy statement/prospectus before deciding how to vote. Risks relating to the merger and the ownership of KKR common units are described in the section titled "Risk Factors" beginning on page 104 of this proxy statement/prospectus. Some of these risks include, but are not limited to, those described below:

- Because the exchange ratio is fixed, KFN common shareholders cannot be sure of the market value of the KKR common units they will receive as merger consideration relative to the value of the KFN common shares they exchange.

- KFN and KKR may be unable to obtain the regulatory clearances and approvals required to complete the merger or may be required to comply with material restrictions or satisfy material conditions.

- The merger agreement contains provisions that limit KFN's ability to pursue alternatives to the merger and, in specified circumstances, could require KFN to pay a termination payment of $26,250,000 to Merger Sub or its designee.

- Executive officers and directors of KFN have certain interests that are different from those of KFN common shareholders generally. See "Special Factors Interests of Directors and Executive Officers of KFN in the Merger" beginning on page 98 of this proxy statement/prospectus.

- KFN common shareholders will have a reduced ownership interest and will not have a voting interest in most matters after the merger and will exercise materially less or no influence over management.

- KKR common units to be received by KFN common shareholders as a result of the merger have materially different rights than KFN common shares.

- KFN common shareholders are expected to recognize taxable income or gain for U.S. federal income tax purposes as a result of the merger.

- KKR is an affiliate of KFN's external manager, which provides executive officers and other services to KFN.

Material U.S. Federal Income Tax Consequences of the Merger (See page 172)

The merger will be a taxable transaction for U.S. federal income tax purposes. If you are a U.S. holder of KFN common shares, for U.S. federal income tax purposes, your receipt of KKR common units and cash in lieu of fractional units in exchange for your KFN common shares in the merger generally will cause you to recognize gain or loss measured by the difference, if any, between (i) the sum of (a) the fair market value of any KKR common units received, (b) the amount of cash received and (c) your share of KFN's nonrecourse debt immediately prior to the merger and (ii) your adjusted

tax basis in your KFN common shares. Any such gain or loss recognized generally will be treated as capital gain or loss and will be long-term capital gain or loss if your holding period for your KFN common shares exceeds one year. However, a portion of any such gain will be treated as ordinary income to the extent attributable to your allocable share of unrealized gain or loss in KFN's assets to the extent described in Section 751 of the Code. If you are a Non-U.S. holder of KFN common shares, a portion of any gain recognized by you in the merger (which will be calculated in the same manner described above for a U.S. holder) may be treated for U.S. federal income tax purposes as effectively connected income, and hence you may be subject to U.S. federal income tax on such portion. All holders of KFN common shares should consult their own tax advisor for a full understanding of how the merger will affect their taxes. See "Material U.S. Federal Income Tax Consequences of the Merger" beginning on page 172 of this proxy statement/prospectus for further discussion of the U.S. federal income tax consequences of the merger.

Accounting Treatment of the Merger (See page 100)

The merger will be accounted for by KKR using the acquisition method of accounting. Under this method of accounting, the purchase price will be allocated to the fair value of the net assets acquired at the date of completion of the merger. The excess purchase price over the fair value of the net assets acquired will be recorded as goodwill.

Listing of KKR Common Units; Delisting and Deregistration of KFN Common Shares (See page 101)

KKR common units are currently listed on the NYSE under the ticker symbol "KKR." It is a condition to closing of the merger that the KKR common units to be issued in the merger to KFN common shareholders be approved for listing on the NYSE, subject to official notice of issuance.

KFN's common shares are currently listed on the NYSE under the ticker symbol "KFN." If the merger is completed, KFN's common shares will cease to be listed on the NYSE and will be deregistered under the Exchange Act.

No Appraisal Rights (See page 99)

Under Delaware law and pursuant to KFN's operating agreement, KFN common shareholders will not have appraisal rights in connection with the merger.

Conditions to Consummation of the Merger (See page 134)

KKR and KFN currently expect to complete the merger in the first half of 2014, subject to receipt of required KFN shareholder approval and regulatory approvals and clearances and subject to the satisfaction or waiver of the other conditions to the merger described below.

As more fully described in this proxy statement/prospectus, each party's obligation to complete the merger depends on a number of conditions being satisfied or, to the extent permitted by applicable law, waived, including the following:

- the merger agreement must have been adopted by the affirmative vote of the holders of at least a majority of the outstanding KFN common shares entitled to vote thereon on the record date, including the holders of a majority of the outstanding KFN common shares other than those KFN common shares held by KKR or any affiliate of KKR;

- the waiting period applicable to the merger under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which is referred to in this proxy statement/prospectus as the HSR Act, must have been terminated or expired, and all consents required under any other antitrust law must have been obtained or any applicable waiting period thereunder must have been terminated or expired;

- there must be no outstanding judgment, injunction, order or decree of a competent U.S. federal or state governmental authority prohibiting or enjoining the completion of the merger or the other transactions contemplated by the merger agreement;

- the registration statement of which this proxy statement/prospectus forms a part must have been declared effective by the SEC and must not be subject to a stop order or similar restraining order by the SEC; and

- the KKR common units to be issued in the merger must have been approved for listing on the NYSE, subject to official notice of issuance.

The obligations of each of KKR, Fund Holdings and Merger Sub to effect the merger are subject to the satisfaction or waiver of the following additional conditions:

- the representations and warranties of KFN in the merger agreement being true and correct both when made and at and as of the date of the closing of the merger, subject to certain standards, including materiality and material adverse effect qualifications, as described under "The Merger Agreement Conditions to Consummation of the Merger" beginning on page 134 of this proxy statement/prospectus;

- KFN having performed in all material respects all obligations required to be performed by it under the merger agreement at or before the closing;

- there not having occurred any events that, individually or in the aggregate, constitute a material adverse effect with respect to KFN since the date of the merger agreement;

- the receipt of an officer's certificate executed by an executive officer of KFN certifying that the three preceding conditions have been satisfied;

- the receipt of a payoff letter reasonably acceptable to KKR with respect to the termination of KFN's existing $150 million credit facility and any amounts outstanding thereunder (under which $75.0 million of borrowings were outstanding as of December 31, 2013); and

- receipt of a statement in accordance with Treasury Regulation Section 1.1445-11T(d)(2) certifying that 50% or more of the value of the gross assets of KFN does not consist of U.S. real property interests, or that 90% or more of the value of the gross assets of KFN does not consist of U.S. real property interests plus cash or cash equivalents.

The obligations of KFN to effect the merger are subject to the satisfaction or waiver of the following additional conditions:

- the representations and warranties of KKR in the merger agreement being true and correct both when made and at and as of the date of the closing of the merger, subject to certain standards, including materiality and material adverse effect qualifications, as described under "The Merger Agreement Conditions to Consummation of the Merger" beginning on page 134 of this proxy statement/prospectus;

- each of KKR, Fund Holdings and Merger Sub having performed in all material respects, all obligations required to be performed by it under the merger agreement at or before the closing;

there not having occurred any events that, individually or in the aggregate, constitute a material adverse effect with respect to KKR since the date of the merger agreement; and

the receipt of an officer's certificate executed by an executive officer of KKR certifying that the three preceding conditions have been satisfied.

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Regulatory Approvals and Clearances Required for the Merger (See page 100)

Consummation of the merger is subject to the expiration or termination of the waiting period under the HSR Act applicable to the merger. On February 20, 2014, KKR and KFN each filed a notification and report form under the HSR Act with the Antitrust Division of the Department of Justice, which is referred to in this proxy statement/prospectus as the Antitrust Division, and the Federal Trade Commission, which is referred to in this proxy statement/prospectus as the FTC. On March 6, 2014, the FTC granted early termination of the waiting period under the HSR Act. See "Special Factors Regulatory Approvals and Clearances Required for the Merger" beginning on page 100 of this proxy statement/prospectus.

No Solicitation by KFN of Alternative Proposals (See page 137)

Under the merger agreement, KFN has agreed that it will not, and it will use reasonable best efforts to cause its and its subsidiaries' directors, officers, employees, agents, investment bankers, attorneys, accountants and other representatives not to, directly or indirectly, except as otherwise permitted by the merger agreement:

- initiate or solicit or knowingly encourage any inquiries with respect to, or the making of, an acquisition proposal;
- engage in any negotiations concerning, or provide any confidential information or data to any person relating to, an acquisition proposal;
- approve or recommend, or propose publicly to approve or recommend, any acquisition proposal;
- approve or recommend, or propose publicly to approve or recommend, or execute or enter into, any letter of intent, agreement in principle, merger agreement, acquisition agreement, option agreement or other similar agreement relating to any acquisition proposal; or
- propose publicly or agree to do any of the foregoing relating to any acquisition proposal.

In addition, the merger agreement requires KFN and its subsidiaries to (1) cease and cause to be terminated any existing activities, discussions or negotiations with any person conducted prior to the date of the merger agreement with respect to an acquisition proposal and (2) request that each third party that executed a confidentiality agreement that relates to an acquisition proposal before the date of the merger agreement return or destroy all confidential information furnished to the third party by KFN or on its behalf before the date of the merger agreement.

Notwithstanding these restrictions, the merger agreement provides that, under specified circumstances at any time before KFN shareholders vote in favor of the adoption of the merger agreement, if KFN receives a written unsolicited bona fide acquisition proposal after the date of the merger agreement that the board of directors of KFN has determined in good faith, after consultation with its outside legal counsel and financial advisors (1) constitutes a superior proposal (as described below) or (2) could reasonably be expected to result in a superior proposal, KFN may:

- furnish nonpublic information to a third party that makes an acquisition proposal, if, before furnishing the information, KFN receives an executed confidentiality agreement with provisions no less restrictive to the third party with respect to the use or disclosure of nonpublic information than the confidentiality agreement in effect between KFN and KKR; and
- engage in discussions or negotiations with the third party with respect to the acquisition proposal.

KFN has also agreed in the merger agreement that it will promptly orally notify KKR of any request for information or any inquiries, proposals or offers relating to an acquisition proposal indicating, in connection with the notice, the name of the person making the request, inquiry, proposal

or offer and the material terms and conditions of any proposals or offers, and that it will provide to KKR written notice of any inquiry, proposal or offer within 24 hours of the request or inquiry, proposal or offer and copies of any written or electronic correspondence to or from any person making an acquisition proposal. KFN is required to keep KKR informed orally, as soon as reasonably practicable, of the status of any acquisition proposal, including with respect to the status and terms of any proposal or offer and whether any proposal or offer has been withdrawn or rejected, and to provide to KKR written notice of any withdrawal or rejection and copies of any written proposals or requests for information within 24 hours. KFN has also agreed to provide any information to KKR (not previously provided to KKR) that it provides to another person pursuant to these provisions at substantially the same time it provides the information to the other person.

Change in KFN Board Recommendation (See page 138)

The merger agreement provides that the KFN board of directors will not, directly or indirectly, withdraw, modify or qualify, in a manner adverse to KKR, the KFN board of directors' recommendation that KFN's common shareholders adopt the merger agreement or approve, adopt or recommend, or publicly propose to approve, adopt or recommend, any alternative acquisition proposal.

Notwithstanding the above, subject to certain procedural requirements and limitations as provided for in the merger agreement and described under "The Merger Agreement Change in KFN Board Recommendation" beginning on page 138 of this proxy statement/prospectus, if KFN receives a written unsolicited bona fide acquisition proposal or in response to an intervening event, the KFN board of directors may effect a change of recommendation under certain circumstances.

Termination of the Merger Agreement (See page 142)

KKR or KFN may terminate the merger agreement at any time prior to the closing, whether before or after KFN common shareholders have approved the merger agreement:

- by mutual written consent;
- if there is any law or regulation that makes completion of the merger illegal or otherwise prohibited, or if any judgment, injunction, order or decree of a competent U.S. federal or state governmental authority enjoining the parties from completing the merger is entered and has become final and nonappealable;
- if the merger is not completed on or before September 16, 2014;
- if KFN common shareholders do not adopt the merger agreement at the special meeting (including any adjournment or postponement of the special meeting); or
- if the other party has materially breached any of its representations, warranties, covenants or agreements contained in the merger agreement, or if any fact, circumstance, event, change, occurrence or effect has occurred, which breach or fact, circumstance, event, change, occurrence or effect would result in the failure of certain closing conditions to be satisfied on or prior to September 16, 2014, and the breach or fact, circumstance, event, change, occurrence or effect is not capable of being cured or is not cured by the earlier of (1) 30 business days after written notice is received by the party alleged to be in breach or with respect to which a fact, circumstance, event, change, occurrence or effect is alleged to have occurred and (2) September 16, 2014.

In addition, KKR may terminate the merger agreement if, at any time before KFN common shareholders have adopted the merger agreement:

- a change of recommendation has occurred; or

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an alternative acquisition proposal in respect of KFN is publicly announced or disclosed (or any person publicly announces an intention (whether or not conditional) to make an acquisition proposal) after the date of the merger agreement and the board of directors of KFN fails to affirm the recommendation in favor of the adoption of the merger agreement during the time periods required under the merger agreement.

In addition, KFN may terminate the merger agreement at any time before KFN common shareholders have adopted the merger agreement in order to enter into a definitive written agreement with respect to a superior proposal provided that KFN has complied in all material respects with its obligations under described under "The Merger Agreement No Solicitation by KFN of Alternative Proposals" and "The Merger Agreement Change in KFN Board Recommendation" beginning on pages 139 and 140, respectively, of this proxy statement/prospectus and pays the applicable termination payment described herein.

Expenses and Termination Payments Relating to the Merger (See page 143)

Generally, all fees and expenses incurred in connection with the merger will be the obligation of the respective party incurring such fees and expenses, except that (1) expenses incurred in connection with filing, printing and mailing of the registration statement of which this proxy statement/prospectus forms a part and this proxy statement/prospectus (including filing fees) will be shared equally by Fund Holdings and KFN and (2) KKR will be responsible for all filing fees under the HSR Act and other antitrust laws.

Following termination of the merger agreement under specified circumstances, KFN may be required to pay Merger Sub or its designee (unless the payment obligation is waived by Merger Sub) a termination payment of $26,250,000 or to reimburse KKR for its merger-related expenses not to exceed $7.5 million.

The parties agreed that the amount of KFN's third-party expenses accrued in the fourth quarter of 2013 in connection with the consideration by KFN of the KKR acquisition proposal would reduce the amount of management fees paid by KFN to a subsidiary of KKR under the management agreement in an amount equal to such third-party expenses paid.

Comparison of KKR Common Units and KFN Common Shares (See page 212)

KFN common shareholders receiving KKR common units in the merger will have materially different rights once they become holders of KKR's common units due to differences between the governing documents of KFN and the governing documents of KKR. These differences are described in more detail under "Comparison of KKR Common Units and KFN Common Shares" beginning on page 212.

Litigation Relating to the Merger (See page 101)

Fifteen putative stockholder class action lawsuits, referred to in this proxy statement/prospectus as the merger lawsuits, were filed against KFN and certain other defendants in connection with KFN's entering into the merger agreement. Five of the merger lawsuits were filed in the Superior Court of California, County of San Francisco; one of the merger lawsuits was filed in the United States District Court for the District of Northern California; and nine of the merger lawsuits were filed in the Court of Chancery of the State of Delaware. The five California state court actions have been consolidated. The plaintiff in the federal action has moved for an order scheduling a preliminary injunction hearing and authorizing expedited discovery, but later withdrew his motion for expedited discovery; the defendants have not been served in the federal action. Two of the Delaware court actions were voluntarily dismissed, and the remaining seven Delaware court actions were consolidated. All defendants have moved to dismiss the complaint filed in the consolidated Delaware action. Each of the

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merger lawsuits was filed on behalf of a putative class of KFN common shareholders against KFN, the individual members of KFN's board of directors, KKR, Fund Holdings, and Merger Sub. The merger lawsuits allege variously that the members of the KFN board of directors breached their fiduciary duties owed to KFN common shareholders by approving the proposed merger for inadequate consideration; approving the transaction in order to obtain benefits not equally shared by other KFN common shareholders; entering into the merger agreement containing preclusive deal protection devices; failing to take steps to maximize the value to be paid to the KFN common shareholders; and failing to disclose material information necessary for KFN common shareholders to make a fully informed decision about the proposed merger. The merger lawsuits also seek to state claims against KFN, KKR, Fund Holdings, and Merger Sub for aiding and abetting these alleged breaches of fiduciary duties. In addition, certain of the complaints allege that KKR controlled KFN by means of a management agreement between KFN and KKR Financial Advisors LLC, and that, as a consequence, KKR breached fiduciary duties it owed to KFN common shareholders by causing KFN to approve the merger agreement. The relief sought by the plaintiffs in the merger lawsuits includes, among other things, declaratory and injunctive relief concerning the alleged breaches of fiduciary duties, injunctive relief prohibiting the consummation of the acquisition, rescission, an accounting by defendants, damages and attorneys' fees and costs, and other relief.

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Organizational Chart

The following diagram depicts a simplified organizational structure of KKR following the merger.

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(1) KKR Management LLC serves as the general partner of KKR, which is governed by a board of directors consisting of a majority of independent directors. KKR Management LLC does not hold any economic interests in KKR and is owned by senior KKR principals.

(2) KKR Holdings is the holding vehicle through which KKR principals and other persons indirectly own their interests in KKR's business through ownership of KKR Group Partnership units. As of March 18, 2014, KKR Holdings and KKR held 56.7% and 43.3%, respectively, of the KKR Group Partnership units. KKR Group Partnership units held by KKR Holdings represent interests in KKR's business that are not attributable to holders of KKR common units. KKR Group Partnership units that are held by KKR Holdings are exchangeable for KKR common units on a one-for-one basis, subject to customary conversion rate adjustments for splits, unit

distributions and reclassifications and compliance with applicable vesting and transfer restrictions. As limited partner interests, these KKR Group Partnership units are non-voting and do not entitle KKR Holdings to participate in the management of KKR's business and affairs.

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(3)

KKR Holdings holds special non-economic voting units in KKR that entitle it to cast, with respect to those limited matters that may be submitted to a vote of KKR's unitholders, a number of votes equal to the number of KKR Group Partnership units that it holds from time to time.

(4)

Because the income of KKR Management Holdings L.P. is likely to be primarily non-qualifying income for purposes of the qualifying income exception to the publicly traded partnership rules, KKR formed KKR Management Holdings Corp., which is subject to taxation as a corporation for U.S. federal income tax purposes, to hold its KKR Group Partnership units in KKR Management Holdings L.P. Accordingly, KKR's allocable share of the taxable income of KKR Management Holdings L.P. will be subject to taxation at a corporate rate. KKR Management Holdings L.P., which is treated as a partnership for U.S. federal income tax purposes, was formed to hold interests in KKR's fee generating businesses and other assets that may not generate qualifying income for purposes of the qualifying income exception to the publicly traded partnership rules. Fund Holdings, which is also treated as a partnership for U.S. federal income tax purposes, was formed to hold interests in KKR's businesses and assets that will generate qualifying income for purposes of the qualifying income exception to the publicly traded partnership rules.

(5)

40% of the carried interest earned in relation to KKR's investment funds and carry paying co-investment vehicles is allocated to a carry pool from which carried interest is allocated to KKR principals, other professionals and selected other individuals who work in these operations, thereby reducing the amount of carried interest allocable to KKR Holdings and holders of KKR common units.

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Selected Historical Consolidated Financial Data of KKR

The following tables set forth KKR's selected historical consolidated and combined financial data as of and for the years ended December 31, 2013, 2012, 2011, 2010 and 2009. The historical consolidated financial data as of December 31, 2013 and 2012 and for each of the years ended December 31, 2013, 2012 and 2011 are derived from KKR's audited consolidated financial statements contained in KKR's Annual Report on Form 10-K for the year ended December 31, 2013, which has been incorporated by reference in this proxy statement/prospectus. The historical consolidated and combined financial data as of December 31, 2011, 2010 and 2009 and for the years ended December 31, 2010 and 2009 are derived from KKR's audited consolidated and combined financial statements that are not included or incorporated by reference in this proxy statement/prospectus. The following information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and notes thereto set forth in KKR's Annual Report on Form 10-K for the year ended December 31, 2013 incorporated by reference in this proxy statement/prospectus. See "Where You Can Find More Information" beginning on page 234 of this proxy statement/prospectus.

	Year Ended December 31,				
	2013	2012	2011	2010	2009(1)
	($ in thousands, except unit and per unit data)				
Statement of Operations Data:					
Fees	$ 762,546	$ 568,442	$ 723,620	$ 435,386	$ 331,271
Less: Total Expenses	1,767,138	1,598,788	1,214,005	1,762,663	1,195,710
Total Investment Income (Loss)	8,896,746	9,101,995	1,456,116	9,179,108	7,753,808
Income (Loss) Before Taxes	7,892,154	8,071,649	965,731	7,851,831	6,889,369
Income Taxes	37,926	43,405	89,245	75,360	36,998
Net Income (Loss)	7,854,228	8,028,244	876,486	7,776,471	6,852,371
Net Income (Loss) Attributable to Redeemable Noncontrolling Interests	62,255	34,963	4,318		
Net Income (Loss) Attributable to Noncontrolling Interests	7,100,747	7,432,445	870,247	7,443,293	6,002,686
Net Income (Loss) Attributable to KKR & Co. L.P.(2)	$ 691,226	$ 560,836	$ 1,921	$ 333,178	$ 849,685

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	Year Ended December 31,				October 1, 2009 through December 31, 2009
	2013	2012	2011	2010	
	($ in thousands, except unit and per unit data)				
Net Loss Attributable to KKR & Co. L.P.					$ (78,221)
Distributions Declared per KKR & Co. L.P. Common Unit	$ 1.40	$ 1.22	$ 0.74	$ 0.60	$ 0.08
Net Income (Loss) Attributable to KKR & Co. L.P. Per Common Unit					
Basic	$ 2.51	$ 2.35	$ 0.01	$ 1.62	$ (0.38)
Diluted	$ 2.30	$ 2.21	$ 0.01	$ 1.62	$ (0.38)
Weighted Average Common Units Outstanding					
Basic	274,910,628	238,503,257	220,235,469	206,031,682	204,902,226
Diluted	300,254,090	254,093,160	222,519,174	206,039,244	204,902,226
Statement of Financial Condition Data (period end):					
Total Assets	$ 51,427,201	$ 44,426,353	$ 40,377,645	$ 38,391,157	$ 30,221,111
Total Liabilities	$ 4,842,383	$ 3,020,899	$ 2,692,995	$ 2,391,115	$ 2,859,630
Redeemable Noncontrolling Interests	$ 627,807	$ 462,564	$ 275,507	$	$
Noncontrolling Interests	$ 43,235,001	$ 38,938,531	$ 36,080,445	$ 34,673,549	$ 26,347,632
Total KKR & Co. L.P. Partners' Capital(3)	$ 2,722,010	$ 2,004,359	$ 1,328,698	$ 1,326,493	$ 1,013,849

(1) The financial information reported for periods prior to October 1, 2009 does not give effect to the acquisition of all of the assets and liabilities of KKR & Co. (Guernsey) L.P., formerly known as KKR Private Equity Investors L.P., by affiliates of KKR on October 1, 2009 and the related reorganization of KKR's business into a holding company structure in connection with such acquisition. The acquisition of such assets and liabilities and the related reorganization of KKR's business into a holding company structure is referred to in this proxy statement/prospectus as the KPE Transaction.

(2) Subsequent to the KPE Transaction, net income (loss) attributable to KKR reflects only those amounts that are allocable to KKR's interest in the business. Net income (loss) that is allocable to KKR Holdings' interest in the business is reflected in net income (loss) attributable to noncontrolling interests.

(3) Total KKR partners' capital reflects only the portion of equity attributable to KKR. KKR Holdings' interest in the KKR Group Partnerships is reflected as noncontrolling interests and is not included in the total KKR partners' capital.

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Selected Historical Consolidated Financial Data of KFN

The following historical consolidated financial data as of December 31, 2013 and 2012 and for each of the years ended December 31, 2013, 2012 and 2011 are derived from KFN's audited consolidated financial statements contained in KFN's Annual Report on Form 10-K for the year ended December 31, 2013, which has been incorporated by reference in this proxy statement/prospectus. The following historical consolidated financial data as of December 31, 2011, 2010 and 2009 and for the years ended December 31, 2010 and 2009 are derived from KFN's audited consolidated financial statements that are not included or incorporated by reference in this proxy statement/prospectus. You should read the following data in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and the related notes thereto set forth in KFN's Annual Report on Form 10-K for the year ended December 31, 2013 incorporated by reference in this proxy statement/prospectus. See "Where You Can Find More Information" beginning on page 234 of this proxy statement/prospectus.

	Year Ended December 31,				
	2013	2012	2011	2010	2009
	($ in thousands, except per share data)				
Consolidated Statements of Operations Data					
Total revenues	$ 545,906	$ 555,473	$ 542,021	$ 505,359	$ 572,725
Total investment costs and expenses	305,705	318,375	215,162	188,952	329,169
Total other income (loss)	150,925	205,822	93,447	143,352	(96,275)
Total other expenses	97,429	98,157	94,223	87,993	70,061
Income before income taxes	293,697	344,763	326,083	371,766	77,220
Income tax expense (benefit)	467	(3,467)	8,011	702	284
Net income	293,230	348,230	318,072	371,064	76,936
Preferred share distributions	27,411				
Net income available to common shareholders	265,819	348,230	318,072	371,064	76,936
Distributions declared per common share	$ 0.90	$ 0.86	$ 0.67	$ 0.43	$ 0.05
Consolidated Balance Sheet Data					
Cash and cash equivalents	$ 157,167	$ 237,606	$ 392,154	$ 313,829	$ 97,086
Restricted cash and cash equivalents	350,385	896,396	399,620	571,425	342,706
Securities	573,312	533,520	922,603	932,823	803,258
Corporate loans, net	6,466,720	5,947,857	6,443,399	6,321,444	6,543,643
Residential mortgage loans					2,097,699
Equity investments, at estimated fair value	181,212	161,621	189,845	99,955	120,269
Oil and gas properties, net	400,369	289,929	138,525	33,797	
Interests in joint ventures and partnerships	436,241	149,534			
Total assets	8,717,198	8,358,879	8,647,228	8,418,412	10,300,005
Total borrowings	6,020,465	6,338,407	6,778,208	6,642,455	8,970,591
Total liabilities	6,189,464	6,519,757	6,971,396	6,775,364	9,133,347
Total shareholders' equity	2,527,734	1,839,122	1,675,832	1,643,048	1,166,658
Book value per common share	$ 10.58	$ 10.31	$ 9.41	$ 9.24	$ 7.37

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Ratio of Earnings to Fixed Charges and Ratio of Earnings to Fixed Charges and Preferred Share Distributions of KFN

The following table presents KFN's ratio of earnings to fixed charges and ratio of earnings to fixed charges and preferred share distributions for the fiscal periods indicated. For purposes of determining the ratio of earnings to fixed charges, earnings are defined as earnings before income taxes and fixed charges. Fixed charges consist of interest expense.

	Year Ended December 31,	
	2013	2012
	($ in thousands, except ratios)	
Earnings:		
Income before income taxes	$ 293,697	$ 348,230
Add: Fixed charges from below	190,159	216,608
Total earnings before income taxes and fixed charges	$ 483,856	$ 564,838
Fixed charges:		
Interest expense	$ 190,159	$ 216,608
Total fixed charges	$ 190,159	$ 216,608
Ratio of earnings to fixed charges	2.5x	2.6x
Total fixed charges	$ 190,159	$ 216,608
Preferred share distributions	27,411	
Total fixed charges and preferred share distributions	$ 217,570	$ 216,608
Ratio of earnings to fixed charges and preferred share distributions	2.2x	2.6x

Unaudited Comparative Per Unit Information

The following table summarizes unaudited per common unit/share data for (i) KKR and KFN on a historical basis for the years ended December 31, 2013 and 2012, (ii) KKR on a pro forma combined basis giving effect to the proposed transactions (collectively referred to in this proxy statement/prospectus as the pro forma events) and (iii) KFN on a pro forma equivalent basis based on the exchange ratio of 0.51 KKR common units for each KFN common share. It has been assumed for purposes of the unaudited pro forma condensed combined financial information provided below that the pro forma events occurred on January 1, 2012 for earnings per common unit purposes and on December 31, 2013 for book value per common unit purposes. The historical earnings per common unit/share information should be read in conjunction with the historical consolidated financial statements and notes thereto of KKR and KFN incorporated by reference into this proxy statement/prospectus. See "Where You Can Find More Information" on page 234 of this proxy statement/prospectus. The unaudited pro forma combined earnings per share information is derived from, and should be read in conjunction with, the section entitled "Unaudited Pro Forma Condensed Combined Financial Statements" and related notes included in this proxy statement/prospectus beginning on page 151. The pro forma information is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the pro forma

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events had occurred as of the beginning of the periods presented, nor is it necessarily indicative of the future operating results or financial position of the combined company.

	As of / For the Year Ended December 31, 2013	As of / For the Year Ended December 31, 2012
KKR Historical per Common Unit Data:		
Net income (loss) attributable to KKR & Co. L.P. Basic	$ 2.51	$ 2.35
Net income (loss) attributable to KKR & Co. L.P. Diluted	2.30	2.21
Book Value(1)	9.45	7.91
KFN Historical per Common Share Data:		
Net income (loss) Basic	1.31	1.95
Net income (loss) Diluted	1.31	1.87
Book Value(1)	10.58	10.31
Unaudited Pro Forma Combined per KKR Common Unit Data:		
Net income (loss) attributable to KKR & Co. L.P. Basic(2)	2.48	2.49
Net income (loss) attributable to KKR & Co. L.P. Diluted(2)	2.32	2.38
Book Value(1)	13.70	N/A
Unaudited Pro forma Equivalent per KFN Common Share Data:		
Net income (loss) Basic(3)	1.26	1.27
Net income (loss) Diluted(3)	1.18	1.21
Book Value(1)(3)	6.99	N/A

(1) Historical book value per common unit/share is computed by dividing total partners' capital/common shareholders' equity by the number of KKR common units or KFN common shares, as applicable, outstanding as of December 31, 2013 and 2012. Pro forma combined book value per common unit is computed by dividing pro forma partners' capital by the pro forma number of KKR common units that would have been outstanding as of December 31, 2013. Pro forma book value per common unit/share as of December 31, 2012 is not meaningful as the estimated pro forma adjustments were calculated as of December 31, 2013.

(2) The pro forma net income (loss) per common unit of the combined company are calculated by dividing the pro forma income (loss) by the pro forma weighted average number of common units outstanding.

(3) The pro forma equivalent share amounts were calculated by multiplying the pro forma combined per share amounts by the exchange ratio in the merger (0.51 KKR common units for each KFN common share). This information shows how each KFN common share would have participated in the combined company's net income (loss) and book value if the pro forma events had occurred on the relevant dates.

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Comparative Unit Prices and Distributions

KKR common units are currently listed on the NYSE under the ticker symbol "KKR." KFN common shares are currently listed on the NYSE under the ticker symbol "KFN." The table below sets forth, for the calendar quarters indicated, the high and low sale prices per KKR common unit on the NYSE and per KFN common share on the NYSE. The table also shows the amount of cash distributions declared on KKR common units and KFN common shares, respectively, in the calendar quarters indicated. The amount of cash distributions declared on KKR common units and KFN common shares in any calendar quarter shown in the table below relate to the earnings of KKR and KFN, respectively, for the immediately preceding calendar quarter.

	KKR Common Units			KFN Common Shares		
	High	Low	Cash Distributions	High	Low	Cash Distributions
2014 (through March 20, 2014)						
First quarter	$ 26.50	$ 22.75	$ 0.48	$ 13.38	$ 11.51	$ 0.22
2013						
Fourth quarter	25.87	19.68	0.23	12.39	8.91	0.22
Third quarter	21.78	18.74	0.42	11.31	10.02	0.21
Second quarter	21.60	17.27	0.27	11.30	10.05	0.21
First quarter	20.00	15.38	0.70	11.93	10.74	0.26
2012						
Fourth quarter	15.49	13.35	0.24	10.89	9.30	0.21
Third quarter	15.68	12.74	0.13	10.36	8.53	0.21
Second quarter	15.50	11.03	0.15	9.47	7.95	0.18
First quarter	15.20	12.74	0.32	9.54	8.70	0.26
2011						
Fourth quarter	14.58	8.95	0.10	8.85	6.68	0.18
Third quarter	16.70	10.07	0.11	9.92	7.36	0.18
Second quarter	19.16	15.10	0.21	10.35	9.43	0.16
First quarter	18.29	14.09	0.29	10.60	8.80	0.15

The following table presents per unit closing prices for KKR common units and KFN common shares on December 16, 2013, the last trading day before the public announcement of the merger agreement, and on March 20, 2014, the last practicable trading day before the date of this proxy statement/prospectus. This table also presents the equivalent market value per KFN common shares on such dates. The equivalent market value per KFN common share has been determined by multiplying the closing prices of KKR common units on those dates by the exchange ratio of 0.51 of a KKR common unit.

	KKR Common Units	KFN Common Shares	Equivalent Market Value per KFN Common Share
December 16, 2013	$ 25.08	$ 9.45	$ 12.79
March 20, 2014	$ 23.46	$ 11.86	$ 11.96

Although the exchange ratio is fixed, the market prices of KKR common units and KFN common shares will fluctuate prior to the consummation of the merger and the market value of the merger consideration ultimately received by KFN common shareholders will depend on the closing price of KKR common units on the day the merger is consummated. Thus, KFN common shareholders will not know the exact market value of the merger consideration they will receive until the closing of the merger.

SPECIAL FACTORS

This section of the proxy statement/prospectus describes the material aspects of the merger and certain special factors concerning the merger of which you should be aware. This section may not contain all of the information that is important to you. You should carefully read this entire proxy statement/prospectus and the documents incorporated herein by reference, including the full text of the merger agreement (which is attached as Annex A), for a more complete understanding of the merger. In addition, important business and financial information about each of KKR and KFN is included in or incorporated into this proxy statement/prospectus by reference. See "Where You Can Find More Information" beginning on page 234 of this proxy statement/prospectus.

Effect of the Merger

Subject to the terms and conditions of the merger agreement and in accordance with Delaware law, the merger agreement provides for the merger of Merger Sub with and into KFN. KFN will survive the merger and the separate existence of Merger Sub will cease. Following the merger, KFN will be a direct subsidiary of Fund Holdings. After the completion of the merger, the certificate of formation of KFN and the operating agreement of KFN as in effect immediately prior to the effective time will be the certificate of formation and operating agreement of the surviving entity, in each case until amended in accordance with applicable law. The officers of KFN immediately prior to the effective time of the merger will be the officers of the surviving entity, and the members of the board of directors of the surviving entity will be those individuals designed by KKR prior to the closing date, until their respective successors are duly elected, appointed or qualified or until their earlier death, resignation or removal in accordance with the operating agreement of the surviving entity and applicable law.

The merger agreement provides that, at the effective time of the merger, each KFN common share issued and outstanding immediately prior to the effective time of the merger will be converted into the right to receive 0.51 KKR common units. Each KFN common share that is held by Fund Holdings or any subsidiary of Fund Holdings immediately prior to the effective time of the merger will be cancelled without any conversion or payment of consideration in respect thereof.

Because the exchange ratio was fixed at the time the merger agreement was executed and because the market value of KKR common units and KFN common shares will fluctuate prior to the consummation of the merger, KFN common shareholders cannot be sure of the value of the merger consideration they will receive relative to the value of the KFN common shares they are exchanging. For example, decreases in the market value of KKR common units will negatively affect the value of the merger consideration that they receive, and increases in the market value of KFN common shares may mean that the merger consideration that they receive will be worth less than the market value of the KFN common shares such shareholders are exchanging. See "Risk Factors Risk Factors Relating to the Merger Because the exchange ratio is fixed and because the market price of KKR common units will fluctuate prior to the consummation of the merger, KFN common shareholders cannot be sure of the market value of the KKR common units they will receive as merger consideration relative to the value of KFN common shares they exchange" beginning on page 104 of this proxy statement/prospectus.

KKR will not issue any fractional KKR common units in the merger. Instead, each holder of KFN common shares that are converted pursuant to the merger agreement who otherwise would have received a fraction of a KKR common unit will be entitled to receive, from the exchange agent appointed by KKR pursuant to the merger agreement, a cash payment in lieu of such fractional KKR common units representing such holder's proportionate interest in the proceeds from the sale by the exchange agent of the number of excess KKR common units represented by the aggregate amount of fractional KKR common units.

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Each KFN option or similar right to purchase KFN common shares that was granted under a KFN equity incentive plan and that is outstanding and unexercised immediately prior to the effective time (whether or not then vested or exercisable), as of the effective time of the merger, by virtue of the occurrence of the consummation of the merger and without any action on the part of the holder of such KFN option, will be cancelled, and the holder of such KFN option will be entitled to receive an amount in cash equal to the excess, if any, of (1) 0.51 multiplied by the average closing price of a KKR common unit on the NYSE over the ten trading day period ending on the trading day immediately preceding the closing date of the merger over (2) the exercise price per KFN common share subject to such KFN option as in effect immediately prior to the effective time of the merger. In the event that any option to purchase KFN common shares has an exercise price per KFN common share that is greater than 0.51 multiplied by the average closing price of a KKR common unit on the NYSE over the ten trading day period ending on the trading day immediately preceding the closing date of the merger, such option will be cancelled without payment in respect thereof as of the effective time of the merger, without liability to KKR, KFN or any of their affiliates.

Each restricted KFN common share that was granted under a KFN equity incentive plan and that is outstanding immediately prior to the effective time of the merger (whether or not then vested), other than vested and unvested KFN common shares held by KKR Financial Advisors LLC, as of the effective time of the merger, by virtue of the occurrence of the consummation of the merger and without any action on the part of the holder of such KFN restricted common share, will be converted into 0.51 restricted KKR common units having the same terms and conditions, including applicable vesting requirements, as applied to such restricted KFN common share immediately prior to the effective time of the merger, with fractional KKR common units to be aggregated and rounded to the nearest whole unit, and KKR will assume the related equity incentive plan and any award agreement issued thereunder pursuant to which any such restricted KFN common share has been granted in order to provide for the foregoing. Each restricted KFN common share held by KFN Financial Advisors as of the effective time of the merger will automatically be cancelled and retired.

Each KFN phantom share that was granted under KFN's Non-Employee Directors' Deferred Compensation and Share Award Plan will be converted into a phantom share in respect of 0.51 KKR common units and will otherwise remain subject to the terms of the plan.

The table below sets forth the direct and indirect interests of the KKR Participants and KKR Holdings in the net book value and net earnings of KFN prior to and immediately after the merger, based upon the net book value of KFN at December 31, 2013 and net income of KFN for the year ended December 31, 2013.

Prior to the Merger(1)

	Interest in KFN's Net Book Value		**Interest in KFN's Net Earnings**		**Interest in KFN's Net Earnings Net of Preferred Share Distributions**	
Name	**$ (in thousands)**	**%**	**$ (in thousands)**	**%**	**$ (in thousands)**	**%**
KKR(1)	824	0.03	96	0.03	87	0.03
Fund Holdings	0	0	0	0	0	0
Merger Sub	0	0	0	0	0	0
KKR Management LLC	0	0	0	0	0	0
KKR Group Holdings L.P.	824	0.03	96	0.03	87	0.03
KKR Fund Holdings GP Limited	0	0	0	0	0	0
KKR Group Limited	0	0	0	0	0	0
KKR Holdings(1)	1,079	0.04	125	0.04	113	0.04

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Immediately after the Merger(2)

Name	Interest in KFN's Net Book Value $ (in thousands)	%	Interest in KFN's Net Earnings $ (in thousands)	%	Interest in KFN's Net Earnings Net of Preferred Share Distributions $ (in thousands)	%
KKR(2)	1,282,009	50.7	148,720	50.7	134,817	50.7
Fund Holdings(3)	1,282,009	50.7	148,720	50.7	134,817	50.7
Merger Sub	N/A	N/A	N/A	N/A	N/A	N/A
KKR Management LLC	0	0	0	0	0	0
KKR Group Holdings L.P.	1,282,009	50.7	148,720	50.7	134,817	50.7
KKR Fund Holdings GP Limited	0	0	0	0	0	0
KKR Group Limited	0	0	0	0	0	0
KKR Holdings(2)	1,245,725	49.3	144,510	49.3	131,002	49.3

(1) As of March 18, 2014, KKR Holdings and KKR have an indirect interest in approximately 56.7% and 43.3%, respectively, of the 65,011 unvested restricted KFN common shares and 89,150 vested KFN common shares held by KKR Financial Advisors LLC, which is an indirect wholly-owned subsidiary of KKR Management Holdings L.P., one of the KKR Group Partnerships.

(2) Based on the number of KKR Group Partnership units held as of March 18, 2014 and giving effect to only the anticipated KKR common units to be issued in connection with the merger, KKR Holdings and KKR would hold approximately 49.3% and 50.7%, respectively, of the KKR Group Partnership units.

(3) Following the consummation of the merger, all of the outstanding KFN common shares will be held by Fund Holdings, one of the KKR Group Partnerships.

Background of the Merger

The KFN board of directors regularly reviews and discusses at board meetings KFN's performance, risks, opportunities and strategy. KFN's board of directors and management team review and evaluate various options as part of KFN's ongoing efforts to strengthen its business and enhance shareholder value, taking into account economic, regulatory, competitive and other conditions and KFN's status as an externally managed company.

KFN is externally managed and advised by KKR Financial Advisors LLC, which is referred to in this proxy statement/prospectus as the manager, pursuant to a management agreement between KFN and the manager, which has been in place since before the KFN initial public offering. The manager is a subsidiary of KKR Asset Management LLC, and an indirect subsidiary of Kohlberg Kravis Roberts & Co. L.P., which is an indirect subsidiary of KKR. Pursuant to the management agreement, the manager is responsible for KFN's operations and performs all services relating to the management of KFN's assets, liabilities and operations, and provides KFN with its management team and with appropriate support personnel. All of KFN's executive officers are employees of one or more subsidiaries of KKR. The manager operates under the direction of the KFN board of directors, and is required to manage KFN's business affairs in conformity with the investment guidelines that are approved by a majority of KFN's independent directors. Due to the relationship created by the management agreement, members of the KFN board of directors and the KFN management team routinely interact with representatives of KKR in the course of their normal dealings with respect to KFN.

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In October 2013, Henry Kravis and George Roberts, the co-chief executive officers of KKR's managing partner, informed Paul Hazen, the chairman of the board of directors of KFN, through Craig Farr, the CEO of KFN, that KKR was considering making an offer for an acquisition of KFN by KKR, but did not make any specific proposal or discuss any transaction terms. Mr. Hazen informed KKR through Mr. Farr that he would report the matter to the KFN board of directors and that pending instruction from the board neither KKR nor the manager should have any discussions with representatives of KFN regarding any potential transaction unless and until the board of KFN authorized them to do so.

On October 22, 2013, the KFN board of directors held a regularly scheduled meeting in New York. At this meeting, Mr. Hazen informed the other members of the KFN board of directors of the statements made by KKR regarding the possibility of making an offer to acquire KFN. The board discussed the possibility of such an offer, including that the confidentiality restrictions in the management agreement could be read to require that KKR obtain authorization from KFN prior to completing the analysis necessary to make any acquisition proposal. After discussion, so that the board could become fully informed regarding its options to maximize value for KFN's common shareholders, the board granted KKR permission to use the information it had about KFN, as well as to access additional information about KFN, to make an acquisition proposal. The board also resolved that if there were an acquisition proposal made by KKR, it would be reviewed by a transaction committee of the board which would make a recommendation to the full board of directors and which would have the full authority of the board to negotiate the terms of any acquisition proposal with KKR, reject any such proposal, consider whether KFN should pursue any alternative transactions and retain professional advisors that such transaction committee may deem necessary or appropriate. The board also discussed retaining potential financial advisors. Scott Nuttall and Mr. Farr, the two members of the board of directors who were employed by KKR, were not present for the discussion. Mr. Nuttall and Mr. Farr did not attend any of the KFN board of directors meetings at which a potential transaction with KKR was discussed.

Following the October 22, 2013 board meeting, Mr. Hazen instructed Wachtell, Lipton, Rosen & Katz, which is referred to in this proxy statement/prospectus as Wachtell Lipton, to inform David Sorkin, the general counsel of KKR's managing partner, that the KFN board of directors had agreed to permit KKR to use the information it had about KFN, as well as to access additional information about KFN, to make a proposal to acquire KFN.

Additionally, prior to the formation of the transaction committee, Mr. Hazen discussed with Mr. Farr the possibility of modifying or eliminating the termination fee in the management agreement if there were a change of control of KFN. Mr. Farr discussed with Mr. Sorkin and Robert Lewin, the head of corporate development and treasurer of the KKR Group, and was informed that KKR was unwilling to modify or eliminate the termination fee if there were a change of control of KFN.

On October 30, 2013, KKR submitted a letter to KFN making a proposal to acquire KFN for consideration consisting entirely of KKR common units, at an exchange ratio of 0.46 KKR common units per KFN common share, in a taxable transaction. The October 30 letter conditioned KKR's offer on the approval of the transaction by a committee of independent directors of KFN and the approval of a majority of unaffiliated KFN shareholders.

On October 31, 2013, the KFN board of directors held a telephonic meeting attended by the directors who were not employed by KKR. Pursuant to the resolutions adopted on October 22, 2013, the board designated a transaction committee of independent directors not affiliated with KKR and instructed them to select a time to meet, retain advisors and review the proposal. The transaction committee was ultimately comprised of Tracy Collins, Robert Edwards, Vincent Paul Finigan, Ross Kari, Deborah McAneny and Scott Ryles.

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On November 6, 2013, the transaction committee of the KFN board of directors held a telephonic meeting with Robert Edwards acting as chair, with Sandler O'Neill as financial advisors and Wachtell Lipton as legal advisors. The transaction committee selected Sandler O'Neill to act as financial advisors upon the collective recommendation of the members of the transaction committee, who were familiar with Sandler O'Neill from Sandler O'Neill's prior engagement on behalf of the independent members of the KFN board of directors (other than Mr. Edwards and Mr. Ryles who had not yet been appointed to the KFN board of directors at the time of such prior engagement), due to their experience in transactions of this type involving financial companies and the absence of any conflicts with respect to either KKR or KFN. At the meeting, the transaction committee discussed the terms of the acquisition proposal made by KKR, and determined to engage in further discussion and analysis of the proposal prior to responding to KKR. The transaction committee also reviewed with its advisors the existing terms of the management agreement between KFN and the manager. The transaction committee and its advisors discussed the fact that the management agreement could not be terminated unless KFN either had "cause" to do so (limited to circumstances involving the manager's continued material breach of the management agreement, fraud or gross negligence or a bankruptcy or change of control of the manager), or by the vote of a majority of KFN's shareholders or independent directors finding that either the manager's performance under the management agreement was unsatisfactory in a way that has been materially detrimental to KFN or that the fees payable to the manager are not fair (and, in such case, the manager must be given the opportunity to agree to a reduced fee prior to any termination). The transaction committee and its advisors also discussed the fact that, in connection with any termination of the management agreement other than for "cause," KFN would be required to pay a termination fee to the manager equal to approximately four times the sum of the average annual base management fee and the average annual incentive fee, in each case calculated for the two twelve-month periods immediately prior to the termination. The transaction committee and its advisors discussed whether a potential buyer for KFN would be interested in buying KFN subject to the termination provisions and other terms of the management agreement. The transaction committee with its advisors concluded that the foregoing made it highly unlikely that an acquisition of KFN would be of interest to any person other than KKR. The transaction committee also considered that any acquisition agreement between KFN and KKR would likely include provisions allowing an interested third party to submit a superior proposal. On consideration of the preceding factors, the transaction committee determined not to solicit alternative proposals.

On November 12, 2013, the transaction committee of the KFN board of directors met. At the request of the transaction committee, representatives of Wachtell Lipton and Sandler O'Neill were in attendance. At the meeting, the transaction committee discussed the terms of the acquisition proposal made by KKR with its advisors and determined to inform KKR that the transaction committee believed the proposed exchange ratio of 0.46 KKR common units per KFN common share did not offer sufficient value to KFN's shareholders, that the transaction committee was not interested in pursuing a transaction at this value, and that the transaction committee's preference in any transaction was for merger consideration consisting entirely of cash. The transaction committee's preference for cash merger consideration was due to both the inherent uncertainty in the value of merger consideration consisting of equity securities of another entity and the fact that an acquisition of KFN by KKR would be taxable to KFN common shareholders regardless of the form of merger consideration paid, but would not provide them with cash that could be used to pay such taxes if the merger consideration consisted entirely of KKR common units.

On or about November 13, 2013, each of Mr. Sorkin and Mr. Lewin were separately informed of the transaction committee's determination, and Mr. Sorkin and Mr. Lewin each responded that KKR would consider the transaction committee's response. On November 13, 2013, Mr. Sorkin informed Wachtell Lipton and Mr. Lewin informed a representative of Sandler O'Neill that KKR was unwilling to consider a cash transaction.

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On November 19, 2013, a representative of Sandler O'Neill informed Mr. Lewin that a diligence session scheduled for that day would be cancelled unless KKR increased the proposed exchange ratio. That same day, Mr. Lewin contacted representatives of Sandler O'Neill to communicate a revised proposal for KKR to acquire KFN for consideration consisting entirely of KKR common units, at an exchange ratio of 0.48 KKR common units per KFN common share, in a taxable transaction. Mr. Lewin informed the Sandler O'Neill representatives that KKR was unwilling to consider a transaction in which any portion of the consideration included cash.

On November 19, 2013, at the request of the transaction committee, representatives of Sandler O'Neill met with representatives of KKR, including Mr. Sorkin, Mr. Lewin and William Janetschek, the chief financial officer of KKR's managing partner, and representatives of Goldman Sachs in order to discuss the potential transaction. At this meeting, the representatives of KKR presented the Sandler O'Neill representatives with KKR's stated rationale for pursuing the potential transaction, which included the expectation that a transaction would increase the predictability of KKR's distributable income, permit KKR to diversify its balance sheet, increase the liquidity of the market for KKR's common units through the issuance of additional units as merger consideration, and allow KKR to redeploy KFN's capital over time into higher returning businesses.

On November 21, 2013, the transaction committee of the KFN board of directors held a telephonic meeting. At the request of the transaction committee, representatives of Wachtell Lipton and Sandler O'Neill were in attendance. Mr. Hazen, who was not a member of the transaction committee, also attended a portion of the meeting, in order to update the members of the transaction committee on KFN's financial performance, including KFN operating as a stand-alone entity and the potential ability of KFN to pursue a share repurchase program in the event that a transaction with KKR was not agreed. Following Mr. Hazen's departure from the meeting, the transaction committee discussed the terms of the revised acquisition proposal made by KKR with its advisors, including a comparison of the terms of such proposal to alternatives such as a share repurchase by KFN. The transaction committee determined to inform KKR that the transaction committee believed that the proposed exchange ratio of 0.48 KKR common units per KFN common share still did not offer sufficient value to KFN's common shareholders, and that the transaction committee continued to view a transaction including cash consideration as preferable to an all-equity transaction.

On or about November 22, 2013, a representative of Sandler O'Neill informed Mr. Lewin of the transaction committee's determination. Mr. Lewin informed the representative of the transaction committee that KKR would consider the transaction committee's response.

On November 24, 2013, at the request of the transaction committee, Sandler O'Neill sent a presentation relating to the value of KFN to representatives of KKR. The presentation was also sent to the members of the transaction committee. The presentation described potential reasons for an increase in the then-offered merger consideration, including the current relationship between the trading prices of KKR common units and KFN common shares as compared to historical levels, factors that could currently be negatively affecting the trading price of KFN common shares, the expected future trading price of KFN common shares based on comparable companies and historical trading multiples, KFN's ability to potentially conduct a share repurchase, premiums paid in comparable transactions involving affiliated entities and the benefit to KKR of entering into the proposed merger as compared to potential other capital-raising alternatives that might be available to KKR.

On November 26, 2013, Mr. Kravis contacted a representative of Sandler O'Neill to communicate a revised proposal for KKR to acquire KFN for consideration consisting entirely of KKR common units, at an exchange ratio of 0.50 KKR common units per KFN common share, in a taxable transaction. Mr. Kravis informed the representative of Sandler O'Neill that KKR remained unwilling to consider a transaction in which the consideration included any portion of cash, and that the current proposed exchange ratio represented KKR's best and final offer to acquire KFN.

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On November 27, 2013, the transaction committee of the KFN board of directors held a telephonic meeting. At the request of the transaction committee, representatives of Wachtell Lipton and Sandler O'Neill were in attendance. The transaction committee discussed with its advisors the terms of the revised acquisition proposal made by KKR, including KKR's statement that the proposal represented KKR's best and final offer to acquire KFN, and determined to meet again to further consider the appropriate response to KKR. The transaction committee, through a representative of one of its advisors, requested that the transaction committee be given the opportunity to meet with members of KKR's senior management in order to gather further information regarding KKR's business and the value of the KKR common units that were proposed to be paid as merger consideration in connection with the potential transaction.

During this period, the parties and their advisors engaged in ongoing due diligence investigations of the business and prospects of each of KKR and KFN.

On December 6, 2013, the transaction committee of the KFN board of directors held a telephonic meeting. At the request of the transaction committee, representatives of Wachtell Lipton and Sandler O'Neill were in attendance. The representatives of Sandler O'Neill discussed with the members of the transaction committee KKR's responses to its diligence questions regarding KKR's business. In addition, a member of Sandler O'Neill's equity research group attended the meeting in order to discuss KKR's business with the members of the transaction committee. At this meeting, the members of the transaction committee discussed the possibility that R. Glenn Hubbard, KFN's lead independent director, could reiterate the views of the transaction committee and the KFN board of directors on the proposed transaction, and specifically reiterate the request for an increase in the proposed merger consideration, and concluded that Mr. Hubbard should be asked to reinforce KFN's position in that regard at a meeting scheduled with Mr. Kravis and Mr. Roberts on December 9, 2013.

Also on December 6, 2013, at the request of Wachtell Lipton, Simpson Thacher & Bartlett LLP, which is referred to in this proxy statement/prospectus as Simpson Thacher, legal advisor to KKR, sent a draft merger agreement to Wachtell Lipton.

On December 9, 2013, at the request of the transaction committee, Mr. Hubbard met with Mr. Kravis and Mr. Roberts in order to discuss the proposed transaction. At this meeting, Mr. Hubbard requested that KKR increase the proposed consideration above the most recently proposed exchange ratio of 0.50 KKR common units per KFN common share. Mr. Kravis and Mr. Roberts informed Mr. Hubbard that KKR was unwilling to do so.

On December 10, 2013, both the KFN board of directors (other than the members of the board of directors that were employed by KKR) and the transaction committee held meetings in New York. At the request of the transaction committee, representatives of Wachtell Lipton and Sandler O'Neill were in attendance. During this meeting, the members of the board of directors were informed of the results of the December 9 conversations among Mr. Hubbard, Mr. Kravis and Mr. Roberts. At the request of the transaction committee, Mr. Kravis, Mr. Roberts, Mr. Sorkin, Mr. Lewin and Mr. Janetschek, attended a portion of the board of directors meeting in order to discuss KKR's business with the members of the board. In addition, at this meeting, Mr. Kravis and Mr. Roberts confirmed that in the event the KFN board of directors decided not to pursue the potential transaction with KKR, KKR did not anticipate any changes in KFN's relationship with KFN's manager, the KFN management team or the KFN operating plan, and KKR would remain committed to facilitating KFN's success as a standalone entity. After Mr. Kravis, Mr. Roberts and other representatives of KKR left the meeting, the members of the transaction committee instructed representatives of Sandler O'Neill to communicate to KKR that the transaction committee continued to believe the proposed consideration did not offer sufficient value to KFN's shareholders, and that the transaction committee would not be willing to recommend that the KFN board of directors approve any transaction with KKR in which the merger consideration consisted of KKR common units without an increase in the proposed merger consideration.

Following the meeting, representatives of Sandler O'Neill communicated the transaction committee's position to Mr. Lewin, and requested that KKR increase the proposed merger consideration. Subsequently, Mr. Kravis and Mr. Roberts informed Sandler O'Neill representatives that KKR was willing to increase the proposed consideration to 0.51 KKR common units per KFN common share, in a taxable transaction with consideration consisting entirely of KKR common units. Mr. Kravis and Mr. Roberts further stated that KKR would not under any circumstances further increase its offer. The Sandler O'Neill representatives communicated the revised proposal to Mr. Edwards and Mr. Edwards determined to schedule a meeting of the transaction committee to consider the proposal.

Later in the day on December 10, 2013, Mr. Hazen, at Mr. Edwards' request, contacted Mr. Roberts to request that KKR increase the proposed exchange ratio to 0.52 KKR common units per KFN common share, and was informed by Mr. Roberts that the currently proposed exchange ratio of 0.51 KKR common units per KFN common share represented KKR's best and final offer to acquire KFN.

On December 13, 2013, the KFN board of directors (other than the members of the board of directors who were employed by KKR) held a telephonic meeting in order to discuss the proposed transaction. At the request of the board, representatives of Wachtell Lipton and Sandler O'Neill were in attendance. The representatives of Wachtell Lipton reviewed with the members of the board the material terms of the latest draft merger agreement with respect to the proposed transaction, including the required approval of KFN common shareholders (including the approval of the holders of a majority of the outstanding KFN common shares, other than those KFN common shares held by KKR or any affiliate of KKR) and the other closing conditions, the restrictions on the solicitation of alternative transactions by KFN and on changes in the KFN board recommendation, the merger consideration and treatment of outstanding KFN equity awards, the tax treatment of the merger, termination rights of the parties and potential termination payments payable by KFN, and restrictions on KFN's operations pending the closing of the merger. The meeting of the KFN board of directors was adjourned, and a meeting of the transaction committee was convened. At this meeting, representatives of Sandler O'Neill rendered an oral opinion to the transaction committee, which was subsequently confirmed by delivery of a written opinion dated December 16, 2013, to the effect that, as of such date, and subject to the assumptions, matters considered and limitations and qualifications described in such opinion, the consideration to be exchanged in the proposed merger was fair to the holders of KFN common shares, from a financial point of view. See " Opinion of the Financial Advisor to the KFN Transaction Committee" beginning on page 42 of this proxy statement/prospectus. Following discussion, the members of the transaction committee unanimously voted to recommend that the KFN board of directors approve the merger agreement. Immediately following the conclusion of the transaction committee meeting, the board meeting was reconvened in order to consider the proposed transaction. At this meeting, the members of the board were informed of the recommendation of the transaction committee. Following discussion, the members of the board, by the unanimous vote of all directors (other than the members of the board of directors who were employed by KKR and were not present at the meeting), approved and declared advisable the merger agreement and the merger.

On December 15, 2013, the board of directors of KKR's managing partner held a meeting to discuss the potential acquisition of KFN, which followed previous meetings of the board of directors of KKR's managing partner held on October 11, 2013, October 30, 2013, November 7, 2013 and November 25, 2013 also in regard to such potential acquisition. At the December 15, 2013 meeting, representatives of KKR management provided an update on the current status of the proposed transaction with KFN, including that the KFN board of directors approved a transaction at the proposed exchange ratio of 0.51 KKR common units per KFN common share, and also provided a presentation regarding, among other things, KFN's business and the potential financial implications of an acquisition of KFN, including a valuation analysis of KFN, an analysis of KFN's CLO portfolio, including the risks associated with such CLOs, and an accretion/dilution analysis of the pro forma

financial effect of the proposed transaction on KKR. Also at this meeting, Mr. Sorkin advised the members of the board of directors of their duties in connection with the proposed transaction under Delaware law and under KKR's partnership agreement. Representatives of Simpson Thacher then reviewed with the board of directors of KKR's managing partner the findings of Simpson Thacher's legal due diligence review of KFN and the material terms of the latest draft merger agreement with respect to the proposed transaction, including the merger consideration and treatment of outstanding KFN equity awards, the closing conditions, the termination rights of the parties and termination payments payable by KFN, and restrictions on KKR's operations pending the closing of the merger. Representatives of Goldman, Sachs & Co., the financial advisor to KKR that is referred to in this proxy statement/prospectus as Goldman Sachs, were also present at this meeting and discussed with the board of directors Goldman Sachs' financial analysis of the proposed transaction, which is summarized in the section entitled " Opinion of the Financial Advisor to KKR" beginning on page 61 of this proxy statement/prospectus. At this meeting, Mr. Kravis and Mr. Roberts provided the requisite approval under KKR's managing partner's limited liability company agreement of the issuance of KKR common units in connection with the proposed transaction.

Also on December 15, 2013, a meeting of the conflicts committee of the board of directors of KKR's managing partner was held, which followed previous meetings of the conflicts committee held on November 25, 2013, November 26, 2013 and December 9, 2013 to discuss the proposed transaction. During the December 15, 2013 meeting, representatives of Cravath Swaine & Moore LLP, legal counsel to the conflicts committee that is referred to in this proxy statement/prospectus as Cravath, discussed the proposed acquisition of KFN with the conflicts committee and reviewed the approval process with respect to the proposed transaction. The conflicts committee discussed the analysis and advice presented by the representatives of KKR management and Goldman Sachs to the board of directors of KKR's managing partner.

On December 16, 2013, the conflicts committee of the board of directors of KKR's managing partner held a meeting, at which representatives of Lazard Frères & Co. LLC, the financial advisor to the conflicts committee that is referred to in this proxy statement/prospectus as Lazard, and Cravath were in attendance. At this meeting, representatives of Lazard rendered an oral opinion, subsequently confirmed in writing, to the independent directors constituting the conflicts committee of the board of directors of KKR's managing partner, that, as of such date, and based upon and subject to the assumptions, procedures, factors, qualifications and limitations set forth therein, the exchange ratio pursuant to the merger agreement was fair, from a financial point of view, to KKR. See " Opinion of the Financial Advisor to the Conflicts Committee of KKR's Managing Partner."

Also on December 16, 2013, a meeting of the board of directors of KKR's managing partner was held. At the request of the board of directors, representatives of Simpson Thacher, Cravath, Goldman Sachs, Lazard and KKR management were in attendance. At this meeting, Mr. Sorkin advised the board of directors that, subject to receipt of requisite board approval, KKR was in a position to execute the merger agreement with KFN and announce the transaction. At this meeting, representatives of Goldman Sachs rendered an oral opinion to the board of directors of KKR's managing partner, which was subsequently confirmed by delivery of a written opinion dated December 16, 2013, to the effect that, as of such date, and based upon and subject to the factors and assumptions set forth in such opinion, the exchange ratio pursuant to the merger agreement was fair from a financial point of view to KKR. See " Opinion of the Financial Advisor to KKR" beginning on page 61 of this proxy statement/prospectus. Following the receipt of the oral opinion of Goldman Sachs, by unanimous vote, the board of directors of KKR's managing partner approved and declared advisable the merger agreement and the merger. Immediately following the adjournment of the meeting of the board of directors of KKR's managing partner, a meeting of the conflicts committee of the board of directors of KKR's managing partner was reconvened. After due deliberation at this meeting, the conflicts committee determined that the proposed acquisition of KFN by KKR in accordance with the merger agreement was fair and

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reasonable to KKR and that such determination shall constitute a special approval as contemplated by KKR's partnership agreement.

On December 16, 2013, following the foregoing events, the merger agreement was executed by KKR, Fund Holdings, Merger Sub and KFN, and the parties issued a joint press release announcing the transaction.

Certain Relationships between KKR and KFN

KKR Financial Advisors LLC, an indirect subsidiary of KKR and referred to in this proxy statement/prospectus as the manager or KFN's manager, manages KFN's day to day operations (subject to the direction and oversight of the KFN board of directors) pursuant to a management agreement between KFN and the manager, which is referred to in this proxy statement/prospectus as the management agreement. Pursuant to the management agreement, the manager provides KFN with its management team, along with appropriate support personnel. All of KFN's executive officers and Scott Nuttall and Craig Farr, two of KFN's directors, are employees of KKR or one or more of its subsidiaries.

The management agreement contains certain provisions requiring KFN to indemnify the manager with respect to all losses or damages arising from acts not constituting bad faith, willful misconduct, or gross negligence.

For the years ended December 31, 2013, December 31, 2012 and December 31, 2011, KFN incurred $39.1 million, $28.2 million and $26.3 million, respectively, in base management fees under the management agreement. A portion of the CLO management fees received by an affiliate of the manager for certain of KFN's CLOs were credited to KFN via an offset of $10.0 million to the $39.1 million in base management fees incurred for the year ended December 31, 2013. Furthermore, during 2013, KFN invested in a transaction that generated placement fees paid to a minority-owned affiliate of KKR, and the manager agreed to reduce KFN's base management fee payable to the manager for the portion of these placement fees that were earned by KKR as a result of this minority-ownership. Separately, certain third party expenses accrued by KFN in the fourth quarter of 2013 in connection with the merger were used to reduce KFN's base management fees payable to the manager in an amount equal to such third-party expenses. In addition, KFN incurred share based compensation expenses of $3.5 million, $2.3 million and $2.4 million related to grants of restricted KFN common shares granted to the manager for the years ended December 31, 2013, December 31, 2012 and December 31, 2011, respectively.

For the years ended December 31, 2013, December 31, 2012 and December 31, 2011, the manager earned $22.7 million, $37.6 million and $34.2 million, respectively, of incentive fees under the management agreement.

Certain general and administrative expenses are incurred by the manager on KFN's behalf that are reimbursable to the manager pursuant to the management agreement. For the years ended December 31, 2013, December 31, 2012 and December 31, 2011, KFN reimbursed the manager for $9.8 million, $10.2 million and $8.2 million, respectively, for such expenses.

The management agreement expires on December 31 of each year, but is automatically renewed for a one year term on each December 31 unless terminated upon the affirmative vote of at least two thirds of KFN's independent directors, or by a vote of the holders of a majority of KFN's outstanding common shares, based upon (1) unsatisfactory performance by the manager that is materially detrimental to KFN or (2) a determination that the management fee payable to the manager is not fair, subject to the manager's right to prevent such a termination under clause (2) by accepting a mutually acceptable reduction of management fees. The manager is required to be provided with 180 days' prior written notice of any such termination and will be paid a termination fee by KFN equal to four times the sum of the average annual base management fee and the average annual incentive fee

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for the two 12-month periods immediately preceding the date of termination, calculated as of the end of the most recently completed fiscal quarter prior to the date of termination.

In addition, KFN holds corporate loans, debt securities and other investments of entities that are affiliates of KKR. As of December 31, 2013, the aggregate par amount of these affiliated instruments totaled $2.1 billion, or approximately 27% of KFN's total investment portfolio, and consisted of 28 issuers. The total $2.1 billion in affiliated investments was comprised of $1.9 billion of corporate loans, $52.8 million of corporate debt securities and $84.5 million of equity investments, at estimated fair value.

KFN holds interests in certain joint ventures and partnerships alongside affiliates of KKR. As of December 31, 2013, the aggregate cost amount of these interests in joint ventures and partnerships totaled $400.3 million.

Recommendation of the KFN Board of Directors and Reasons for the Merger; Fairness of the Merger

After consideration, the transaction committee of the KFN board of directors and the KFN board of directors has determined that the merger is fair to and in the best interests of KFN and the unaffiliated shareholders of KFN. In reaching its decision to recommend that KFN's board of directors approve the merger agreement and recommend that it be adopted by KFN's shareholders, the transaction committee of the KFN board of directors consulted with its legal and financial advisors and considered a number of factors, including, but not limited to, the following:

- its knowledge of KFN's business, financial condition, results of operations, industry, competitors and prospects as a standalone company, including the anticipated negative impact on results of operations of amortizing CLOs and declining gains;

- the transaction committee's belief that the price of KFN common shares reflected these challenges, which had been disclosed previously in connection with KFN's prior earnings announcement;

- its knowledge of KKR's business and investments, financial condition, results of operations and prospects, taking into account the results of the transaction committee's due diligence review of KKR and knowledge of KKR's management due to the existing relationships between KFN and KKR;

- the financial terms of the merger, including the fact that, based on the closing price on the NYSE of KFN common stock and KKR common units on December 13, 2013, the last trading day prior to the execution of the merger agreement, the merger consideration represented an approximate 34% premium over the closing price of KFN common shares as of such date and represented a significant premium above the 30 day volume-weighted average closing price based on the 30 day trading period ending on December 13, 2013;

- the nature of KFN's business, which is generally valued at or near book value, and the substantial premium to book value (as of September 30, 2013) of 16% implied by the exchange ratio based on the closing prices of KKR common units and KFN common shares on December 13, 2013;

- the fact that the transaction committee believed that, taking into account relative risk and potential upside, the merger would provide an attractive alternative to KFN shareholders given alternatives reasonably available to KFN (including (i) the continued operation of KFN as a standalone entity and the anticipated dividend payments to KFN common shareholders that the transaction committee believed would be available in the future if KFN's operations continued as anticipated (estimated to be equal to $0.88 annually through 2017, based on KFN's current distribution levels) and (ii) the repurchase of a portion of KFN's outstanding common shares with an estimated total repurchase price of $200 million (based on the amount of cash estimated to be reasonably available to KFN for such purpose), each of which the transaction committee

believed would ultimately result in less value being created for KFN common shareholders than the proposed merger consideration);

the fact that the transaction committee believed that, taking into account relative risk and potential upside, the merger would offer attractive value to KFN common shareholders relative to the value that could be realized through a liquidation of KFN's assets and the distribution of the proceeds to KFN's creditors and equityholders, which the transaction committee believed would yield proceeds of less than KFN's book value, due in part to the negative effects that a liquidation would have on certain of KFN's assets such as KFN's CLO portfolio which would be anticipated to yield a lower amount available for distribution to KFN's common shareholders in a liquidation than could be produced over time, due to factors such as anticipated negative effects of sales of the underlying assets at a time when prices may not be favorable, liquidation costs and the loss of ongoing interest earnings;

KKR's stated intention to pass through 100% of its realized earnings from KFN's existing portfolio as a distribution to the holders of KKR common units, while maintaining its existing policy of passing through 40% of its net realized principal investment income from KKR's existing portfolio, following the closing of the merger, and the attractive post-closing distributions and yield profile that would therefore be available to former KFN common shareholders following the closing of the merger;

the belief of the transaction committee that the consummation of the merger could lead to an increase in the trading price of KKR's common units over time due to the positive effects of the transaction on the stability of KKR's balance sheet and quality of KKR's distributable earnings, thereby leading to an increase in the value of the KKR common units being offered to KFN's common shareholders as merger consideration;

the fact that KFN's common shareholders would have the benefit of a more diversified asset base as unitholders of KKR than would be available to them as shareholders of KFN, which would benefit KFN's common shareholders by providing them with increased protection against declines in a single asset class or type of investment and through KKR's relatively increased flexibility to deploy KFN's capital (including capital that is expected to run off from KFN's existing CLOs over time) in a manner designed to produce the highest returns in a variety of market conditions;

KKR's enhanced ability to raise funds and capital compared to KFN, and the corresponding benefits to KFN's common shareholders as KKR common unitholders of a combined company with significantly enhanced growth opportunities;

KKR's ability to mitigate existing tax inefficiencies to KFN common shareholders produced by KFN's current investment portfolio, corporate structure and distribution policies;

the fact that the exchange ratio is fixed and therefore the value of the merger consideration payable to KFN's shareholders will increase in the event that the trading price of KKR common units increases prior to closing;

the financial analyses presented by Sandler O'Neill to the transaction committee described under " Opinion of Sandler O'Neill & Partners, L.P." and the oral opinion of Sandler O'Neill, confirmed by delivery of a written opinion dated December 16, 2013, to the effect that, as of such date, and subject to the assumptions, matters considered and limitations and qualifications described in such opinion, the consideration to be exchanged in the proposed merger was fair to the holders of KFN common shares, from a financial point of view;

the transaction committee's belief that it was unlikely that any bidder for KFN, other than KKR, would pursue an acquisition of KFN because of, among other reasons, KKR's existing role as manager of KFN, including its selection and management of KFN's assets, the substantial premium to book value being offered by KKR for assets that are generally valued at or near

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book value and the provisions in the management agreement, including KFN's contractual obligation to pay an affiliate of KKR a fee in the event KFN terminates the management agreement;

the fact that exchanging KFN common shares for KKR common units would offer KFN's common shareholders significantly enhanced liquidity due to the trading volume and size of the public float of KKR as compared to KFN;

the transaction committee's belief that the proposed merger could be completed in a timely fashion and without significant delays due to required regulatory approvals;

the fact that the existing terms of the management agreement, pursuant to which KFN's business is managed by existing KKR employees, would lead to minimal disruption in the continued management of KFN's existing assets and investment portfolio following the merger and would allow for the completion of the integration of KKR and KFN in a timely and efficient manner; and

the other terms and conditions of the merger agreement.

In addition, the transaction committee of the KFN board of directors also considered a number of factors relating to the procedural safeguards involved in the negotiation of the merger, including those discussed below, each of which it believed supported its decision and provided assurance of the fairness of the merger to the unaffiliated common shareholders of KFN:

the creation of a transaction committee of the KFN board of directors composed of directors not affiliated with KKR, and the process followed by the transaction committee;

the fact that the consummation of the merger is conditioned on obtaining the approval of both a majority of the outstanding KFN common shares and a majority of the outstanding KFN common shares held by shareholders other than KKR and its affiliates;

the fact that, subject to compliance with certain terms and conditions, including the termination fee of $26,250,000 to KKR, KFN is permitted to terminate the merger agreement in order to accept a superior proposal and enter into a definitive agreement in connection therewith;

the fact that the transaction committee of the KFN board of directors made its evaluation of the merger agreement and the merger based upon the factors discussed in this proxy statement/prospectus, independent of management, and with knowledge of the interests of management in the merger;

the fact that the transaction committee of the KFN board of directors retained Sandler O'Neill to provide an opinion to the effect that, as of the date of such opinion, and subject to the assumptions, matters considered and limitations and qualifications described in such opinion, the consideration to be exchanged in the proposed merger was fair to the holders of KFN common shares, from a financial point of view;

the fact that the transaction committee of the KFN board of directors met numerous times during the course of negotiations with KKR to discuss the status of the negotiations with KKR, to review the terms of the proposed merger agreement and to consider the options reasonably available to KFN; and

the fact that the transaction committee and the KFN board of directors were aware of the existing relationships between KKR and KFN and could take such relationships into account when considering whether to recommend the proposed

transaction on the contemplated terms, or at all.

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The transaction committee of the KFN board of directors also considered a variety of risks and other potentially negative factors concerning the merger agreement and the merger, including the following:

- the fact that the exchange ratio is fixed and therefore the value of the merger consideration payable to KFN common shareholders will decrease in the event that the trading price of KKR common units decreases prior to closing;

- the possibility that the merger may not be completed, or that completion may be unduly delayed, for reasons beyond the control of KFN;

- the risks and costs to KFN if the transactions are not completed, including the potential effect on the trading price of KFN's common shares, the potential diversion of management attention, and the potential effect on KFN's business and existing relationships;

- the fact that KFN's directors and executive officers may ultimately have interests in the transactions that may be different from, or in addition to, those of other KFN shareholders;

- the restrictions imposed by the merger agreement on the conduct of KFN's business prior to the consummation of the merger;

- the fact that the merger agreement contains provisions that limit KFN's ability to pursue alternatives to the merger;

- the risk that governmental entities may oppose or refuse to approve the transactions or impose conditions on KKR and/or KFN prior to approving the transactions;

- the fact that at the time of the approval and execution of the merger agreement, KKR common units were trading at a price near their 52-week high, while KFN common shares were trading at a price near their 52-week low;

- the management relationship between KKR and KFN, including the fact that KFN's management team is provided entirely by KKR and its affiliates;

- the fact that the transaction will be taxable to KFN common shareholders;

- the terms of the KKR common units to be issued as merger consideration and their differences from the terms of the KFN common shares, including the inability to vote to elect the members of the board of directors of KKR's general partner and the significant control which may be exercised over any vote of KKR's common units by certain controlling persons of KKR; and

- the risk of not realizing the anticipated benefits of the merger.

In reaching its decision to approve the merger agreement and recommend that it be adopted by KFN's common shareholders, the KFN board of directors considered a number of factors, including, but not limited to, the following:

- the unanimous recommendation of the transaction committee of the KFN board of directors which was composed of directors not affiliated with KKR;

the fact that the transaction is subject to the approval of a majority of KFN stockholders not affiliated with KKR;

the factors considered by the transaction committee, including the positive factors and potential benefits of the merger and the risks and other potentially negative factors concerning the merger, as described above; and

the fact that the merger consideration and the other terms of the merger agreement resulted from negotiations that involved the active participation of the transaction committee.

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In reaching its determination and making its recommendations, the transaction committee of the KFN board of directors did not establish a specific going concern value of KFN and did not believe that there is a single method for determining going concern value. However, the transaction committee of the KFN board of directors believed that each of Sandler O'Neill's valuation methodologies described in " Opinion of the Financial Advisor to the KFN Transaction Committee" represented a valuation of KFN as it continues to operate its business and, to that extent, such analyses could be collectively characterized as forms of going concern valuations and the transaction committee considered each of these analyses in reaching its determination and making its recommendation. Further, the transaction committee adopted the analyses and conclusions of Sandler O'Neill. As stated above, the transaction committee of the KFN board of directors believed that it was unlikely that another bidder would pursue an acquisition of KFN, and as a result did not seek to contact potential alternative bidders. As stated above, the transaction committee believed that the liquidation value to KFN's unaffiliated shareholders of KFN's assets would likely be lower than the book value of KFN's assets and would likely be lower than the value offered in the proposed merger, although no separate appraisal of KFN's assets was conducted because the transaction committee considered KFN to be a viable going concern and because KKR plans to continue to operate KFN's existing businesses following the merger. The transaction committee was not aware of any firm offer made to KFN by any unaffiliated person during the past two years for the merger or consolidation of KFN into another company, the sale or transfer of all or any substantial part of the assets of KFN to another company, or the purchase of a controlling stake in KFN by another company, and no such firm offer was considered as a factor in the transaction committee's decision.

In light of the procedural safeguards described above, including the creation of a transaction committee comprised solely of directors not affiliated with KKR and the retention by such committee of an independent financial advisor and independent legal counsel, the KFN transaction committee did not consider it necessary to retain an unaffiliated representative to act solely on behalf of KFN shareholders (other than KKR or any affiliate of KKR) for purposes of negotiating the terms of the merger agreement or preparing a report concerning the fairness of the merger agreement and the merger.

The KFN board of directors recommends that you vote "FOR" the adoption of the merger agreement and approval of the merger and "FOR" any adjournment of the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the special meeting.

This discussion of the information and factors considered by each of the transaction committee of the KFN board of directors and the KFN board of directors includes the material positive and negative factors considered by the transaction committee of the KFN board of directors and/or the KFN board of directors , but is not intended to be exhaustive and may not include all of the factors considered by the transaction committee of the KFN board of directors and/or the KFN board of directors, or any individual. Neither the transaction committee of the KFN board of directors nor the KFN board of directors undertook to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to its ultimate determination, and did not quantify or assign any relative or specific weights to the various factors that it considered in making its ultimate decision. Rather, each of the transaction committee of the KFN board of directors and the KFN board of directors conducted an overall analysis of the factors described above. In addition, individual members of each of the transaction committee of the KFN board of directors and the KFN board of directors may have given different weight to different factors.

Opinion of the Financial Advisor to the KFN Transaction Committee

By letter dated December 10, 2013, KFN retained Sandler O'Neill to act as financial advisor to the transaction committee of the KFN board of directors, referred in this proxy statement/prospectus to as

the transaction committee, in connection with a possible business combination transaction. Sandler O'Neill is a nationally recognized investment banking firm whose principal business specialty is financial institutions. In the ordinary course of its investment banking business, Sandler O'Neill is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions. The transaction committee selected Sandler O'Neill to act as the transaction committee's advisor in connection with a possible business combination based on its qualifications, expertise, reputation and experience in mergers and acquisitions involving financial institutions.

Sandler O'Neill acted as financial advisor to the transaction committee in connection with the proposed transaction and participated in certain of the negotiations leading to the execution of the merger agreement. At the December 13, 2013 meeting of the transaction committee, Sandler O'Neill delivered to the transaction committee its oral opinion, which was subsequently confirmed in writing on December 16, 2013, that, as of December 16, 2013, the merger consideration was fair to the holders of KFN common shares from a financial point of view**. The full text of Sandler O'Neill's opinion is attached as Annex B to this proxy statement/prospectus. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler O'Neill in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the full text of the opinion. Holders of KFN common shares are urged to read the entire opinion carefully in connection with their consideration of the proposed merger.**

Sandler O'Neill's opinion speaks only as of the date of the opinion. The opinion was directed to KFN's transaction committee and is directed only to the fairness of the merger consideration to the holders of KFN common shares from a financial point of view. It does not address the underlying business decision of KFN to engage in the merger or any other aspect of the merger and is not a recommendation to any holder of KFN common shares as to how such holder of KFN common shares should vote at the special meeting with respect to the merger or any other matter. Sandler O'Neill did not express any opinion as to the fairness of the amount or nature of the compensation to be received in connection with the merger by KFN's officers, directors, or employees, or any class of such persons, relative to the merger consideration to be received in the merger by any other shareholders of KFN.

In connection with rendering its opinion on December 16, 2013, Sandler O'Neill reviewed and considered, among other things:

- the merger agreement;
- certain publicly available financial statements and other historical financial information of KFN that Sandler O'Neill deemed relevant;
- certain publicly available financial statements and other historical financial information of KKR that Sandler O'Neill deemed relevant;
- publicly available mean analyst earnings estimates for KFN for the years ending December 31, 2013 and December 31, 2014 and publicly available mean analyst growth estimates for the years thereafter and in each case as discussed with the senior management of KFN;
- publicly available mean analyst economic net income estimates for KKR for the years ending December 31, 2013 and December 31, 2014 and publicly available mean analyst growth estimates for the years thereafter and in each case as discussed with the senior management of KKR;
- the pro forma financial impact of the merger on KKR, based on assumptions relating to transaction expenses, purchase accounting adjustments and cost savings determined by the senior management of KFN and KKR;
- the publicly reported historical price and trading activity for KFN's and KKR's common shares or units, as the case may be, including a comparison of certain financial and stock market

information for KFN and KKR and similar publicly available information for certain other companies similar to each of KFN and KKR, the securities of which are publicly traded;

the financial terms of certain recent business combinations involving companies in the financial services industry where the buyer and the target had commercial relationships similar to those between KFN and KKR, to the extent publicly available;

certain of the terms of the management agreement, pursuant to which KKR Financial Advisors LLC, an indirect subsidiary of KKR, manages KFN;

the current market environment generally and the financial services environment in particular; and

such other information, financial studies, analyses and investigations and financial, economic and market criteria as Sandler O'Neill considered relevant.

Sandler O'Neill also discussed with certain members of the senior management of KFN the business, financial condition, results of operations and prospects of KFN and held similar discussions with the senior management of KKR regarding the business, financial condition, results of operations and prospects of KKR.

In performing its reviews and analyses and in rendering its opinion, Sandler O'Neill relied upon the accuracy and completeness of all of the financial and other information that was available to Sandler O'Neill from public sources, that was provided to Sandler O'Neill by KFN or KKR or their respective representatives or that was otherwise reviewed by Sandler O'Neill and Sandler O'Neill assumed such accuracy and completeness for purposes of rendering its opinion. Sandler O'Neill further relied on the assurances of the senior management of each of KFN and KKR that they were not aware of any facts or circumstances that would make any of such information inaccurate or misleading in a material respect. Sandler O'Neill was not asked to undertake, and did not undertake, an independent verification of any of such information. Sandler O'Neill did not make an independent evaluation or appraisal of the specific assets, the collateral securing assets or the liabilities (contingent or otherwise) of KFN or KKR or any of their respective subsidiaries.

Sandler O'Neill used mean publicly available earnings estimates for KFN and KKR and estimated long-term growth rates from analyst research estimates. Sandler O'Neill also received and used in its analyses certain projections of transaction costs, expected cost savings and other synergies which were provided by KKR's and KFN's respective management teams. With respect to those projections, estimates and judgments, the respective managements of KFN and KKR confirmed to us that those projections, estimates and judgments reflected the best currently available estimates and judgments of those respective managements of the future financial performance of KFN and KKR, respectively, and Sandler O'Neill assumed that such performance would be achieved. Sandler O'Neill expresses no opinion as to such estimates or the assumptions on which they are based. Sandler O'Neill assumed that there has been no material change in the respective assets, financial condition, results of operations, business or prospects of KFN and KKR since the date of the most recent financial data made available to Sandler O'Neill. Sandler O'Neill also assumed in all respects material to its analysis that KFN and KKR would remain as a going concern for all the periods relevant to its analyses. Sandler O'Neill expresses no opinion as to any of the legal, accounting and tax matters relating to the merger and any other transaction contemplated in connection therewith.

Sandler O'Neill's opinion was necessarily based on financial, economic, regulatory, market and other conditions as in effect on, and the information made available to Sandler O'Neill as of, the date of its opinion. Events occurring after the date thereof could materially affect its opinion. Sandler O'Neill has not undertaken to update, revise, reaffirm or withdraw its opinion or otherwise comment upon events occurring after the date of its opinion. Sandler O'Neill expressed no opinion as to the trading values at which the common shares or units, as the case may be, of KFN or KKR may trade at

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any time or what the value of KKR units will be once it is actually received by the holders of KFN common shares.

In rendering its December 16, 2013 opinion, Sandler O'Neill performed a variety of financial analyses. The following is a summary of the material analyses performed by Sandler O'Neill, but it is not a complete description of all the analyses underlying Sandler O'Neill's opinion. The summary includes information presented in tabular format. **In order to fully understand the financial analyses, these tables must be read together with the accompanying text. The tables alone do not constitute a complete description of the financial analyses. This information has not been prepared in accordance with U.S. GAAP and is unaudited.** The preparation of a fairness opinion is a complex process involving subjective judgments as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. The process, therefore, is not necessarily susceptible to a partial analysis or summary description. Sandler O'Neill believes that its analyses must be considered as a whole and that selecting portions of the factors and analyses to be considered without considering all factors and analyses, or attempting to ascribe relative weights to some or all such factors and analyses, could create an incomplete view of the evaluation process underlying its opinion. Also, no company included in Sandler O'Neill's comparative analyses described below is identical to KFN or KKR and no transaction is identical to the merger. Accordingly, an analysis of comparable companies or transactions involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading values or merger transaction values, as the case may be, of KFN and KKR and the companies to which they are being compared.

In performing its analyses, Sandler O'Neill also made numerous assumptions with respect to industry performance, business and economic conditions and various other matters, many of which cannot be predicted and are beyond the control of KFN, KKR and Sandler O'Neill. The analysis performed by Sandler O'Neill is not necessarily indicative of actual values or future results, both of which may be significantly more or less favorable than suggested by such analyses. Sandler O'Neill prepared its analyses solely for purposes of rendering its opinion and provided such analyses to the transaction committee at its December 13, 2013 meeting. Estimates of the values of companies do not purport to be appraisals or necessarily reflect the prices at which companies or their securities may actually be sold. Such estimates are inherently subject to uncertainty and actual values may be materially different. Accordingly, Sandler O'Neill's analyses do not necessarily reflect the value of KFN's common shares or the prices at which KFN's common shares may be sold at any time. The analyses of Sandler O'Neill and its opinion were among a number of factors taken into consideration by KFN's board of directors in making its determination to approve of KFN's entry into the merger agreement and the analyses described below should not be viewed as determinative of the decision of KFN's board of directors or management with respect to the fairness of the merger.

In arriving at its opinion Sandler O'Neill did not attribute any particular weight to any analysis or factor that it considered. Rather it made qualitative judgments as to the significance and relevance of each analysis and factor. Sandler O'Neill did not form an opinion as to whether any individual analysis or factor (positive or negative) considered in isolation supported or failed to support its opinions; rather Sandler O'Neill made its determination as to the fairness of the merger consideration on the basis of its experience and professional judgment after considering the results of all its analyses taken as a whole.

Transaction Multiples

Sandler O'Neill reviewed the financial terms of the proposed transaction. As described in the merger agreement, KFN shareholders have the right to receive consideration consisting of 0.51 nonassessable KKR common units in exchange for each KFN common share. Based upon KKR's closing price of $24.25 as of December 12, 2013, Sandler O'Neill calculated a merger consideration

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value of $12.37 per KFN common share. Based upon 204,824,159 common shares outstanding and using KKR's closing price of $24.25 as of December 12, 2013, Sandler O'Neill calculated an aggregate merger consideration value of $2,533 million. Based upon financial information as of the period ended September 30, 2013, Sandler O'Neill calculated the following transaction ratios:

Transaction Value / Book Value Per Share:	119%

Historical Stock Trading Analysis

Sandler O'Neill reviewed the one-year and three-year share trading activity in KFN common shares and noted that the merger consideration based on the closing price of KKR's common units on December 12, 2013, was in excess of the highest closing share price for both the one-year and three-year period. Additionally, Sandler O'Neill observed that the merger consideration reflected a premium to KFN's closing share price on December 12, 2013 of 34.6%.

Premium to KFN Stock Price (December 12, 2013):	34.6%

Sandler O'Neill also noted that the proposed merger consideration exceeded the highest one-year trading price of KFN's common shares of $11.67, as well as the one-year volume weighted average of $10.57 and the one-year low of $9.11. Sandler O'Neill did not analyze the premium to KFN's closing share price based on KKR's common unit price on any date other than December 12, 2013.

Comparable Company Analysis

Sandler O'Neill used publicly available information to compare selected financial information for KFN and a group of financial institutions selected by Sandler O'Neill based on Sandler O'Neill's professional judgment and experience. The peer group consisted of NASDAQ-and NYSE-traded business development companies and senior / floating fund business development companies.

The following financial institutions were selected for the comparison:

Business Development Companies:	
Apollo Investment Corporation	New Mountain Finance Corporation
Ares Capital Corporation	PennantPark Investment Corporation
Blackrock Kelso Capital Corp.	Prospect Capital Corporation
Fifth Street Finance Corporation	Solar Capital Ltd.
Golub Capital BDC, Inc.	TCP Capital Corporation
Hercules Technology Growth Capital, Inc.	THL Credit, Inc.
Main Street Capital Corporation	TICC Capital Corporation
Medley Capital Corporation	Triangle Capital Corporation
Investment Companies Focused on Senior and Floating Rate Loans:	
Fifth Street Senior Floating Rate Corp	PennantPark Floating Rate Capital
Oxford Lane Capital Corporation	Solar Senior Capital Ltd.

The analysis compared publicly available financial information for KFN and the mean and median financial and market trading data for the peer group as of or for the period ended September 30, 2013

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with pricing data as of December 12, 2013. The table below sets forth the data for KFN and the mean and median data for the peer group.

	KKR Financial (12/12/13 pricing)	BDC Median (12/12/13 pricing)	BDC Mean (12/12/13 pricing)	Inv. Co. - Senior / Floating Loans Median (12/12/13 pricing)	Inv. Co. - Senior / Floating Loans Mean (12/12/13 pricing)
Market Cap ($ in millions)	$ 1,882	$ 789	$ 1,292	$ 167	$ 159
Total Assets ($ in millions)	$ 8,472	$ 1,173	$ 1,837	$ 216	$ 215
LTM ROE	13.5%	10.5%	11.6%	9.0%	7.5%
Price / NAV	0.88x	1.08x	1.18x	1.00x	0.98x
Price / 2013E EPS	7.2x	11.0x	11.8x	14.5x	20.8x
Price / 2014E EPS	8.8x	10.4x	10.8x	12.2x	12.3x
Price / 2015E EPS	8.0x	9.7x	10.0x	12.6x	12.6x
Current Dividend Yield(1)	9.6%	9.0%	9.1%	7.8%	8.9%

(1) Dividend yield computed as most recent quarterly dividend annualized divided by closing price per share

Sandler O'Neill used publicly available information to compare selected financial information for KKR and a group of financial institutions selected by Sandler O'Neill based on Sandler O'Neill's professional judgment and experience. The peer group consisted of NASDAQ and NYSE-traded alternative asset managers.

The following companies were selected for the comparison:

Apollo Global Investment, LLC	Fortress Investment Group, LLC
The Blackstone Group	Oaktree Capital Group, LLC
The Carlyle Group, L.P.	Och-Ziff Capital Management Group

The analysis compared publicly available financial information for KKR and the mean and median financial and market trading data for the peer group as of or for the period ended September 30, 2013 with pricing data as of December 12, 2013. The table below sets forth the data for KKR and the mean and median data for the peer group.

	KKR (12/13/13 pricing)	Alternative Asset Managers Median (12/13/13 pricing)	Alternative Asset Managers Mean (12/13/13 pricing)
Closing Price as % of 52 Week High	98%	93%	93%
2015E Dividend Yield	6.3%	7.3%	7.6%
LTM AUM Growth	36%	15%	12%
Average Daily Trading Volume ($ in millions)	$ 42.1	$ 12.1	$ 29.2
Price / 2012 Adjusted Economic Net Income(1)	8.4x	13.8x	13.4x
Price / 2013E Economic Net Income	9.9x	10.5x	10.4x
Price / 2014E Economic Net Income	9.8x	10.6x	10.5x
Price / 2015E Economic Net Income	8.9x	9.7x	9.8x
Implied ENI Growth 2012 Adjusted-2013	(15)%	28%	29%
Implied ENI Growth 2013-2014	0%	(1)%	(0)%

(1) Excludes any one-time, non-recurring items

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Stock Price Performance

Sandler O'Neill reviewed the publicly reported trading prices of KFN's common shares for the one-year and three-year periods ended December 12, 2013. Sandler O'Neill then compared the relationship between the movements in the price of KFN's common shares against the movements in the prices of the peer groups referenced above and the S&P 500 Index.

One-Year Comparative Stock Performance

	Beginning Value December 12, 2012	**Ending Value December 12, 2013**
KFN	100%	88%
BDC Peers	100%	105%
Senior / Floating Fund Peers	100%	102%
S&P 500 Index	100%	124%

Three-Year Comparative Stock Performance

	Beginning Value December 12, 2010	**Ending Value December 12, 2013**
KFN	100%	101%
BDC Peers	100%	99%
Senior / Floating Fund Peers	100%	89%
S&P 500 Index	100%	143%

Sandler O'Neill reviewed the publicly reported trading prices of KKR's common units for the one-year and three-year periods ended December 12, 2013. Sandler O'Neill then compared the relationship between the movements in the price of KKR's common units against the movements in the prices of the peer group referenced above and the S&P 500 Index.

One-Year Comparative Stock Performance

	Beginning Value December 12, 2012	**Ending Value December 12, 2013**
KKR	100%	172%
Alternative Asset Managers	100%	176%
S&P 500 Index	100%	124%

Three-Year Comparative Stock Performance

	Beginning Value December 12, 2010	**Ending Value December 12, 2013**
KKR	100%	181%
Alternative Asset Managers	100%	171%
S&P 500 Index	100%	143%

Research Analyst Estimates and Price Targets

Sandler O'Neill reviewed analyst estimated earnings per share, or EPS, for KFN for 2013 and 2014 along with analyst estimated future price targets. The mean and median for 2013 and 2014 EPS were based on reports from five research analysts. The mean and median future price target for KFN were based on reports from five research analysts

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Summary of KFN Analyst Estimates

	EPS 2013	EPS 2014	Future Price Target
Mean	$ 1.27	$ 1.05	$ 11.70
Median	$ 1.26	$ 1.07	$ 12.00

Sandler O'Neill reviewed analyst estimated economic net income for KKR for 2013 and 2014 along with analyst estimated future price targets. The mean and median for 2013 and 2014 economic net income were based on reports from twelve research analysts. The future price target was based on reports from eleven research analysts. In some cases future price target information was not available.

Sandler O'Neill also noted the merger consideration exceeded the mean and median 12 month analyst target prices for KFN common shares and exceeded all but one of the individual analyst 12 month target prices for KFN common shares.

Summary of KKR Analyst Estimates

	Economic Net Income 2013	Economic Net Income 2014	Future Price Target
Mean	$ 2.46	$ 2.47	$ 25.91
Median	$ 2.49	$ 2.41	$ 26.00

KFN Net Present Value Analysis

Sandler O'Neill performed an analysis that estimated the net present value per KFN common share under various circumstances. Sandler O'Neill assumed that KFN performed in accordance with the publicly available mean analyst estimated earnings per share for the years ending December 31, 2013 and December 31, 2014 and an estimated long-term growth rate of 10% as provided by mean analyst research estimates for the years thereafter, and also included annual cash dividend payments, confirmed by senior management of KFN.

To approximate the terminal value of KFN common shares at December 31, 2017, Sandler O'Neill applied dividend yields ranging from 7.0% to 12.0%. The terminal values were then discounted to present values using different discount rates ranging from 7.0% to 12.0% chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of KFN's common shares.

As illustrated in the following tables, the analysis indicates an imputed range of values per KFN common share of $8.21 to $13.45 when applying dividend yields to the assumed quarterly dividend of $0.22 per KFN common share and $6.21 to $11.70 when applying multiples of tangible book value to the assumed tangible book value, calculated on the basis of analyst projections.

	Dividend Yields					
Discount Rate	**7.0%**	**8.0%**	**9.0%**	**10.0%**	**11.0%**	**12.0%**
7.00%	$ 13.45	$ 12.17	$ 11.17	$ 10.37	$ 9.72	$ 9.17
7.84%	$ 13.18	$ 11.92	$ 10.95	$ 10.17	$ 9.53	$ 9.00
8.00%	$ 13.13	$ 11.88	$ 10.91	$ 10.13	$ 9.50	$ 8.97
9.00%	$ 12.81	$ 11.60	$ 10.66	$ 9.90	$ 9.28	$ 8.77
10.00%	$ 12.51	$ 11.33	$ 10.41	$ 9.68	$ 9.08	$ 8.58
11.00%	$ 12.22	$ 11.07	$ 10.18	$ 9.46	$ 8.88	$ 8.39
12.00%	$ 11.94	$ 10.82	$ 9.95	$ 9.25	$ 8.69	$ 8.21

	Tangible Book Value Multiples					
Discount Rate	80%	90%	100%	110%	120%	130%
7.00%	$ 7.20	$ 8.10	$ 9.00	$ 9.90	$ 10.80	$ 11.70
7.84%	$ 6.98	$ 7.85	$ 8.72	$ 9.59	$ 10.46	$ 11.34
8.00%	$ 6.93	$ 7.80	$ 8.67	$ 9.54	$ 10.40	$ 11.27
9.00%	$ 6.68	$ 7.52	$ 8.35	$ 9.19	$ 10.03	$ 10.86
10.00%	$ 6.44	$ 7.25	$ 8.05	$ 8.86	$ 9.67	$ 10.47
11.00%	$ 6.21	$ 6.99	$ 7.77	$ 8.55	$ 9.32	$ 10.10

Sandler O'Neill also considered and discussed with the KFN transaction committee how this analysis would be affected by possible changes in the underlying assumptions, including variations with respect to net income and dividends. To illustrate this impact, Sandler O'Neill performed a sensitivity analysis assuming KFN's net income varied from 25% above analyst projections to 25% below analyst projections and assuming that KFN's quarterly dividends paid varied from $0.165 per KFN common share to $0.275 per KFN common share. This sensitivity analysis resulted in the following range of per share values for KFN common shares, using the same dividend yields of 7.0% to 12.0% and a discount rate of 7.84%.

	Dividend Yields					
Annual Variance	7.0%	8.0%	9.0%	10.0%	11.0%	12.0%
-25.00%	$ 9.88	$ 8.94	$ 8.21	$ 7.63	$ 7.15	$ 6.75
-20.00%	$ 10.54	$ 9.54	$ 8.76	$ 8.14	$ 7.63	$ 7.20
-15.00%	$ 11.20	$ 10.14	$ 9.31	$ 8.64	$ 8.10	$ 7.65
-10.00%	$ 11.86	$ 10.73	$ 9.85	$ 9.15	$ 8.58	$ 8.10
-5.00%	$ 12.52	$ 11.33	$ 10.40	$ 9.66	$ 9.06	$ 8.55
0.00%	$ 13.18	$ 11.92	$ 10.95	$ 10.17	$ 9.53	$ 9.00
5.00%	$ 13.84	$ 12.52	$ 11.50	$ 10.68	$ 10.01	$ 9.45
10.00%	$ 14.49	$ 13.12	$ 12.04	$ 11.19	$ 10.49	$ 9.90
15.00%	$ 15.15	$ 13.71	$ 12.59	$ 11.70	$ 10.96	$ 10.35
20.00%	$ 15.81	$ 14.31	$ 13.14	$ 12.20	$ 11.44	$ 10.80
25.00%	$ 16.47	$ 14.90	$ 13.69	$ 12.71	$ 11.91	$ 11.25

The following table describes a discount rate calculation for KFN. The discount rate equals the risk free rate plus the product of two year beta and equity risk premium.

Risk Free Rate	2.88%	10 Year UST Yield
Two Year Beta	0.87	Per Bloomberg
Equity Risk Premium	5.70%	Ibbotson 60 year market analysis
Discount Rate	7.84%	

During the December 13, 2013 meeting of the KFN transaction committee, Sandler O'Neill noted that the net present value analysis is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, and the results thereof are not necessarily indicative of actual values or future results. Sandler O'Neill noted the merger consideration was within the range of the values indicated in the tables presented in the above net present value analysis of KFN common shares.

KKR Net Present Value Analysis

Sandler O'Neill also performed an analysis that estimated the net present value per KKR common unit under various circumstances. Sandler O'Neill assumed that KKR performed in accordance with publicly available mean analyst estimated economic net income per unit for the years ending

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December 31, 2013, December 31, 2014 and December 31, 2015 and an estimated long-term earnings growth rate of 6.9% as provided by mean analyst estimates for the years thereafter, and also included mean analyst estimates with respect to annual distributions / unit.

To approximate the terminal value of KKR common units at December 31, 2017, Sandler O'Neill applied economic net income multiples ranging from 8.0x to 13.0x, which Sandler O'Neill determined to be a standard deviation both up and down with the calculated discount rate at the mid-point of that range. The terminal values were then discounted to present values using different discount rates ranging from 8.0% to 13.0%, which Sandler O'Neill determined to be a standard deviation both up and down with the calculated discount rate at the mid-point of that range, and were chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of KKR's common units.

As illustrated in the following tables, the analysis indicates an imputed range of values per KKR common unit of $22.41 to $37.61 when applying economic net income multiples to applicable analyst projections for KKR.

	Economic Net Income Per Unit Multiples					
Discount Rate	**8.0x**	**9.0x**	**10.0x**	**11.0x**	**12.0x**	**13.0x**
8.00%	$ 25.28	$ 27.74	$ 30.21	$ 32.68	$ 35.14	$ 37.61
9.00%	$ 24.66	$ 27.06	$ 29.46	$ 31.86	$ 34.26	$ 36.66
9.94%	$ 24.10	$ 26.44	$ 28.78	$ 31.12	$ 33.45	$ 35.79
10.00%	$ 24.07	$ 26.40	$ 28.74	$ 31.07	$ 33.41	$ 35.74
11.00%	$ 23.50	$ 25.77	$ 28.04	$ 30.31	$ 32.58	$ 34.86
12.00%	$ 22.94	$ 25.15	$ 27.37	$ 29.58	$ 31.79	$ 34.00
13.00%	$ 22.41	$ 24.56	$ 26.72	$ 28.87	$ 31.02	$ 33.18

Sandler O'Neill also considered and discussed with the transaction committee how this analysis would be affected by possible changes in the underlying assumptions, including variations with respect to net income. To illustrate this impact, Sandler O'Neill performed a sensitivity analysis assuming KKR's economic net income and distributions / unit varied from 25% above analyst projections to 25% below analyst projections. This sensitivity analysis resulted in the following range of per unit values for KKR common units, using the same price to earnings multiples of 8.0x to 13.0x and a discount rate of 9.94%:

	Economic Net Income Multiples					
Annual Variance	**8.0x**	**9.0x**	**10.0x**	**11.0x**	**12.0x**	**13.0x**
-25.00%	$ 18.08	$ 19.83	$ 21.58	$ 23.34	$ 25.09	$ 26.84
-20.00%	$ 19.28	$ 21.15	$ 23.02	$ 24.89	$ 26.76	$ 28.63
-15.00%	$ 20.49	$ 22.47	$ 24.46	$ 26.45	$ 28.44	$ 30.42
-10.00%	$ 21.69	$ 23.80	$ 25.90	$ 28.00	$ 30.11	$ 32.21
-5.00%	$ 22.90	$ 25.12	$ 27.34	$ 29.56	$ 31.78	$ 34.00
0.00%	$ 24.10	$ 26.44	$ 28.78	$ 31.12	$ 33.45	$ 35.79
5.00%	$ 25.31	$ 27.76	$ 30.22	$ 32.67	$ 35.13	$ 37.58
10.00%	$ 26.51	$ 29.08	$ 31.66	$ 34.23	$ 36.80	$ 39.37
15.00%	$ 27.72	$ 30.41	$ 33.09	$ 35.78	$ 38.47	$ 41.16
20.00%	$ 28.92	$ 31.73	$ 34.53	$ 37.34	$ 40.15	$ 42.95
25.00%	$ 30.13	$ 33.05	$ 35.97	$ 38.90	$ 41.82	$ 44.74

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The following table describes a discount rate calculation for KKR. The discount rate equals the risk free rate plus the product of two year beta and equity risk premium.

Risk Free Rate	2.88%	10 Year UST Yield
Two Year Beta	1.24	Per Bloomberg
Equity Risk Premium	5.70%	Ibbotson 60 year market analysis
Discount Rate	9.94%	

At the December 13, 2013 meeting of the transaction committee, Sandler O'Neill noted that the net present value analysis is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, and the results thereof are not necessarily indicative of actual values or future results.

Sandler O'Neill noted that the trading price of KKR common units at the time of the presentation was within the range of the values indicated in the tables presented in the above net present value analysis of KKR common units.

Analysis of Selected Merger Transactions

Sandler O'Neill reviewed two groups of comparable mergers and acquisitions. The first group consisted of mergers and acquisitions of companies that were considered vehicles that were holders of financial assets and were managed by another party. The second group consisted of mergers and acquisitions of companies in the financial services industry where the buyer and the target had commercial relationships similar to those between KFN and KKR. In each group, these were the only transactions meeting the criteria described above and no transactions were excluded from either of the comparable merger and acquisition groups.

The first group of mergers and acquisitions included eleven transactions announced between January 30, 2011 and October 22, 2013 selected based on Sandler O'Neill's professional judgment and experience. The group was composed of the following transactions:

Buyer/Target

American Realty Capital Properties, Inc. / Cole Real Estate Investments, Inc.
Parkway Properties, Inc. / Thomas Properties Group, Inc.
Mid-America Apartment Communities, Inc. / Colonial Properties Trust
American Realty Capital Properties, Inc. / CapLease, Inc.
Annaly Capital Management, Inc. / CreXus Investment Corp.
Realty Income Corporation / American Realty Capital Trust, Inc.
HarbourVest Partners / Conversus Capital
Ventas, Inc. / Cogdell Spencer Inc.
HarbourVest Partners / Absolute Private Equity
Ventas, Inc. / Nationwide Health Properties, Inc.
AMB Property Corporation / ProLogis

The second group of mergers and acquisitions included seven transactions announced between November 20, 2006 and November 12, 2012 selected based on Sandler O'Neill's professional judgment and experience. In order to achieve a sufficient number of representative transactions deemed adequate by Sandler O'Neill, Sandler O'Neill expanded the range of dates used in selecting the second group as

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compared to that used in selecting the first group. The group was composed of the following transactions:

Buyer/Target

Annaly Capital Management, Inc. / CreXus Investment Corp.
Leucadia National Corp. / Jefferies Group, Inc.
Sovereign Bancorp, Inc. / Banco Santander SA
UnionBanCal Corp. / Bank of Tokyo-Mitsubishi UFJ Ltd.
Nationwide Financial Services, Inc. / Nationwide Mutual Insurance Co.
Alfa Corp. / Alfa Mutual
TD Banknorth, Inc. / Toronto-Dominion Bank

Sandler O'Neill then reviewed the following multiples for each of the transactions: transaction price to book value and transaction price to target company's stock price days before transaction announcement. As illustrated in the following table, Sandler O'Neill compared the proposed merger multiples to the median multiples of the comparable transactions.

	KKR / KFN	First Group Transaction Medians	Second Group Transaction Medians
Transaction Value / Book Value Per Share:	119%	103%	NM
Premium to KFN Stock Price (Dec. 12, 2013):	34.6%	8.4%	23.7%

Share Repurchase Analysis

Sandler O'Neill performed an analysis that estimated the earnings per share and tangible book value accretion to KFN common shares if KFN were to repurchase $200 million of its common shares at a range of prices between $9.19 to $10.00 per share. The analysis indicated that such share repurchase could be projected to result in 2015 earnings per share accretion to KFN common shares of between 3.8% to 4.8% in 2015. Additionally, Sandler O'Neill noted that based on the assumptions above, such share repurchase could be projected to result in tangible book value per share accretion to KFN common shares of between 0.4% to 1.4% as of September 30, 2013.

Pro Forma Results

Sandler O'Neill analyzed certain potential pro forma effects of the merger, assuming the following: (i) the merger closes on January 1, 2014; (ii) per share merger consideration value of $12.37, based on KKR's closing unit price on December 12, 2013 of $24.25; (iii) KKR is able to achieve cost savings of approximately $4.5 million and such savings are 100% realized in 2014; (iv) KFN's performance is consistent with publicly available mean analyst estimated earnings per share for the year ending December 31, 2014 and an estimated long-term growth rate of 10% for the years thereafter; (v) KKR's performance is consistent with publicly available mean analyst economic net income estimates for the years ending December 31, 2014 and December 31, 2015 and an estimated long-term growth rate of 6.9% for the years thereafter. The analyses indicated that (i) for the year ending December 31, 2014, the merger (excluding transaction expenses) would be dilutive to KKR's projected economic net income per unit, (ii) for the year ending December 31, 2015, the merger would be accretive to KKR's projected distributable earnings, and (iii) as of September 30, 2013, the merger would be accretive to KKR's book value per unit. The actual results achieved by the combined company, however, may vary from projected results and the variations may be material.

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The table below shows Sandler O'Neill's projected accretion/dilution percentages for both KFN and KKR as of closing and for each of the years 2014-2015.

	Closing	Year Ending 12/31/2014	Year Ending 12/31/2015
KKR Economic Net Income Accretion / (Dilution) excluding transaction expenses		(1.9)%	(1.9)%
KFN EPS Accretion / (Dilution) excluding transaction expenses (assumes 100% stock allocation)		17.7%	17.3%
KKR Total Distributable Earnings Accretion / (Dilution) excluding transaction expenses		1.0%	0.8%
KKR Distributions / Unit Accretion / (Dilution)		6.9%	6.7%
KFN Income Distribution Accretion / (Dilution)		(15.7)%	(6.0)%
KKR BVPS Accretion / (Dilution)	17.5%		
KFN BVPS Accretion / (Dilution)	(42.1)%		

Preliminary Presentations by Sandler O'Neill

In addition to its December 13, 2013 fairness opinion presentation described above, Sandler O'Neill also made preliminary written presentations to the transaction committee of the KFN board of directors on the following dates, which are referred to in this proxy statement/prospectus as the preliminary Sandler presentations:

November 6, 2013

November 12, 2013

November 21, 2013

November 24, 2013

November 27, 2013

December 5, 2013

December 6, 2013

December 10, 2013

The preliminary Sandler presentations consisted of various summary data and analyses that Sandler O'Neill utilized in formulating its preliminary perspective on the merger, were for discussion purposes only, and did not present any findings or make any recommendations or constitute an opinion, or a part of any opinion, of Sandler O'Neill with respect to the fairness of the merger consideration. The only presentation in which Sandler O'Neill presented its findings with respect to the fairness of the consideration to be received by KFN shareholders was Sandler O'Neill's December 13, 2013 presentation described above. The preliminary Sandler presentations contained substantially similar analyses as described above in connection with the delivery of Sandler O'Neill's fairness opinion. The preliminary Sandler presentations primarily addressed the continued negotiations surrounding the proposed exchange ratio in the proposed transaction.

The November 6, 2013 preliminary Sandler presentation contained an overview of the proposed structure and terms of the merger, preliminary Sandler valuation analyses, a summary analysis of the proposed merger consideration, a review of the financial terms in selected previous business combinations, and analyst estimated future earnings per share, price targets and recommendations for KFN.

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The November 12, 2013 preliminary Sandler presentation contained updated Sandler valuation analyses, an update on the value of the proposed merger consideration and the resulting implied premiums, an accretion/dilution analysis of KKR and case studies of prior selected business combinations.

The November 21, 2013 preliminary Sandler presentation contained updated Sandler valuation analyses reflecting the revised proposed merger consideration and a summary description of Sandler O'Neill's meeting with KKR and its financial advisor regarding KKR's stated rationale for the transaction.

The November 24, 2013 preliminary Sandler presentation included a summary of the rationale to be expressed to KKR and its financial advisor by representatives of Sandler O'Neill for an increase in the value of the proposed merger consideration, and was also provided to representatives of KKR.

The November 27, 2013 preliminary Sandler presentation contained updated Sandler valuation analyses reflecting the revised proposed merger consideration.

The December 5, 2013 preliminary Sandler presentation summarized KKR's responses to certain questions regarding KKR's business asked by Sandler O'Neill during a conversation with members of KKR's management held on December 4, 2013. These included summaries of KKR's responses to certain questions posed by Sandler O'Neill regarding KKR's investing and financial performance and its management's evaluation of such performance, KKR's fundraising activities, the potential evolution of KKR's businesses and the composition of KKR's assets under management and the implications of such evolution, KKR's strategy and management plans, and KKR's fund investor base. In addition, the presentation summarized KKR's responses to certain questions regarding its plans following the completion of the transaction, including KKR's anticipated plan to distribute 100% of KFN's cash earnings, KKR's anticipated plan to initially maintain KFN as a separate legal entity, and KKR's investment expectations with respect to KFN's and KKR's balance sheet. The presentation also summarized KKR's expectations that potential synergies in the merger would amount to a few million dollars and anticipated reactions to the announcement of the merger.

The December 6, 2013 preliminary Sandler presentations contained a pro forma trading analysis of KKR, a summary of Sandler O'Neill's equity research coverage of KKR and of KKR's platform, managed assets and financial and stock price performance, and Sandler O'Neill's equity research analyst's views on the potential merger.

The December 10, 2013 preliminary Sandler presentation contained updated Sandler valuation analyses reflecting the revised proposed merger consideration.

Specifically, the presentations contained the following analyses:

proposed structure and terms of the transaction including the then-current proposed merger consideration and the impact of the proposed merger consideration on holders of KFN common shares, calculated on November 21, 2013 at an amended proposed exchange ratio of 0.48 KKR common units per KFN common share, which would imply per share consideration of $10.91 based on the trading price of KKR common units of $22.73 on November 20, 2013. The aggregate transaction value as of November 21, 2013 would have been $2,235 million. Previously, similar calculations were performed as of November 6, 2013, at which time the proposed exchange ratio was 0.46 KKR common units per KFN common share, the trading price of KKR common units was $22.87 on November 4, 2013, and the implied per share consideration was $10.52. The final transaction proposal, which contemplated an exchange ratio of 0.51 KKR common units per KFN common share, would imply a per share price of $12.37 based on the $24.25 trading price of KKR common units on December 12, 2013.

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comparable public company analyses using the same methodology as that described on pages 46 and 47 above, and related information as of the date on which the analyses were performed;

precedent transaction analyses using the same methodology as that described on pages 52 and 53 above, and related information as of the date on which the analyses were performed;

pro forma financial analyses using the same methodology as described on page 53 and 54 above, and related information as of the date on which the analyses were performed;

discounted cash flow analyses, using the same methodology as described on pages 49 and 50 above, and related information as of the date on which the analyses were performed

historical stock price performance analysis of KFN and KKR as described on page 48 above, and related information as of the date on which the analysis were performed;

analyst price targets and EPS; and

accretion/dilution analyses in which Sandler O'Neill considered the standalone net income of each of KKR and KFN, then made adjustments for the proposed merger (including expense synergies, potential tax consequences and possible changes to business mix, among other pro forma adjustments, based on information provided by each of KKR and KFN):

In the November 12, 2013 preliminary presentation, Sandler O'Neill noted that based on information provided to Sandler O'Neill, the proposed acquisition of KFN could be projected to result in a range of earnings per share accretion/(dilution) to KKR of (4.6)% to 8.5% in 2015 under the strategic plan cases reflected in the KFN financial projections and various mixtures of stock and cash merger consideration. Additionally, Sandler O'Neill calculated a range of maximum prices that KKR could pay to KFN common shareholders and not suffer earnings per share dilution under the strategic plan cases reflected in the KFN financial projections and various mixtures of stock and cash merger consideration. The analysis indicated a range of $6.47 to $24.00 in per share merger consideration could be paid without earnings per share dilution to KKR.

In the November 21, 2013 preliminary presentation, Sandler O'Neill noted that based on information provided to Sandler O'Neill, the proposed acquisition of KFN could be projected to result in a range of earnings per share accretion/(dilution) to KKR of (5.1)% to 1.5% in 2015 under the strategic plan cases reflected in the KFN financial projections and assuming merger consideration consisting entirely of KKR common units. Sandler O'Neill also noted that the proposed acquisition of KFN could be projected to result in a range of earnings per share accretion/(dilution) to KFN common shareholders of (8.6)% to 68.6% in 2015 under the strategic plan cases reflected in the KFN financial projections and assuming merger consideration consisting entirely of KKR common units. Additionally, Sandler O'Neill calculated a range of maximum prices that KKR could pay to KFN common shareholders and not suffer earnings per share dilution under the strategic plan cases reflected in the KFN financial projections and assuming merger consideration consisting entirely of KKR common units. The analysis indicated a range of $6.27 to $12.27 in merger consideration could be paid without earnings per share dilution to KKR. Sandler O'Neill also noted that the proposed acquisition of KFN could be projected to result in a range of income distribution per share accretion to KKR of 0.2 to 12.1% in 2015 under the strategic plan cases reflected in the KFN financial projections and assuming merger consideration consisting entirely of KKR common units. Sandler O'Neill also noted that the proposed acquisition of KFN could be projected to result in a range of income distribution per share accretion/(dilution) to KFN common shareholders of (37.8)% to 9.7% in 2015 under the strategic plan cases reflected in the KFN financial projections and assuming merger consideration consisting entirely of KKR common units.

In the November 27, 2013 preliminary presentation, Sandler O'Neill noted that based on information provided to Sandler O'Neill, the proposed acquisition of KFN could be projected to result in a range of earnings per share accretion/(dilution) to KKR of (5.6)% to 1.0% in 2015 under the strategic plan cases reflected in the KFN financial projections and assuming merger consideration consisting entirely of KKR common units. Sandler O'Neill also noted that the proposed acquisition of KFN could be projected to result in a range of earnings per share accretion/(dilution) to KFN common shareholders of (5.2)% to 74.8% in 2015 under the strategic plan cases reflected in the KFN financial projections and assuming merger consideration consisting entirely of KKR common units. Sandler O'Neill also noted that the proposed acquisition of KFN could be projected to result in a range of income distribution per share accretion/(dilution) to KKR of (0.3)% to 11.5% in 2015 under the strategic plan cases reflected in the KFN financial projections and assuming merger consideration consisting entirely of KKR common units. Sandler O'Neill also noted that the proposed acquisition of KFN could be projected to result in a range of income distribution per share dilution to KFN common shareholders of (13.9)% to (3.7)% in 2015 under the strategic plan cases reflected in the KFN financial projections and assuming merger consideration consisting entirely of KKR common units.

These numbers are in comparison to the December 13, 2013 presentation of Sandler O'Neill in which Sandler O'Neill noted that based on information provided to Sandler O'Neill, the proposed acquisition of KFN could be projected to result in earnings dilution to KKR of (1.9)% in 2014 and 2015. Sandler O'Neill also noted that the proposed acquisition of KFN could be projected to result in earnings accretion/(dilution) to KFN common shareholders of 17.7% in 2014 and 17.3% in 2015. Sandler O'Neill noted that the proposed acquisition of KFN could be projected to result in distribution accretion to KKR of 6.9% in 2014 and 6.7% in 2015. Sandler O'Neill also noted that the proposed acquisition of KFN could be projected to result in income distribution dilution to KFN common shareholders of (15.7)% in 2014 and (6.0)% in 2015.

market reviews and potential capital raising alternatives in which Sandler O'Neill reviewed, among other things, the trading price of KFN common shares and selected peer group companies, as well as activity in the equity capital markets. Based on its observations, as well as wider macroeconomic trends, Sandler O'Neill compared for the KFN transaction committee an equity offering by KKR with the proposed merger with KKR, including an implied price per share analysis for a capital raising transaction:

In the November 12, 2013 preliminary presentation Sandler O'Neill noted that a $2.2 billion equity raise by KKR (which amount was equal to the then-current proposed aggregate merger consideration value) at a range of net offering prices between $20.00 to $21.50 could be projected to result in an implied price range per KFN common share of $11.34 to $12.22.

In the November 21, 2013 preliminary presentation Sandler O'Neill noted that a $2.2347 billion equity raise by KKR (which amount was equal to the then-current proposed aggregate merger consideration value) at a range of net offering prices between $20.00 to $21.50 could be projected to result in an implied price range per KFN common share of $11.04 to $11.91.

Has/Gets Analysis based on the publicly available analyst earnings estimates for KFN and KKR and the various projection scenarios provided by management of KFN, in which Sandler O'Neill conducted a *"Has-Gets"* analysis of the impact of the proposed transaction on the shareholders of KFN. A *"Has-Gets"* analysis is a comparison of what shareholders of KFN have prior to the consummation of the proposed merger in terms of one or more financial ratios (and thus would

not have absent consummation of such merger) to what such shareholders will have upon consummation of the merger.

In its November 21, 2013 preliminary presentation Sandler O'Neill analyzed KFN's 2015 earnings per share on a stand-alone basis and then pro forma for the transaction with KKR. Sandler O'Neill also evaluated the "Has-Gets" related to 2015 Income Distribution, Long-Term Analyst Growth Rate, One Year Daily Trading Volume and One Year Total Return to Shareholders. Sandler O'Neill's analyses did not include the effect of any synergies as a result of the merger in performing this analysis. The analyses indicated the 2015 Earnings Per Share (based on the strategic plan cases reflected in the KFN financial projections and current consensus mean analysts' estimates) would increase/(decrease) by a range of $(0.13) and $0.51, KKR's One Year Daily Trading Volume was greater by $31.5 million, and KKR's One Year Total Return to Shareholders was 77.9% compared to KFN's 5.1%. The 2015 Income Distribution (based on the strategic plan cases reflected in the KFN financial projections and current consensus mean analysts' estimates) would increase/(decrease) by a range of $0.06 and $(0.49) and the Long-Term Analyst growth rate of KKR was 10.0% compared to KFN's rate of 6.9%.

imputed valuation analyses of KFN common shares in which Sandler O'Neill analyzed imputed valuation per common share in the preliminary presentations as described below and based on the strategic plan cases reflected in the KFN financial projections to Sandler O'Neill:

in the November 6, 2013 preliminary presentation, Sandler O'Neill's analysis indicated the ranges listed below based on the median values for each of the strategic plan cases reflected in the KFN financial projections for the following for three comparison groups:

(1) $7.33 to $14.47 based on a group of business development companies;

(2) $8.44 to $16.66 based on a group of senior / floating fund business development companies; and

(3) $8.40 to $16.57 based on KFN's historical average three year valuation based on dividend yield (calculated assuming 90% of earnings per share are paid out as dividends);

in the November 6, 2013 preliminary presentation, Sandler O'Neill's analysis indicated the ranges listed below based on the mean values for each of the strategic plan cases reflected in the KFN financial projections for the following for three comparison groups:

(1) $7.32 to $14.44 based on a group of business development companies;

(2) $7.47 to $14.74 based on a group of senior / floating fund business development companies; and

(3) $8.62 to $17.01 based on KFN's historical average three year valuation based on dividend yield (calculated assuming 90% of earnings per share are paid out as dividends);

in the November 21, 2013 preliminary presentation, Sandler O'Neill's analysis indicated the ranges listed below based on the median values for each of the strategic plan cases reflected in the KFN financial projections for the following for three comparison groups:

(1) $8.13 to $15.04 based on a group of business development companies;

(2) $9.02 to $16.79 based on a group of senior / floating fund business development companies; and

(3) $8.38 to $16.53 based on KFN's historical average three year valuation based on dividend yield (calculated assuming 90% of earnings per share are paid out as dividends);

in the November 21, 2013 preliminary presentation, Sandler O'Neill's analysis indicated the ranges listed below based on the mean values for each of the strategic plan cases reflected in the KFN financial projections for the following for three comparison groups:

(1) $7.93 to $14.64 based on a group of business development companies;

(2) $8.12 to $15.01 based on a group of senior / floating fund business development companies; and

(3) $8.57 to $16.91 based on KFN's historical average three year valuation based on dividend yield (calculated assuming 90% of earnings per share are paid out as dividends);

imputed valuation analyses of KKR common units pro forma for a merger with KFN in which, in the November 27, 2013 preliminary presentation, Sandler O'Neill's analysis indicated the ranges listed below, assuming KKR would perform in accordance with mean consensus analysts' estimates and KFN would perform in accordance with either mean consensus analysts' estimates or one of three strategic plan cases reflected in the KFN financial projections, for valuation metrics based on the following criteria as compared to publicly available trading information and analyst estimates of the respective peer groups of KFN and KKR:

(1) $22.46 to $24.03 based on KKR maintaining its current price to estimated 2015 earnings multiple;

(2) $24.55 to $26.26 based on KKR trading at the current mean price to estimated 2015 earnings multiple of its peer group; and

(3) $23.72 to $26.54 based on KKR's mean consensus analysts' expected dividend yield.

Share repurchase analysis in which Sandler O'Neill performed an analysis that estimated the earnings per share and tangible book value accretion to KFN common shares if KFN were to repurchase various aggregate dollar amounts of common shares at a range of prices. The analysis indicated that such share repurchase could be projected to result in various levels of 2014 and 2015 earnings per share accretion to KFN. Additionally, Sandler O'Neill estimated the tangible book value per share accretion to KFN as of September 30, 2013 under these same assumptions.

In the November 21, 2013 preliminary presentation Sandler O'Neill noted that based on a share repurchase of $100 million at a range of prices between $9.75 to $10.91 per KFN common share that such share repurchase could be projected to result in 2014 earnings per share accretion/(dilution) to KFN common shares of between 1% to 1.6% and 2015 earnings per share accretion/(dilution) to KFN common shares of between (0.5)% to 2.6%. Additionally, Sandler O'Neill noted that based on the assumptions above that such share repurchase could be projected to result in tangible book value per share accretion/(dilution) to KFN common shares of between $(0.02) to $0.04 as of September 30, 2013.

In the November 21, 2013 preliminary presentation Sandler O'Neill noted that based on a share repurchase of $200 million at a range of prices between $9.75 to $10.91 per KFN common share that such share repurchase

could be projected to result in 2014 earnings per share accretion to KFN common shares of between 2.2% to 3.4% and 2015 earnings per

share accretion/(dilution) to KFN common shares of between (1.0)% to 5.6%. Additionally, Sandler O'Neill noted that based on the assumptions above that such share repurchase could be projected to result in tangible book value per share accretion/(dilution) to KFN common shares of between $(0.05) to $0.07 as of September 30, 2013.

These numbers are in comparison to the December 13, 2013 presentation Sandler O'Neill where it was noted that based on a share repurchase of $200 million at a range of prices between $9.19 to 10.00 per KFN common share that such share repurchase could be projected to result in 2015 earnings per share accretion to KFN common shares of between 3.8% to 4.8%. Additionally, Sandler O'Neill noted that based on the assumptions above that such share repurchase could be projected to result in tangible book value per share accretion to KFN common share of between 0.4% to 1.4% as of September 30, 2013.

Each of the analyses performed in these preliminary presentations was subject to further updating and subject to the final analyses presented to the transaction committee on December 13, 2013 by Sandler O'Neill. Each of these analyses was necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to Sandler O'Neill as of, the dates on which Sandler O'Neill performed such analyses. Accordingly, the results of the financial analyses may have differed due to changes in those conditions and other information, and not all of the written and oral presentations contained all of the financial analyses listed above.

The procedures followed by Sandler O'Neill in preparing the material analyses in the preliminary Sandler presentations were substantially similar to the procedures used by Sandler O'Neill to prepare the corresponding analyses in its December 13, 2013 fairness opinion presentation. Copies of these written materials have been filed as exhibits to the Schedule 13E-3 filed with the SEC in connection with the merger and will be made available for inspection and copying at the principal offices of KFN during its regular business hours by any interested holder of KFN common shares. Copies may be obtained by requesting them in writing from KFN at the address provided in the section titled "Where You Can Find More Information" beginning on page 234 of this proxy statement/prospectus.

Miscellaneous

Sandler O'Neill acted as the financial advisor to the transaction committee in connection with the merger and will receive a fee of approximately $17,000,000 in connection with the merger, of which $500,000 was received upon execution of the engagement letter, $1,000,000 was received upon delivery of the fairness opinion, $500,000 will be paid on the date on which KFN first mails the proxy statement included in this proxy statement/prospectus to KFN shareholders, and approximately $15,000,000 of which is contingent on the consummation of the merger. KFN has also agreed to reimburse Sandler O'Neill's reasonable out-of-pocket expenses incurred in connection with its engagement and to indemnify Sandler O'Neill and its affiliates and their respective partners, directors, officers, employee and agents against certain expenses and liabilities, including liabilities under the securities laws.

Sandler O'Neill employs research analysts who cover KKR, but Sandler O'Neill research analysts do not cover KFN and Sandler O'Neill has not issued research reports with respect to KFN.

In the ordinary course of its respective broker and dealer businesses, Sandler O'Neill may purchase securities from and sell securities to KFN and KKR and their respective affiliates. Sandler O'Neill may also actively trade the debt and/or equity securities of KFN or KKR or their respective affiliates for their own accounts and for the accounts of their customers and, accordingly may at any time hold a long or short position in such securities. Sandler O'Neill has provided investment banking services to, and received fees for such services from, KFN, most recently, in connection with KFN's purchase of debt securities in 2010. Within the past two years, other than its role as financial advisor to the transaction committee of the KFN board of directors in connection with the merger, Sandler has not provided any services to KFN or any of KFN's subsidiaries. In addition, within the past two years,

Sandler O'Neill has also not provided any services to KKR or, to Sandler O'Neill's knowledge, any portfolio company of KKR.

Purpose and Reasons of the KKR Participants for the Merger

KKR, Fund Holdings, Merger Sub, KKR Group Holdings L.P., KKR Fund Holdings GP Limited, KKR Group Limited and KKR Management LLC, which are referred to collectively in this proxy statement/prospectus as the KKR Participants, are making the statements included in this section solely for the purpose of complying with the disclosure requirements of Rule 13e-3 and related rules under the Exchange Act. However, the making of such statements is not an admission by the KKR Participants that KFN is "controlled" by KKR or any affiliate of KKR such that KFN should be deemed to be an "affiliate" for purposes of Rule 13e-3 in connection with the merger.

Fund Holdings is the sole member of Merger Sub, KKR Group Holdings L.P. and KKR Fund Holdings GP Limited are the general partners of Fund Holdings, KKR Group Holdings L.P. is the sole shareholder of KKR Fund Holdings GP Limited, KKR Group Limited is the general partner of KKR Group Holdings L.P., KKR is the sole shareholder of KKR Group Limited and KKR Management LLC is the general partner of KKR.

For the KKR Participants, the purpose of the merger is to enable Fund Holdings to acquire all of the outstanding KFN common shares and, as a result, for Fund Holdings and its indirect owners, including KKR, to bear the rewards and risk of such ownership of KFN common shares after such KFN common shares cease to be publicly traded.

The KKR Participants believe that the transaction structure of the merger is preferable to other structures because it will enable Fund Holdings to acquire all of the outstanding KFN common shares at one time, while allowing the unaffiliated KFN common shareholders to participate and share in the potential future profits of KKR, including future profits related to KKR's indirect ownership interest in KFN's assets.

The KKR Participants' reasons for entering into the merger at this time include that KKR is continually exploring potential transactions that would enhance unitholder value relative to the status quo and that:

- KKR believes KFN is a specialty finance business with a complementary and known portfolio of assets and an attractive capital structure;

- KKR expects to acquire additional balance sheet scale to support its growth initiatives, including (1) the further build-out of KKR's investment management strategies, (2) increased exposure to capital market transactions that KKR sources, (3) the accelerated growth of KKR's new businesses, and (4) the pursuit of inorganic growth opportunities; and

- KKR believes that the merger would (1) accelerate KKR's balance sheet objectives, including the diversification of KKR's balance sheet holdings in addition to increasing their liquidity and yield, (2) increase the size and recurring component of KKR's distribution to KKR common unitholders, and (3) involve minimal integration risk, because KFN's assets are already managed by KKR.

In addition, KKR's desire to acquire additional balance sheet scale and to diversify its balance sheet holdings, along with the other goals noted above, is more readily achievable at this time given the market's current valuation of KKR's present and potential future earnings streams.

Opinion of the Financial Advisor to KKR

Goldman Sachs rendered its opinion to the board of directors of KKR Management LLC, which is referred to in this proxy statement/prospectus as KKR's managing partner, that, as of December 16,

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2013 and based upon and subject to the factors and assumptions set forth therein, the exchange ratio pursuant to the merger agreement was fair from a financial point of view to KKR.

The full text of the written opinion of Goldman Sachs, dated December 16, 2013, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex C to this proxy statement/prospectus. Goldman Sachs provided its opinion for the information and assistance of the board of directors of KKR's managing partner in connection with its consideration of the transaction.

In connection with rendering the opinion described above and performing its related financial analyses, Goldman Sachs reviewed, among other things:

- the merger agreement;
- KKR's Registration Statement on Form S-1, including the prospectus contained therein dated September 16, 2010 relating to the initial public offering of KKR common units;
- annual reports to unitholders or shareholders and Annual Reports on Form 10-K of KKR for the three years ended December 31, 2012 and of KFN for the five years ended December 31, 2012;
- certain interim reports to unitholders or shareholders and Quarterly Reports on Form 10-Q of KKR and KFN;
- certain other communications from KKR and KFN to their respective unitholders or shareholders;
- certain publicly available research analyst reports for KKR and KFN;
- certain financial analyses and forecasts for KFN prepared by its management;
- certain internal financial analysis and forecasts for KKR prepared by its management for the fourth quarter of 2013, certain financial analyses and forecasts for KKR prepared by research analysts and certain financial analyses and forecasts for KFN prepared by the management of KKR, in each case, as approved for Goldman Sachs' use by KKR, which are summarized beginning on page 95 and are referred to in this proxy statement/prospectus as the Forecasts; and
- certain cost savings and operating synergies projected by the management of KKR to result from the transaction, as approved for Goldman Sachs' use by KKR, which are summarized beginning on page 93 and are referred to in this proxy statement/prospectus as the Synergies.

Goldman Sachs also held discussions with members of the senior managements of KKR and KFN regarding their assessment of the strategic rationale for, and the potential benefits of, the transaction and the past and current business operations, financial condition, and future prospects of their respective companies; reviewed the reported price and trading activity for KKR common units and KFN common shares; compared certain financial and stock market information for KKR and KFN with similar information for certain other companies the securities of which are publicly traded; reviewed the financial terms of certain recent business combinations in the permanent capital industry and in other industries; and performed such other studies and analyses, and considered such other factors, as it deemed appropriate.

For purposes of rendering the opinion described above, Goldman Sachs, with KKR's consent, relied upon and assumed the accuracy and completeness of all of the financial, legal, regulatory, tax, accounting and other information provided to, discussed with or reviewed by, Goldman Sachs, without assuming any responsibility for independent verification thereof. In that regard, Goldman Sachs assumed with KKR's consent that the Forecasts and the Synergies are reasonable and reflect the best

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currently available estimates and judgments of the management of KKR. Goldman Sachs did not make an independent evaluation (except for certain valuations of the CLO assets of KFN) or appraisal of the assets and liabilities (including any contingent, derivative or other off-balance-sheet assets and liabilities) of KKR or KFN or any of their respective subsidiaries and Goldman Sachs was not furnished with any such evaluation or appraisal. Goldman Sachs assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the transaction will be obtained without any adverse effect on KKR or KFN or on the expected benefits of the transaction in any way meaningful to its analysis. Goldman Sachs has also assumed that the transaction will be consummated on the terms set forth in the merger agreement, without the waiver or modification of any term or condition the effect of which would be in any way meaningful to its analysis.

Goldman Sachs' opinion does not address the underlying business decision of KKR to engage in the transaction or the relative merits of the transaction as compared to any strategic alternatives that may be available to KKR; nor does it address any legal, regulatory, tax or accounting matters. Goldman Sachs' opinion addresses only the fairness from a financial point of view, as of the date of the opinion, of the exchange ratio pursuant to the merger agreement. Goldman Sachs' opinion does not express any view on, and does not address, any other term or aspect of the merger agreement or the transaction or any term or aspect of any other agreement or instrument contemplated by the merger agreement or entered into or amended in connection with the transaction, including, without limitation, the fairness of the transaction to, or any consideration received in connection therewith by, the holders of any class of securities, creditors, or other constituencies of KKR; nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of KKR or KFN, or any class of such persons, in connection with the transaction, whether relative to the exchange ratio pursuant to the merger agreement or otherwise. Goldman Sachs does not express any opinion as to the prices at which KKR common units will trade at any time or as to the impact of the transaction on the solvency or viability of KKR or KFN or the ability of KKR or KFN to pay its obligations when they come due. Goldman Sachs' opinion was necessarily based on economic, monetary market and other conditions, as in effect on, and the information made available to it as of the date of the opinion and Goldman Sachs assumed no responsibility for updating, revising or reaffirming its opinion based on circumstances, developments or events occurring after the date of its opinion. Goldman Sachs' advisory services and its opinion were provided for the information and assistance of the board of directors of KKR's managing partner, in connection with its consideration of the transaction. Goldman Sachs' opinion was approved by a fairness committee of Goldman Sachs.

The following is a summary of the material financial analyses delivered by Goldman Sachs to the board of directors of KKR's managing partner in connection with rendering the opinion described above. The following summary, however, does not purport to be a complete description of the financial analyses performed by Goldman Sachs, nor does the order of analyses described represent relative importance or weight given to those analyses by Goldman Sachs. Some of the summaries of the financial analyses include information presented in tabular format. The tables must be read together with the full text of each summary and are alone not a complete description of Goldman Sachs' financial analyses. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before December 13, 2013 (the last trading day prior to the date of the merger agreement), and is not necessarily indicative of current market conditions.

Stand-alone Financial Analysis of KFN

Historical Stock Trading Analysis

Goldman Sachs reviewed the historical trading prices and volumes for KFN common shares for the five-year period ended December 13, 2013. Goldman Sachs also reviewed the historical ratio of the daily closing market price of KFN common shares to the daily closing market price of KKR common

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units for the three-year period ended December 13, 2013 and the historical ratio of the daily closing market price of KFN common shares to the book value per KFN common share for the five-year period ended December 13, 2013.

Goldman Sachs analyzed the $12.74 implied value of the consideration, based on the closing market price of KKR common units as of December 13, 2013, to be paid per KFN common share pursuant to the merger agreement in relation to the current (last trading day prior to the announcement of the merger), 20 trading day volume weighted average, 30 trading day average and 52 week high closing market prices of KFN common shares.

This analysis indicated that the $12.74 implied value of the consideration to be paid per KFN common share pursuant to the merger agreement represented:

- a premium of 33.7% to the closing market price of KFN common shares on December 13, 2013;
- a premium of 34.3% to the volume weighted average closing market price of KFN common shares over the 20 trading day period ended December 13, 2013;
- a premium of 33.9% to the average closing market price of KFN common shares over the 30 trading day period ended December 13, 2013; and
- a premium of 9.6% to the high closing market price of KFN common shares over the 52 week period ended December 13, 2013.

Selected Companies Analysis

Goldman Sachs reviewed and compared certain financial and stock market information, ratios and public market multiples for KFN to corresponding financial and stock market information, ratios and public market multiples for the following publicly traded externally managed business development companies, which are referred to in this proxy statement/prospectus as the KFN selected companies:

- Ares Capital Corporation
- Prospect Capital Corporation
- Apollo Investment Corporation
- Fifth Street Finance Corp.
- Solar Capital Ltd.
- PennantPark Investment Corporation
- Golub Capital BDC, Inc.
- Blackrock Kelso Capital Corporation

New Mountain Finance Corporation

Medley Capital Corporation

THL Credit, Inc.

TICC Capital Corp.

MVC Capital, Inc.

Fidus Investment Corporation

GSV Capital Corp.

Solar Senior Capital Ltd.

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- PennantPark Floating Rate Capital Ltd.
- Gladstone Investment Corporation
- Gladstone Capital Corporation
- Stellus Capital Investment Corporation
- NGP Capital Resources Company
- Horizon Technology Finance Corporation

Although none of the KFN selected companies is directly comparable to KFN, the companies included were chosen because they are publicly traded companies with operations that for purposes of analysis may be considered similar to certain operations of KFN.

The financial and stock market information, ratios and public market multiples for KFN and the KFN selected companies were based on information Goldman Sachs obtained from publicly available historical data and Institutional Brokers' Estimate System, or "IBES," estimates. The multiples and ratios were calculated using the applicable closing market prices as of December 13, 2013. The multiples and ratios of KFN and each of the KFN selected companies were based on the most recent publicly available information. With respect to KFN and the KFN selected companies, Goldman Sachs calculated:

- the closing market price as a percentage of the high closing market price over the 52 week period ended December 13, 2013;
- the ratio of the closing market price to the book value per share as of the latest fiscal quarter; and
- the annualized dividend yield.

The results of these analyses are summarized as follows:

	Median of KFN Selected Companies	KFN
% of 52 week high	93.1%	79.9%
Price / Book Value	1.02x	0.91x
Annualized Dividend Yield	9.2%	9.2%

Illustrative Dividend Discount Analysis

Goldman Sachs performed an illustrative dividend discount analysis on KFN on a stand-alone basis using KFN's projected dividends set forth in the Forecasts to calculate a range of implied values per KFN common share. Goldman Sachs calculated illustrative terminal values for KFN in the year 2018 by applying illustrative price-to-book value multiples ranging from 0.80x to 1.25x to KFN's projected book value in the year 2018 per the Forecasts. These illustrative price-to-book multiples were derived by Goldman Sachs utilizing its professional judgment and experience, taking into account current and historical trading data and the current price-to-book multiple for KFN and the KFN selected companies. Goldman Sachs then discounted KFN's estimated dividends for the fourth quarter of 2013 and each of the calendar years 2014 through 2018 and illustrative terminal values to derive illustrative present values of equity as of September 30, 2013 by assuming mid-year convention. Goldman Sachs used a range of discount rates from 8.0% to 11.0%, representing estimates of KFN's cost of equity. Goldman Sachs then divided such illustrative present values by the number of KFN common shares on a fully diluted basis as of September 30, 2013 to calculate the illustrative per-share equity values. This resulted in a range of implied values of KFN common shares from $9.13 to $13.74 per share.

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Stand-alone Financial Analysis of KKR

Illustrative Dividend Discount Analysis

Goldman Sachs performed an illustrative dividend discount analysis on KKR on a stand-alone basis using KKR's projected after-tax distributed earnings set forth in the Forecasts to calculate a range of implied values per KKR common unit. Goldman Sachs also calculated illustrative terminal values for KKR in the year 2015 by applying illustrative last-twelve-months distributed earnings exit multiples ranging from 16.0x to 22.0x to KKR's projected last-twelve-months distributed earnings in the year 2015 per the Forecasts. These illustrative last-twelve-months distributed earnings exit multiples were derived by Goldman Sachs utilizing its professional judgment and experience, taking into account current and historical trading data and the last-twelve-months distributed earnings multiple for KKR and selected companies which exhibited similar business characteristics to KKR, which are referred to in this proxy statement/prospectus as the KKR selected companies. Goldman Sachs then discounted KKR's estimated after-tax distributed earnings from the fourth quarter of 2013 and each of the calendar years 2014 and 2015 and illustrative terminal values to illustrative present values of equity as of September 30, 2013 by assuming mid-year convention. Goldman Sachs used a range of discount rates from 11.5% to 13.0% representing estimates of KKR's cost of equity. Goldman Sachs then divided such illustrative present values of equity by the number of KKR common units on a fully diluted basis as of September 30, 2013 to calculate the illustrative per-share equity values. This resulted in a range of implied equity values of KKR common units from $21.02 to $28.65 per unit.

Illustrative Sum-of-the-Parts Analysis

Goldman Sachs performed an illustrative sum-of-the-parts analysis to calculate a range of illustrative equity values of KKR on a stand-alone basis by adding illustrative values of (1) KKR's book value (for purposes of this section of this proxy statement/prospectus, such term is as defined in the 10-Q for the most recent fiscal quarter prior to announcement of the transaction, which differs from KKR's total partners' capital used elsewhere in this proxy statement/prospectus on a GAAP basis primarily as a result of the exclusion of ownership interests attributable to KKR Holdings), (2) KKR's future fee-related earnings and (3) KKR's future net carried interest. Goldman Sachs calculated the illustrative value of KKR's book value by applying a book value multiple of 1.0x to KKR's book value as of September 30, 2013. Goldman Sachs calculated illustrative values of KKR's future fee-related earnings by applying illustrative fee-related earnings multiples ranging from 15.0x to 17.0x to KKR's projected after-tax fee-related earnings for the year 2014 per the Forecasts. Goldman Sachs calculated illustrative values of KKR's future net carried interest by applying illustrative net carried interest multiples ranging from 5.0x to 9.0x to KKR's projected after-tax net carried interest for the year 2014 per the Forecasts. The illustrative book value multiple, fee-related earnings multiples and net carried interest multiples were derived by Goldman Sachs utilizing its professional judgment and experience, taking into account current and historical trading data and Wall Street analysts' estimates of book multiples, fee-related earnings multiples and net carried interest multiples, respectively, for the year 2014 for KKR and the KKR selected companies. This resulted in a range of implied values of KKR common units from $22.65 to $27.72 per unit.

Pro Forma Financial Analysis of the Combined Company

Contribution Analysis

Goldman Sachs calculated the illustrative pro forma relative contributions of KKR and KFN to the combined company with respect to certain financial metrics using the Forecasts for KKR and KFN for 2014 and 2015. Associated pro forma equity ownership was derived from the relative contributions based on the total number of KKR common units and KKR Group Partnership units outstanding on a fully diluted basis as of September 30, 2013 and KKR common units to be issued in connection with the merger based on KFN common shares outstanding on a fully diluted basis as of September 30,

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2013, and the exchange ratio of 0.51 KKR common units for each KFN common share. The following table sets forth the results of this analysis:

Pro Forma Contribution Analysis
($ in millions)
Income Statement (After-tax)

	KKR		KFN		
	$	**%**	**$**	**%**	**Total**
2014					
Fee Related Earnings	$ 358	100.0%	$ 0	0.0%	$ 358
Incentive Earnings	728	100.0	0	0.0	728
Investment Earnings	696	76.0	220	24.0	916
Economic Net Income	$ 1,782	89.0%	$ 220	11.0%	$ 2,002
Distributed Earnings	$ 944	85.6%	$ 159	14.4%	$ 1,103
2015					
Fee Related Earnings	$ 402	100.0%	$ 0	0.0%	$ 402
Incentive Earnings	842	100.0	0	0.0	842
Investment Earnings	747	74.8	252	25.2	999
Economic Net Income	$ 1,990	88.8%	$ 252	11.2%	$ 2,242
Distributed Earnings	$ 1,072	85.1%	$ 188	14.9%	$ 1,260

Balance Sheet

	KKR		KFN		
	$	**%**	**$**	**%**	**Total**
30-Sep-2013					
Book Value	$ 7,208	77.2%	$ 2,133	22.8%	$ 9,341

Pro Forma Ownership	**KKR Common Unitholders (in millions)**	**%**	**KFN Common Shareholders (in millions)**	**%**	**Total**
30-Sep-2013					
Common Units/Shares Outstanding	715.8	87.2%	105.1	12.8%	820.9

Accretion/(Dilution) Analysis

Goldman Sachs performed an accretion/dilution analysis of the illustrative pro forma financial effect of the proposed transaction on KKR's estimated after-tax distributed earnings using the Forecasts for KKR and KFN for the years 2014 and 2015 and taking into account the Synergies, and assuming a transaction date of December 31, 2013 and transaction fees of approximately $40 million per KKR management. The analysis indicated that the transaction would have an accretive illustrative pro forma financial effect on the after-tax distributed earnings of KKR for the years 2014 and 2015 in the amounts of $0.11 (or 7.8%) and $0.11 (or 7.6%), respectively.

Illustrative Sum-of-the-Parts Analysis

Goldman Sachs performed a sum-of-the-parts analysis to calculate a range of illustrative equity values of the combined company on a pro forma basis, based upon the Forecasts and Synergies, by adding illustrative values of (1) the combined company's book value, (2) the combined company's future fee-related earnings and (3) the combined company's future net carried interest. Goldman Sachs calculated the illustrative value of the combined company's book value by applying a book value multiple of 1.0x to the combined company's book value as of September 30, 2013. Goldman Sachs

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calculated illustrative values of the combined company's future fee-related earnings by applying illustrative fee-related earnings multiples ranging from 15.0x to 17.0x to the combined company's projected after-tax fee-related earnings for the year 2014 per the Forecasts, taking into account the Synergies. Goldman Sachs calculated illustrative values of the combined company's future net carried interest by applying illustrative net carried interest multiples ranging from 5.0x to 9.0x to the combined company's projected after-tax net carried interest for the year 2014 per the Forecasts, taking into account the Synergies. The illustrative book value multiple, illustrative fee-related earnings multiples and illustrative net carried interest multiples for the combined company were derived by Goldman Sachs utilizing its professional judgment and experience, taking into account current and historical trading data and Wall Street analysts' estimates of book value multiples, fee-related earnings multiples and net carried interest multiples for the year 2014 for KKR and the KKR selected companies. This resulted in a range of implied values of common units of the combined company from $21.68 to $26.01 per unit.

Analysis at Various Prices

Based on the Forecasts for KKR and KFN in the years 2014 and 2015, the Synergies, and an illustrative range of pro forma prices for common units of the combined company ranging from $22.00 per share to $28.00 per share, Goldman Sachs calculated (i) the implied 2014E and 2015E after-tax economic net income multiple based on projected pro forma after-tax economic net income for the combined company for 2014 and 2015, respectively, and (ii) the implied 2014E and 2015E after-tax distributed earnings multiple based on projected pro forma after-tax distributed earnings for the combined company for 2014 and 2015, respectively. The following table sets forth the results of this analysis:

Pro Forma Analysis at Various Prices
($ millions, except per share data)

Pro forma KKR common unit price	$ 22.00	$ 24.00	$ 26.00	$ 28.00
Premium to current unit price ($24.98)	(11.9)%	(3.9)%	4.1%	12.1%

Accretion / (Dilution)	**Pro Forma KKR Metric**				
After-tax economic net income ($)					
2014E	$ 2.43	9.1x	9.9x	10.7x	11.5x
2015E	2.68	8.2	9.0	9.7	10.4
After-tax distributed earnings ($)					
2014E	$ 1.46	15.1x	16.4x	17.8x	19.2x
2015E	$ 1.63	13.5	14.7	15.9	17.1

Illustrative Dividend Discount Analysis

Goldman Sachs performed an illustrative dividend discount analysis of the combined company on a pro forma basis using KKR's projected after-tax distributed earnings and KFN's projected dividends set forth in the Forecasts and taking into account the Synergies to calculate a range of implied values per common unit of the combined company. Goldman Sachs calculated illustrative terminal values for the combined company in the year 2015 by applying illustrative last-twelve-months distributed earnings exit multiples ranging from 16.0x to 22.0x to the combined company's projected last-twelve-months distributed earnings in the year 2015 per the Forecasts. These illustrative last-twelve-months distributed earnings exit multiples were derived by Goldman Sachs utilizing its professional judgment and experience, taking into account current and historical trading data and the last-twelve-months distributed earnings multiple for KKR and the KKR selected companies. Goldman Sachs then

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discounted the combined company's estimated after-tax distributed earnings from the fourth quarter of 2013 and each of the calendar years 2014 and 2015 and illustrative terminal values to illustrative present values of equity as of September 30, 2013 by assuming mid-year convention. Goldman Sachs used a range of discount rates from 11.5% to 13.0%, representing estimates of the combined company's cost of equity. Goldman Sachs then divided such illustrative present values of equity by the number of common units of the combined company outstanding on a fully diluted basis as of September 30, 2013 (based on the total number of KKR common units and KKR Group Partnership units outstanding on a fully diluted basis as of September 30, 2013 and KKR common units to be issued in connection with the merger based on KFN common shares outstanding on a fully diluted basis as of September 30, 2013, and the exchange ratio of 0.51 KKR common units for each KFN common share) to calculate the illustrative per-share equity values. This resulted in a range of implied equity values of KKR common units from $22.46 to $30.70 per unit.

Illustrative Dividend Discount-Based Contribution Analysis

Goldman Sachs then calculated the implied pro forma ownership of KKR common unitholders in the combined company by comparing illustrative present values of equity of KFN on a stand-alone basis to illustrative present values of equity of the combined company on a pro forma basis, based on the Forecasts and taking into account the Synergies. Goldman Sachs performed illustrative dividend discount analyses of KFN and the combined company as described above under " Stand-alone Financial Analysis of KFN Illustrative Dividend Discount Analysis" and " Pro Forma Financial Analysis of the Combined Company Illustrative Dividend Discount Analysis," respectively, except that Goldman Sachs used a discount rate of 12.4% for the combined company and 9.0% for KFN, which represents an illustrative cost of equity for the pro forma combined company and KFN, respectively. Goldman Sachs then subtracted the illustrative present values of equity of KFN on a stand-alone basis from the illustrative present values of equity of the combined company on a pro forma basis to obtain illustrative present values of equity of KKR on a stand-alone basis. This resulted in a range of implied pro forma ownership of KKR common unitholders in the combined company from 85.5% to 91.8%, as compared to the pro forma ownership of KKR common unitholders in the combined company of 87.2% based on the total number of KKR common units and KKR Group Partnership units outstanding on a fully diluted basis as of September 30, 2013 and KKR common units to be issued in connection with the merger based on KFN common shares outstanding on a fully diluted basis as of September 30, 2013, and the exchange ratio of 0.51 KKR common units for each KFN common share.

Miscellaneous

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying Goldman Sachs' opinion. In arriving at its fairness determination, Goldman Sachs considered the results of all of its analyses and did not attribute any particular weight to any factor or analysis considered by it. Rather, Goldman Sachs made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of its analyses. No company or transaction used in the above analyses as a comparison is directly comparable to KKR or KFN or the contemplated transaction.

Goldman Sachs prepared these analyses for purposes of Goldman Sachs' providing its opinion to the board of directors of KKR's managing partner as to the fairness from a financial point of view of the exchange ratio pursuant to the merger agreement These analyses do not purport to be appraisals nor do they necessarily reflect the prices at which businesses or securities actually may be sold. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by these analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the

control of the parties or their respective advisors, none of KKR, KFN, Goldman Sachs or any other person assumes responsibility if future results are materially different from those forecast.

The exchange ratio was determined through negotiations between KKR and KFN and was approved by the board of directors of KKR's managing partner. Goldman Sachs provided advice to KKR during these negotiations. Goldman Sachs did not, however, recommend any specific exchange ratio to KKR or the board of directors of KKR's managing partner or that any specific exchange ratio constituted the only appropriate exchange ratio for the transaction.

As described above, Goldman Sachs' opinion to the board of directors of KKR's managing partner was one of many factors taken into consideration by the board of directors of KKR's managing partner in making its determination to approve the merger agreement. The foregoing summary does not purport to be a complete description of the analyses performed by Goldman Sachs in connection with its opinion and is qualified in its entirety by reference to the written opinion of Goldman Sachs attached as Annex C to this proxy statement/prospectus.

Goldman Sachs and its affiliates are engaged in advisory, underwriting and financing, principal investing, sales and trading, research, investment management and other financial and non-financial activities and services for various persons and entities. In the ordinary course of these activities, Goldman Sachs and its affiliates and employees, and funds or other entities in which they invest or have other economic interests or with which they co-invest, may at any time purchase, sell, hold or vote long or short positions and investments in securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments of KKR and its portfolio companies, KFN and any of their respective affiliates and third parties, or any currency or commodity that may be involved in the transaction for the accounts of Goldman Sachs and its affiliates and employees and their customers. Goldman Sachs acted as financial advisor to KKR in connection with, and participated in certain of the negotiations leading to, the transaction. Goldman Sachs expects to receive fees for its services in connection with the transaction, all of which are contingent upon consummation of the transaction, and KKR has agreed to reimburse Goldman Sachs' expenses arising, and indemnify Goldman Sachs against certain liabilities that may arise, out of Goldman Sachs' engagement. Goldman Sachs also has provided certain investment banking services to KKR and its affiliates and portfolio companies from time to time for which the Investment Banking Division of Goldman Sachs has received, and may receive, compensation, including having acted as joint book-running manager with respect to a public offering of 30,000,000 shares of common stock of Dollar General Corporation, which is referred to in this proxy statement/prospectus as Dollar General, a portfolio company of KKR, in June 2012; as joint book-running manager with respect to a public offering of 36,000,000 shares of common stock of Dollar General in September 2012; as joint book-running manager with respect to an offering of 6.5% senior notes due 2020 (aggregate principal amount $825,000,000) and 6.5% senior subordinated notes due 2020 (aggregate principal amount $800,000,000) of Biomet, Inc., a portfolio company of KKR, in September 2012; as joint book-running manager with respect to a public offering of 38,500,000 shares of common stock of Nielsen Holdings N.V., which is referred to in this proxy statement/prospectus as Nielsen, a portfolio company of KKR, in February 2013; as joint book-running manager with respect to a public offering of 30,000,000 shares of common stock of Dollar General in March 2013; as joint book-running manager with respect to a public offering of Dollar General's 1.875% senior notes due 2018 (aggregate principal amount $400,000,000) and Dollar General's 3.250% senior notes due 2023 (aggregate principal amount $900,000,000) in April 2013; and as joint book-running manager with respect to a public offering of 35,000,000 shares of common stock of Nielsen in May 2013. During the two year period ended December 16, 2013, the Investment Banking Division of Goldman Sachs has received compensation for financial advisory and/or underwriting services provided directly to KKR and/or to its affiliates and portfolio companies (which may include companies that are not controlled by KKR) of approximately $144 million. During the two year period ended December 16, 2013, Goldman Sachs has not been engaged by KFN or its subsidiaries to provide financial advisory or underwriting services for which the Investment Banking Division of Goldman Sachs has received compensation.

Goldman Sachs may also in the future provide investment banking services to KKR, KFN and their respective affiliates and portfolio companies for which the Investment Banking Division of Goldman Sachs may receive compensation. Goldman Sachs may also in the future provide investment banking services to KKR, KFN and their respective affiliates and portfolio companies for which the Investment Banking Division of Goldman Sachs may receive compensation. Affiliates of Goldman Sachs also may have co-invested with KKR and its affiliates from time to time and may have invested in limited partnership units of affiliates of KKR from time to time and may do so in the future.

On October 7, 2013, Mr. Lewin contacted Goldman Sachs to solicit Goldman Sachs' interest in acting as financial advisor to KKR in connection with a potential transaction with KFN. KKR approached Goldman Sachs because Goldman Sachs is an internationally recognized investment banking firm that has substantial experience in transactions similar to the transaction and because, as described above, Goldman Sachs had been retained by KKR and its affiliates on several prior occasions, including in connection with the KPE Transaction, and consequently had a high degree of familiarity with KKR's structure and its business. At KKR's request, Goldman Sachs advised that, as of the date of Goldman Sachs' inquiry, based on Goldman Sachs' internal records, no senior member of its investment banking team that would participate as an advisor to KKR in connection with the potential transaction with KFN owned any direct interests in KKR or KFN with an aggregate value in excess of $10,000. In addition, Goldman Sachs advised that, as of the date of Goldman Sachs' inquiry, each such senior member who is permitted to maintain accounts outside of Goldman Sachs has represented to Goldman Sachs that such person does not have any direct holdings in KKR or KFN in any such outside accounts. Following discussions with Goldman Sachs, the management of KKR's general partner considered the qualifications, experience and reputation of Goldman Sachs, and determined to retain Goldman Sachs as KKR's financial advisor in connection with the potential transaction with KFN if an acceptable engagement letter could be negotiated with Goldman Sachs. Goldman Sachs was formally retained on December 13, 2013.

Pursuant to the terms of an engagement letter dated December 13, 2013 among KKR, KKR's managing partner, Kohlberg Kravis Roberts & Co. L.P. and Goldman Sachs, KKR has agreed to pay Goldman Sachs a transaction fee of $5 million, all of which is payable upon consummation of the transaction. In addition, KKR has agreed to reimburse Goldman Sachs for its expenses, including attorneys' fees and disbursements, and to indemnify Goldman Sachs and related persons against various liabilities, including certain liabilities under the federal securities laws.

Other Presentations by Goldman Sachs

In addition to the presentation delivered to the board of directors of KKR's managing partner on December 16, 2013, as described above, Goldman Sachs also delivered presentations to the board of directors of KKR's managing partner or the management of KKR dated as of October 17, 2013, October 29, 2013, November 6, 2013, November 25, 2013, December 10, 2013 and December 15, 2013. Copies of these presentations have been filed as exhibits to the Schedule 13E-3 filed with the SEC in connection with the transaction and will be made available for inspection and copying at the principal executive offices of KKR during its regular business hours by any interested holder of KKR common units. Copies may be obtained by requesting them in writing from KKR at the address provided in the section titled "Where You Can Find More Information" beginning on page 234 of this proxy statement/prospectus. None of these presentations by Goldman Sachs, alone or together, constitute, or form the basis of, an opinion of Goldman Sachs with respect to the exchange ratio pursuant to the merger agreement.

October 17, 2013 Presentation

Selected Companies Analysis

Goldman Sachs reviewed and compared certain financial and stock market information, ratios and public market multiples for KFN to corresponding financial and stock market information, ratios and

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public market multiples for the following publicly traded commercial specialty finance companies, which are referred to in this proxy statement/prospectus as the CSC selected companies:

- Ares Capital Corporation
- Prospect Capital Corporation
- Apollo Investment Corporation
- Fifth Street Finance Corp.
- CIT Group Inc.
- NewStar Financial, Inc.

Although none of the CSC selected companies is directly comparable to KFN, the companies included were chosen because they are publicly traded companies with operations that for purposes of analysis may be considered similar to certain operations of KFN.

The financial and stock market information, ratios and public market multiples for KFN and the CSC selected companies were based on information Goldman Sachs obtained from publicly available historical data and IBES estimates. The multiples and ratios were calculated using the applicable closing market prices as of October 16, 2013. The multiples and ratios of KFN and each of the CSC selected companies were based on the most recent publicly available information. With respect to KFN and the CSC selected companies, Goldman Sachs calculated:

- the closing market price as a percentage of the high closing market price over the 52 week period ended October 16, 2013;
- the ratio of the closing market price to the book value per share as of the latest fiscal quarter; and
- the annualized dividend yield.

The results of these analyses are summarized as follows:

	Median of CSC Selected Companies	**KFN**
% of 52 week high	92.7%	91.7%
Price/Book Value	1.08x	1.02x
Annualized Dividend Yield	9.2%	7.9%

Goldman Sachs also reviewed and compared certain financial and stock market information, ratios and public market multiples for KFN to corresponding financial and stock market information, ratios and public market multiples for the following publicly traded residential mortgage real estate investment trusts, which are referred to in this proxy statement/prospectus as the REIT selected companies:

- Annaly Capital Management, Inc.
- American Capital Agency Corp.

Hatteras Financial Corp.

New Residential Investment Corp.

ARMOUR Residential REIT, Inc.

CYS Investments, Inc.

Capstead Mortgage Corporation

Anworth Mortgage Asset Corporation

Western Asset Mortgage Capital Corporation

Two Harbors Investment Corp.

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- Chimera Investment Corporation
- MFA Financial, Inc.
- Invesco Mortgage Capital Inc.
- Newcastle Investment Corp.
- PennyMac Mortgage Investment Trust
- Redwood Trust, Inc.
- American Capital Mortgage Investment Corp.
- Dynex Capital Inc.
- Apollo Residential Mortgage, Inc.
- AG Mortgage Investment Trust, Inc.
- New York Mortgage Trust, Inc.

Although none of the REIT selected companies is directly comparable to KFN, the companies included were chosen because they are publicly traded companies with operations that for purposes of analysis may be considered similar to certain operations of KFN.

The financial and stock market information, ratios and public market multiples for KFN and the REIT selected companies were based on information Goldman Sachs obtained from publicly available historical data. The multiples and ratios were calculated using the applicable closing market prices as of October 16, 2013. The multiples and ratios of KFN and each of the REIT selected companies were based on the most recent publicly available information. With respect to KFN and the REIT selected companies, Goldman Sachs calculated:

- the closing market price as a percentage of the high closing market price over the 52 week period ended October 16, 2013;
- the ratio of the closing market price to the book value per share as of the latest fiscal quarter; and
- the annualized dividend yield.

The results of these analyses are summarized as follows:

	Median of REIT Selected Companies	**KFN**
% of 52 week high	72.4%	91.7%
Price/Book Value	0.89x	1.02x
Annualized Dividend Yield	12.2%	7.9%

Goldman Sachs also reviewed and compared certain financial and stock market information, ratios and public market multiples for KKR to corresponding financial and stock market information, ratios and public market multiples for the following publicly traded alternative asset managers, which are referred to in this proxy statement/prospectus as the AAM selected companies:

- The Blackstone Group L.P.
- Apollo Global Management LLC
- The Carlyle Group L.P.
- Oaktree Capital Group LLC
- Och-Ziff Capital Management Group LLC
- Fortress Investment Group LLC
- Sprott Asset Management LP

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- Partners Group
- Ashmore Group plc
- GAM Holding AG
- Man Group plc
- Polar Capital Holdings plc
- Gottex Fund Management Holdings Limited

Although none of the AAM selected companies is directly comparable to KKR, the companies included were chosen because they are publicly traded companies with operations that for purposes of analysis may be considered similar to certain operations of KKR.

The financial and stock market information, ratios and public market multiples for KKR and the AAM selected companies were based on information Goldman Sachs obtained from publicly available historical data. The multiples and ratios were calculated using the applicable closing market prices as of October 16, 2013. The multiples and ratios of KKR and each of the AAM selected companies were based on the most recent publicly available information. With respect to KKR and the AAM selected companies, Goldman Sachs calculated:

- the closing market price as a percentage of the high closing market price over the 52 week period ended October 16, 2013;
- price as a multiple of estimated 2013 earnings per share and estimated 2014 earnings per share for each of the AAM selected companies; and
- the annualized dividend yield.

The results of these analyses are summarized as follows:

	Median of AAM Selected Companies	**KKR**
% of 52 week high	94.2%	100%
2013 Calendarized P/E Multiple	13.5x	9.9x
2014 Calendarized P/E Multiple	12.2x	9.2x
Annualized Dividend Yield	4.6%	5.7%

Selected Transactions Analysis

Goldman Sachs also analyzed certain publicly available information relating to the following selected transactions in the REIT, business development company, and publicly traded private equity vehicle spaces since 2011:

Date Announced	**Target**	**Acquiror**
September 2013	Thomas Properties Group, Inc.	Parkway Properties, Inc.
June 2013	Colonial Properties Trust	Mid-America Apartment Communities, Inc.
May 2013	CapLease, Inc.	American Realty Capital Properties, Inc.
November 2012	CerXus Investment Corp.	Annaly Capital Management, Inc.
September 2012	American Realty Capital Trust, Inc.	Realty Income Corporation
July 2012	Conversus Capital, L.P.	HarbourVest Partners, LLC

December 2011	Cogdell Spencer Inc.	Ventas, Inc.
April 2011	Absolute Private Equity Ltd.	HarbourVest Partners, LLC
February 2011	Nationwide Health Properties, Inc.	Ventas, Inc.
January 2011	ProLogis, Inc.	AMB Property Corporation

For each of the selected transactions, Goldman Sachs calculated and compared the implied offer premium to the target company's closing market price one trading day prior to announcement of the transaction, which ranged from -0.2% to 19.7% with a median of 6.7%. While none of the companies

that participated in the selected transactions are directly comparable to KFN, the companies that participated in the selected transactions are companies with operations that, for the purposes of analysis, may be considered similar to certain of KFN's results, market size, product profile or structure of capital.

Accretion/(Dilution) Analysis

Goldman Sachs also performed an accretion/dilution analysis of the illustrative pro forma financial effect of a hypothetical acquisition of KFN by KKR at illustrative premia to KFN's closing market price as of October 16, 2013 ranging from 0% to 20%, or an implied purchase price of $10.65 to $12.78, on KKR's estimated after-tax distributed earnings using publicly available KFN and KKR financial statements as of June 30, 2013 and IBES estimates, and assuming no synergies, 100% stock consideration, a transaction date of December 31, 2013 and transaction fees of approximately $30 million to $35 million. The analysis indicated that the transaction would have a dilutive illustrative pro forma financial effect on the after-tax distributed earnings of KKR for the year 2014 ranging from $0.04 (or 2.8%) to $0.08 (or 5.1%) and a dilutive illustrative pro forma financial effect on the after-tax distributed earnings of KKR for the year 2015 ranging from $0.06 (or 3.2%) to $0.09 (or 5.4%).

The October 17, 2013 presentation also contained an analysis of potential balance sheet adjustments, market performance analysis, shareholder analysis and analyses of the pro forma impact of the acquisition on KKR's credit rating and on various financial metrics.

October 29, 2013, November 6, 2013, November 25, 2013, December 10, 2013 Presentations

The October 29, 2013 presentation contained an analysis of KKR raising equity, in both a single offering and in multiple offerings, and acquiring assets in the open market as an alternative to an acquisition of KFN. The analysis examined the potential incremental total distributable earnings per issued KKR common unit, incremental economic net income per issued KKR common unit and total dividends per KKR common unit, relative to an acquisition of KFN at a 0.46 exchange ratio of KKR common units per KFN common share.

The November 6, 2013 presentation contained a qualitative discussion of capital markets-related considerations in connection with raising balance sheet capital from selected alternative sources including: the issuance of equity in multiple tranches; the issuance of debt; and a hybrid approach of acquiring assets with capital raised from a line of credit and repaying with the proceeds of equity issuances over time.

The November 25, 2013 presentation contained a comparison of the investor bases comprising KFN and KKR and a discussion of possible reactions of KFN shareholders and KKR common unitholders to the contemplated transaction.

The December 10, 2013 presentation contained an illustrative sensitivity analyses with respect to the value of CLOs and optimal call dates, in each case based on underlying portfolio assumptions.

The financial analyses and other information in these presentations were based on market, economic and other conditions as of their respective dates as well as other information that was available at those times. Accordingly, the results of the financial analyses and other information differed due to changes in those conditions. Among other things, multiples attributable to selected companies changed as those companies' stock prices changed, and implied transaction multiples changed as KKR's and KFN's financial results (as well as the Forecasts) changed. Finally, Goldman Sachs continued to refine various aspects of its financial analyses with respect to KKR and KFN over time.

Opinion of the Financial Advisor to the Conflicts Committee of KKR's Managing Partner

On December 16, 2013, Lazard rendered its oral opinion, subsequently confirmed in writing, to the independent directors constituting the conflicts committee of the board of directors of KKR's managing

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partner, that, as of such date, and based upon and subject to the assumptions, procedures, factors, qualifications and limitations set forth therein, the exchange ratio was fair, from a financial point of view, to KKR.

The full text of Lazard's written opinion, dated December 16, 2013, which sets forth the assumptions made, procedures followed, factors considered and qualifications and limitations on the review undertaken by Lazard in connection with its opinion, is attached to this proxy statement/prospectus as Annex D and is incorporated into this proxy statement/prospectus by reference. The description of Lazard's opinion set forth in this proxy statement/prospectus is qualified in its entirety by reference to the full text of Lazard's written opinion attached as Annex D. You are encouraged to read Lazard's opinion and this section carefully and in their entirety.

Lazard's opinion was directed to the independent directors constituting the conflicts committee of the board of directors of KKR's managing partner in connection with their evaluation of the transactions contemplated by the merger agreement and only addressed the fairness, from a financial point of view, of the exchange ratio to KKR. Lazard's opinion was not intended to, and does not constitute, a recommendation to any shareholder as to how such shareholder should vote or act with respect to the merger or any matter relating thereto. Lazard's opinion was necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to it as of, the date of Lazard's opinion. Lazard did not express any opinion as to the prices at which KKR common units or KFN common shares may trade at any time subsequent to the announcement of the merger. Lazard was retained only to provide its opinion and was not involved in the negotiation of the terms of the merger. Lazard's opinion did not address the relative merits of the merger as compared to any other transaction or business strategy in which KKR might engage or the merits of the underlying decision by KKR to engage in the merger.

The following is a summary of Lazard's opinion. You are encouraged to read Lazard's written opinion carefully in its entirety.

In connection with its opinion, Lazard:

- reviewed the financial terms and conditions of the merger agreement;
- reviewed certain publicly available historical business and financial information relating to KFN and KKR;
- reviewed various financial forecasts and other data provided to Lazard by KFN and KKR relating to the business of KFN and certain limited financial forecasts and various other data provided to Lazard by KKR relating to the business of KKR and also reviewed certain publicly available financial forecasts relating to the business of KFN and KKR;
- held discussions with members of the senior managements of KFN and KKR's managing partner with respect to the businesses and prospects of KFN and KKR, respectively, and reviewed certain synergies and other benefits anticipated by the management of KKR's managing partner to be realized from the merger;
- reviewed public information with respect to certain other companies in lines of business Lazard believed to be generally relevant in evaluating the businesses of KFN and KKR, respectively;
- reviewed the financial terms of certain business combinations involving companies in lines of business Lazard believed to be generally relevant in evaluating the businesses of KFN and KKR, respectively;
- reviewed historical prices and trading volumes of KFN common shares and KKR common units;
- reviewed the potential pro forma financial impact of the merger on KKR based on the financial forecasts referred to above relating to KFN and KKR; and
- conducted such other financial studies, analyses and investigations as Lazard deemed appropriate.

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Lazard assumed and relied upon the accuracy and completeness of the foregoing information, without independent verification of such information. Lazard did not conduct any independent valuation or appraisal of any of the assets or liabilities (contingent or otherwise) of KFN or KKR or concerning the solvency or fair value of KFN or KKR, and Lazard was not furnished with any such valuation or appraisal. Management of KKR's managing partner advised Lazard that (i) financial forecasts prepared by KKR with respect to the future financial performance of KFN reflected the best currently available estimates and judgments of the anticipated future financial performance of KFN and (ii) publicly available forecasts with respect to KKR reflected the best currently available estimates and judgments of the anticipated future financial performance of KKR. Accordingly, with the consent of the independent directors constituting the conflicts committee of the board of directors of KKR's managing partner, for purposes of Lazard's analysis of KFN and KKR, Lazard utilized such financial forecasts. Lazard assumed, with the consent of the independent directors constituting the conflicts committee of the board of directors of KKR's managing partner, that the financial forecasts utilized in Lazard's analyses, including those related to synergies and other benefits, had been reasonably prepared on bases reflecting the best currently available estimates and judgments as to the future financial performance of KFN and KKR, respectively.

In rendering its opinion, Lazard assumed, with the consent of the independent directors constituting the conflicts committee of the board of directors of KKR's managing partner, that the merger will be consummated on the terms described in the merger agreement, without any waiver or modification of any material terms or conditions. Lazard also assumed, with the consent of the independent directors constituting the conflicts committee of the board of directors of KKR's managing partner, that obtaining the necessary governmental, regulatory or third party approvals and consents for the merger will not have an adverse effect on KKR, KFN or the merger. Lazard did not express any opinion as to any tax or other consequences that might result from the merger, nor did Lazard's opinion address any legal, tax, regulatory or accounting matters, as to which Lazard understood that the independent directors constituting the conflicts committee of the board of directors of KKR's managing partner obtained such advice as they deemed necessary from qualified professionals. Lazard expressed no view or opinion as to any terms or other aspects (other than the exchange ratio to the extent expressly specified in its opinion) of the merger, including, without limitation, the form or structure of the merger or any agreements or arrangements entered into in connection with, or contemplated by, the merger. In addition, Lazard expressed no view or opinion as to the fairness of the amount or nature of, or any other aspects relating to, the compensation to any officers, directors or employees of any parties to the merger, or class of such persons, relative to the exchange ratio or otherwise.

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The following is a brief summary of the material financial analyses and reviews that Lazard deemed appropriate in connection with rendering its opinion. The brief summary of Lazard's analyses and reviews provided below is not a complete description of the analyses and reviews underlying Lazard's opinion. The preparation of a fairness opinion is a complex process involving various determinations as to the most appropriate and relevant methods of analysis and review and the application of those methods to particular circumstances, and, therefore, is not readily susceptible to summary description. Considering selected portions of the analyses and reviews or the summary set forth below, without considering the analyses and reviews as a whole, could create an incomplete or misleading view of the analyses and reviews underlying Lazard's opinion.

In arriving at its opinion, Lazard considered the results of all of its analyses and reviews and did not attribute any particular weight to any factor, analysis or review considered by it; rather, Lazard made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of its analyses and reviews.

For purposes of its analyses and reviews, Lazard considered industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of KKR and KFN. No company, business or transaction used in Lazard's analyses and reviews as a comparison is identical to KKR, KFN, or the transactions contemplated by the merger agreement, and an evaluation of the results of those analyses and reviews is not entirely mathematical. Rather, the analyses and reviews involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies, businesses or transactions used in Lazard's analyses and reviews. The estimates contained in Lazard's analyses and reviews and the ranges of valuations resulting from any particular analysis or review are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by Lazard's analyses and reviews. In addition, analyses and reviews relating to the value of companies, businesses or securities do not purport to be appraisals or to reflect the prices at which companies, businesses or securities actually may be sold. Accordingly, the estimates used in, and the results derived from, Lazard's analyses and reviews are inherently subject to substantial uncertainty.

The summary of the analyses and reviews provided below includes information presented in tabular format. In order to fully understand Lazard's analyses and reviews, the tables must be read together with the full text of each summary. The tables alone do not constitute a complete description of Lazard's analyses and reviews. Considering the data in the tables below without considering the full description of the analyses and reviews, including the methodologies and assumptions underlying the analyses and reviews, could create a misleading or incomplete view of Lazard's analyses and reviews.

Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before December 16, 2013 and is not necessarily indicative of current market conditions.

KFN Stand-Alone Analyses

KFN Selected Comparable Companies Analysis

Lazard reviewed and analyzed the following public companies that it viewed as reasonably comparable to KFN: (i) selected externally managed business development companies, or "BDCs," (ii) selected internally managed BDCs, (iii) selected commercial mortgage real estate investment trusts, or "REITs," and (iv) selected residential mortgage REITs. Although none of the selected companies is directly comparable to KFN, the companies included are publicly traded companies with operations and/or other criteria, such as lines of business, markets, business risks and size and scale of business,

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which for purposes of analysis Lazard considered relevant. Specifically, Lazard compared KFN to the following public companies:

Externally managed BDCs:

- Ares Capital Corporation
- Prospect Capital Corporation
- Apollo Investment Corporation
- Fifth Street Finance Corp.
- Solar Capital Ltd.
- PennantPark Investment Corporation
- BlackRock Kelso Capital Corporation
- MVC Capital, Inc.
- Gladstone Investment Corporation
- Gladstone Capital Corporation

Internally managed BDCs:

- Onex Corporation
- American Capital, Ltd.
- Main Street Capital Corporation
- Triangle Capital Corporation
- MCG Capital Corporation

Commercial mortgage REITs:

Starwood Property Trust, Inc.

Newcastle Investment Corp.

Colony Financial, Inc.

iStar Financial Inc.

Blackstone Mortgage Trust, Inc.

Resource Capital Corp.

RAIT Financial Trust

Apollo Commercial Real Estate Finance, Inc.

Ares Commercial Real Estate Corporation

Arbor Realty Trust, Inc.

Resource America, Inc.

BRT Realty Trust

Residential Mortgage REITs:

Annaly Capital Management, Inc.

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American Capital Agency Corp.

Two Harbors Investment Corp.

Chimera Investment Corporation

MFA Financial, Inc.

Invesco Mortgage Capital Inc.

Hatteras Financial Corp.

New Residential Investment Corp.

PennyMac Mortgage Investment Trust

Redwood Trust, Inc.

ARMOUR Residential REIT, Inc.

CYS Investments, Inc.

Capstead Mortgage Corporation

American Capital Mortgage Investment Corp.

Anworth Mortgage Asset Corporation

Apollo Residential Mortgage, Inc.

New York Mortgage Trust, Inc.

Dynex Capital, Inc.

Arlington Asset Investment Corp.

In performing these analyses, Lazard reviewed and analyzed certain publicly available financial information, implied multiples and market trading data relating to the selected comparable companies and compared such information to the corresponding information for KFN. Lazard

calculated and compared, among other things, (i) the ratio of each company's December 13, 2013 share price to its calendar year 2013 and 2014 estimated GAAP earnings per share, or "P/E," (ii) the ratio of each company's December 13, 2013 share price to its latest available GAAP book value or net asset value per share, as applicable, or "P/BV," and (iii) each company's estimated dividend yield for the calendar years 2013 and 2014. The calendar year 2013 and 2014 estimated GAAP earnings per share and estimated dividend yield for the selected companies and used by Lazard in its analysis were based on the median of FactSet consensus analyst estimates. The latest available GAAP book value per share for the selected companies and used by Lazard in its analysis was based on company filings and publicly available information. Lazard also calculated corresponding financial multiples and ratios for KFN, on the basis of KFN projections based on the median of FactSet consensus analyst estimates, which are

referred to in to in this proxy statement/prospectus as KFN consensus estimates. The metrics observed by Lazard are summarized in the following table:

	P/E			Dividend Yield	
	2013E	**2014E**	**P/BV**	**2013E**	**2014E**
Externally Managed BDCs					
High	12.0x	16.9x	1.12x	12.1%	11.9%
Mean	10.3x	11.0x	0.98x	9.3%	9.3%
Median	10.7x	10.6x	1.02x	9.2%	9.3%
Low	7.8x	8.8x	0.80x	4.1%	5.9%
Internally Managed BDCs					
High	18.2x	14.1x	1.75x	11.2%	11.2%
Mean	14.2x	12.4x	1.22x	6.9%	6.8%
Median	14.2x	13.1x	1.13x	8.0%	7.8%
Low	10.3x	9.5x	0.75x	0.3%	0.3%
Commercial Mortgage REITs					
High	28.8x	13.7x	1.91x	13.7%	13.7%
Mean	12.5x	9.0x	1.16x	8.1%	8.9%
Median	13.2x	10.9x	1.07x	7.8%	8.6%
Low	8.1x	8.6x	0.68x	2.3%	7.0%
Residential Mortgage REITs					
High	11.9x	11.4x	1.27x	23.1%	16.4%
Mean	8.0x	8.2x	0.90x	14.4%	12.3%
Median	7.7x	8.0x	0.85x	14.7%	12.0%
Low	4.8x	6.0x	0.71x	6.1%	6.8%
KFN Consensus Estimates	7.6x	9.0x	0.91x	9.2%	9.2%

Lazard primarily focused on externally managed BDCs, given their greater operational comparability to KFN, relative to internally managed BDCs and commercial and residential REITs also considered in this analysis. Based on this analysis of the relevant metrics for the comparable companies and KFN and on Lazard's professional judgment, Lazard selected reference ranges of (i) 7.6x to 10.7x and 9.0x to 10.6x for P/E of the selected companies for the calendar years 2013 and 2014, respectively, (ii) 0.91x to 1.02x for P/BV of the selected companies, and (iii) 8.0% to 10.0% for estimated dividend yield of the selected companies for each of the calendar years 2013 and 2014. Lazard applied such ranges, respectively, to (1) estimated GAAP earnings of KFN for the calendar years 2013 and 2014, as included in the KKR-Prepared KFN Projections (as defined below in the section of this proxy statement/prospectus titled " KKR-Prepared KFN Projections" beginning on page 93), (2) GAAP book value of KFN as of September 30, 2013, and (3) estimated dividend yield of KFN for the calendar years 2013 and 2014, as included in the KKR-Prepared KFN Projections. A summary of certain of the information included in the KKR-Prepared KFN Projections is set forth in the section of this proxy statement/prospectus titled " KKR-Prepared KFN Projections" beginning on page 93 of this proxy statement/prospectus. Based on the average of the results of the foregoing analysis, Lazard calculated a range of equity values per share for KFN of $9.23 to $11.42. Based on the KKR common unit price of $24.98 as of December 13, 2013, Lazard noted that such value range indicated a range of implied exchange ratios of 0.37x to 0.46x.

KFN Selected Precedent Transactions Analysis

Lazard reviewed and analyzed certain publicly available financial information of target companies in selected precedent merger and acquisition transactions involving companies it viewed as relevant. In performing these analyses, Lazard analyzed certain financial information and transaction multiples

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relating to the target companies involved in the selected transactions and compared such information to the corresponding information for KFN.

Lazard noted that there are limited or no recent target companies that are directly comparable to KFN. Although none of the selected precedent transactions or the companies party to such transactions is directly comparable to the transactions contemplated by the merger agreement or to KFN, all of the transactions were chosen because they involve transactions that, for purposes of analysis, may be considered relevant in evaluating the transactions contemplated by the merger agreement and/or involve targets that, for purposes of analysis, may be considered relevant. Lazard reviewed the following transactions involving (i) REITs and (ii) BDCs and real estate property:

REITs

Date Announced	Acquiror	Target	Price/BV
October 22, 2013	American Realty Capital Properties	Cole Real Estate	1.23x
June 3, 2013	Mid-America Apartment	Colonial Properties Trust	0.92x
May 28, 2013	American Realty Capital Properties	CapLease Inc.	1.17x
September 6, 2012	Realty Income Corp.	American Realty Capital Trust	1.13x
December 24, 2011	Ventas Inc.	Cogdell Spencer Inc.	0.80x
February 27, 2011	Ventas Inc.	Nationwide Health Properties	1.56x

BDCs and Real Estate Property

Date Announced	Acquiror	Target	Price/CY EPS	Price/BV
January 30, 2013	Annaly Capital Management Inc.	CreXus Investment Corp.	12.7x	1.09x
October 26, 2009	Ares Capital Corporation	Allied Capital Corp.	8.9x	0.46x

For each of the transactions, Lazard calculated, among other things, (i) with respect to REITs, deal value as a multiple of GAAP book value or net asset value (as applicable) as of the latest period available prior to the announcement of the transaction, and (ii) with respect to BDCs and real estate property, deal value per share as a multiple of estimated earnings per share in the calendar year the transaction was announced (which we refer to as Price/CY EPS) and deal value as a multiple of GAAP book value as of the latest period available prior to the announcement of the transaction. Based on Lazard's analysis of the selected precedents and on Lazard's professional judgment, Lazard applied multiples of (1) 0.92x to 1.23x to GAAP book value of KFN as of September 30, 2013 and (2) 8.9x to 12.7x to estimated GAAP earnings of KFN for the calendar year 2013, as included in the KKR-Prepared KFN Projections. Based on the average of the results of the foregoing analysis, Lazard calculated a range of equity values per share for KFN of $10.35 to $14.35. Based on the KKR common unit price of $24.98 as of December 13, 2013, Lazard noted that such value range indicated a range of implied exchange ratios of 0.41x to 0.57x.

KFN Dividend Discount Analysis

Based on the KKR-Prepared KFN Projections, Lazard performed a dividend discount analysis of KFN to calculate the estimated present value of the projected dividend distributions by KFN in the period from the fourth quarter of 2013 through 2018. Lazard also calculated estimated terminal values for KFN by applying a perpetual growth rate range of 0.0% to 2.0%. The projected dividend distributions and terminal values were discounted to present value using discount rates ranging from 8.5% to 9.5%. The discount rates applicable to KFN were based, among other things, on Lazard's judgment of the estimated range of discount rates based on an analysis of publicly traded BDCs. This analysis resulted in a range of equity values per share for KFN of $10.45 to $14.21. Based on the KKR

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common unit price of $24.98 as of December 13, 2013, Lazard noted that such value range indicated a range of implied exchange ratios of 0.42x to 0.57x.

Other Analyses

The analyses and data relating to KFN described below were presented to the independent directors constituting the conflicts committee of the board of directors of KKR's managing partner merely for informational purposes.

Other Analyses: KFN Historical Trading Analysis

Lazard reviewed historical data with regard to the closing prices of KFN common shares for the 52-week period to and including December 13, 2013. During this period, the closing price of common shares of KFN ranged from a low of $9.11 to a high of $11.67 per share, which, based on the KKR common unit price of $24.98 as of December 13, 2013, indicates a range of implied exchange ratios of 0.36x to 0.47x.

Other Analyses: KFN Analyst Price Targets Analysis

Lazard reviewed five Wall Street research equity analyst per share target prices for KFN as of December 13, 2013, which target prices were released on October 24, 2013. The range of these target prices was $10.50 to $12.50, which, based on the KKR common unit price of $24.98 as of December 13, 2013, indicates a range of implied exchange ratios of 0.42x to 0.50x.

KKR Stand-Alone Analyses

KKR Blended Earnings Selected Comparable Companies Analysis

Lazard reviewed and analyzed selected public companies that it viewed as reasonably comparable to KKR. Although none of the selected companies is directly comparable to KKR, the companies included are publicly traded companies with operations and/or other criteria, such as lines of business, markets, business risks and size and scale of business, which for purposes of analysis Lazard considered relevant. Specifically, Lazard compared KKR to the following public companies:

- The Blackstone Group L.P.
- Apollo Global Management LLC
- The Carlyle Group LP
- Och-Ziff Capital Management Group LLC
- Fortress Investment Group LLC
- Oaktree Capital Group, LLC

In performing these analyses, Lazard reviewed and analyzed certain publicly available financial information, implied multiples and market trading data relating to the selected comparable companies and compared such information to the corresponding information for KKR. Lazard calculated and compared, among other things, the ratio of each company's December 13, 2013 share or unit price to its (i) calendar year 2013 and 2014 per share or unit estimated economic net income, or "ENI," (ii) calendar year 2013 and 2014 per share estimated distributable cash earnings, or "DCE," and (iii) calendar year 2013 and 2014 estimated adjusted net income, or "ANI," in each case as applicable. The calendar year 2013 and 2014 estimated ENI, DCE and ANI per share or unit for the selected companies and used by Lazard in its analysis were based on the median of publicly available equity analyst estimates or FactSet consensus analyst estimates, if compiled by FactSet. Lazard also calculated the ratio of KKR's December 13, 2013 unit price to its calendar year 2013 and 2014 per unit estimated

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ENI and DCE, on the basis of KKR projections based on the median of FactSet consensus analyst estimates, which are referred to in this proxy statement/prospectus as KKR consensus estimates. The metrics observed by Lazard are summarized in the following table:

	P/ENI*		P/DCE**		P/ANI***	
	2013E	**2014E**	**2013E**	**2014E**	**2013E**	**2014E**
Selected Companies						
High	13.3x	11.9x	19.4x	14.0x	9.3x	11.5x
Mean	10.8x	10.7x	12.1x	11.3x		
Median	11.6x	10.7x	10.5x	11.0x		
Low	6.8x	9.6x	7.1x	10.0x		
KKR Consensus Estimates	10.2x	10.1x	14.1x	13.1x		

* P/ENI multiple calculated for The Blackstone Group L.P., Apollo Global Management LLC, The Carlyle Group LP and Oaktree Capital Group, LLC.

** P/DCE multiple calculated for The Blackstone Group L.P., Apollo Global Management LLC, The Carlyle Group LP, Och-Ziff Capital Management Group LLC, Fortress Investment Group LLC and Oaktree Capital Group, LLC.

*** P/ANI multiple calculated for Oaktree Capital Group, LLC.

Based on an analysis of the relevant metrics for each of the comparable companies and KKR and on Lazard's professional judgment, Lazard selected reference ranges of (i) 10.2x to 10.8x and 10.1x to 10.7x for share price to estimated ENI per share of the selected companies for the calendar years 2013 and 2014, respectively, and (ii) 10.2x to 14.1x and 10.8x to 13.1x for share price to estimated DCE per share of the selected companies for the calendar years 2013 and 2014, respectively. Lazard applied such ranges, respectively, to (1) estimated ENI of KKR for the calendar years 2013 and 2014, as included in the KKR Forecasts (as defined below in the section of this proxy statement/prospectus titled " KKR Forecasts" beginning on page 95), along with certain internal financial forecasts for KKR provided and prepared by its management for the fourth quarter of 2013 (such estimates are collectively referred to in this proxy statement/prospectus as the "KKR management estimates"), and (2) estimated DCE of KKR for the calendar years 2013 and 2014, as included in the KKR management estimates. Based on the average of the results of the foregoing analysis, Lazard calculated ranges of equity values per common unit for KKR of $25.09 to $ 26.57, based on the ENI analysis, and $20.52 to $26.59, based on the DCE analysis, as compared to the $24.98 price per KKR common unit as of December 13, 2013.

KKR Sum-of-the-Parts Analysis

Lazard performed a sum-of-the-parts analysis of KKR based on separate valuations of the components of KKR's estimated 2014 ENI, net asset value of KKR's general partner investments, and KKR's net cash. In particular, Lazard calculated an implied equity value range of KKR as the sum of the following components:

Fee-Related ENI. Lazard calculated 2014 P/E multiples for a group of traditional asset managers that were selected by Lazard. The P/E multiples were calculated based on each asset manager's share price as of December 13, 2013 and estimated 2014 GAAP earnings per share based on the median of FactSet consensus analyst estimates. Lazard observed, for 2014, median and mean P/E multiples of 16.9x and 16.8x, respectively. Based on an analysis of the relevant metrics and on Lazard's professional judgment, Lazard selected a P/E multiple reference range of 15.0x to 17.0x and applied it to KKR's estimated 2014 fee-related ENI, as included in the KKR management estimates (as defined above).

Incentive Fee ENI. For each of The Blackstone Group L.P., Apollo Global Management LLC, The Carlyle Group LP and Oaktree Capital Group, LLC, Lazard calculated ratios of implied capitalized value of incentive fee ENI as of December 13, 2013 to estimated 2014 incentive fee ENI. The estimated 2014 incentive fee ENI used in the analysis was derived by Lazard from publicly available equity analyst estimates. Based on an analysis of the relevant metrics and on Lazard's professional judgment (i) under a first approach, which is referred to in this proxy statement/prospectus as the earnings multiple approach, Lazard selected a multiple reference range of 8.9x to 9.3x and applied it to KKR's estimated 2014 incentive fee ENI, as included in the KKR management estimates (as defined above), and (ii) under a second approach, which is referred to in this proxy statement prospectus as the capital and earnings multiples approach, Lazard selected (1) a multiple reference range of 7.1x to 8.1x and applied it to KKR's estimated 2014 incentive fee ENI, as included in the KKR management estimate and (2) a multiple reference range of 0.8x to 1.0x and applied it to the book value of KKR's net accrued carry as of September 30, 2013.

GP Investments NAV. Lazard applied a multiple reference range of 0.8x to 1.0x to the net asset value, as of September 30, 2013, of KKR's general partner investment portfolio. The reference range was selected based on Lazard's professional judgment and on an analysis, for a group of listed private equity closed-end funds selected by Lazard, of the ratio of each fund's December 13, 2013 share price to its latest available net asset value.

Net Cash. Lazard considered the value of KKR's net cash as of September 30, 2013.

The foregoing analysis resulted in a range of equity values per common unit for KKR, calculated as the average of the equity values obtained by applying, respectively, the earnings multiple approach and the capital and earnings multiples approach, of $22.98 to $26.24, as compared to the $24.98 price per KKR common unit as of December 13, 2013.

KKR Dividend Discount Analysis

Based on the KKR management estimates (as defined above), Lazard performed a dividend discount analysis of KKR to calculate the estimated present value of the projected dividend distributions by KKR in the period from the fourth quarter of 2013 through 2015. Lazard also calculated estimated terminal values for KKR, using two alternative methodologies: (i) by applying multiples of 0.9x to the net asset value of KKR's general partner investment portfolio as of September 30, 2013; of 1.0x to KKR's net cash as of September 30, 2013; of 18.0x to 20.0x to KKR's estimated 2015 fee-related ENI, as included in the KKR management estimates (as defined above); and of 8.0x to 10.0x to KKR's estimated 2015 incentive fee ENI, as included in the KKR management estimates (as defined above), which is referred to in this proxy statement/prospectus as the sum-of-the-parts methodology, and (ii) by applying multiples of 10.0x to 14.0x to KKR's estimated 2015 DCE, as included in the KKR management estimates (as defined above), which is referred to in this proxy statement/prospectus as the P/DCE methodology. The projected dividend distributions and terminal values were discounted to present value using discount rates ranging from 11.0% to 13.0%. The discount rates applicable to KKR were based, among other things, on Lazard's judgment of the estimated range of weighted average cost of capital based on an analysis of publicly traded alternative asset managers. This analysis resulted in ranges of equity values per common unit for KKR of $24.99 to $28.40, using the sum-of-the-parts methodology, and $19.91 to $27.65, using the P/DCE methodology, as compared to the $24.98 price per KKR common unit as of December 13, 2013.

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Other Analyses

The analyses and data relating to KKR described below were presented to the independent directors constituting the conflicts committee of the board of directors of KKR's managing partner merely for informational purposes.

Other Analyses: KKR Historical Trading Analysis

Lazard reviewed historical data with regard to the closing prices of KKR common units for the 52-week period to and including December 13, 2013. During this period, the closing price of common units of KKR ranged from a low of $13.85 to a high of $24.98 per common unit, as compared to the $24.98 price per KKR common unit as of December 13, 2013.

Other Analyses: KKR Analyst Price Targets Analysis

Lazard reviewed 12 Wall Street research equity analyst per common unit target prices for KKR as of December 13, 2013, which target prices were released between October 24, 2013 and December 9, 2013. The range of these target prices was $23.00 to $28.00, as compared to the $24.98 price per KKR common unit as of December 13, 2013.

Pro Forma Analyses of the Combined Company

In addition, Lazard considered a number of pro forma analyses, including a contribution analysis and pro forma valuation analyses derived using similar methodologies to those described above under " KKR Stand-Alone Analyses." The analyses and data relating to the combined company described below were presented to the independent directors constituting the conflicts committee of the board of directors of KKR's managing partner merely for informational purposes.

Pro Forma Contribution Analysis

Based on the KKR-Prepared KFN Projections and the KKR management estimates (as defined above), Lazard calculated the estimated pro forma relative contributions of KKR and KFN to the combined company with respect to certain financial metrics and, based on such contributions, derived the implied exchange ratio for each of such metrics. The following table sets forth the results of this analysis:

	Aggregate				Per Share		
	KKR	**KFN**	**%KKR**	**%KFN**	**KKR**	**KFN**	**Implied Exch. Ratio**
Market Capitalization	$ 17,880	$ 1,952	90%	10%	$ 24.98	$ 9.53	038x
Total Assets	$ 8,515	$ 3,141	73%	27%	$ 11.90	$ 15.34	1.29x
Book Value*	$ 7,208	$ 2,133	77%	23%	$ 10.07	$ 10.42	1.03x
2013E Earnings							
ENI /	$ 1,757		87%	13%	$ 2.46	$ 1.25	0.51x
DCE / Net Income	$ 1,293	$ 256	83%	17%	$ 1.81	$ 1.25	0.69x
2014E Earnings							
ENI /	$ 1,782		89%	11%	$ 2.47	$ 1.07	0.43x
DCE / Net Income	$ 1,283	$ 220	85%	15%	$ 1.78	$ 1.07	0.60x
Dividends (2014E)	$ 944	$ 180	84%	16%	$ 1.36	$ 0.88	0.65x
Transaction			87%	13%			0.51x

* Reported non-GAAP figures.

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Pro Forma Estimated Financials of the Combined Company

Based on the KKR-Prepared KFN Projections and the KKR management estimates (as defined above), Lazard calculated, among other things, pro forma estimated ENI, DCE, fee-related ENI and incentive fee ENI for the combined company for the calendar years 2014 and 2015 as well as net accrued carry book value as of September 30, 2013, general partner investment portfolio net asset value as of September 30, 2013, and net cash as of September 30, 2013 for the combined company (which are collectively referred to as "pro forma financials"). The pro forma financials reflect the following assumptions: (i) pro forma estimated general and administrative expense savings of approximately $4.5 million, (ii) pro forma estimated benefits of approximately $10 million resulting from the assumed elimination of the requirement for KKR and KFN to maintain separate liquidity reserves, (iii) the elimination of KFN management fees through consolidation under KKR ownership offset by an increase of an almost equivalent amount of KFN investment income and (iv) KKR's intention to distribute 100% of KFN's realized earnings. Lazard noted that the pro forma financials were expected to be dilutive to ENI (by 2% in 2014E) and accretive to DCE (by 3% in 2014E).

Pro Forma Blended Earnings Selected Comparable Companies Analysis of the Combined Company

Based on the analysis of the selected comparable companies described above under " KKR Stand-Alone Analyses KKR Blended Earnings Selected Comparable Companies Analysis" and on Lazard's professional judgment, Lazard selected and applied multiples ranging from 10.1x to 10.7x to the pro forma estimated ENI for the combined company for the calendar year 2014, as included in the pro forma financials (as defined above). Based on this analysis, Lazard calculated a range of implied equity values per common unit for the combined company of $24.79 to $26.25. By comparing these values to stand-alone implied equity values per common unit for KKR of $25.22 to $26.70, as derived from the comparable companies analysis with respect to estimated 2014 ENI of KKR, as described above under " KKR Stand-Alone Analyses KKR Blended Earnings Selected Comparable Companies Analysis," Lazard noted that, on this basis, the transaction would have an illustrative dilutive effect on KKR's equity value per common unit of approximately 2%.

Based on the analysis of the selected comparable companies described above under " KKR Stand-Alone Analyses KKR Blended Earnings Selected Comparable Companies Analysis" and on Lazard's professional judgment, Lazard selected and applied multiples ranging from 10.8x to 13.1x to the pro forma estimated DCE for the combined company for the calendar year 2014, as included in the pro forma financials (as defined above). Based on this analysis, Lazard calculated a range of implied equity values per common unit for the combined company of $21.40 to $25.89. By comparing these values to stand-alone implied equity values per common unit for KKR of $21.01 to $25.43, as derived from the comparable companies analysis with respect to estimated 2014 DCE of KKR, as described above under " KKR Stand-Alone Analyses KKR Blended Earnings Selected Comparable Companies Analysis," Lazard noted that, on this basis, the transaction would have an illustrative accretive effect on KKR's equity value per common unit of approximately 2%.

Pro Forma Sum-of-the-Parts Analysis of the Combined Company

Based on the analyses described above under " KKR Stand-Alone Analyses KKR Sum-of-the-Parts Analysis" and on Lazard's professional judgment, Lazard applied (where applicable) to the combined company's pro forma estimated 2014 fee related ENI and incentive fee ENI, and to the combined company's pro forma net accrued carry book value as of September 30, 2013, general partner investment portfolio net asset value as of September 30, 2013, and net cash as of September 30, 2013, each as included in the pro forma financials (as defined above), the multiples applied to the corresponding components for KKR in the stand-alone sum-of-the-parts analysis of KKR, except that Lazard applied a multiple reference range of 0.90x to 1.00x, instead of a multiple reference range of 0.80x to 1.00x, to the combined company's pro forma general partner investment portfolio net asset

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value as of September 30, 2013, to account for the increased liquidity and diversity of the combined company's underlying assets. Lazard derived implied equity value ranges of the combined company as the sum of the results of the foregoing calculations. This analysis resulted in a range of equity values per common unit for the combined company, calculated as the average of the equity values obtained by applying, respectively, the earnings multiple approach and the capital and earnings multiples approach (each as defined above), of $22.30 to $24.72. By comparing these values to stand-alone implied equity values per common unit for KKR of $22.98 to $26.24, as derived from the stand-alone sum-of-the-parts analysis with respect to KKR, as described above under " KKR Stand-Alone Analyses KKR Sum-of-the-Parts Analysis," Lazard noted that, on this basis, the transaction would have an illustrative dilutive effect on KKR's equity value per common unit of approximately 3% to 6%.

Pro Forma Dividend Discount Analysis of the Combined Company

Based on the pro forma financials (as defined above), Lazard performed a dividend discount analysis of the combined company to calculate the estimated present value of the projected pro forma dividend distributions by the combined company in the period from the fourth quarter of 2013 through 2015. Lazard also calculated estimated terminal values for the combined company, using two alternative methodologies: (i) by applying multiples of 0.95x to the net asset value of the combined company's pro forma general partner investment portfolio as of September 30, 2013; of 1.00x to the combined company's net cash as of September 30, 2013; of 18.0x to 20.0x to the combined company's pro forma estimated 2015 fee-related ENI; and of 8.0x to 10.0x to the combined company's pro forma estimated 2015 incentive fee ENI, which is referred to in this proxy statement/prospectus as the pro forma sum-of-the-parts methodology, and (ii) by applying multiples of 10.0x to 14.0x to the combined company's pro forma estimated 2015 DCE, which is referred to in this proxy statement/prospectus as the pro forma P/DCE methodology. The projected dividend distributions and terminal values were discounted to present value using discount rates ranging from 11.0% to 13.0%. The discount rates applicable to the combined company were based, among other things, on Lazard's judgment of the estimated range of weighted average cost of capital based on an analysis of publicly traded alternative asset managers. This analysis resulted in ranges of implied equity values per common unit for the combined company of $23.93 to $26.83, using the pro forma sum-of-the-parts methodology, and $20.38 to $28.25, using the pro forma P/DCE methodology. By comparing these values to stand-alone implied equity values per common unit for KKR of $24.99 to $28.40 and $19.91 to $27.65, as derived from the stand-alone dividend discount analysis of KKR using the sum-of-the-parts methodology and the P/DCE methodology (each as defined above), respectively, as described above under " KKR Stand-Alone Analyses KKR Dividend Discount Analysis," Lazard noted that, on these bases, the transaction would have an illustrative dilutive effect on KKR's equity value of approximately 4% to 6%, using the pro forma sum-of-the-parts methodology and an illustrative accretive effect on KKR's equity value per common unit of approximately 2%, using the pro forma P/DCE methodology.

KFN ROE Expansion Sensitivity Analysis

Lazard calculated the effect on the combined company's equity value, as resulting from the foregoing pro forma analyses of the combined company, of a potential illustrative 2% to 4% increase in KFN's return on capital (which is defined as net income return on average net asset value and which we refer to as ROE) following the transaction, as a result of assumed enhanced deployment options. Lazard compared the results of this analysis to the results of the stand-alone analyses of KKR, as described above under " KKR Stand-Alone Analyses KKR Blended Earnings Selected Comparable Companies Analysis" (except that Lazard considered the selected comparable companies analysis with respect to KKR's ENI and DCE for 2014 only), " KKR Stand-Alone Analyses KKR Sum-of-the-Parts Analysis" and " KKR Stand-Alone Analyses KKR Dividend Discount Analysis,"

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and calculated applicable ranges of equity value accretion (or dilution). The results of this analysis are summarized in the following table:

	Standalone Equity Value per Common Unit		Pro Forma Equity Value per Common Unit + 4% ROE Increase		Equity Value Accretion/(Dilution)			
					2% ROE Increase		4% ROE Increase	
	Low	High	Low	High	Low	High	Low	High
Blended ENI Comparable Companies Analysis(a)(c)	$ 25.22	$ 26.70	$ 24.79	$ 27.39	0%	0%	3%	3%
Blended DCE Comparable Companies Analysis(b)(c)	$ 21.01	$ 25.43	$ 21.40	$ 27.26	5%	4%	7%	7%
Sum-of-the-Parts Analysis(d)	$ 22.98	$ 26.24	$ 22.30	$ 25.15	(1%)	(4%)	(1%)	(4%)
Dividend Discount Analysis Sum-of-the-Parts Method(d)	$ 24.99	$ 28.40	$ 23.93	$ 27.26	(3%)	(4%)	(3%)	(4%)
Dividend Discount Analysis P/DCE Method(c)	$ 19.91	$ 27.65	$ 20.38	$ 29.65	5%	5%	8%	7%

(a) Stand-alone equity value per common unit of KKR based on comparable companies analysis with respect to estimated ENI of KKR for 2014 only.

(b) Stand-alone equity value per common unit of KKR based on comparable companies analysis with respect to estimated DCE of KKR for 2014 only.

(c) ROE increase captured as capitalization of incremental return on net assets.

(d) ROE increase captured as a 0.05x increase of the P/BV multiple applied to the general partner investment portfolio net asset value.

Miscellaneous

Lazard prepared these analyses solely for purposes of, and the analyses were delivered to the independent directors constituting the conflicts committee of the board of directors of KKR's managing partner in connection with, the provision of Lazard's opinion to the independent directors constituting the conflicts committee of the board of directors of KKR's managing partner as to the fairness from a financial point of view of the exchange ratio to KKR. These analyses do not purport to be appraisals nor do they necessarily reflect or purport to reflect the prices at which businesses or securities actually may be sold or the prices at which any securities have traded or may trade at any time in the future. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by these analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, neither Lazard nor any other person assumes responsibility if future results are materially different from those forecast.

Lazard, as part of its investment banking business, is continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements, leveraged buyouts, and valuations for estate, corporate and other purposes. In the ordinary course of their respective businesses, Lazard and LFCM Holdings LLC (an entity indirectly owned in large part by managing directors of Lazard) and their respective affiliates may actively trade securities of KKR, KFN and certain of their respective affiliates for their own accounts and for the accounts of their customers and, accordingly, may at any time hold a long or short position in such securities, and may also trade and

hold securities on behalf of KKR, KFN and certain of their respective affiliates. Lazard in the past has provided, currently is providing and in the future may provide certain investment banking services to KKR and certain of its affiliates, for which Lazard has received and may receive compensation, including, in the past two years, advising KKR or an affiliate thereof with respect to its proposed acquisition of SBB/Telemach Group and advising a portfolio company of KKR or an affiliate thereof with respect to a potential transaction, and having advised an affiliate of KKR in connection with its provision of debt financing to Uralita, Capmark Financial Group in connection with its restructurings and related transactions, and KKR and other affiliates or portfolio companies with respect to transactions that were not consummated. During the two year period ended December 16, 2013, the investment banking division of Lazard has earned compensation for financial advisory services provided directly to KKR and/or to its affiliates and controlled portfolio companies of approximately $9.1 million, in addition to Lazard's compensation for its services as financial advisor to the independent directors constituting the conflicts committee of the board of directors of KKR's managing partner in connection with the merger. During the two year period ended December 16, 2013, Lazard has not been engaged by KFN or its subsidiaries to provide financial advisory or underwriting services for which the Investment Banking Division of Lazard has received compensation. The issuance of Lazard's opinion was approved by the Opinion Committee of Lazard.

In connection with Lazard's services as financial advisor to the independent directors constituting the conflicts committee of the board of directors of KKR's managing partner and pursuant to the terms of the Lazard engagement letter dated December 11, 2013, KKR agreed to pay Lazard an aggregate fee equal to $1,500,000 upon delivery of the opinion. In addition, KKR also agreed to reimburse Lazard for its expenses incurred in connection with the engagement and to indemnify Lazard and certain related parties against certain liabilities under certain circumstances that may arise out of the rendering of its advice.

The type and amount of consideration payable pursuant to the merger agreement was determined through negotiations between KKR and KFN, rather than by any financial advisor, and was approved by the board of directors of KKR's managing partner. Lazard did not recommend any specific merger consideration to the board of directors of KKR's managing partner, to the independent directors constituting the conflicts committee of the board of directors of KKR's managing partner, or to KKR or that any given merger consideration constituted the only appropriate consideration for the merger. The decision to enter into the merger agreement was solely that of the board of directors of KKR's managing partner. As described above, the opinion of Lazard was one of many factors taken into consideration by the independent directors constituting the conflicts committee thereof in their evaluation of the merger in accordance with the merger agreement. Consequently, the analyses described above should not be viewed as determinative of the opinion of the board of directors of KKR's managing partner or the independent directors constituting the conflicts committee thereof with respect to the KKR merger consideration.

Lazard is an internationally recognized investment banking firm providing a broad range of financial advisory and other services. The independent directors constituting the conflicts committee of the board of directors of KKR's managing partner selected Lazard as a financial advisor because of its qualifications, expertise and reputation in investment banking and mergers and acquisitions, as well as its familiarity with the business of KKR. The conflicts committee of the board of directors of KKR's managing partner identified two investment banks who were of high quality, familiar with the industry of KKR and KFN and unlikely to have conflicts with respect to a transaction between KKR and KFN as potential financial advisors to the committee. Certain members of the conflicts committee interviewed the two investment banks and discussed with each bank its experience, expertise and qualifications in investment banking and mergers and acquisitions and its familiarity with the businesses of KKR and KFN. The members of the conflicts committee also confirmed with each bank the absence of any pending conflicts that, in the conflicts committee's view, would have impaired each such bank's

ability to potentially participate as advisor to the conflicts committee in a transaction between KKR and KFN. After meeting with representatives from both financial advisor candidates, the members of the conflicts committee considered the discussion with each candidate, along with the experience, expertise, qualifications and reputation of each candidate, and determined to retain Lazard as its financial advisor.

A copy of the presentation delivered by Lazard to the conflicts committee of the board of directors of KKR's managing partner on December 16, 2013 in connection the rendering of Lazard's oral opinion has been filed as an exhibit to the Transaction Statement on Schedule 13E-3 filed with the SEC in connection with the transaction and will be made available for inspection and copying at the principal executive offices of KKR during its regular business hours by any interested holder of KKR common units. Copies may be obtained by requesting them in writing from KKR at the address provided in the section titled "Where You Can Find More Information" beginning on page 234 of this proxy statement/prospectus.

Position of the KKR Participants as to the Fairness of the Merger

Under SEC rules, the KKR Participants are required to express their belief as to the fairness of the merger to the unaffiliated common shareholders of KFN. The KKR Participants are making the statements included in this section solely for the purpose of complying with the requirements of Rule 13e-3 and the related rules under the Exchange Act. However, the making of such statements is not an admission by the KKR Participants that KFN is "controlled" by KKR or any affiliate of KKR such that KFN should be deemed to be an "affiliate" for purposes of Rule 13e-3 in connection with the merger.

KKR, Fund Holdings and Merger Sub attempted to negotiate a transaction that would be most favorable to them and did not negotiate a transaction with a goal of obtaining terms that were fair to the common shareholders of KFN and did not undertake any independent evaluation of the fairness of the merger to the unaffiliated common shareholders of KFN or engage a financial advisor for such purpose. However, based on the procedural safeguards implemented during the negotiation of the merger and the other factors considered by, and the analysis, discussion and resulting conclusions of, KFN's board of directors and the transaction committee of the KFN board of directors described in the section entitled " Recommendation of the KFN Board of Directors and Reasons for the Merger; Fairness of the Merger" beginning on page 38 of this proxy statement/prospectus, which analysis, discussion and resulting conclusions the KKR Participants expressly adopt as their own, the KKR Participants believe that the merger is substantively and procedurally fair to KFN's unaffiliated common shareholders.

The foregoing discussion of the factors considered by the KKR Participants is not intended to be exhaustive but is believed to include all material factors considered by the KKR Participants in making a determination regarding the fairness of the merger for the purpose of complying with the requirements of Rule 13e-3 and the related rules under the Exchange Act. The KKR Participants did not find it practicable to, and did not, quantify or otherwise attach relative weights to the foregoing factors in reaching their position as to the fairness of the merger. Rather, the KKR Participants made their fairness determination after considering all of the factors as a whole.

KFN Projected Financial Information

KFN does not, as a matter of course, generally publish its business plans and strategies or make external disclosures of its anticipated financial position or results of operations. KFN management prepared certain nonpublic financial projections prior to the evaluation of a possible transaction, and KKR had access to such projections. While Sandler O'Neill also had access to such financial projections, the projections were not used by Sandler O'Neill in performing the analysis in preparation

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of their fairness opinion. Such financial projections did not result from a full financial forecast model, but were instead derived from a projected mix of portfolio strategies and a projected rate of return for each such portfolio strategy. For these reasons, among others, publicly available analyst estimates were deemed by KFN management to be the best available information. A summary of the nonpublic financial projections prepared by KFN management is provided below and such information is referred to in this proxy statement/prospectus as the KFN financial projections. KFN common shareholders are cautioned not to place undue reliance on the KFN financial projections. The KFN financial projections are not being included in this proxy statement/prospectus for the purpose of influencing your decision whether to vote for the adoption of the merger agreement and should not be regarded as an indication that any of KFN, KKR or their respective affiliates, advisors, officers, directors, partners or representatives or any recipient of this information considered, or now considers, it to be necessarily predictive of actual future results, and the KFN financial projections should not be relied on as such. None of KKR, KFN or their respective affiliates, advisors, officers, employees, directors or representatives can give you any assurance that actual results will not differ from the projected results, and none undertakes any obligation, except as required by law, to update or otherwise revise or reconcile these internal KFN financial projections to reflect circumstances existing, or changes in assumptions or outlook occurring, after the date the internal KFN financial projections were generated or to reflect the occurrence of future events even in the event that any or all of the assumptions underlying the projections are shown to be in error. KFN does not intend to update or otherwise revise the KFN financial projections. None of KFN or its affiliates, advisors, officers, employees, directors or representatives has made or makes any representation to any shareholder or other person (including to KKR) regarding KFN's ultimate performance compared to the information contained in the KFN financial projections or that projected results will be achieved.

	2013E	2014E	2015E
Total CLO Income (in millions)	$ 204.3	$ 180.4	$ 167.6
Total Investment Income (Including CLO Income) (in millions)	$ 300.9	$ 327.9	$ 317.2

	2014E	2015E
Earnings Per Share (Liquidity Forecast Case)	$ 0.94	$ 0.87
Return on Equity (Liquidity Forecast Case)	9.0%	8.3%

	High Case	Low Case
2014 Earnings Per Share (Management Case)	$ 1.10	$ 1.00

	Downside Case	Base Case	Aggressive Case
2015 Net Income	$ 152,000,000	$ 250,200,000	$ 299,600,000
2015 Earnings Per Share	$.74	$1.22	$1.46
2015 Return on Equity(1)	6%	10%	12%
2015 Return on Equity(2)	7.1%	11.7%	14%

(1) Calculated based on KFN's total outstanding equity, including preferred equity, and as provided by KFN management to Sandler O'Neill.

(2) Calculated by Sandler O'Neill based on KFN's total outstanding common equity, excluding preferred equity.

While presented with numeric specificity, the KFN financial projections reflect numerous estimates and assumptions made by KFN management with respect to industry performance and competition, general business, economic, market and financial conditions, interest rates and additional matters specific to KFN's business, all of which are difficult to predict and many of which are beyond KFN's

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control. Other important factors that may affect actual results and cause the KFN financial projections not to be achieved include, but are not limited to, risks and uncertainties relating to KFN's business (including its ability to achieve strategic goals, objectives and targets over applicable periods), industry performance, the regulatory environment, general business and economic conditions and other matters described under the sections entitled "Cautionary Statement Regarding Forward-Looking Statements" beginning on page 125 of this proxy statement/prospectus and "Risk Factors" beginning on page 104 of this proxy statement/prospectus. As a result, there can be no assurance that the KFN financial projections will be realized or that actual results will not be materially different than estimated therein, and it is likely that actual results will differ.

The KFN financial projections were not prepared with a view toward public disclosure or with a view toward complying with the published guidelines of the SEC regarding projections or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of financial projections but, in the view of KFN's management, were prepared on a reasonable basis, and based on the assumptions upon which such financial projections are based, reflect the best currently available estimates and judgments of KFN's management and presents, to the best of management's knowledge and belief, the expected course of action and expected future financial performance of KFN. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this proxy statement/prospectus are cautioned not to place undue reliance on the prospective financial information. The KFN financial projections were prepared by, and are the responsibility of KFN. Neither KFN's nor KKR's independent registered public accounting firm, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the projected financial data contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the projected financial data. The reports of the independent registered public accounting firms incorporated by reference in this proxy statement/prospectus relate to KFN's and KKR's historical annual financial statements. Those reports do not extend to the KFN financial projections and should not be read to do so.

KKR-Prepared KFN Projections

KKR does not, as a matter of course, prepare financial projections with respect to KFN. However, in connection with the discussions regarding the proposed transaction with KFN, management of KKR's general partner prepared certain unaudited financial projections regarding KFN's forecasted operating results for fiscal years 2013 through 2018 based on internal KKR modeling derived in part from the KFN financial projections. Management of KKR's general partner also provided to Goldman Sachs and Lazard certain estimated potential cost savings and other synergies to be realized if the potential transaction with KFN were to be consummated. Such unaudited financial projections and potential synergies prepared by management of KKR's general partner are referred to in this proxy statement/prospectus as the KKR-Prepared KFN Projections. KKR provided the KKR-Prepared KFN Projections to Goldman Sachs and Lazard for purposes of the financial analyses and opinions of Goldman Sachs and Lazard as summarized above, and also to the board of directors of KKR's general partner. A summary of the KKR-Prepared KFN Projections is provided below. KFN common shareholders are cautioned not to place undue reliance on the KKR-Prepared KFN Projections. The KKR-Prepared KFN Projections are not being included in this proxy statement/prospectus for the purpose of influencing your decision whether to vote for the adoption of the merger agreement and should not be regarded as an indication that any of KFN, KKR or their respective affiliates, advisors, officers, directors, partners or representatives or any recipient of this information considered, or now considers, it to be necessarily predictive of actual future results, and the KKR-Prepared KFN Projections should not be relied on as such. None of KKR, KFN or their respective affiliates, advisors, officers, employees, directors or representatives can give you any assurance that actual results will not differ from the projected results, and none undertakes any obligation, except as required by law, to

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update or otherwise revise or reconcile the KKR-Prepared KFN Projections to reflect circumstances existing, or changes in assumptions or outlook occurring, after the date the KKR-Prepared KFN Projections were prepared or to reflect the occurrence of future events. None of KKR or its affiliates, advisors, officers, employees, directors or representatives has made or makes any representation to any KFN common shareholder or other person regarding KFN's ultimate performance compared to the information contained in the KKR-Prepared KFN Projections or that the results contained therein will be achieved.

Unaudited Financial Projections

($ in millions, except per KFN common share)	Year Ending 12/31/2013	Year Ending 12/31/2014	Year Ending 12/31/2015	Year Ending 12/31/2016	Year Ending 12/31/2017	Year Ending 12/31/2018
Total Investment Income	$ 418	$ 353	$ 387	$ 393	$ 401	$ 421
Net Interest Expense	$ (74)	$ (73)	$ (73)	$ (75)	$ (74)	$ (72)
Net Investment Income	$ 344	$ 280	$ 314	$ 317	$ 327	$ 349
Non-Investment Expenses	$ (88)	$ (60)	$ (62)	$ (63)	$ (66)	$ (72)
Net Income	$ 256	$ 220	$ 252	$ 254	$ 261	$ 276
Earnings Per Share	$ 1.25	$ 1.07	$ 1.23	$ 1.24	$ 1.28	$ 1.35

($ in millions, except per KFN common share)	Year Ending 12/31/2013	Year Ending 12/31/2014	Year Ending 12/31/2015	Year Ending 12/31/2016	Year Ending 12/31/2017	Year Ending 12/31/2018
Common Shareholders' Equity	$ 2,166	$ 2,204	$ 2,239	$ 2,268	$ 2,333	$ 2,408
Book Value per KFN Common Share	$ 10.58	$ 10.76	$ 10.93	$ 11.08	$ 11.39	$ 11.76

Potential Synergies

($ in millions)	Year Ending 12/31/2014	Year Ending 12/31/2015
Net Tax Impact	$ (6)	$ (5)
KFN Incremental Earnings(1)	$ 10	$ 8
KFN General and Administrative Expense Savings	$ 5	$ 5

(1) Following an acquisition by KKR, KFN would no longer need to maintain separate liquidity reserves given that KFN would, at that point, be able to access KKR's liquidity reserves. In such a scenario, the amounts currently carried as cash on KFN's balance sheet could be deployed by KFN into higher yielding investments.

While presented with numeric specificity, the KKR-Prepared KFN Projections reflect numerous estimates and assumptions made with respect to industry performance and competition, general business, economic, market and financial conditions, interest rates and additional matters specific to KFN's business, all of which are difficult to predict and many of which are beyond KFN's control. Other important factors that may affect actual results and cause the KKR-Prepared KFN Projections not to be achieved include, but are not limited to, risks and uncertainties relating to KFN's business, industry performance, the regulatory environment, general business and economic conditions and other matters described under the sections entitled "Cautionary Statement Regarding Forward-Looking Statements" beginning on page 125 of this proxy statement/prospectus and "Risk Factors" beginning on page 104 of this proxy statement/prospectus. As a result, there can be no assurance that the KKR-Prepared KFN Projections will be realized or that actual results will not be materially different than estimated therein, and it is likely that actual results will differ.

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The KKR-Prepared KFN Projections were not prepared with a view toward public disclosure or with a view toward complying with the published guidelines of the SEC regarding projections or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of financial projections but, in the view of the management of KKR's general partner, reflected the best available estimates and judgments of the management of KKR's general partner with respect to the expected future financial performance of KFN. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this proxy statement/prospectus are cautioned not to place undue reliance on the KKR-Prepared KFN Projections. The KKR-Prepared KFN Projections were prepared by, and are the responsibility of, KKR. Neither KFN's nor KKR's independent registered public accounting firm, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the projected financial data contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the projected financial data. The reports of the independent registered public accounting firms incorporated by reference in this proxy statement/prospectus relate to KFN's and KKR's historical annual financial statements. Those reports do not extend to the KKR-Prepared KFN Projections and should not be read to do so.

KKR Forecasts

KKR does not, as a matter of course, generally publish its business plans and strategies or make external disclosures of its anticipated financial position or results of operations. However, the management of KKR's general partner, for purposes of the financial analyses and opinions of Goldman Sachs and Lazard as summarized above, advised Goldman Sachs and Lazard that the publicly available forecasts with respect to KKR reflected the best available estimates and judgments of the anticipated future financial performance of KKR. Such publicly available forecasts that were provided to Goldman Sachs and Lazard are referred to in this proxy statement/prospectus as the KKR Forecasts. In addition, KKR provided Goldman Sachs and Lazard with a set of projected pro forma numbers for KKR following the acquisition of KFN, which is referred to in this proxy statement/prospectus as the KKR Pro Forma Forecasts. KKR calculated the KKR Pro Forma Forecasts using the KKR-Prepared KFN Projections, the KKR Forecasts and the potential synergies described above as the inputs. Summaries of the KKR Forecasts and the KKR Pro Forma Forecasts are provided below. KFN common shareholders are cautioned not to place undue reliance on the KKR Forecasts or the KKR Pro Forma Forecasts. The KKR Forecasts and the KKR Pro Forma Forecasts are not being included in this proxy statement/prospectus for the purpose of influencing your decision whether to vote for the adoption of the merger agreement and should not be regarded as an indication that any of KFN, KKR or their respective affiliates, advisors, officers, directors, partners or representatives or any recipient of this information considered, or now considers, it to be necessarily predictive of actual future results, and neither the KKR Forecasts nor the KKR Pro Forma Forecasts should be relied on as such. None of KKR, KFN or their respective affiliates, advisors, officers, employees, directors or representatives can give you any assurance that actual results will not differ from the projected results, and none undertakes any obligation, except as required by law, to update or otherwise revise or reconcile the KKR Forecasts or the KKR Pro Forma Forecasts to reflect circumstances existing, or changes in assumptions or outlook occurring, after the date the KKR Forecasts and the KKR Pro Forma Forecasts were prepared or to reflect the occurrence of future events. None of KKR or its affiliates, advisors, officers, employees, directors or representatives has made or makes any representation to any KFN common shareholder or other person regarding KKR's ultimate performance compared to the information contained in the KKR Forecasts and the KKR Pro Forma Forecasts or that the results contained therein will be achieved.

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KKR Forecasts

($ in millions, except per KKR common unit)	Year Ending 12/31/2014(1)	Year Ending 12/31/2015(1)
Economic Net Income (ENI)	$ 1,992	$ 2,208
After Tax Economic Net Income	$ 1,782	$ 1,990
After Tax Economic Net Income Per KKR Common Unit	$ 2.47	$ 2.72
Total Distributable Earnings	$ 1,393	$ 1,565
Distribution Per KKR Common Unit	$ 1.36	$ 1.52
Breakdown of Economic Net Income		
Pre-Tax		
Fee Related Earnings	$ 490	$ 553
Net Carried Interest	$ 750	$ 856
Other Investment Income	$ 753	$ 799

(1) Represents the average estimates of 12 equity research analysts who actively cover KKR and had updated their research model after KKR reported its Q3 2013 earnings. Included firms were Bank of America/Merrill Lynch, BMO, Citi, Credit Suisse, Evercore, Goldman Sachs, KBW, Morgan Stanley, Oppenheimer, Sandler O'Neill, Sterne Agee and Wells Fargo. BMO, KBW, Oppenheimer and Sandler O'Neill only provided estimates for 2014. Taxes are allocated to ENI earnings streams based upon the tax assumptions utilized in the research analysts' models to arrive at the ENI provision for income taxes. To the extent the tax provision calculation in an analyst's model is not derived from the separate ENI earnings streams, the tax provision is assumed to be allocated to fee related earnings, which historically has been the largest component of taxable income for KKR. Reductions in taxes attributable to management fee refunds were applied to fee related earnings. Taxes allocated to total distributable earnings are based on the corporate income tax provision used in the analyst's distribution calculation, grossed up by the percentage of distributed earnings allocable to KKR.

KKR Pro Forma Forecasts

($ in millions, except per KKR common unit)	Year Ending 12/31/2014	Year Ending 12/31/2015
Economic Net Income (ENI)	$ 2,226	$ 2,466
After Tax Economic Net Income	$ 2,010	$ 2,243
After Tax Economic Net Income Per KKR Common Unit	$ 2.43	$ 2.68
Total Distributable Earnings	$ 1,627	$ 1,823
After Tax Total Distributable Earnings	$ 1,510	$ 1,675
After Tax Total Distributable Earnings Per KKR Common Unit	$ 1.82	$ 2.00

While presented with numeric specificity, the KKR Forecasts and the KKR Pro Forma Forecasts reflect numerous estimates and assumptions made with respect to industry performance and competition, general business, economic, market and financial conditions, interest rates and additional matters specific to KKR's business, all of which are difficult to predict and many of which are beyond KKR's control. Other important factors that may affect actual results and cause the KKR Forecasts or the KKR Pro Forma Forecasts not to be achieved include, but are not limited to, risks and uncertainties relating to KKR's business, industry performance, the regulatory environment, general business and economic conditions and other matters described under the sections entitled "Cautionary Statement Regarding Forward-Looking Statements" beginning on page 125 of this proxy statement/

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prospectus and "Risk Factors" beginning on page 104 of this proxy statement/prospectus. As a result, there can be no assurance that the KKR Forecasts or the KKR Pro Forma Forecasts will be realized or that actual results will not be materially different than estimated therein, and it is likely that actual results will differ.

The KKR Forecasts and the KKR Pro Forma Forecasts were not prepared with a view toward public disclosure or with a view toward complying with the published guidelines of the SEC regarding projections or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of financial projections but, in the view of the management of KKR's general partner, reflected the best available estimates and judgments of the management of KKR's general partner with respect to the expected future financial performance of KKR. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this proxy statement/prospectus are cautioned not to place undue reliance on the KKR Forecasts or the KKR Pro Forma Forecasts. The KKR Forecasts and the KKR Pro Forma Forecasts were prepared by, and are the responsibility of, KKR. Neither KFN's nor KKR's independent registered public accounting firm, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the projected financial data contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the projected financial data. The reports of the independent registered public accounting firms incorporated by reference in this proxy statement/prospectus relate to KFN's and KKR's historical annual financial statements. Those reports do not extend to the KKR Forecasts and should not be read to do so.

Fees and Expenses

The following is an estimate of the fees and expenses incurred or to be incurred by KFN in connection with the proposed merger:

Description	Amount (in millions)
Financial, legal, accounting and tax advisory fees and expenses	$ 22.2
Proxy solicitation, printing and mailing costs	0.3
Filing fees	0.2
Miscellaneous	0.2
Total	$ 22.9

The following is an estimate of the fees and expenses incurred or to be incurred by the KKR Participants in connection with the proposed merger:

Description	Amount (in millions)
Financial, legal, accounting and tax advisory fees and expenses	$ 12.0
Printing and mailing costs	0.3
Filing fees (including filings under the HSR Act)	0.5
Miscellaneous	0.2
Total	$ 13.0

Subject to the termination payment that is payable under certain circumstances, the merger agreement generally provides all costs and expenses incurred in connection with the merger agreement and the transactions contemplated by the merger agreement will be paid by the party incurring such costs and expenses, except that (1) expenses incurred in connection with filing, printing and mailing of the registration statement of which this proxy statement/prospectus forms a part and this proxy

statement/prospectus (including filing fees) will be shared equally by Fund Holdings and KFN and (2) KKR will be responsible for all filing fees under the HSR Act and other antitrust laws. See "The Merger Agreement Termination Payment and Expenses" beginning on page 143 of this proxy statement/prospectus.

Interests of Directors and Executive Officers of KFN in the Merger

In considering the recommendation of the KFN board of directors that KFN common shareholders vote to adopt the merger agreement, KFN common shareholders should be aware that aside from their interests as common shareholders of KFN, KFN's executive officers and directors have interests in the merger that are different from, or in addition to, those of other common shareholders of KFN generally. The members of the KFN board of directors were aware of and considered these interests, among other matters, in evaluating and negotiating the merger agreement and the merger, and in recommending to the common shareholders of KFN that the merger agreement be adopted. These interests are described in more detail below, and certain of them are quantified in the table below. KFN's executive officers (including any executive officers who are members of the KFN board of directors) did not participate in the vote by the KFN board of directors relating to the merger.

Treatment of Equity-Based Awards

Restricted Shares

Each restricted KFN common share that was granted under a KFN equity incentive plan and that is outstanding immediately prior to the effective time of the merger, including those held by KFN executive officers and directors, as of the effective time, by virtue of the occurrence of the consummation of the merger and without any action on the part of the holder of such KFN restricted share, will be converted into 0.51 restricted KKR common units having the same terms and conditions, including applicable vesting requirements, as applied to such restricted KFN common share immediately prior to the effective time, with fractional KKR common units to be aggregated and rounded to the nearest whole unit, and KKR will assume the related equity incentive plan and any award agreement issued thereunder pursuant to which any such restricted KFN common share has been granted in order to provide for the foregoing. The table below sets forth the unvested restricted KFN common shares held by the KFN directors and executive officers.

Phantom Shares

Each KFN phantom share that was granted under KFN's Non-Employee Directors' Deferred Compensation and Share Award Plan will be converted into a phantom share in respect of 0.51 KKR common units and will otherwise remain subject to the terms of the plan. The table below sets forth the vested and restricted KFN phantom shares held by the KFN directors. The KFN executive officers do not participate in the plan and as such do not hold any KFN phantom shares.

Outstanding KFN Equity-Based Awards Held by KFN Directors and Executive Officers

Set forth below are the number of outstanding KFN restricted common shares, phantom shares and restricted phantom shares held by each of the KFN executive officers and directors that are outstanding as of March 18, 2014 and will be converted into an award in respect of KKR common units in connection with the merger. Pursuant to the merger agreement, KFN may provide for the accelerated vesting of KFN equity awards held by its directors and executive officers in connection with the merger. If the restricted shares and restricted phantom shares were to be accelerated (upon the cessation of the directors' service with KFN due to the merger), there would be a benefit to the applicable individual equal to the value of the accelerated restricted awards (shown in the table below assuming a price per KFN common share of $12.20, the average closing price of KFN common shares

over the first five business days following the announcement of the merger). The phantom shares are fully vested and non-forfeitable as of the date hereof. The numbers below with respect to phantom shares do not include additional phantom shares to be credited with respect to distributions declared in the 2014 calendar year.

Director/Executive Officer	Restricted Shares	Restricted Shares ($)	Phantom Shares	Restricted Phantom Shares	Restricted Phantom Shares ($)
Craig Farr	0	$	0	0	$
Michael R. McFerran	41,972	512,058.40	0	0	
Nicole J. Macarchuk	26,264	320,420.80	0	0	
Tracy L.Collins	14,538	177,363.60	0	0	
Robert L. Edwards	15,429	188,233.80	0	0	
Vincent Paul Finigan	6,548	79,885.60	81,145	7,990	97,478.00
Paul M. Hazen	5,057	61,695.40	6,348	19,864	242,340.80
R. Glenn Hubbard	0		219,900	20,768	253,369.60
Ross J. Kari	14,538	177,363.60	0	0	
Ely L. Licht	14,538	177,363.60	0	0	
Deborah H. McAneny	0		55,453	14,538	177,363.60
Scott C. Nuttall	0		0	0	
Scott A. Ryles	14,538	177,363.60	0	0	
Willy R. Strothotte	0		185,790	14,538	177,363.60
Total:	153,422	$ 1,871,748.41	547,736	77,698	$ 947,915.60

The KFN executive officers are employed by KFN's manager and do not receive compensation from KFN or any of its subsidiaries for serving as KFN's executive officers, and the manager cannot identify the portion of the compensation awarded the KFN executive officers by the manager that relates solely to services for KFN. KFN and, to KFN's knowledge, KKR and the manager are not party to any arrangements with the KFN executive officers that provide for termination pay or benefits in connection with the KFN executive officers' service to KFN or any of its subsidiaries that are based on or otherwise relate to the proposed merger of KFN. As a result, the say-on-golden-parachute provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act are inapplicable.

Indemnification Rights

The merger agreement provides that, following the completion of the merger, KKR and the surviving entity in the merger will honor all of KFN's obligations to indemnify the current and former executive officers and directors of KFN and all of its subsidiaries for any acts or omissions by such indemnified parties that occurred prior to the merger. In addition, the merger agreement provides that KKR may, prior to the effective time of the merger, purchase a "tail" insurance policy covering claims for at least six years following the effective time of the merger with respect to directors' and officers' liability insurance with coverage and amounts and terms and conditions no less favorable to KFN covered persons than KFN's existing coverage. If KKR elects not to purchase such a "tail" insurance policy, KFN is permitted to purchase such a "tail" policy so long as the cost of such a "tail" policy does not exceed 300% of the current annual premium paid by KFN for its directors' and officers' liability insurance. See "The Merger Agreement Indemnification; Directors' and Officers' Insurance" beginning on page 147 of this proxy statement/prospectus.

No Appraisal Rights

Under Delaware law and pursuant to KFN's operating agreement, KFN common shareholders will not have appraisal rights in connection with the merger.

Plans for KFN after the Merger

Following the consummation of the merger, it is anticipated that KFN will continue to conduct operations substantially as they are currently being conducted, except that KFN common shares will cease to be publicly traded and KFN will be a wholly-owned subsidiary of Fund Holdings. As of the date of this proxy statement/prospectus, KKR has no current plans or proposals or negotiations which would relate to or result in an extraordinary transaction involving KFN's business or management, such as a merger, reorganization, liquidation, relocation of any operations, or sale or transfer of a material amount of assets, or the incurrence of any indebtedness. Following the merger, KKR's managing partner will continuously evaluate and review KFN's business and operations and may propose or develop new plans and proposals which it considers to be in the best interests of KKR and its unitholders, including engaging in acquisitions of new businesses or assets, dispositions of existing businesses or assets, the movement of businesses or assets within the KKR corporate structure, the alteration of the mix of assets held by KFN, or any of the types of extraordinary transactions described above.

Board of Directors and Management of the General Partner of KKR after the Merger

Neither the board of directors nor the management of the general partner of KKR is expected to change in connection with the merger.

Accounting Treatment of the Merger

The merger will be accounted for by KKR using the acquisition method of accounting. Under this method of accounting, the purchase price will be allocated to the fair value of the net assets acquired at the date of completion of the merger. The excess purchase price over the fair value of the net assets acquired will be recorded as goodwill.

The financial condition and results of operations of KKR after completion of the merger will reflect KFN's balances and results after completion of the transaction but will not be restated retroactively to reflect the historical financial condition or results of operations of KFN. The earnings of KKR following completion of the merger will reflect acquisition accounting adjustments, including the effect of changes in the carrying value for assets and liabilities on interest expense and amortization expense. Intangible assets with indefinite useful lives, if any, and goodwill will not be amortized but will be tested for impairment at least annually, and all assets including goodwill will be tested for impairment when certain indicators are present. If, in the future, KKR determines that tangible or intangible assets (including goodwill) are impaired, KKR would record an impairment charge at that time.

Regulatory Approvals and Clearances Required for the Merger

General

Each party's obligation to effect the merger is conditioned upon, among other things, the expiration or early termination of any waiting period under the HSR Act applicable to the merger and the other transactions contemplated by the merger agreement. See "The Merger Agreement Conditions to Consummation of the Merger" beginning on page 134 of this proxy statement/prospectus.

At any time before or after the effective time of the merger, the FTC, the Antitrust Division or others (including states and private parties) could take action under the antitrust laws, including seeking to prevent the merger, to rescind the merger or to make approval of the merger conditional on the parties taking certain actions. There can be no assurance that a challenge to the merger on antitrust grounds will not be made or, if such a challenge is made, that it would not be successful.

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HSR Act

Under the HSR Act and the rules promulgated thereunder by the FTC, certain transactions may not be consummated unless notification has been given and certain information has been furnished to the FTC and the Antitrust Division and certain waiting period requirements have been satisfied. A transaction notifiable under the HSR Act may not be completed until the expiration of a 30-calendar-day waiting period following the filing of appropriate HSR Act notification forms or the early termination of that waiting period. On February 20, 2014, KKR and KFN each filed a notification and report form under the HSR Act with the Antitrust Division and the FTC. On March 6, 2014, the FTC granted early termination of the waiting period under the HSR Act.

Other Governmental Approvals

Neither KKR nor KFN is aware of any material governmental approvals or actions that are required for completion of the merger other than those described above. It is presently contemplated that if any such additional material governmental approvals or actions are required, those approvals or actions will be sought.

Dividend Policy and Share Repurchases

Subject to the provisions of applicable law, the holders of KKR common units are entitled to receive, when and as declared by the board of directors of KKR's managing partner, distributions (whether payable in cash, property, or securities of KKR) out of the assets of KKR legally available for such distributions.

Listing of KKR Common Units Issued in the Merger

It is a condition to the closing of the merger that the KKR common units to be issued in the merger be authorized for listing on the NYSE, subject to official notice of issuance.

Delisting and Deregistration of KFN Common Shares

If the merger is completed, KFN common shares will cease to be listed on the NYSE and will be deregistered under the Exchange Act.

KKR Unitholder Approval is Not Required

KKR unitholders are not required to adopt the merger agreement or approve the merger or the issuance of KKR common units in connection with the merger.

Litigation Relating to the Merger

Since December 19, 2013, fifteen putative stockholder class action lawsuits, referred to in this proxy statement/prospectus as the merger lawsuits, were filed against KFN and certain other defendants in connection with KFN entering into the merger agreement. Each of the merger lawsuits was filed on behalf of a putative class of KFN common shareholders against KFN, the individual members of KFN's board of the directors, KKR, Fund Holdings, and Merger Sub. The merger lawsuits allege variously that the members of the KFN board of directors breached their fiduciary duties owed to KFN common shareholders by approving the proposed merger for inadequate consideration; approving the transaction in order to obtain benefits not equally shared by other KFN common shareholders; entering into the merger agreement containing preclusive deal protection devices; failing to take steps to maximize the value to be paid to the KFN common shareholders; and failing to disclose material information necessary for KFN common shareholders to make a fully informed decision about the proposed merger. The merger lawsuits also seek to state claims against KFN, KKR, Fund Holdings, and Merger

Sub for aiding and abetting these alleged breaches of fiduciary duties. In addition, certain of the complaints allege that KKR controlled KFN by means of a management agreement between KFN and KKR Financial Advisors LLC, and that, as a consequence, KKR breached fiduciary duties it owed to KFN common shareholders by causing KFN to approve the merger agreement. The relief sought by the plaintiffs in the merger lawsuits includes, among other things, declaratory and injunctive relief concerning the alleged breaches of fiduciary duties, injunctive relief prohibiting the consummation of the acquisition, rescission, an accounting by defendants, damages and attorneys' fees and costs, and other relief.

Delaware Court Actions

Nine of the merger lawsuits were filed in the Court of Chancery of the State of Delaware: (1) *Parsons* v. *KKR Financial Holdings LLC et al.*, C.A. No. 9210-CS, filed on December 27, 2013; (2) *Bushey* v. *KKR Financial Holdings LLC et al.*, C.A. No. 9228-CS, filed on January 7, 2014; (3) *Wietschner* v. *Hazen et al.*, C.A. No. 9232, filed on January 7, 2014-CS; (4) *Pompano Beach Police & Firefighters' Ret. Sys.* v. *KKR Financial Holdings LLC et al.*, C.A. No. 9236-CS, filed on January 8, 2014; (5) *Corwin* v. *KKR Financial Holdings LLC et al.*, C.A. No. 9237-CS, filed on January 8, 2014; (6) *Reiffman* v. *KKR Financial Holdings LLC et al*., C.A. No. 9238-CS, filed on January 9, 2014; (7) *Greene* v. *Collins et al.*, C.A. No. 9242-CS, filed on January 13, 2014; (8) *Pipefitters Local Union No. 120 Pension Fund* v. *Farr et al*., C.A. No. 9247-CS, filed on January 14, 2014; and (9) *DeMauro* v. *Collins et al*., C.A. No. 9262-CS, filed on January 17, 2014. The Reiffman and Bushey complaints were voluntarily dismissed on January 29, 2014. The remaining actions in Delaware were consolidated under the caption *In re KKR Financial Holdings LLC Shareholder Litigation*, Consol. C.A. No. 9210-CS, on January 31, 2014, which is referred to in this proxy statement/prospectus as the Delaware action.

On February 21, 2014, a Verified Consolidated Class Action Complaint, referred to in this proxy statement/prospectus as the Delaware complaint, was filed in the Delaware action. The Delaware complaint asserts three causes of action: (1) that the members of KFN's board of directors breached their fiduciary duties of due care and loyalty owed to KFN common shareholders, (2) that KKR is a controlling shareholder of KFN by virtue of the management agreement and that KKR breached a fiduciary duty of loyalty it allegedly owed to KFN common shareholders by causing KFN to approve the merger agreement and (3) that KKR, Fund Holdings, and Merger Sub aided and abetted the alleged fiduciary breaches by the members of the KFN board of directors.

The Delaware complaint seeks declaratory relief, damages, and attorneys' fees and costs, and other relief. On March 7, 2014, all defendants moved to dismiss the Delaware complaint. The foregoing description of the Delaware action incorporates explicitly and is qualified entirely by reference to the Delaware complaint, which is attached as Annex E to this proxy statement/prospectus.

California Court Actions

Five of the merger lawsuits, referred to in this proxy statement/prospectus as the California actions, were filed in Superior Court of California, County of San Francisco: (1) *Braun* v. *KKR Financial Holdings LLC et al.*, Case No. CGC-13-536281, filed on December 19, 2013; (2) *Martin* v. *KKR Financial Holdings LLC et al.*, Case No. CGC-13-536297, filed on December 19, 2013; (3) *Pariselli* v. *KKR Fund Holdings L.P. et al.*, Case No. CGC-13-536378, filed on December 23, 2013; (4) *Mancuso* v. *KKR Financial Holdings LLC et al.*, Case No. CGC-13-536445, filed on December 24, 2013; and (5) *Powers* v. *KKR Financial Holdings LLC et al.*, Case No. CGC-13-536486, filed on December 27, 2013. On February 25, 2014, the California actions were consolidated under the caption *In re KKR Financial Holdings LLC Shareholder Litigation*, Lead Case No. CGC-13-536281, and the Court appointed counsel for Plaintiff Braun as Lead Counsel.

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On January 27, 2014, prior to consolidation of the California actions and appointment of his counsel as Lead Counsel, Plaintiff Braun filed an Amended Class Action Complaint, which is referred to in this proxy statement/prospectus as the Amended Braun complaint. The Amended Braun complaint asserts two causes of action. First, it asserts that the members of KFN's board of directors breached their fiduciary duties of loyalty, good faith, candor, due care, and independence owed to KFN common shareholders. Second, it asserts that KKR, Fund Holdings and Merger Sub aided and abetted the alleged fiduciary breaches by the members of the KFN board of directors.

The Amended Braun Complaint seeks declaratory relief, injunctive relief prohibiting consummation of the proposed transaction, rescission, and attorneys' fees and costs, and other relief. A consolidated amended complaint has not been filed or designated in the California actions. The foregoing description of the California actions incorporates explicitly and is qualified entirely by reference to the Amended Braun complaint, which is attached as Annex F to this proxy statement/prospectus.

Federal Court Action

The fifteenth of the merger lawsuits was filed in the United States District Court for the District of Northern California, which is referred to in this proxy statement/prospectus as the federal action: *Bushey v. KKR Financial Holdings LLC et al,* Civ. A. No. 3:14-cv-00495, filed on January 31, 2014. On February 12, 2014, the plaintiff in this action moved for an order scheduling a preliminary injunction hearing and authorizing the plaintiff to conduct expedited discovery in support of that motion. On March 11, 2014, the plaintiff in this action withdrew his motion for expedited discovery. A hearing date for the preliminary injunction motion has been set for May 15, 2014.

The complaint in the federal action, referred to in this proxy statement/prospectus as the federal complaint, asserts several causes of action. First, the federal complaint asserts that KFN and its board members violated Sections 14(a) of the Exchange Act and Rule 14a-9 promulgated thereunder. Second, the federal complaint alleges that the individual defendants violated Section 20(a) of the Exchange Act. Third, the federal complaint alleges breach of fiduciary duty claims against the individual KFN board members. Fourth, the federal complaint alleges breach of fiduciary duty of disclosure claims against the individual KFN board members. Fifth, the federal complaint asserts a breach of fiduciary duty claim against KKR. Sixth, the federal complaint asserts claims of aiding and abetting the KFN board's breaches of fiduciary duties against KFN.

The federal complaint seeks injunctive relief prohibiting consummation of the proposed transaction, rescission, an accounting by defendants for damages, and attorneys' fees and costs, and other relief. The defendants have not been served in the federal action. The foregoing description of the federal action incorporates explicitly and is qualified entirely by reference to the federal complaint, which is attached as Annex G to this proxy statement/prospectus.

KFN and the other defendants named in the merger lawsuits dispute certain allegations made therein and intend to vigorously defend the claims asserted against them.

RISK FACTORS

In addition to the other information included and incorporated by reference into this proxy statement/prospectus, including the matters addressed in the section titled "Cautionary Statement Regarding Forward-Looking Statements," you should carefully consider the following risks before deciding whether to vote for the adoption of the merger agreement and the merger. In addition, you should read and carefully consider the risks associated with each of KKR and KFN and their respective businesses. These risks can be found in KKR's and KFN's respective Annual Reports on Form 10-K for the year ended December 31, 2013, as may be updated by subsequent Quarterly Reports on Form 10-Q, all of which are filed with the SEC and incorporated by reference into this proxy statement/prospectus. For further information regarding the documents incorporated into this proxy statement/prospectus by reference, please see the section titled "Where You Can Find More Information" beginning on page 234 of this proxy statement/prospectus. Realization of any of the risks described below, any of the events described under "Cautionary Statement Regarding Forward-Looking Statements" or any of the risks or events described in this proxy statement/prospectus or in the documents incorporated by reference could have a material adverse effect on KKR's, KFN's or the combined organization's respective businesses, financial condition, cash flows and results of operations and could result in a decline in the trading prices of their respective common equity securities.

Risk Factors Related to the Merger

Because the exchange ratio is fixed and because the market price of KKR common units will fluctuate prior to the consummation of the merger, KFN common shareholders cannot be sure of the market value of the KKR common units they will receive as merger consideration relative to the value of KFN common shares they exchange.

The market value of the consideration that KFN common shareholders will receive in the merger will depend on the trading price of KKR common units at the closing of the merger. The exchange ratio that determines the number of KKR common units that KFN common shareholders will receive in the merger is fixed. This means that there is no mechanism contained in the merger agreement that would adjust the number of KKR common units that KFN common shareholders will receive based on any decreases in the trading price of KKR common units. The KKR common unit price at the closing of the merger may be lower than it was on the date the merger agreement was signed, the date of this proxy statement/prospectus or the date of the special meeting. If the KKR common unit price at the closing of the merger is less than the KKR common unit price on the date that the merger agreement was signed, then the market value of the consideration received by KFN common shareholders will be less than the value that was contemplated at the time the merger agreement was signed.

KKR common unit price changes may result from a variety of factors, including general market and economic conditions, conditions affecting KKR's industry generally or those in which KKR holds investments, changes in KKR's business, operations and prospects, and regulatory considerations. Many of these factors are beyond KKR's control. See the section entitled "Risk Factors" contained in the KKR documents incorporated by reference in this proxy statement/prospectus and referred to under "Where You Can Find More Information" beginning on page 234 of this proxy statement/prospectus. For historical and current market prices of KKR common units and KFN common shares, see "Summary Comparative Unit Prices and Distributions" beginning on page 27 of this proxy statement/prospectus. You are urged to obtain current market quotations for KKR common units in deciding whether to vote for the adoption of the merger agreement.

The market price of KKR common units after the merger may be affected by factors different from those affecting KFN common shares currently.

Upon completion of the merger, holders of KFN common shares will become holders of KKR common units. The businesses of KKR differ from those of KFN in important respects and,

accordingly, the results of operations of KKR after the merger, as well as the market price of the KKR common units, may be affected by factors different from those currently affecting the independent results of operations of KFN. For further information on the businesses of KKR and KFN and certain factors to consider in connection with those businesses, see the documents incorporated by reference into this proxy statement/prospectus and referred to under "Where You Can Find More Information" beginning on page 234 of this proxy statement/prospectus.

KKR and KFN may be unable to obtain the regulatory clearances required to complete the merger or, in order to do so, KKR and KFN may be required to comply with material restrictions or satisfy material conditions.

The merger is subject to review by the Antitrust Division and the FTC under the HSR Act, and potentially state regulatory authorities. The closing of the merger is subject to the condition that there be no outstanding judgment, injunction, order or decree by a governmental authority prohibiting or enjoining the merger or the other transactions contemplated by the merger agreement. KKR and KFN can provide no assurance that all required regulatory clearances will be obtained. If a governmental authority asserts objections to the merger, KKR may be required to divest some assets in order to obtain antitrust clearance. There can be no assurance as to the cost, scope or impact of the actions that may be required to obtain antitrust approval. In addition, the merger agreement provides that KKR is not required to take any action or accept any restriction if it would reasonably be expected to require that KKR, KFN or their subsidiaries or affiliates dispose of or hold separate any material business or assets or would reasonably be expected to result in any material limitations on KKR, KFN or their subsidiaries or affiliates to own and operate all or a material portion of their businesses or assets. If KKR must take such actions, it could be detrimental to it or to the combined organization following the consummation of the merger. Furthermore, these actions could have the effect of delaying or preventing completion of the proposed merger or imposing additional costs on or limiting the revenues of the combined organization following the consummation of the merger. See "The Merger Agreement Regulatory Matters" beginning on page 142 of this proxy statement/prospectus.

Although the FTC granted early termination of the statutory waiting period under the HSR Act on March 6, 2014, the Antitrust Division or the FTC could take action under the antitrust laws to prevent or rescind the merger, require the divestiture of assets or seek other remedies. Additionally, state attorneys general could seek to block or challenge the merger as they deem necessary or desirable in the public interest at any time, including after completion of the transaction. In addition, in some circumstances, a third party could initiate a private action under antitrust laws challenging or seeking to enjoin the merger, before or after it is completed. KKR may not prevail and may incur significant costs in defending or settling any action under the antitrust laws.

The fairness opinion rendered to the transaction committee of the board of directors of KFN by its financial advisor was based on the financial analyses performed by KFN's financial advisor, which considered factors such as market and other conditions then in effect, and financial forecasts and other information made available to KFN's financial advisors, as of the date of its opinion. As a result, this opinion does not reflect changes in events or circumstances after the date of this opinion. KFN has not obtained, and does not expect to obtain, an updated fairness opinion from its financial advisor reflecting changes in circumstances that may have occurred since the signing of the merger agreement.

The fairness opinion rendered to the transaction committee of the board of directors of KFN by Sandler O'Neill was provided in connection with, and at the time of, the transaction committee's and the board of directors' evaluation of the merger and the merger agreement. This opinion was based on the financial analyses performed by the financial advisor, which considered market and other conditions then in effect, and financial forecasts and other information made available to it, as of the date of its opinion, which may have changed, or may change, after the date of the opinion. KFN has not obtained an updated opinion as of the date of this proxy statement/prospectus from its financial advisor, and it

does not expect to obtain an updated opinion prior to the completion of the merger. Changes in the operations and prospects of KKR or KFN, general market and economic conditions and other factors which may be beyond the control of KKR and KFN, and on which the fairness opinion was based, may have altered the value of KKR or KFN or the prices of KKR common units or KFN common shares since the date of the opinion, or may alter the values and prices by the time the merger is completed. The opinion does not speak as of any date other than the date of the opinion. For a description of the opinion that the transaction committee received from its financial advisor, please refer to "Special Factors Opinion of the Financial Advisor to the KFN Transaction Committee" beginning on page 42 of this proxy statement/prospectus.

KFN is subject to provisions that limit its ability to pursue alternatives to the merger, which could discourage a potential competing acquirer of KFN from making a favorable alternative transaction proposal and, in specified circumstances under the merger agreement, could require KFN to pay a termination payment of $26.25 million to Merger Sub.

Under the merger agreement, KFN is restricted from entering into alternative transactions. Unless and until the merger agreement is terminated, subject to specified exceptions (which are discussed in more detail in "The Merger Agreement No Solicitation by KFN of Alternative Proposals" beginning on page 139 of this proxy statement/prospectus), KFN is restricted from initiating, soliciting or knowingly encouraging any inquiries with respect to, or negotiating or providing confidential information or data relating to, any proposal or offer for a competing acquisition proposal with any person. Under the merger agreement, in the event of a potential change by the board of directors of KFN of its recommendation with respect to the proposed merger in light of a superior proposal, KFN must provide KKR with four days' notice to allow KKR to propose an adjustment to the terms of the merger agreement. These provisions could discourage a third party that may have an interest in acquiring all or a significant part of KFN from considering or proposing that acquisition, even if the third party were prepared to pay consideration with a higher per share market value than the market value proposed to be received or realized in the merger, or might result in a potential competing acquirer of KFN proposing to pay a lower price than it would otherwise have proposed to pay because of the added expense of the termination payment that may become payable in specified circumstances (which are discussed in more detail in "The Merger Agreement Termination Payment and Expenses" beginning on page 143 of this proxy statement/prospectus). For a discussion of the restrictions on KFN soliciting or entering into a takeover proposal or alternative transaction and KFN's board of directors' ability to change its recommendation, see "The Merger Agreement No Solicitation by KFN of Alternative Proposals," and "The Merger Agreement Change in KFN Board Recommendation" beginning on pages 137 and 138 of this proxy statement/prospectus, respectively.

Directors and officers of KFN have certain interests that are different from those of KFN common shareholders generally.

Directors and officers of KFN are participants in arrangements that give them interests in the merger that may be different from, or be in addition to, your interests as a common shareholder of KFN. You should consider these interests in voting on the merger. These different interests are described under "Special Factors Interests of Directors and Executive Officers of KFN in the Merger" beginning on page 98 of this proxy statement/prospectus.

KKR and KFN will incur substantial transaction-related costs in connection with the merger.

KKR and KFN expect to incur a number of non-recurring transaction-related costs associated with completing the merger and combining the operations of the two companies. These fees and costs will be substantial. Non-recurring transaction costs include, but are not limited to, fees paid to legal, financial and accounting advisors, filing fees and printing costs, estimates of which are set forth under

"Special Factors Fees and Expenses" beginning on page 98 of this proxy statement/prospectus. Additional unanticipated costs may be incurred in the integration of the businesses of KKR and KFN.

Failure to successfully combine the businesses of KFN and KKR in the expected timeframe may adversely affect the future results of the combined organization, and, consequently, the value of the KKR common units that KFN common shareholders receive as the merger consideration.

The success of the proposed merger will depend, in part, on the ability of KKR to realize the anticipated benefits from combining the businesses of KKR and KFN. If the combined organization is not able to achieve these objectives, or is not able to achieve these objectives on a timely basis, the anticipated benefits of the merger may not be realized fully or at all. Failure to fully realize the anticipated benefits of the merger could result in declines in the market value of KKR common units and, consequently, result in declines in the market value of the KKR common units that KFN common shareholders receive as the merger consideration.

Failure to complete the merger, or significant delays in completing the merger, could negatively affect the trading prices of KKR common units and KFN common shares and the future business and financial results of KKR and KFN.

Completion of the merger is not assured and is subject to risks, including the risks that approval of the merger by the KFN common shareholders or by governmental agencies is not obtained or that other closing conditions are not satisfied. If the merger is not completed, or if there are significant delays in completing the merger, the trading prices of KKR common units and KFN common shares and the respective future business and financial results of KKR and KFN could be negatively affected, and each of them will be subject to several risks, including the following:

- the parties may be liable for damages to one another under the terms and conditions of the merger agreement;
- negative reactions from the financial markets, including declines in the price of KKR common units or KFN common shares due to the fact that current prices may reflect a market assumption that the merger will be completed;
- having to pay certain significant costs relating to the merger, including, in the case of KFN in certain circumstances, a termination payment of $26.25 million or reimbursement of KKR's costs, fees and expenses up to $7.5 million, in each case, as described in "The Merger Agreement Termination Payment and Expenses" beginning on page 143 of this proxy statement/prospectus; and
- the attention of KFN's manager and management of KKR will have been diverted to the merger rather than each company's own operations and pursuit of other opportunities that could have been beneficial to that company.

Purported class action complaints have been filed against KFN, KKR, KFN's board of directors, Fund Holdings and Merger Sub challenging the merger, and an unfavorable judgment or ruling in these lawsuits could prevent or delay the consummation of the proposed merger and result in substantial costs.

Fifteen class action lawsuits are currently pending that challenge the merger. Each lawsuit names as defendants some or all of KFN, KKR, the individual members of KFN's board of directors, Fund Holdings and Merger Sub. Among other remedies, the plaintiffs seek to enjoin the proposed merger. If these lawsuits are not dismissed or otherwise resolved, they could prevent and/or delay completion of the merger and result in substantial costs to KFN and KKR, including any costs associated with the indemnification of directors. Additional lawsuits may be filed in connection with the proposed merger. There can be no assurance that any of the defendants will prevail in the pending litigation or in any

future litigation. The defense or settlement of any lawsuit or claim may adversely affect the combined organization's business, financial condition or results of operations. See "Special Factors Litigation Relating to the Merger" beginning on page 101 of this proxy statement/prospectus.

If the merger is approved by KFN common shareholders, the date that those shareholders will receive the merger consideration is uncertain.

As described in this proxy statement/prospectus, completing the proposed merger is subject to several conditions, not all of which are controllable or waiveable by KKR or KFN, and KKR and KFN have agreed to use reasonable best efforts to take such actions so that the closing will take place on the last business day of a calendar month. Accordingly, if the proposed merger is approved by KFN common shareholders, the date that KFN common shareholders will receive the merger consideration depends on the completion date of the merger, which is uncertain.

KFN common shareholders will have a reduced ownership and voting interest after the merger and will exercise materially less or no influence over management.

KFN common shareholders currently have the right to vote in the election of the KFN board of directors and certain other matters affecting KFN. When the merger occurs, each KFN common shareholder that receives KKR common units will become a holder of KKR common units with a percentage ownership of the combined organization that is much smaller than such holder's percentage ownership of KFN. Holders of KKR common units are not entitled to elect the general partner, and are not entitled to elect the directors of KKR's general partner. In addition, holders of KKR common units have only limited voting rights and, therefore, limited or no ability to influence management's decisions regarding KKR's business. Because of this, KFN common shareholders will have less influence on the management and policies of KKR than they have now on the management and policies of KFN. See "Comparison of KKR Common Units and KFN Common Shares" and "Description of KKR's Limited Partnership Agreement" beginning on pages 212 and 201 of this proxy statement/prospectus, respectively.

KKR common units to be received by KFN common shareholders as a result of the merger have materially different rights than KFN common shares.

Following completion of the merger, KFN common shareholders will no longer hold KFN common shares, but will instead be holders of KKR common units. KKR is a limited partnership, and KFN is a limited liability company. There are important differences between the rights of KFN common shareholders and the rights of holders of KKR common units. See "Comparison of KKR Common Units and KFN Common Shares" beginning on page 212 of this proxy statement/prospectus for a discussion of the different rights associated with KFN common shares and KKR common units. See also " Risks Related to the Ownership of KKR Common Units" beginning on page 108 of this proxy statement/prospectus.

Risks Related to the Ownership of KKR Common Units

As a limited partnership, KKR qualifies for some exemptions from the corporate governance and other requirements of the NYSE.

KKR is a limited partnership and, as a result, qualifies for exceptions from certain corporate governance and other requirements of the rules of the NYSE. Pursuant to these exceptions, limited partnerships may elect, and KKR has elected, not to comply with certain corporate governance requirements of the NYSE, including the requirements: (i) that the listed company have a nominating and corporate governance committee that is composed entirely of independent directors; and (ii) that the listed company have a compensation committee that is composed entirely of independent directors.

In addition, as a limited partnership, KKR is not required to hold annual unitholder meetings and is not required to obtain the vote of its public unitholders for issuances of publicly traded units regardless of whether such issuance would be in an amount equal to or greater than 20% of the total number of outstanding publicly traded units. Accordingly, an investor in KKR common units does not have the same protections afforded to equity holders of entities that are subject to all of the corporate governance requirements of the NYSE.

KKR's founders are able to determine the outcome of any matter that may be submitted for a vote of KKR's limited partners.

As of March 18, 2014, (i) KKR Holdings owns 393,357,457 KKR Group Partnership units, and (ii) KKR's senior employees and non-employee operating consultants who hold interests in KKR's business through KKR Holdings, who are referred to in this proxy statement/prospectus as KKR's principals, generally have sufficient voting power to determine the outcome of those few matters that may be submitted for a vote of the holders of KKR's common units, including a merger or consolidation of KKR's business, a sale of all or substantially all of KKR's assets and amendments to KKR's amended and restated limited partnership agreement, which is referred to in this proxy statement/prospectus as KKR's partnership agreement, that may be material to holders of KKR common units. In addition, KKR's partnership agreement contains provisions that enable KKR to take actions that would materially and adversely affect all holders of KKR common units or a particular class of holders of common units upon the majority vote of all outstanding voting units, and since, following the merger, nearly a majority of KKR's voting units will be controlled by KKR Holdings, KKR Holdings effectively has the ability to take actions that could materially and adversely affect the holders of KKR common units either as a whole or as a particular class.

The voting rights of holders of KKR common units are further restricted by provisions in KKR's partnership agreement stating that any KKR common units held by a person that beneficially owns 20% or more of any class of KKR common units then outstanding (other than KKR's managing partner or its affiliates, or a direct or subsequently approved transferee of KKR's managing partner or its affiliates) cannot be voted on any matter. KKR's partnership agreement also contains provisions limiting the ability of the holders of KKR common units to call meetings, to acquire information about KKR's operations, and to influence the manner or direction of KKR's management. KKR's partnership agreement does not restrict KKR's managing partner's ability to take actions that may result in KKR's partnership being treated as an entity taxable as a corporation for U.S. federal (and applicable state) income tax purposes. Furthermore, holders of KKR common units would not be entitled to dissenters' rights of appraisal under KKR's partnership agreement or applicable Delaware law in the event of a merger or consolidation involving KKR, a sale of substantially all of KKR's assets or any other transaction or event. See "Description of KKR's Limited Partnership Agreement" beginning on page 201 of this proxy statement/prospectus.

KKR's partnership agreement contains provisions that reduce or eliminate duties (including fiduciary duties) of KKR's managing partner and limit remedies available to holders of KKR common units for actions that might otherwise constitute a breach of duty. It will be difficult for holders of KKR common units to successfully challenge a resolution of a conflict of interest by KKR's managing partner or by its conflicts committee.

KKR's partnership agreement contains provisions that require holders of KKR common units to waive or consent to conduct by KKR's managing partner and its affiliates that might otherwise raise issues about compliance with fiduciary duties or applicable law. For example, KKR's partnership agreement provides that when KKR's managing partner is acting in its individual capacity, as opposed to in its capacity as KKR's managing partner, it may act without any fiduciary obligations to holders of KKR common units, whatsoever. When KKR's managing partner, in its capacity as KKR's general

partner, or KKR's conflicts committee is permitted to or required to make a decision in its "sole discretion" or "discretion" or that it deems "necessary or appropriate" or "necessary or advisable," then KKR's managing partner or the conflicts committee will be entitled to consider only such interests and factors as it desires, including its own interests, and will have no duty or obligation (fiduciary or otherwise) to give any consideration to any interest of or factors affecting KKR or any holder of KKR common units and will not be subject to any different standards imposed by KKR's partnership agreement, the Delaware Revised Uniform Limited Partnership Act, which is referred to in this proxy statement/prospectus as the Delaware Limited Partnership Act, or under any other law, rule or regulation or in equity. These standards reduce the obligations to which KKR's managing partner would otherwise be held. See also " KKR is a Delaware limited partnership, and there are provisions in its limited partnership agreement regarding exculpation and indemnification of its officers and directors that differ from the Delaware General Corporation Law in a manner that may be less protective of the interests of holders of KKR common units" and "Description of KKR's Limited Partnership Agreement" beginning on page 201 of this proxy statement/prospectus.

The above modifications of fiduciary duties are expressly permitted by Delaware law. Hence, KKR and holders of KKR common units will only have recourse and be able to seek remedies against KKR's managing partner if KKR's managing partner breaches its obligations pursuant to KKR's partnership agreement. Unless KKR's managing partner breaches its obligations pursuant to KKR's partnership agreement, KKR and holders of KKR common units will not have any recourse against KKR's managing partner even if KKR's managing partner were to act in a manner that was inconsistent with traditional fiduciary duties. Furthermore, even if there has been a breach of the obligations set forth in KKR's partnership agreement, KKR's partnership agreement provides that KKR's managing partner and its officers and directors will not be liable to KKR or holders of KKR common units, for errors of judgment or for any acts or omissions unless there has been a final and non-appealable judgment by a court of competent jurisdiction determining that KKR's managing partner or its officers and directors acted in bad faith or engaged in fraud or willful misconduct. These provisions are detrimental to the holders of KKR common units because they restrict the remedies available to holders of KKR common units for actions that without such limitations might constitute breaches of duty including fiduciary duties.

Whenever a potential conflict of interest exists between KKR and its managing partner, KKR's managing partner may resolve such conflict of interest. If KKR's managing partner determines that its resolution of the conflict of interest is on terms no less favorable to KKR than those generally being provided to or available from unrelated third parties or is fair and reasonable to KKR, taking into account the totality of the relationships between KKR and its managing partner, then it will be presumed that in making this determination, KKR's managing partner acted in good faith. A holder of KKR common units seeking to challenge this resolution of the conflict of interest would bear the burden of overcoming such presumption. This is different from the situation with Delaware corporations, where a conflict resolution by an interested party would be presumed to be unfair and the interested party would have the burden of demonstrating that the resolution was fair.

Also, if KKR's managing partner obtains the approval of the conflicts committee of its managing partner, the resolution will be conclusively deemed to be fair and reasonable to KKR and not a breach by KKR's managing partner of any duties it may owe to KKR or holders of KKR common units. This is different from the situation with Delaware corporations, where a conflict resolution by a committee consisting solely of independent directors may, in certain circumstances, merely shift the burden of demonstrating unfairness to the plaintiff. Holders who receive in the merger or otherwise hold a KKR common unit will be treated as having consented to the provisions set forth in KKR's partnership agreement, including provisions regarding conflicts of interest situations that, in the absence of such provisions, might be considered a breach of fiduciary or other duties under applicable state law. As a

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result, holders of KKR common units will, as a practical matter, not be able to successfully challenge an informed decision by the conflicts committee.

KKR has also agreed to indemnify KKR's managing partner and any of its affiliates and any member, partner, tax matters partner, officer, director, employee agent, fiduciary or trustee of KKR's partnership, KKR's managing partner or any of KKR's affiliates and certain other specified persons, to the fullest extent permitted by law, against any and all losses, claims, damages, liabilities, joint or several, expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts incurred by KKR's managing partner or these other persons. KKR has agreed to provide this indemnification unless there has been a final and non-appealable judgment by a court of competent jurisdiction determining that these persons acted in bad faith or engaged in fraud or willful misconduct. KKR has also agreed to provide this indemnification for criminal proceedings.

Any claims, suits, actions or proceedings concerning the matters described above or any other matter arising out of or relating in any way to KKR's partnership agreement may only be brought in the Court of Chancery of the State of Delaware or, if such court does not have subject matter jurisdiction thereof, any other court in the State of Delaware with subject matter jurisdiction.

The market price and trading volume of KKR common units may be volatile, which could result in rapid and substantial losses for holders of KKR common units.

The market price of KKR common units may be highly volatile and could be subject to wide fluctuations. In addition, the trading volume in KKR common units may fluctuate and cause significant price variations to occur. If the market price of KKR common units declines significantly, holders of KKR common units may be unable to sell the KKR common units at an attractive price, if at all. The market price of KKR common units may fluctuate or decline significantly in the future. Some of the factors that could negatively affect the price of KKR common units or result in fluctuations in the price or trading volume of KKR common units include:

- variations in KKR's quarterly operating results or distributions, which may be substantial;
- KKR's policy of taking a long-term perspective on making investment, operational and strategic decisions, which is expected to result in significant and unpredictable variations in KKR's quarterly returns;
- failure to meet analysts' earnings estimates;
- publication of research reports about KKR or the investment management industry or the failure of securities analysts to cover KKR common units sufficiently;
- additions or departures of KKR's principals and other key management personnel;
- adverse market reaction to any indebtedness KKR may incur or securities KKR may issue in the future;
- changes in market valuations of similar companies;
- speculation in the press or investment community;
- changes or proposed changes in laws or regulations or differing interpretations thereof affecting KKR's business or enforcement of these laws and regulations, or announcements relating to these matters;
- a lack of liquidity in the trading of KKR common units;

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- adverse publicity about the investment management or private equity industry generally or individual scandals, specifically;
- the risks relating to the merger described in the section titled "Risks Related to the Merger"; and
- general market and economic conditions.

An investment in KKR common units is not an investment in any of its funds, and the assets and revenues of its funds are not directly available to KKR.

KKR common units are securities of KKR & Co. L.P. only. While KKR's historical consolidated and combined financial information includes financial information, including assets and revenues, of certain funds on a consolidated basis, and KKR's future financial information will continue to consolidate certain of these funds, such assets and revenues are available to the fund and not to KKR except to a limited extent through management fees, carried interest or other incentive income, distributions and other proceeds arising from agreements with funds.

The price of KKR common units may decline due to the large number of common units eligible for future sale, for exchange, and issuable pursuant to KKR's equity incentive plan.

The market price of KKR common units could decline as a result of sales of a large number of common units in the market or the perception that such sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for KKR to sell its common units in the future at a time and at a price that it deems appropriate. As of March 18, 2014, there were 300,354,288 KKR common units outstanding, which amount excludes KKR common units beneficially owned by KKR Holdings in the form of KKR Group Partnership units discussed below, common units available for future issuance under KKR's equity incentive plans and KKR common units available for future issuance in connection with acquisitions made by KKR.

As of March 18, 2014, KKR Holdings owns 393,357,457 KKR Group Partnership units that may be exchanged, on a quarterly basis, for KKR common units on a one-for-one basis, subject to customary conversion rate adjustments for splits, unit distributions and reclassifications. Except for interests held by KKR's founders and certain interests held by other principals that were vested upon grant or that have vested since the date of grant, interests in KKR Holdings that are held by KKR's principals and other persons are subject to time-based vesting or performance-based vesting and, following such vesting, additional restrictions in certain cases on exchanges for a period of one or two years. The market price of KKR common units could decline as a result of the exchange or the perception that an exchange may occur of a large number of KKR Group Partnership units for KKR common units. These exchanges, or the possibility that these exchanges may occur, also might make it more difficult for holders of KKR common units to sell the KKR common units in the future at a time and at a price that they deem appropriate.

In addition, KKR will continue to issue additional common units pursuant to KKR's equity incentive plans. The total number of common units which may be issued under KKR's equity incentive plans is equivalent to 15% of the number of fully diluted common units outstanding as of the beginning of the year. The amount may be increased each year to the extent that KKR issues additional equity. In addition, KKR's partnership agreement authorizes KKR to issue an unlimited number of additional partnership securities and options, rights, warrants and appreciation rights relating to partnership securities for the consideration and on the terms and conditions established by KKR's managing partner in its sole discretion without the approval of holders of KKR common units. In accordance with the Delaware Limited Partnership Act and the provisions of KKR's partnership agreement, KKR may also issue additional partner interests that have designations, preferences, rights, powers and duties that are different from, and may be senior to, those applicable to KKR common units.

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KKR's structure involves complex provisions of U.S. federal income tax laws for which no clear precedent or authority may be available. These structures also are subject to potential legislative, judicial or administrative change and differing interpretations, possibly on a retroactive basis.

The U.S. federal income tax treatment of KKR common unitholders depends in some instances on determinations of fact and interpretations of complex provisions of U.S. federal income tax laws for which no clear precedent or authority may be available. You should be aware that the U.S. federal income tax rules are constantly under review by persons involved in the legislative process, the Internal Revenue Service, referred to in this proxy statement/prospectus as the IRS, and the U.S. Department of the Treasury, referred to in this proxy statement/prospectus as the Treasury, frequently resulting in revised interpretations of established concepts, statutory changes, revisions to regulations and other modifications and interpretations. The present U.S. federal income tax treatment of owning KKR common units may be modified by administrative, legislative or judicial interpretation at any time, and any such action may affect investments and commitments previously made. For instance, changes to the U.S. federal tax laws and interpretations thereof could make it more difficult or impossible for KKR to be treated as a partnership that is not taxable as a corporation for U.S. federal income tax purposes, affect the tax considerations of owning KKR common units, change the character or treatment of portions of KKR's income (including, for instance, the treatment of carried interest as ordinary income rather than capital gain) and adversely impact your investment in KKR common units. See the discussion below under " The U.S. Congress has considered legislation that would have (i) in some cases after a ten-year period, precluded KKR from qualifying as a partnership or required KKR to hold carried interest through taxable subsidiary corporations and (ii) taxed certain income and gains at increased rates. If any similar legislation were to be enacted and apply to KKR, the after-tax income and gain related to KKR's business, as well as the market price of KKR common units, could be reduced." KKR's organizational documents and agreements give KKR's managing partner broad authority to modify the amended and restated partnership agreement from time to time as KKR's managing partner determines to be necessary or appropriate, without the consent of KKR common unitholders, to address changes in U.S. federal, state and local income tax regulations, legislation or interpretation. In some circumstances, such revisions could have a material adverse impact on some or all KKR common unitholders. For instance, KKR's managing partner could elect at some point to treat KKR as an association taxable as a corporation for U.S. federal (and applicable state) income tax purposes. If KKR's managing partner were to do this, the U.S. federal income tax consequences of owning KKR common units would be materially different. Moreover, certain assumptions and conventions will be applied in an attempt to comply with applicable rules and to report income, gain, deduction, loss and credit to common unitholders in a manner that reflects such common unitholders' beneficial ownership of partnership items, taking into account variation in ownership interests during each taxable year because of trading activity. However, those assumptions and conventions may not be in compliance with all aspects of applicable tax requirements. It is possible that the IRS will assert successfully that the conventions and assumptions used by KKR do not satisfy the technical requirements of the Code and/or Treasury regulations and could require that items of income, gain, deductions, loss or credit, including interest deductions, be adjusted, reallocated or disallowed in a manner that adversely affects KKR common unitholders.

The U.S. Congress has considered legislation that would have (i) in some cases after a ten-year period, precluded KKR from qualifying as a partnership or required KKR to hold carried interest through taxable subsidiary corporations and (ii) taxed certain income and gains at increased rates. If any similar legislation were to be enacted and apply to KKR, the after-tax income and gain related to KKR's business, as well as the market price of KKR units, could be reduced.

Over the past several years, a number of legislative and administrative proposals have been introduced and, in certain cases, have been passed by the U.S. House of Representatives. In May 2010, the U.S. House of Representatives passed legislation, or the "May 2010 House bill," that would have,

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in general, treated income and gains, including gain on sale, attributable to an interest in an investment services partnership interest, or "ISPI," as income subject to a new blended tax rate that is higher than under current law, except to the extent such ISPI would have been considered under the legislation to be a qualified capital interest. Your interest in KKR, KKR's interest in KKR Fund Holdings L.P. and the interests that KKR Fund Holdings L.P. holds in entities that are entitled to receive carried interest may have been classified as ISPIs for purposes of this legislation. The U.S. Senate considered but did not pass similar legislation. On February 14, 2012, Representative Levin introduced similar legislation, or the "2012 Levin bill," that would tax carried interest at ordinary income tax rates (which would be higher than the proposed blended rate under the May 2010 House bill). It is unclear when or whether the U.S. Congress will pass such legislation or what provisions will be included in any legislation, if enacted.

Both the May 2010 House bill and the 2012 Levin bill provided that, for taxable years beginning ten years after the date of enactment, income derived with respect to an ISPI that is not a qualified capital interest and that is subject to the rules discussed above would not meet the qualifying income requirements under the publicly traded partnership rules. Therefore, if similar legislation is enacted, following such ten-year period, KKR would be precluded from qualifying as a partnership for U.S. federal income tax purposes or be required to hold all such ISPIs through corporations, possibly U.S. corporations. If KKR were taxed as a U.S. corporation or required to hold all ISPIs through corporations, KKR's effective tax rate would increase significantly. The federal statutory rate for corporations is currently 35%. In addition, KKR could be subject to increased state and local taxes. Furthermore, you could be subject to tax on KKR's conversion into a corporation or any restructuring required in order for KKR to hold KKR's ISPIs through a corporation. KKR's principals and other professionals could face additional adverse tax consequences under the legislation, which might thereby adversely affect KKR's ability to offer attractive incentive opportunities for key personnel.

On September 12, 2011, the Obama administration submitted similar legislation to Congress in the American Jobs Act that would tax income and gain, now treated as capital gains, including gain on disposition of interests, attributable to an ISPI at rates higher than the capital gains rate applicable to such income under current law, with an exception for certain qualified capital interests. The proposed legislation would also characterize certain income and gain in respect of ISPIs as non-qualifying income under the publicly traded partnership rules after a ten-year transition period from the effective date, with an exception for certain qualified capital interests. This proposed legislation follows several prior statements by the Obama administration in support of changing the taxation of carried interest. Furthermore, in the proposed American Jobs Act, the Obama administration proposed that current law regarding the treatment of carried interest be changed for taxable years ending after December 31, 2012 to subject such income to ordinary income tax. In its published revenue proposal for 2013, the Obama administration proposed that the current law regarding treatment of carried interest be changed to subject such income to ordinary income tax. The Obama administration's published revenue proposals for 2010, 2011 and 2012 contained similar proposals.

States and other jurisdictions have also considered legislation to increase taxes with respect to carried interest. For example, New York has periodically considered legislation under which you could be subject to New York state income tax on income in respect of KKR common units as a result of certain activities of KKR's affiliates in New York, although it is unclear when or whether such legislation will be enacted.

If the proposed legislation described above or any similar legislation were to be enacted and apply to KKR, the after-tax income and gain related to KKR's business, as well as the market price of KKR units, could be reduced.

If KKR were treated as a corporation for U.S. federal income tax or state tax purposes, then KKR's distributions to you would be substantially reduced and the value of KKR common units could be adversely affected.

The value of your investment in KKR depends in part on KKR's being treated as a partnership for U.S. federal income tax purposes, which requires that 90% or more of KKR's gross income for every taxable year consist of qualifying income, as defined in Section 7704 of the Code, and that KKR's partnership not be registered under the Investment Company Act. Qualifying income generally includes dividends, interest, capital gains from the sale or other disposition of stocks and securities and certain other forms of investment income. KKR intends to structure KKR's investments so as to satisfy these requirements, including by generally holding investments that generate non-qualifying income through one or more subsidiaries that are treated as corporations for U.S. federal income tax purposes. Nonetheless, KKR may not meet these requirements, may not correctly identify investments that should be owned through corporate subsidiaries, or current law may change so as to cause, in any of these events, KKR to be treated as a corporation for U.S. federal income tax purposes or otherwise subject KKR to U.S. federal income tax. KKR has not requested, and does not plan to request, a ruling from the IRS, on this or any other matter affecting KKR.

If KKR were treated as a corporation for U.S. federal income tax purposes, KKR would pay U.S. federal, state and local income tax on KKR's taxable income at the applicable tax rates. Distributions to you would generally be taxed again as corporate distributions, and no income, gains, losses, deductions or credits would otherwise flow through to you. Because a tax would be imposed upon KKR as a corporation, KKR's distributions to you would be substantially reduced which could cause a reduction in the value of KKR common units.

Current law may change, causing KKR to be treated as a corporation for U.S. federal or state income tax purposes or otherwise subjecting KKR to entity-level taxation. See " The U.S. Congress has considered legislation that would have (i) in some cases after a ten-year period, precluded KKR from qualifying as a partnership or required KKR to hold carried interest through taxable subsidiary corporations and (ii) taxed certain income and gains at increased rates. If any similar legislation were to be enacted and apply to KKR, the after-tax income and gain related to KKR's business, as well as the market price of KKR common units, could be reduced." Several states are evaluating ways to subject partnerships to entity-level taxation through the imposition of state income, franchise or other forms of taxation. If any state were to impose a tax upon KKR as an entity, KKR's distributions to you would be reduced.

You will be subject to U.S. federal income tax on your share of KKR's taxable income, regardless of whether you receive any cash distributions, and may recognize income in excess of cash distributions.

As long as 90% of KKR's gross income for each taxable year constitutes qualifying income as defined in Section 7704 of the Code and KKR is not required to register as an investment company under the Investment Company Act on a continuing basis, and assuming there is no change in law, KKR will be treated, for U.S. federal income tax purposes, as a partnership and not as an association or a publicly traded partnership taxable as a corporation. As a result, a U.S. KKR common unitholder will be subject to U.S. federal, state, local and possibly, in some cases, foreign income taxation on its allocable share of KKR's items of income, gain, loss, deduction and credit (including its allocable share of those items of any entity in which KKR invests that is treated as a partnership or is otherwise subject to tax on a flow-through basis) for each of KKR's taxable years ending with or within the unitholder's taxable year, regardless of whether or when such unitholder receives cash distributions. See " The U.S. Congress has considered legislation that would have (i) in some cases after a ten-year period, precluded KKR from qualifying as a partnership or required KKR to hold carried interest through taxable subsidiary corporations and (ii) taxed certain income and gains at increased rates. If

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any similar legislation were to be enacted and apply to KKR, the after-tax income and gain related to KKR's business, as well as the market price of KKR common units, could be reduced."

You may not receive cash distributions equal to your allocable share of KKR's net taxable income or even the tax liability that results from that income. In addition, certain of KKR's holdings, including holdings, if any, in a controlled foreign corporation, or a CFC, a passive foreign investment company, or a PFIC, or entities treated as partnerships for U.S. federal income tax purposes, may produce taxable income prior to the receipt of cash relating to such income, and holders of KKR common units that are U.S. taxpayers may be required to take such income into account in determining their taxable income. In the event of an inadvertent termination of the partnership status for which the IRS has granted limited relief, each holder of KKR common units may be obligated to make such adjustments as the IRS may require to maintain KKR's status as a partnership. Such adjustments may require the holders of KKR common units to recognize additional amounts in income during the years in which they hold such units. In addition, because of KKR's methods of allocating income and gain among holders of KKR common units, you may be taxed on amounts that accrued economically before you became a KKR common unitholder. For example, phantom income from the portfolio or due to operational activities may arise during a month and be allocated to you, creating taxable liability that KKR would not consider in a quarterly distribution because KKR typically considers tax distributions on an annual basis. Consequently, you may recognize taxable income without receiving any cash.

Although KKR expects that distributions KKR makes should be sufficient to cover a holder's tax liability in any given year that is attributable to its investment in KKR, no assurances can be made that this will be the case. KKR will be under no obligation to make any such distribution and, in certain circumstances, may not be able to make any distributions or will only be able to make distributions in amounts less than a holder's tax liability attributable to its investment in KKR. In addition, KKR anticipates making quarterly distributions and typically considers tax distributions on an annual basis but allocates taxable income on a monthly basis. As a result, if you dispose of your KKR common units, you may be allocated taxable income during the time you held your KKR common units without receiving any cash distributions corresponding to that period. Accordingly, each holder should ensure that it has sufficient cash flow from other sources to pay all tax liabilities.

Tax gain or loss on disposition of KKR common units could be more or less than expected.

If you sell your KKR common units, you will recognize a gain or loss equal to the difference between the amount realized and your adjusted tax basis allocated to those KKR common units. Prior distributions to you in excess of the total net taxable income allocated to you will have decreased the tax basis in your KKR common units. Therefore, such excess distributions will increase your taxable gain, or decrease your taxable loss, when the KKR common units are sold and may result in a taxable gain even if the sale price is less than the original cost. A portion of the amount realized, whether or not representing gain, may be ordinary income to you.

KKR common unitholders may be allocated taxable gain on the disposition of certain assets, even if they did not share in the economic appreciation inherent in such assets.

KKR and KKR's intermediate holding companies will be allocated taxable gains and losses recognized by the KKR Group Partnerships based upon KKR's percentage ownership in each KKR Group Partnership. KKR's share of such taxable gains and losses generally will be allocated pro rata to KKR common unitholders. In some circumstances, under the U.S. federal income tax rules affecting partners and partnerships, the taxable gain or loss allocated to a KKR common unitholder may not correspond to that unitholder's share of the economic appreciation or depreciation in the particular asset. This is primarily an issue of the timing of the payment of tax, rather than a net increase in tax liability, because the gain or loss allocation would generally be expected to be offset as a KKR common unitholder sold common units.

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Non-U.S. persons face unique U.S. tax issues from owning KKR common units that may result in adverse tax consequences to them.

KKR expects that it will be engaged in a U.S. trade or business for U.S. federal income tax purposes, including by reason of investments in U.S. real property holding corporations, real estate assets and natural resource and oil and gas investments, in which case some portion of KKR's income would be treated as effectively connected income with respect to non-U.S. holders, or ECI. To the extent KKR's income is treated as ECI, non-U.S. KKR common unitholders generally would be subject to withholding tax on their allocable share of such income, would be required to file a U.S. federal income tax return for such year reporting their allocable share of income effectively connected with such trade or business and any other income treated as ECI, and would be subject to U.S. federal income tax at regular U.S. tax rates on any such income (state and local income taxes and filings may also apply in that event). Non-U.S. KKR common unitholders that are corporations may also be subject to a 30% branch profits tax (potentially reduced under an applicable treaty) on their actual or deemed distributions of such income. In addition, distributions to non-U.S. KKR common unitholders that are attributable to profits on the sale of a U.S. real property interest may also be subject to 30% withholding tax. Also, non-U.S. KKR common unitholders may be subject to 30% withholding on allocations of KKR's income that are U.S. source fixed or determinable annual or periodic income under the Code, unless an exemption from or a reduced rate of such withholding applies (under an applicable treaty of the Code) and certain tax status information is provided.

Tax-exempt entities face unique tax issues from owning KKR common units that may result in adverse tax consequences to them.

Generally, a tax-exempt partner of a partnership would be treated as earning unrelated business taxable income, or UBTI, if the partnership regularly engages in a trade or business that is unrelated to the exempt function of the tax-exempt partner, if the partnership derives income from debt-financed property or if the partner interest itself is debt-financed. As a result of KKR's ownership of real assets and incurrence of acquisition indebtedness KKR will derive income that constitutes UBTI. Consequently, a holder of KKR common units that is a tax-exempt entity (including an individual retirement account, or IRA, or a 401(k) plan participant) will likely be subject to unrelated business income tax to the extent that its allocable share of KKR's income consists of UBTI. In addition, a tax-exempt investor may be subject to unrelated business income tax on a sale of their KKR common units.

KKR cannot match transferors and transferees of KKR common units, and KKR will therefore adopt certain income tax accounting conventions that may not conform with all aspects of applicable tax requirements. The IRS may challenge this treatment, which could adversely affect the value of KKR common units.

Because KKR cannot match transferors and transferees of KKR common units, KKR has adopted depreciation, amortization and other tax accounting positions that may not conform with all aspects of existing Treasury regulations. A successful IRS challenge to those positions could adversely affect the amount of tax benefits available to KKR common unitholders. It also could affect the timing of these tax benefits or the amount of gain on the sale of KKR common units and could have a negative impact on the value of KKR common units or result in audits of and adjustments to KKR common unitholders' tax returns.

In addition, KKR's taxable income and losses are determined and apportioned among KKR common unitholders using conventions KKR regards as consistent with applicable law. As a result, if you transfer your KKR common units, you may be allocated income, gain, loss and deduction realized by KKR after the date of transfer. Similarly, a transferee may be allocated income, gain, loss and deduction realized by KKR prior to the date of the transferee's acquisition of KKR common units. A

transferee may also bear the cost of withholding tax imposed with respect to income allocated to a transferor through a reduction in the cash distributed to the transferee.

Holders of KKR common units may be subject to state, local and foreign taxes and return filing requirements as a result of owning such units.

In addition to U.S. federal income taxes, holders of KKR common units may be subject to other taxes, including state, local and foreign taxes, unincorporated business taxes and estate, inheritance or intangible taxes that are imposed by the various jurisdictions in which KKR does business or owns property now or in the future, even if the holders of KKR common units do not reside in any of those jurisdictions. Holders of KKR common units may be required to file state and local income tax returns and pay state and local income taxes in some or all of these jurisdictions in the U.S. and abroad. Further, holders of KKR common units may be subject to penalties for failure to comply with those requirements. It is the responsibility of each KKR common unitholder to file all U.S. federal, state, local and foreign tax returns that may be required of such unitholder.

Certain U.S. holders of KKR common units are subject to additional tax on "net investment income."

U.S. holders that are individuals, estates or trusts are subject to a Medicare tax of 3.8% on "net investment income" (or undistributed "net investment income," in the case of estates and trusts) for each taxable year, with such tax applying to the lesser of such income or the excess of such person's adjusted gross income (with certain adjustments) over a specified amount. Net investment income includes net income from interest, dividends, annuities, royalties and rents and net gain attributable to the disposition of investment property. It is anticipated that net income and gain attributable to an investment in KKR common units will be included in a U.S. holder's "net investment income" subject to this Medicare tax.

KKR may not be able to furnish to each KKR common unitholder specific tax information within 90 days after the close of each calendar year, which means that holders of KKR common units who are U.S. taxpayers should anticipate the need to file annually a request for an extension of the due date of their income tax return.

As a publicly traded partnership, KKR's operating results, including distributions of income, dividends, gains, losses or deductions, and adjustments to carrying basis, will be reported on Schedule K-1 and distributed to each KKR common unitholder annually. It may require longer than 90 days after the end of KKR's fiscal year to obtain the requisite information from all lower-tier entities so that Schedule K-1s may be prepared for the KKR common unitholders. For this reason, holders of KKR common units who are U.S. taxpayers should anticipate the need to file annually with the IRS (and certain states) a request for an extension past April 15 or the otherwise-applicable due date of their income tax return for the taxable year.

Risks Related to KKR's Organizational Structure

Potential conflicts of interest may arise among KKR's managing partner, its affiliates and KKR. KKR's managing partner and its affiliates have limited fiduciary duties to KKR and the holders of KKR Group Partnership units, which may permit them to favor their own interests to KKR's detriment and that of the holders of KKR Group Partnership units.

KKR's managing partner, which is its general partner, will manage the business and affairs of KKR's business, and will be governed by a board of directors that is co-chaired by KKR's founders, who also serve as KKR's Co-Chief Executive Officers. Conflicts of interest may arise among KKR's managing partner and its affiliates, on the one hand, and KKR and holders of KKR common units, on the other hand. As a result of these conflicts, KKR's managing partner may favor its own interests and

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the interests of its affiliates over KKR and holders of KKR common units. These conflicts include, among others, the following:

- KKR's managing partner indirectly through its holding of controlling entities determines the amount and timing of the KKR Group Partnership's investments and dispositions, indebtedness, issuances of additional partner interests, tax liabilities and amounts of reserves, each of which can affect the amount of cash that is available for distribution to holders of KKR Group Partnership units;

- KKR's managing partner is allowed to take into account the interests of parties other than KKR in resolving conflicts of interest, which has the effect of limiting its duties, including fiduciary duties, to KKR. For example, KKR's affiliates that serve as the general partners of KKR's funds have fiduciary and contractual obligations to investors in KKR's funds, and such obligations may cause such affiliates to regularly take actions that might adversely affect KKR's near-term results of operations or cash flow. KKR's managing partner will have no obligation to intervene in, or to notify KKR of, such actions by such affiliates;

- Because KKR's principals indirectly hold their KKR Group Partnership units through entities that are not subject to corporate income taxation and KKR holds some of its KKR Group Partnership units through one or more wholly-owned subsidiaries that are taxable as a corporation, conflicts may arise between KKR's principals and KKR relating to the selection and structuring of investments, declaring distributions and other matters;

- KKR's managing partner, including its directors and officers, has limited its and their liability and reduced or eliminated its and their duties, including fiduciary duties, under KKR's partnership agreement to the fullest extent permitted by law, while also restricting the remedies available to holders of KKR common units for actions that, without these limitations, might constitute breaches of duty, including fiduciary duties. In addition, KKR has agreed to indemnify KKR's managing partner, including its directors and officers, and KKR's managing partner's affiliates to the fullest extent permitted by law, except with respect to conduct involving bad faith, fraud or willful misconduct;

- KKR's partnership agreement does not restrict KKR's managing partner from paying KKR or its affiliates for any services rendered, or from entering into additional contractual arrangements with any of these entities on KKR's behalf, so long as the terms of any such additional contractual arrangements are fair and reasonable to KKR as determined under its partnership agreement. The conflicts committee will be responsible for, among other things, enforcing KKR's rights and those of holders of KKR common units under certain agreements, against KKR Holdings and certain of its subsidiaries and designees, a general partner or limited partner of KKR Holdings, or a person who holds a partnership or equity interest in the foregoing entities;

- KKR's managing partner determines how much debt KKR may incur and that decision may adversely affect any credit ratings KKR receive;

- KKR's managing partner determines which costs incurred by it and its affiliates are reimbursable by KKR;

- Other than as set forth in certain confidentiality and restrictive covenant agreements, which in certain cases may only be agreements between KKR's principals and KKR Holdings and which may not be enforceable by KKR or otherwise waived, modified or amended, affiliates of KKR's managing partner and existing and former personnel employed by KKR's managing partner are not prohibited from engaging in other businesses or activities, including those that might be in direct competition with KKR;

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- KKR's managing partner controls the enforcement of obligations owed to the KKR Group Partnerships by KKR and its affiliates; and

- KKR's managing partner or KKR's managing partner's conflicts committee decides whether to retain separate counsel, accountants or others to perform services for KKR.

Certain actions by KKR's managing partner's board of directors require the approval of the Class A shares of KKR's managing partner, all of which are held by KKR's principals.

All of KKR's managing partner's outstanding Class A shares are held by KKR's principals who also hold interests in KKR's managing partner entitling them to vote for the election of its directors. Although the affirmative vote of a majority of the directors of KKR's managing partner is required for any action to be taken by KKR's managing partner's board of directors, certain specified actions approved by KKR's managing partner's board of directors will also require the approval of a majority of the Class A shares of KKR's managing partner. These actions consist of the following:

- the entry into a debt financing arrangement by KKR in an amount in excess of 10% of its existing long-term indebtedness (other than the entry into certain intercompany debt financing arrangements);

- the issuance by KKR or its subsidiaries of any securities that would (i) represent, after such issuance, or upon conversion, exchange or exercise, as the case may be, at least 5% on a fully diluted, as converted, exchanged or exercised basis, of any class of KKR's or its subsidiaries' equity securities or (ii) have designations, preferences, rights, priorities or powers that are more favorable than those of KKR Group Partnership units;

- the adoption by KKR of a shareholder rights plan;

- the amendment of KKR's partnership agreement or the limited partnership agreements of the KKR Group Partnerships;

- the exchange or disposition of all or substantially all of KKR's assets or the assets of any KKR Group Partnership;

- the merger, sale or other combination of KKR or any KKR Group Partnership with or into any other person;

- the transfer, mortgage, pledge, hypothecation or grant of a security interest in all or substantially all of the assets of the KKR Group Partnerships;

- the appointment or removal of a Chief Executive Officer or a Co-Chief Executive Officer of KKR's managing partner or KKR;

- the termination of the employment of any of KKR's officers or the officers of any of KKR's subsidiaries or the termination of the association of a partner with any of KKR's subsidiaries, in each case, without cause;

- the liquidation or dissolution of KKR, KKR's managing partner or any KKR Group Partnership; and

- the withdrawal, removal or substitution of KKR's managing partner as its general partner or any person as the general partner of a KKR Group Partnership, or the transfer of beneficial ownership of all or any part of a general partner interest in

KKR or a KKR Group Partnership to any person other than one of its wholly owned subsidiaries.

In addition, holders representing a majority of the Class A shares of KKR's managing partner have the authority to unilaterally appoint KKR's managing partner's directors and also have the ability to appoint the officers of KKR's managing partner. Henry Kravis and George Roberts collectively hold

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Class A shares representing a majority of the total voting power of the outstanding Class A shares. While neither of them acting alone will be able to control the voting of the Class A shares, they will be able to control the voting of such shares if they act together.

Holders of KKR common units do not elect KKR's managing partner or vote on KKR's managing partner's directors and have limited ability to influence decisions regarding KKR's business.

Holders of KKR common units do not elect KKR's managing partner or its board of directors and, unlike the holders of common stock in a corporation, have only limited voting rights on matters affecting KKR's business and therefore limited ability to influence decisions regarding KKR's business. Furthermore, if holders of KKR common units are dissatisfied with the performance of KKR's managing partner, they have no ability to remove KKR's managing partner, with or without cause.

The control of KKR's managing partner may be transferred to a third party without KKR's consent.

KKR's managing partner may transfer its general partner interest to a third party in a merger or consolidation or in a transfer of all or substantially all of its assets without KKR's consent or the consent of holders of KKR common units. Furthermore, the members of KKR's managing partner may sell or transfer all or part of their limited liability company interests in KKR's managing partner without KKR's approval, subject to certain restrictions. A new general partner may not be willing or able to form new funds and could form funds that have investment objectives and governing terms that differ materially from those of KKR's current funds. A new owner could also have a different investment philosophy, employ investment professionals who are less experienced, be unsuccessful in identifying investment opportunities or have a track record that is not as successful as KKR's track record. If any of the foregoing were to occur, KKR could experience difficulty in making new investments, and the value of KKR's existing investments, business, results of operations and financial condition could materially suffer.

KKR intends to pay periodic distributions to the holders of KKR common units, but its ability to do so may be limited by its holding company structure and contractual restrictions.

KKR intends to pay cash distributions on a quarterly basis. KKR is a holding company and has no material assets other than the KKR Group Partnership units that KKR holds through wholly-owned subsidiaries and has no independent means of generating income. Accordingly, KKR intends to cause the KKR Group Partnerships to make distributions on the KKR Group Partnership units, including KKR Group Partnership units that KKR directly or indirectly holds, in order to provide KKR with sufficient amounts to fund distributions KKR may declare. If the KKR Group Partnerships make such distributions, other holders of KKR Group Partnership units, including KKR Holdings, will be entitled to receive equivalent distributions pro rata based on their KKR Group Partnership units.

The declaration and payment of any future distributions will be at the sole discretion of KKR's managing partner, which may change KKR's distribution policy at any time. KKR's managing partner will take into account general economic and business conditions, KKR's strategic plans and prospects, business and investment opportunities, financial condition and operating results, compensation expense, working capital requirements and anticipated cash needs, debt and contractual restrictions and obligations (including payment obligations pursuant to the tax receivable agreement), legal, tax and regulatory restrictions, restrictions or other implications on the payment of distributions by KKR to the holders of KKR Group Partnership units or by KKR's subsidiaries to KKR and such other factors as KKR's managing partner may deem relevant. Under the Delaware Limited Partnership Act, KKR may not make a distribution to a partner if after the distribution all of KKR's liabilities, other than liabilities to partners on account of their partnership interests and liabilities for which the recourse of creditors is limited to specific property of the partnership, would exceed the fair value of KKR's assets. If KKR were to make such an impermissible distribution, any limited partner who received a distribution and

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knew at the time of the distribution that the distribution was in violation of the Delaware Limited Partnership Act would be liable to KKR for the amount of the distribution for three years. Furthermore, by paying cash distributions rather than investing that cash in KKR's businesses, KKR risks slowing the pace of its growth, or not having a sufficient amount of cash to fund its operations, new investments or unanticipated capital expenditures, should the need arise.

KKR's ability to characterize such distributions as capital gains or qualified dividend income may be limited, and holders of KKR common units should expect that some or all of such distributions may be regarded as ordinary income.

If KKR were deemed to be an "investment company" subject to regulation under the Investment Company Act, applicable restrictions could make it impractical for KKR to continue its business as contemplated and could have a material adverse effect on KKR's business.

A person will generally be deemed to be an "investment company" for purposes of the Investment Company Act if:

- it is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities; or

- absent an applicable exemption, it is engaged or proposes to engage in the business of investing, reinvesting, owning, holding, or trading in securities, and owns or proposes to acquire "investment securities" (within the meaning of the Investment Company Act) having a value exceeding 40% of the value of KKR's total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis.

KKR believes that it is engaged primarily in the business of providing investment management services and not in the business of investing, reinvesting or trading in securities. KKR regards itself as an investment management firm and does not propose to engage primarily in the business of investing, reinvesting or trading in securities. Accordingly, KKR does not believe that it is an "orthodox" investment company as defined in Section 3(a)(1)(A) of the Investment Company Act and described in the first bullet point above.

With regard to the provision described in the second bullet point above, KKR has no material assets other than its equity interests in subsidiaries, which in turn have no material assets other than equity interests, directly or indirectly, in the KKR Group Partnerships. Through these interests, KKR indirectly is the sole general partner of each of the KKR Group Partnerships and indirectly is vested with all management and control over the KKR Group Partnerships. KKR does not believe its equity interests in its subsidiaries are investment securities, and KKR believes that the capital interests of the general partners of its funds in their respective funds are neither securities nor investment securities. Accordingly, based on KKR's determination, less than 40% of KKR's total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis are comprised of assets that could be considered investment securities. In this regard, as a result of the KPE Transaction, KKR succeeded to a significant number of investment securities previously held by KKR & Co. (Guernsey) L.P. and now held by the KKR Group Partnerships. In addition, KKR expects to make investments in other investment securities from time to time. KKR monitors these holdings regularly to confirm its continued compliance with the 40% test described in the second bullet point above. The need to comply with this 40% test may cause KKR to restrict its business and subsidiaries with respect to the assets in which KKR can invest and/or the types of securities KKR may issue, sell investment securities, including on unfavorable terms, acquire assets or businesses that could change the nature of KKR's business or potentially take other actions which may be viewed as adverse by the holders of KKR common units, in order to ensure conformity with exceptions provided by, and rules and regulations promulgated under, the Investment Company Act.

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Following the consummation of the merger, KFN will become an indirect subsidiary of KKR. KFN has conducted, and following the merger KKR intends to continue to conduct, KFN's operations so that it does not meet the definition of an "investment company" under the Investment Company Act. KFN believes that it is not engaged, and does not propose to engage, primarily in the business of investing, reinvesting or trading in securities and as such does not believe that it is an "orthodox" investment company as defined in Section 3(a)(1)(A) of the Investment Company Act and described in the first bullet point above. KFN also monitors its operations such that it does not own or propose to acquire "investment securities" having a value exceeding 40% of the value of KFN's total assets (exclusive of United States government securities and cash items) on an unconsolidated basis as described in the second bullet point above. KFN is organized as a holding company and conducts its operations primarily through majority owned subsidiaries, each of which are either outside of the definition of an investment company under Sections 3(a)(1)(A) and 3(a)(1)(C), or excepted from the definition of an investment company under the Investment Company Act in accordance with Rule 3a-7, Section 3(c)(1) or (7), Section 3(c)(5), or Section 3(c)(9). For purposes of the 40% test described above, the Investment Company Act excludes a majority owned subsidiary from the term "investment securities" unless the subsidiary is an investment company or relies on the exceptions from the definition of an investment company provided by Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act. Any guidance or action from the SEC or its staff, in particular changes that the SEC may ultimately propose and adopt regarding the manner in which Rule 3a-7 applies to entities or new or modified interpretive positions under Section 3(c)(5)(C), could have a material adverse effect on KFN's investment company status, and as a result make it more difficult for KKR to comply with its own investment company status under the Investment Company Act.

The Investment Company Act and the rules thereunder contain detailed parameters for the organization and operation of investment companies. Among other things, the Investment Company Act and the rules thereunder limit or prohibit transactions with affiliates, impose limitations on the issuance of debt and equity securities, generally prohibit the issuance of options and impose certain governance requirements. KKR intends to conduct its operations so that it will not be deemed to be an investment company under the Investment Company Act. If anything were to happen which would cause KKR to be deemed to be an investment company under the Investment Company Act, requirements imposed by the Investment Company Act, including limitations on KKR's capital structure, ability to transact business with affiliates (including KKR) and ability to compensate key employees, would make it impractical for KKR to continue its business as currently conducted, impair the agreements and arrangements between and among KKR, the KKR Group Partnerships and KKR Holdings, or any combination thereof, and materially adversely affect KKR's business, financial condition and results of operations. In addition, KKR may be required to limit the amount of investments that it makes as a principal, potentially divest assets acquired through KFN or in the KPE Transaction or otherwise conduct its business in a manner that does not subject it to the registration and other requirements of the Investment Company Act.

KKR is a Delaware limited partnership, and there are certain provisions in its partnership agreement regarding exculpation and indemnification of its officers and directors that differ from the Delaware General Corporation Law in a manner that may be less protective of the interests of holders of KKR common units.

KKR's partnership agreement provides that to the fullest extent permitted by applicable law, KKR's directors or officers will not be liable to KKR. However, under the Delaware General Corporation Law, which is referred to in this proxy statement/prospectus as the DGCL, even assuming inclusion of a provision in the certificate of incorporation exculpating directors to the fullest extent permitted under the DGCL, a director would be liable to KKR for (i) breach of the duty of loyalty to KKR or its shareholders, (ii) intentional misconduct, knowing violations of the law or acts or omissions not in good faith, (iii) improper redemption of shares or declaration of dividend, or (iv) a transaction from which the director derived an improper personal benefit. In addition, KKR's partnership

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agreement provides that KKR indemnifies its directors and officers for acts or omissions to the fullest extent provided by law. However, under the DGCL, a corporation can only indemnify directors and officers for acts or omissions if the director or officer acted in good faith, in a manner he reasonably believed to be in the best interests of the corporation, and, in criminal action, if the officer or director had no reasonable cause to believe his conduct was unlawful. Accordingly, KKR's partnership agreement may be less protective of the interests of holders of KKR common units, when compared to the DGCL, insofar as it relates to the exculpation and indemnification of KKR's officers and directors. See also " KKR's limited partnership agreement contains provisions that reduce or eliminate duties (including fiduciary duties) of KKR's limited partner and limit remedies available for holders of KKR common units for actions that might otherwise constitute a breach of duty. It will be difficult for holders of KKR common units to successfully challenge a resolution of a conflict of interest by KKR's managing partner or by its conflicts committee" and "Description of KKR's Limited Partnership Agreement" beginning on page 201 of this proxy statement/prospectus.

Risks related to KKR's business and other risks related to the ownership of KKR common units and risks related to KKR's organizational structure are contained in the documents incorporated by reference in this proxy statement/prospectus. See "Where You Can Find More Information" beginning on page 234 of this proxy statement/prospectus.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus and the documents incorporated herein by reference contain forward-looking statements. These forward-looking statements are identified as any statement that does not relate strictly to historical or current facts. They use words such as "anticipate," "believe," "intend," "plan," "projection," "forecast," "strategy," "position," "continue," "estimate," "expect," "may," or the negative of those terms or other variations of them or comparable terminology. In particular, statements, express or implied, concerning future actions, conditions or events, future operating results, the ability to generate sales, income or cash flow, to realize cost savings or other benefits associated with the merger, to service debt or to make distributions are forward-looking statements. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Future actions, conditions or events and future results of operations may differ materially from those expressed in these forward-looking statements. Many of the factors that will determine actual results are beyond the ability of KKR or KFN to control or predict. Specific factors which could cause actual results to differ from those in the forward-looking statements include:

- the ability to complete the merger, on a timely basis or at all;
- failure to obtain, delays in obtaining or adverse conditions contained in, any required regulatory approvals or clearances;
- the potential impact of the announcement or consummation of the merger on relationships, including with employees, consultants, investors and other business relationships;
- KKR's ability to successfully integrate KFN's assets and to realize synergies from the merger;
- KKR's ability to acquire new businesses and assets and integrate those operations into its existing operations, particularly if KKR undertakes multiple acquisitions in a relatively short period of time, as well as the ability to expand its facilities;
- the ability to successfully identify and close acquisitions and make cost-saving changes in operations;
- changes in laws or regulations, third-party relations and approvals, and decisions of courts, regulators and governmental bodies that may adversely affect the business or ability to compete of KKR or KFN;
- the timing and success of business development efforts;
- changes in accounting pronouncements that impact the measurement of results of operations, the timing of when such measurements are to be made and recorded, and the disclosures surrounding these activities;
- changes in tax law, particularly as it relates to partnerships or other "pass-through" entities;
- changes in interest rates and market values;
- changes in prepayment rates;

changes in market conditions, particularly in the global fixed income, credit and equity markets;

the ability to obtain insurance coverage without significant levels of self-retention of risk;

acts of nature, sabotage, terrorism (including cyber attacks) or other similar acts or accidents causing damage greater than KKR's or KFN's insurance coverage limits;

possible changes in credit ratings;

capital and credit markets conditions, inflation and interest rates;

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- national, international, regional and local economic, competitive and regulatory conditions and developments;
- KKR's ability to achieve cost savings and revenue growth;
- unfavorable results of litigation and the fruition of contingencies referred to in the notes to the financial statements contained in the reports incorporated by reference into this proxy statement/ prospectus; and
- changes in law, particularly changes to Rule 3a-7 or other rules or SEC guidance concerning the determination whether KKR is an "investment company" under the Investment Company Act.

Forward-looking statements are based on the expectations and beliefs of the respective managements of KKR and KFN, based on information currently available, concerning future events affecting KKR and KFN. Although KKR and KFN believe that these forward-looking statements are based on reasonable assumptions, they are subject to uncertainties and factors related to KKR's and KFN's operations and business environments, all of which are difficult to predict and many of which are beyond KKR's and KFN's control. Any or all of the forward-looking statements in this proxy statement/prospectus may turn out to be wrong. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. The foregoing list of factors should not be construed to be exhaustive. Many factors mentioned in this proxy statement/prospectus, including the risks outlined under the caption "Risk Factors" in this proxy statement/prospectus and under similarly captioned sections contained in KKR's and KFN's Exchange Act reports incorporated herein by reference, will be important in determining future results, and actual future results may vary materially. There is no assurance that the actions, events or results of the forward-looking statements will occur, or, if any of them do, when they will occur or what effect they will have on KKR's or KFN's results of operations, financial condition, cash flows or distributions. In view of these uncertainties, KKR and KFN caution that investors should not place undue reliance on any forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made, and, except as required by law, KKR and KFN undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which it is made or to reflect the occurrence of anticipated or unanticipated events or circumstances.

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THE PARTIES

KKR & Co. L.P.

Led by Henry Kravis and George Roberts, KKR, together with its subsidiaries, is a leading global investment firm with $94.3 billion in assets under management as of December 31, 2013, and a 37-year history of leadership, innovation and investment excellence. KKR's business offers a broad range of investment management services to its fund investors and provides capital markets services to the firm, its portfolio companies and other third parties. KKR conducts its business with offices throughout the world, providing it with a global platform for sourcing transactions, raising capital and carrying out capital markets activities.

As a global investment firm, KKR earns management, monitoring, transaction and incentive fees for providing investment management, monitoring and other services to its funds, vehicles, managed accounts, specialty finance company and portfolio companies, and KKR generates transaction-specific income from capital markets transactions. KKR earns additional investment income from investing its own capital alongside that of its fund investors, from other principal investments and from the carried interest KKR receives from its funds and certain other investment vehicles.

KKR is a Delaware limited partnership, and it conducts its business through its subsidiaries. KKR common units are publicly traded on the NYSE under the symbol "KKR."

The principal executive offices of KKR are located at 9 West 57th Street, Suite 4200, New York, New York 10019, and its telephone number is (212) 750-8300. Additional information about KKR and its subsidiaries is included in documents incorporated by reference into this proxy statement/prospectus. See "Where You Can Find More Information" on page 234 of this proxy statement/prospectus.

KKR Fund Holdings L.P.

Fund Holdings is an exempted limited partnership formed under the laws of the Cayman Islands and is a subsidiary of KKR. KKR Fund Holdings GP Limited and KKR Group Holdings L.P., wholly-owned subsidiaries of KKR, are the general partners of Fund Holdings, and the business, property and affairs of Fund Holdings is managed by its general partners. Fund Holdings was formed to hold interests in KKR's businesses and assets that will generate qualifying income for purposes of the qualifying income exception to the publicly traded partnership rules under U.S. federal tax laws. The principal executive offices of Fund Holdings are located c/o KKR, 9 West 57th Street, Suite 4200, New York, New York 10019, and its telephone number is (212) 750-8300.

Copal Merger Sub LLC

Merger Sub is a Delaware limited liability company and is a direct, wholly-owned subsidiary of Fund Holdings. Merger Sub was formed by Fund Holdings solely in contemplation of the Merger, has not conducted any business and has no assets, liabilities or other obligations of any nature other than as set forth in the merger agreement. The principal executive offices of Merger Sub are located at 9 West 57th Street, Suite 4200, New York, New York 10019, and its telephone number is (212) 750-8300.

KKR Financial Holdings LLC

KFN is a specialty finance company with expertise in a range of asset classes. Its core business strategy is to leverage the proprietary resources of its manager with the objective of generating both current income and capital appreciation by deploying capital to its strategies, which include bank loans and high yield securities, natural resources, special situations, mezzanine, commercial real estate and private equity.

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The majority of KFN's holdings consist of corporate loans and high yield debt securities held in collateralized loan obligations, referred to in this proxy statement/prospectus as CLOs, transactions that are structured as on-balance sheet securitizations and are used as long term financing for its investments in corporate debt. The corporate loans that KFN holds are typically purchased via assignment or participation in the primary or secondary market. The senior secured debt issued by the CLO transactions is primarily owned by unaffiliated third party investors and KFN owns the majority of the subordinated notes in the CLO transactions. KFN's other holdings primarily consist of private equity, interests in joint ventures and partnerships and working and royalty interests in oil and gas properties.

KFN executes its core business strategy through its majority-owned subsidiaries, including its CLOs.

KFN is a Delaware limited liability company and was organized on January 17, 2007. It is the successor to KKR Financial Corp., a Maryland corporation. KFN's common shares are publicly traded on the NYSE under the symbol "KFN." The principal executive offices of KFN are located at 555 California Street, 50th Floor, San Francisco, California 94104, and its telephone number is (415) 315-3620.

THE KFN SPECIAL MEETING

KFN is providing this proxy statement/prospectus to its common shareholders in connection with the solicitation of proxies to be voted at the special meeting of common shareholders that KFN has called for the purpose of holding a vote upon a proposal to adopt the merger agreement with KKR, Fund Holdings and Merger Sub and at any adjournment or postponement thereof. This proxy statement/prospectus constitutes a prospectus for KKR in connection with the registration by KKR of its common units to be exchanged in connection with the merger. This proxy statement/prospectus is first being mailed to KFN's common shareholders on or about March 24, 2014 and provides KFN common shareholders with the information they need to know to be able to vote or instruct their vote to be cast at the special meeting of KFN common shareholders.

Date, Time and Place

The special meeting of KFN common shareholders will be held at The Bently Reserve, Gateway Room, 301 Battery Street, San Francisco, California 94111, on Wednesday, April 30, 2014 at 9:00 a.m., local time.

Purpose

At the special meeting, KFN common shareholders will be asked to vote solely on the following proposals:

Proposal 1: to adopt the merger agreement; and

Proposal 2: to approve the adjournment of the KFN special meeting, if necessary to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the special meeting.

Recommendation of the KFN Board of Directors

Based on the unanimous recommendation of the KFN transaction committee, the board of directors of KFN recommends that common shareholders of KFN vote:

Proposal 1: "**FOR**" adoption of the merger agreement; and

Proposal 2: "**FOR**" any adjournment of the KFN special meeting, if necessary to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the special meeting.

The KFN board of directors, based upon the unanimous recommendation of the KFN transaction committee, (i) determined that the merger agreement and the merger are fair to and in the best interests of KFN and its common shareholders, (ii) approved the merger and the merger agreement and (iii) resolved to recommend adoption of the merger agreement to the KFN common shareholders. See "Special Factors Recommendation of the KFN Board of Directors and Reasons for the Merger; Fairness of the Merger" beginning on page 38 of this proxy statement/prospectus.

In considering the recommendation of KFN's board of directors with respect to the merger agreement and the transactions contemplated thereby, you should be aware that some of KFN's directors and executive officers may have interests that are different from, or in addition to, the interests of KFN common shareholders more generally. See "Special Factors Interests of Directors and Executive Officers of KFN in the Merger" beginning on page 234 of this proxy statement/prospectus.

Record Date; Outstanding Shares; Shares Entitled to Vote

The record date for the KFN special meeting is February 26, 2014. Only KFN common shareholders of record at the close of business on the record date will be entitled to receive notice of

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and to vote at the special meeting or any adjournment or postponement of the special meeting. An admission ticket (or other proof of share ownership) and some form of government issued photo identification (such as a valid driver's license or passport) will be required for admission to the special meeting.

As of the close of business on the record date of February 26, 2014, there were 204,824,159 KFN common shares outstanding and entitled to vote at the special meeting. Each KFN common share is entitled to one vote.

A complete list of KFN common shareholders entitled to vote at the KFN special meeting will be available for inspection at KFN's offices located at 555 California Street, 50th Floor, San Francisco, CA 94104 during regular business hours for a period of no less than ten days before the special meeting and at the place of the KFN special meeting during the meeting.

Quorum

A quorum of common shareholders is required to adopt the merger agreement at the special meeting. At least a majority of the outstanding KFN common shares must be represented in person or by proxy at the special meeting in order to constitute a quorum. Any abstentions will be counted in determining whether a quorum is present at the special meeting. Your broker will not be permitted to vote on the adoption of the merger agreement without instruction from you as the beneficial owner of the KFN common shares.

Required Vote

To adopt the merger agreement, holders of at least a majority of the outstanding KFN common shares entitled to vote thereon, including a majority of the outstanding KFN common shares entitled to vote thereon held by common shareholders other than KKR and its affiliates, must vote in favor of adoption of the merger agreement. Because approval is based on the affirmative vote of at least a majority of the outstanding KFN common shares, a KFN common shareholder's failure to submit a proxy card or to vote in person at the special meeting or an abstention from voting, or the failure of a KFN common shareholder who holds his or her shares in "street name" through a broker or other nominee to give voting instructions to such broker or other nominee, will have the same effect as a vote "AGAINST" adoption of the merger agreement. At the close of business on the record date for the special meeting, KKR and its affiliates beneficially owned and had the right to vote 4,658,021 KFN common shares at the special meeting, which represents approximately 2.3 percent of the KFN common shares entitled to vote at the special meeting.

To approve the adjournment of the KFN special meeting, if necessary to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the special meeting, the affirmative vote of a majority of the outstanding KFN common shares entitled to vote thereon present in person or represented by proxy at the special meeting is required. Abstentions will have the same effect as a vote "AGAINST" the proposal, and KFN common shares not in attendance at the special meeting will have no effect on the outcome of any vote to adjourn the special meeting provided that a quorum is present.

Share Ownership of and Voting by KFN's Directors and Executive Officers

At the close of business on the record date for the special meeting, KFN's directors and executive officers beneficially owned and had the right to vote 1,662,070 KFN common shares at the special meeting, which represents approximately 0.8 percent of the KFN common shares entitled to vote at the special meeting. It is expected that KFN's directors and executive officers will vote their shares "FOR" the adoption of the merger agreement, although none of them has entered into any agreement requiring them to do so.

Voting of Shares by Holders of Record

If you are entitled to vote at the special meeting and hold your common shares in your own name, you can submit a proxy or vote in person by completing a ballot at the special meeting. However, KFN encourages you to submit a proxy before the special meeting even if you plan to attend the special meeting in order to ensure that your shares are voted. A proxy is a legal designation of another person to vote your KFN common shares on your behalf. If you hold common shares in your own name, you may submit a proxy for your common shares by:

- calling the toll-free number specified on the enclosed proxy card and following the instructions when prompted;
- accessing the Internet website specified on the enclosed proxy card and following the instructions provided to you; or
- filling out, signing and dating the enclosed proxy card and mailing it in the prepaid envelope included with these proxy materials.

When a common shareholder submits a proxy by telephone or through the Internet, his or her proxy is recorded immediately. KFN encourages its common shareholders to submit their proxies using these methods whenever possible. If you submit a proxy by telephone or the Internet website, please do not return your proxy card by mail.

All common shares represented by each properly executed and valid proxy received before the special meeting will be voted in accordance with the instructions given on the proxy. If a KFN common shareholder executes a proxy card without giving instructions, the KFN common shares represented by that proxy card will be voted "FOR" approval of the proposal to adopt the merger agreement.

When a common shareholder submits a valid proxy, the proxy holder will be authorized to vote, in his or her discretion, upon such other business as may properly come before the meeting or any adjournment thereof provided the board of directors does not know at a reasonable time before the solicitation, that such matters are to be presented at the meeting.

Your vote is important. Accordingly, please submit your proxy by telephone, through the Internet or by mail, whether or not you plan to attend the special meeting in person. Proxies must be received by 11:59 p.m., Eastern Time, on April 29, 2014.

Voting of Common Shares Held in Street Name

If your common shares are held in an account at a broker or through another nominee, you must instruct the broker or other nominee on how to vote your shares by following the instructions that the broker or other nominee provides to you with these proxy materials. Most brokers offer the ability for shareholders to submit voting instructions by mail by completing a voting instruction card, by telephone and via the Internet.

If you do not provide voting instructions to your broker or other nominee, your common shares will not be voted on any proposal on which your broker or nominee does not have discretionary authority to vote. Under the current NYSE rules, a broker will not have discretionary authority to vote your common shares at the special meeting. Accordingly, a failure to providing voting instructions to your broker or other nominee will have the same effect as a vote "AGAINST" adoption of the merger agreement. Your broker or other nominee will vote your common shares held by it in "street name" with respect to these matters only if you provide instructions to it on how to vote. You should follow the directions your broker or other nominee provides.

If you hold common shares through a broker or other nominee and wish to vote your common shares in person at the special meeting, you must obtain a proxy from your broker or other nominee and present it to the inspector of election with your ballot when you vote at the special meeting.

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Revocability of Proxies; Changing Your Vote

You may revoke your proxy and/or change your vote at any time before your proxy is voted at the special meeting. If you are a common shareholder of record, you can do this by:

- sending a written notice (stating that you revoke your proxy) to KFN at 555 California Street, 50th Floor, San Francisco, California 94104, Attn: Corporate Secretary, that bears a date later than the date of the proxy you want to revoke and is received prior to the special meeting;

- submitting a valid, later-dated proxy by mail, telephone or Internet that is received prior to the special meeting; or

- attending the special meeting and voting by ballot in person (your attendance at the special meeting will not, by itself, revoke any proxy that you have previously given).

If you hold your common shares through a broker or other nominee, you must follow the directions you receive from your broker in order to revoke or change your vote.

Solicitation of Proxies

This proxy statement/prospectus is furnished in connection with the solicitation of proxies by the KFN board of directors to be voted at the KFN special meeting. KFN will bear all costs and expenses in connection with the solicitation of proxies. KFN has engaged Innisfree M&A Incorporated to assist in the solicitation of proxies for the special meeting and KFN estimates it will pay a fee of approximately $22,000 for these services. KFN has also agreed to reimburse the proxy solicitor for, pay directly, or, where requested by the proxy solicitor in special situations, advance sufficient funds to the proxy solicitor for payment of, expenses and disbursements incurred in connection with the proxy solicitation and to indemnify the proxy solicitor against certain losses, costs and expenses. In addition, KFN may reimburse brokerage firms and other persons representing beneficial owners of KFN common shares for their reasonable expenses in forwarding solicitation materials to such beneficial owners. Proxies may also be solicited by certain of KFN's directors, officers and employees by telephone, electronic mail, letter, facsimile or in person, but no additional compensation will be paid to them.

Shareholders should not send share certificates with their proxies. A letter of transmittal and instructions for the surrender of KFN common share certificates will be mailed to KFN common shareholders shortly after the completion of the merger.

No Other Business

Under KFN's operating agreement, the business to be conducted at the special meeting will be limited to the purposes stated in the notice to KFN common shareholders provided with this proxy statement/ prospectus.

Adjournments

Adjournments may be made for the purpose of, among other things, soliciting additional proxies. Any adjournment may be made from time to time by the chairman of the KFN board of directors. At any adjourned meeting, KFN may transact any business that it might have transacted at the original meeting, provided that a quorum is present at such adjourned meeting. Proxies submitted by KFN common shareholders for use at the special meeting will be used at any adjournment or postponement of the special meeting. References to the KFN special meeting in this proxy statement/prospectus are to such special meeting as adjourned or postponed.

Assistance

If you need assistance in completing your proxy card or have questions regarding the special meeting, please contact KFN's proxy solicitor, Innisfree M&A Incorporated, at (888) 750-5834 (banks and brokers call collect at (212) 750-5833).

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THE MERGER AGREEMENT

The following describes the material provisions of the merger agreement, which is attached as Annex A to this proxy statement/prospectus and incorporated by reference herein. The description in this section and elsewhere in this proxy statement/prospectus is qualified in its entirety by reference to the merger agreement. This summary does not purport to be complete and may not contain all of the information about the merger agreement that is important to you. KKR and KFN encourage you to read carefully the merger agreement in its entirety before making any decisions regarding the merger as it is the legal document governing the merger.

The merger agreement and this summary of its terms have been included to provide you with information regarding the terms of the merger agreement. Factual disclosures about KKR, KFN or any of their respective subsidiaries or affiliates contained in this proxy statement/prospectus or their respective public reports filed with the SEC may supplement, update or modify the factual disclosures about KKR, KFN or their respective subsidiaries or affiliates contained in the merger agreement and described in this summary. The representations, warranties and covenants made in the merger agreement by KKR, Fund Holdings, Merger Sub and KFN were qualified and subject to important limitations agreed to by KKR, Fund Holdings, Merger Sub and KFN in connection with negotiating the terms of the merger agreement. In particular, in your review of the representations and warranties contained in the merger agreement and described in this summary, it is important to bear in mind that the representations and warranties were negotiated with the principal purpose of allocating risk between the parties to the merger agreement, rather than establishing matters as facts. The representations and warranties may also be subject to a contractual standard of materiality different from those generally applicable to shareholders or holders of common units and reports and documents filed with the SEC and in some cases were qualified by confidential disclosures that were made by each party to the other, which disclosures are not reflected in the merger agreement or otherwise publicly disclosed. Moreover, information concerning the subject matter of the representations and warranties may have changed since the date of the merger agreement and subsequent developments or new information qualifying a representation or warranty may have been included in this proxy statement/prospectus. For the foregoing reasons, the representations, warranties and covenants or any descriptions of those provisions should not be read alone.

The Merger

Subject to the terms and conditions of the merger agreement and in accordance with Delaware law, the merger agreement provides for the merger of Merger Sub, an indirect subsidiary of KKR and a party to the merger agreement, with and into KFN. KFN will survive the merger as an indirect subsidiary of KKR and the separate limited liability company existence of Merger Sub will cease. After the completion of the merger, the certificate of formation of KFN in effect immediately prior to the effective time will be the certificate of formation of the surviving entity, until amended in accordance with applicable law, and the limited liability company agreement of KFN in effect immediately prior to the effective time will be the limited liability company agreement of the surviving entity until amended in accordance with its terms and applicable law. After the completion of the merger, the officers of KFN immediately prior to the effective time will be the officers of the surviving entity and the individuals designated by KKR prior to the closing of the merger will be the members of the board of directors of the surviving entity.

Effective Time; Closing

The effective time will be at such time that the parties file with the Secretary of State of the State of Delaware a certificate of merger, executed in accordance with the relevant provisions of the Delaware Limited Liability Company Act, or at such later date or time as is agreed to by the parties to the merger agreement and specified in the certificate of merger.

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Unless the parties agree otherwise, the closing of the merger will occur at 10:00 a.m. (New York time), as soon as practicable, but in any event within three business days, following the satisfaction or waiver of the conditions to the merger provided in the merger agreement (other than conditions that by their nature are to be satisfied at the closing of the merger, but subject to the satisfaction or waiver of those conditions), or at such other date or time as the parties to the merger agreement agree. For further discussion of the conditions to the merger, see " Conditions to Consummation of the Merger." The parties to the merger agreement have agreed to use their reasonable best efforts to coordinate and cooperate so that the closing of the merger will take place on the last business day of a calendar month.

KKR and KFN currently expect to complete the merger in the first half of 2014, subject to receipt of required approvals of holders of KFN common shares and regulatory approvals and to the satisfaction or waiver of the other conditions to the transactions contemplated by the merger agreement described below.

Conditions to Consummation of the Merger

KKR and KFN may not complete the merger unless each of the following conditions is satisfied or waived:

the merger agreement must have been adopted by the affirmative vote of the holders of at least a majority of the outstanding KFN common shares entitled to vote thereon on the record date;

the merger agreement must have been adopted by the affirmative vote of the holders of a majority of the outstanding KFN common shares (other than those KFN common shares held by KKR or any affiliate of KKR) entitled to vote thereon on the record date;

the waiting period applicable to the merger under the HSR Act, if any, must have been terminated or expired, and all consents required under any other antitrust law must have been obtained or any applicable waiting period thereunder must have been terminated or expired;

there must be no outstanding judgment, injunction, order or decree of a competent U.S. federal or state governmental authority prohibiting or enjoining the completion of the merger or the other transactions contemplated by the merger agreement;

the registration statement of which this proxy statement/prospectus forms a part must have been declared effective by the SEC and must not be subject to a stop order or similar restraining order by the SEC; and

the KKR common units to be issued in the merger must have been approved for listing on the NYSE, subject to official notice of issuance.

The obligations of each of KKR, Fund Holdings and Merger Sub to effect the merger are subject to the satisfaction or waiver of the following additional conditions:

(1) the representations and warranties of KFN in the merger agreement (other than those relating to the absence of a material adverse effect) that are qualified by a "material adverse effect" qualification being true and correct both at and as of the date of the merger agreement and at and as of the closing, (2) the representations and warranties of KFN in the merger agreement (other than certain representations and warranties relating to the capitalization of KFN, brokerage and finder's fees and takeover statutes) that are not qualified by a "material adverse effect" qualification being true and correct (without giving effect to any materiality qualifications therein) at and as of the date of the merger agreement and at and as of the closing, except for failures to be true and correct as would not, in the aggregate, constitute a material adverse effect with respect to KFN, and (3) the representations and warranties relating

to the absence of a material adverse effect, the capitalization of KFN, brokerage and finder's fees and takeover statutes being true and correct at and as of the date of the merger agreement and at and as of the closing, except, in the case of certain representations and warranties relating to the capitalization of KFN, for any *de minimis* inaccuracies (in all cases, however representations and warranties that are made as of a particular date or period must be true and correct (in the manner set forth above) only as of such date or period);

KFN having performed in all material respects the obligations and agreements and having complied in all material respects with the covenants to be performed and complied with by it under the merger agreement at or before the closing;

there not having occurred any events that, individually or in the aggregate, constitute a material adverse effect with respect to KFN since the date of the merger agreement;

the receipt of a certificate signed by the chief executive officer or other senior officer of KFN certifying that the three preceding conditions have been satisfied;

the receipt of a payoff letter reasonably acceptable to KKR with respect to the termination of KFN's $150 million credit facility, dated as of November 30, 2012 (under which $75.0 million of borrowings were outstanding as of December 31, 2013), and all commitments or other extensions of credit thereunder and the satisfaction or discharge of all amounts then due or outstanding thereunder and the satisfaction, release and discharge of all security interests, mortgages or liens over KFN and its subsidiaries' properties and assets securing such obligations, and the payoff letter requiring the administrative agent under the credit agreement to deliver all instruments necessary or desirable to evidence or effect the foregoing; and

receipt of a statement in accordance with Treasury Regulation Section 1.1445-11T(d)(2) certifying that 50% or more of the value of the gross assets of KFN does not consist of U.S. real property interests, or that 90% or more of the value of the gross assets of the KFN does not consist of U.S. real property interests plus cash or cash equivalents.

The obligations of KFN to effect the merger are subject to the satisfaction or waiver of the following additional conditions:

(1) the representations and warranties of KKR, Fund Holdings and Merger Sub (other than those relating to the absence of a material adverse effect) that are qualified by a "material adverse effect" qualification being true and correct both at and as of the date of the merger agreement and at and as of the closing, (2) the representations and warranties of KKR, Fund Holdings and Merger Sub in the merger agreement (other than certain representations and warranties relating to the capitalization of KKR and Merger Sub and brokerage and finder's fees) that are not qualified by a "material adverse effect" qualification being true and correct (without giving effect to any materiality qualifications therein) at and as of the date of the merger agreement and at and as of the closing, except for failures to be true and correct as would not, in the aggregate, constitute a material adverse effect with respect to KKR, (3) the representations and warranties relating to the capitalization of KKR being true and correct in all material respects at and as of the date of the merger agreement and at and as of the closing and (4) the representations and warranties relating to the absence of a material adverse effect and brokerage and finder's fees being true and correct at and as of the date of the merger agreement and at and as of the closing (in all cases, however representations and warranties that are made as of a particular date or period must be true and correct (in the manner set forth above) only as of such date or period);

- each of KKR, Fund Holdings and Merger Sub having performed in all material respects the obligations and agreements and having complied in all material respects with the covenants to be performed and complied with by it under the merger agreement at or before the closing;

- there not having occurred any events that, individually or in the aggregate, constitute a material adverse effect with respect to KKR since the date of the merger agreement; and

- the receipt of a certificate signed by a chief executive officer or other senior officer of KKR certifying that the three preceding conditions have been satisfied.

For purposes of the merger agreement, the term "material adverse effect" means, with respect to a party to the merger agreement, any fact, circumstance, event, change, occurrence or effect that would have, or would reasonably be expected to have, a material adverse effect on the financial condition, business or results of operations of the party and its subsidiaries, taken as a whole; provided, however, that a material adverse effect with respect to any party will not include any fact, circumstance, event, change, occurrence or effect directly or indirectly arising out of or attributable to: (1) any decrease in the market price of KKR common units, in the case of KKR, or KFN common shares, in the case of KFN (but in either case not any event underlying the decrease to the extent the event would otherwise constitute a material adverse effect on the party); (2) conditions, events, or circumstances generally affecting the principal businesses or industries in which the party and its subsidiaries operate; (3) changes in generally accepted accounting principles, referred to in this proxy statement/prospectus as GAAP, applicable law or accounting standards, or in any interpretation of GAAP, applicable law or accounting standards; (4) changes in any analyst's recommendations, any financial strength rating or any other recommendations or ratings as to KKR or KFN, as the case may be, or their respective subsidiaries (including, in and of itself, any failure to meet analyst projections); (5) the failure, in and of itself, of KKR or KFN, as the case may be, to meet any expected or projected financial or operating performance target publicly announced or provided to the other party prior to the date of the merger agreement, as well as any change, in and of itself, by KKR or KFN, as the case may be, in any expected or projected financial or operating performance target as compared with any target publicly announced or provided to the other party prior to the date of the merger agreement (but, in either case, not any event underlying the failure or change to the extent the event would otherwise constitute a material adverse effect on the party); or (6) any changes or developments in United States, Europe, Asia or global economic, regulatory or political conditions in general (including the outbreak or escalation of hostilities or acts of war or terrorism), or generally affecting the financial, debt, credit or securities markets in the United States, Europe, Asia or elsewhere in the world, including changes in interest rates and commodities prices, or any natural disaster; provided, however that the exceptions in clauses (2), (3) and (6) above may be taken into account in determining whether a material adverse effect has occurred or is reasonably expected to occur to the extent (but only to the extent) the event has a materially disproportionate impact on the party and its subsidiaries relative to other participants in the principal businesses or industries in which the party and its subsidiaries operate.

KFN Shareholder Approval

KFN has agreed to hold a special meeting of KFN common shareholders as soon as is practicable after the date the registration statement (of which this proxy statement/prospectus is a part) is declared effective by the SEC for the purpose of KFN common shareholders voting on the adoption of the merger agreement. The merger agreement requires KFN to submit the merger agreement to a shareholder vote (1) even if the board of directors of KFN no longer recommends adoption of the merger agreement and (2) regardless of the commencement, public proposal, public disclosure or communication to KFN of any acquisition proposal (as described below). The board of directors of KFN, acting upon the unanimous recommendation of the transaction committee of the board of directors of KFN, has approved and declared advisable the merger agreement and the transactions

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contemplated thereby and recommended that holders of KFN common shares adopt the merger agreement.

For purposes of the merger agreement, the term "acquisition proposal" means any proposal or offer from any person other than KKR or its subsidiaries with respect to (1) a merger, consolidation, acquisition, share exchange, business combination, reorganization, recapitalization, dissolution, liquidation or similar transaction involving KFN, (2) any purchase of an equity interest (including by means of a tender or exchange offer) representing an amount equal to or greater than a 15% voting or economic interest in KFN or (3) any purchase of assets, securities or ownership interests representing an amount equal to or greater than 15% of the consolidated asset value (including only the portion of the value of the equity interests of the subsidiaries of KFN that is actually owned directly or indirectly by KFN) or consolidated net revenues of KFN (including only the portion of the revenues attributable to the equity interests of the subsidiaries of KFN that is actually owned directly or indirectly by KFN); provided that the calculation of consolidated asset value and consolidated net revenues includes only the unconsolidated interests in variable interest entities that are held directly or indirectly by KFN so that the total asset value or revenues of the entire variable interest entity is not included in the calculation.

KFN Preferred Shares

The merger agreement provides that each KFN 7.375% Series A Preferred Share that is outstanding immediately prior to the merger will remain outstanding as a preferred share of KFN, as the surviving entity in the merger, immediately following the merger.

No Solicitation by KFN of Alternative Proposals

The merger agreement contains detailed provisions prohibiting KFN from seeking an alternative proposal to the merger. Under these "no solicitation" provisions, KFN has agreed that it and its subsidiaries will not, and it will use reasonable best efforts to cause its and its subsidiaries' directors, officers, employees, agents, investment bankers, attorneys, accountants and other representatives not to, directly or indirectly, except as otherwise permitted by the merger agreement:

- initiate or solicit or knowingly encourage any inquiries with respect to, or the making of an acquisition proposal;
- engage in any negotiations concerning, or provide any confidential information or data to any person relating to, an acquisition proposal;
- approve or recommend, or propose publicly to approve or recommend, any acquisition proposal;
- approve or recommend, or propose publicly to approve or recommend, or execute or enter into, any letter of intent, agreement in principle, merger agreement, acquisition agreement, option agreement or other similar agreement relating to any acquisition proposal; or
- propose publicly or agree to do any of the foregoing relating to any acquisition proposal.

The merger agreement requires KFN and its subsidiaries to (1) cease and cause to be terminated any existing activities, discussions or negotiations with any person conducted prior to the date of the merger agreement with respect to an acquisition proposal and (2) request that each third party that executed a confidentiality agreement that relates to an acquisition proposal before the date of the merger agreement return or destroy all confidential information furnished to the third party by KFN or on its behalf before the date of the merger agreement.

Notwithstanding these restrictions, the merger agreement provides that, under specified circumstances at any time before KFN shareholders vote in favor of the adoption of the merger

agreement, if KFN receives a written unsolicited bona fide acquisition proposal after the date of the merger agreement that the board of directors of KFN has determined in good faith, after consultation with its outside legal counsel and financial advisors (1) constitutes a superior proposal (as described below) or (2) could reasonably be expected to result in a superior proposal, KFN may:

- furnish nonpublic information to a third party that makes an acquisition proposal, if, before furnishing the information, KFN receives an executed confidentiality agreement with provisions no less restrictive to the third party with respect to the use or disclosure of nonpublic information than the confidentiality agreement in effect between KFN and KKR; and

- engage in discussions or negotiations with the third party with respect to the acquisition proposal.

For purposes of the merger agreement, the term "superior proposal" means a bona fide written acquisition proposal (except that references in the definition of "acquisition proposal" to 15% are replaced by 50%) made after the date of the merger agreement by any person other than KKR or its subsidiaries on terms that the board of directors of KFN determines in good faith, after consultation with its outside legal counsel and financial advisors, and considering the factors that the board of directors of KFN considers to be appropriate (including the timing and likelihood of consummation of the proposal), are more favorable to KFN and the holders of KFN common shares than the transactions contemplated by the merger agreement, taking into account any change to the merger proposed by KKR.

KFN has also agreed in the merger agreement that it will promptly orally notify KKR of any request for information or any inquiries, proposals or offers relating to an acquisition proposal indicating, in connection with the notice, the name of the person making the request, inquiry, proposal or offer and the material terms and conditions of any proposals or offers, and that it will provide to KKR written notice of any inquiry, proposal or offer within 24 hours of the request or inquiry, proposal or offer and copies of any written or electronic correspondence to or from any person making an acquisition proposal. KFN is required to keep KKR informed orally, as soon as reasonably practicable, of the status of any acquisition proposal, including with respect to the status and terms of any proposal or offer and whether any proposal or offer has been withdrawn or rejected, and to provide to KKR written notice of any withdrawal or rejection and copies of any written proposals or requests for information within 24 hours. KFN has also agreed to provide any information to KKR (not previously provided to KKR) that it provides to another person pursuant to these provisions at substantially the same time it provides the information to the other person.

The merger agreement provides that nothing in the merger agreement will prevent KFN, the board of directors of KFN and any committee thereof (including the transaction committee) from complying with its disclosure obligations under Rule 14d-9 and 14e-2 of the Exchange Act or from issuing a "stop, look and listen" or similar communication or making any disclosure if the board of directors of KFN or any committee thereof (including the transaction committee) determines, in good faith, after consultation with KFN's outside legal counsel, that the failure to do so would be inconsistent with KFN's directors' fiduciary duties under applicable law of the State of Delaware; provided, however, that if the disclosure has the effect of a change of recommendation (as described below), KKR will have the right to terminate the merger agreement under certain circumstances, as described in "   Termination of the Merger Agreement."

Change in KFN Board Recommendation

The merger agreement provides that neither the board of directors of KFN nor any committee thereof (including the transaction committee) will, directly or indirectly, effect a change of recommendation. For purposes of the merger agreement, the term "change of recommendation" means

to (1) withdraw, modify or qualify, or publicly propose to withdraw, modify or qualify, in a manner adverse to KKR, Fund Holdings or Merger Sub, the recommendation of the board of directors of KFN that holders of KFN common shares adopt the merger agreement, (2) approve, adopt or recommend, or publicly propose to approve, adopt or recommend, any acquisition proposal, (3) in the event of the commencement of a tender offer or exchange offer for any outstanding shares of KFN's capital stock (including the KFN common shares), fail to include in any public statement related to the tender offer or exchange offer or the merger agreement (other than any "stop, look and listen" or similar communication) a statement that the recommendation of the board of directors of KFN that holders of KFN common shares adopt the merger agreement has not changed or referring to the prior recommendation of the board of directors of KFN that holders of KFN common shares adopt the merger agreement, or (4) recommend that holders of KFN common shares not adopt the merger agreement.

Notwithstanding the terms above or any other term of the merger agreement to the contrary, subject to the conditions described below, KFN may, at any time prior to KFN common shareholders voting in favor of the adoption of the merger agreement, in response to the receipt of a written unsolicited bona fide acquisition proposal after the date of the merger agreement that did not result from a breach of KFN's non-solicitation obligations under the merger agreement, (1) terminate the merger agreement in order to enter into a definitive written agreement with respect to the acquisition proposal or (2) effect a change of recommendation, if, prior to taking any of the foregoing actions:

- the board of directors of KFN determines in good faith, after consultation with its outside legal counsel and financial advisors, that (A) failure to terminate or change its recommendation would reasonably be expected to be inconsistent with KFN's directors' fiduciary duties under applicable law of the State of Delaware and (B) the acquisition proposal constitutes a superior proposal;

- KFN provides to KKR written notice of its intention to terminate the merger agreement or changes its recommendation at least four business days before taking the action; and

- the board of directors of KFN continues to believe, after taking into account any modifications to the terms of the transactions contemplated by the merger agreement that are offered by KKR after its receipt of the notice referred to in the preceding bullet point, that the acquisition proposal continues to constitute a superior proposal.

Any material amendment to the financial terms or any other material amendment of the acquisition proposal will require that KFN provide to KKR a new written notice of its intention to terminate the merger agreement or effect a change of recommendation, and the board of directors of KFN will be required to comply again with the foregoing requirements; provided, however, that the reference to four business days will be deemed to be a reference to two business days.

Further, notwithstanding the terms above or any other term of the merger agreement to the contrary, the board of directors of KFN may, at any time prior to KFN common shareholders voting in favor of the adoption of the merger agreement, effect a change of recommendation (other than in response to the receipt of a written unsolicited bona fide acquisition proposal, which is subject to the provisions described above) if, before effecting a change of recommendation:

- the board of directors of KFN, after consultation with its outside legal counsel, determines in good faith that failure to do so would be inconsistent with KFN's directors' fiduciary duties under applicable law of the State of Delaware;

- KFN provides to KKR written notice of its intention to do so at least four business days before taking the action; and

- the board of directors of KFN continues to believe, after taking into account any modifications to the terms of the transactions contemplated by the merger agreement that are offered by KFN

after its receipt of the notice referred to in the preceding bullet point, that failing to do so would be reasonably likely to be inconsistent with KFN's directors' fiduciary duties under applicable law of the State of Delaware.

Merger Consideration

The merger agreement provides that, at the effective time, each KFN common share issued and outstanding immediately prior to the effective time (other than KFN common shares held by Fund Holdings or any subsidiary of Fund Holdings) will automatically be converted into the right to receive 0.51 KKR common units, together with cash in lieu of fractional KKR common units, if any. Any KFN common shares held by Fund Holdings or any subsidiary of Fund Holdings will no longer be outstanding and will automatically be cancelled and retired and cease to exist, and no payment will be made with respect to them, at the effective time.

KKR will not issue any fractional KKR common units in the merger. Instead, each holder of KFN common shares that are converted pursuant to the merger agreement who otherwise would have received a fraction of a KKR common unit will be entitled to receive, from the exchange agent appointed by KKR pursuant to the merger agreement, a cash payment in lieu of the fractional units representing the holder's proportionate interest in the proceeds from the sale by the exchange agent of the aggregate number of KKR common units to be delivered in the merger over the aggregate number of whole (non-fractional) KKR common units to be distributed to holders of KFN common shares in the merger.

Treatment of Equity Awards

Under the merger agreement, KFN equity-based awards will be treated at the effective time as follows:

Options. As of the effective time, each option (whether vested or unvested) to purchase KFN common shares that is outstanding immediately prior to the effective time will be cancelled and converted into the right to receive an amount in cash equal to the excess of the cash value of the number of KKR common units that a holder of one KFN common unit would be entitled to in the merger (determined by reference to the average closing price of a KKR common unit over the 10 trading day period ending on the trading day immediately preceding the closing date) over the exercise price per KFN common share subject to the option. The option consideration will be paid in a lump sum as soon as practicable after the effective time but in no event later than 10 business days following the effective time. If any option to purchase KFN common shares has an exercise price per KFN common share that is greater than the cash value of the number of KKR common units that a holder of one KFN common unit would be entitled to in the merger (determined by reference to the average closing price of a KKR common unit over the 10 trading day period ending on the trading day immediately preceding the closing date), the option will be cancelled without payment as of the effective time.

Restricted Shares. At the effective time, each restricted KFN common share (other than any restricted KFN common shares held by the manager) issued and outstanding under KFN's 2007 Share Incentive Plan for KKR Financial Holdings LLC, as amended from time to time, which is referred to in this proxy statement/prospectus as the 2007 Share Plan, will be converted into a number of restricted KKR common units (having the same terms and conditions, including applicable vesting requirements, as applied to the restricted KFN share immediately prior to the effective time) that a KFN common share would be exchanged for in the merger (with fractional KKR common units to be aggregated and rounded to the nearest whole unit), and KKR will assume the 2007 Share Plan and any award agreement issued thereunder pursuant to which any such restricted KFN share has been granted in

order to provide for the foregoing. At the Effective Time, any restricted KFN common shares held by the manager will automatically be cancelled and retired and will cease to exist.

Phantom Shares. Each phantom share credited to a participant's account under the KKR Financial Holdings LLC Non-Employee Directors' Deferred Compensation and Share Award Plan, which is referred to in this proxy statement/prospectus as the Deferred Compensation Plan, will, immediately upon the effective time, automatically be converted into the right to receive 0.51 validly issued KKR common units (with fractional KKR common units to be aggregated and rounded to the nearest whole unit), but will otherwise remain outstanding following the effective time and be distributed pursuant to the terms of the Deferred Compensation Plan.

Adjustments to Prevent Dilution

If, before the effective time, KKR or KFN declares a stock dividend or other distribution payable in KFN common shares or KKR common units, as applicable, or securities convertible, exercisable or exchangeable into KFN common shares or KKR common units, as applicable, or effects a stock split, reclassification, combination, exchange of shares (other than any regular quarterly issuances of KKR common units made by KKR in accordance with its quarterly exchange process) or other similar change, the exchange ratio will be adjusted to reflect fully the appropriate effect of the change.

Withholding

KFN (or the surviving entity after the effective time), KKR, the exchange agent and any other applicable withholding agent will be entitled to deduct and withhold from the consideration otherwise payable pursuant to the merger agreement such amounts as are required to be deducted and withheld with respect to the making of the payments under applicable tax law. To the extent that amounts are withheld and timely paid over to the applicable taxing authority, the withheld amounts will be treated as having been paid to the applicable person in respect of which the deduction and withholding was made.

Dividends and Distributions

The merger agreement requires the parties to coordinate so that holders of KFN common shares do not receive in respect of the same calendar quarter both (1) a quarterly distribution in respect of the holders' KFN common shares and (2) a quarterly distribution in respect of the KKR common units issuable pursuant to the merger agreement. In addition, the merger agreement provides that no dividends or other distributions declared or made after the effective time with respect to KKR common units having a record date after the effective time will be paid to the holder of any unsurrendered certificate, and no cash payment in lieu of fractional KKR common units will be paid to any such holder, until the holder surrenders the certificate. Subject to applicable law of the State of Delaware, following surrender of any such certificate, the holder of the KKR common units issued in exchange will receive, without interest, (A) at the time of surrender, the amount of dividends or other distributions with a record date after the effective time payable with respect to the KKR common units and not paid, less the amount of any withholding taxes which may be required, and (B) at the appropriate payment date subsequent to surrender, the amount of dividends or other distributions with (i) a record date after the effective time but prior to surrender and (ii) a payment date subsequent to surrender that are payable with respect to the KKR common units, less the amount of any withholding taxes which may be required.

Regulatory Matters

See "Special Factors Regulatory Approvals and Clearances Required for the Merger" beginning on page 100 of this proxy statement/prospectus for a description of the material regulatory requirements for the completion of the merger.

Each of the parties to the merger agreement has agreed to use its reasonable best efforts to resolve any objections that a governmental authority may assert with respect to the transactions contemplated by the merger agreement under any antitrust law. Notwithstanding the foregoing, KKR, KFN and their respective subsidiaries are not required to agree, and are not permitted to agree without the other party's prior written consent, to take any action or accept any condition, restriction, obligation or requirement with respect to KKR, KFN or any of their respective subsidiaries or affiliates or their and their respective subsidiaries' or affiliates' assets if it (1) would reasonably be expected to require KKR, KFN or their respective subsidiaries or affiliates to sell, license, transfer, assign, lease, dispose of or hold separate any material business or assets or (2) would reasonably be expected to result in any material limitations on KKR or KFN or their respective subsidiaries or affiliates to own, retain, conduct or operate all or a material portion of their respective businesses or assets.

Termination of the Merger Agreement

KKR and KFN may terminate the merger agreement at any time prior to the closing, whether before or after holders of KFN common shares have adopted the merger agreement, by mutual written consent.

In addition, either KKR or KFN may terminate the merger agreement at any time prior to the closing if:

- there is any law or regulation that makes completion of the merger illegal or otherwise prohibited, or if any judgment, injunction, order or decree of a competent United States federal or state governmental authority enjoining the parties from completing the merger is entered and has become final and nonappealable; provided that the party seeking to terminate pursuant to this provision is required to have used its reasonable best efforts to render inapplicable the law or regulation or remove the judgment, injunction, order or decree as required by the merger agreement;

- the merger is not completed on or before September 16, 2014; provided, however, that the right to terminate pursuant to this provision will not be available to any party whose failure to perform any covenant or obligation under the merger agreement has been the primary cause of, or resulted in, the failure of the merger to occur on or before September 16, 2014;

- at the special meeting (including any adjournment or postponement of the special meeting) the merger agreement is not adopted by the affirmative vote of the holders of at least a majority of the outstanding KFN common shares entitled to vote thereon on the record date, voting together as a single class, and the holders of a majority of the outstanding KFN common shares (other than those KFN common shares held by KKR or any affiliate of KKR); provided, however, that the right to terminate pursuant to this provision will not be available to any party whose failure to perform any covenant or obligation under the merger agreement has been the primary cause of, or resulted in, the failure of the KFN shareholder approval to be obtained; or

- the other party has materially breached any of its representations, warranties, covenants or agreements contained in the merger agreement, or if any fact, circumstance, event, change, occurrence or effect has occurred, which breach or fact, circumstance, event, change, occurrence or effect would result in the failure of certain closing conditions to be satisfied on or prior to the September 16, 2014, and the breach or fact, circumstance, event, change, occurrence or

effect is not capable of being cured or is not cured by the earlier of (1) 30 business days after written notice is received by the party alleged to be in breach or with respect to which a fact, circumstance, event, change, occurrence or effect is alleged to have occurred and (2) September 16, 2014.

In addition, KKR may terminate the merger agreement if, at any time before the adoption of the merger agreement by KFN common shareholders, (1) a change of recommendation has occurred or (2) an acquisition proposal is publicly announced or disclosed (or any person publicly announces an intention (whether or not conditional) to make an acquisition proposal) after the date of the merger agreement and the board of directors of KFN fails to affirm the recommendation of the board of directors of KFN that holders of KFN common shares adopt the merger agreement by the later of (A) five business days before the special meeting (as it may be adjourned or postponed) and (B) five business days after receipt of a written request by KKR to do so (or the shorter period but not less than two business days as may exist between the date of the public announcement or disclosure of the acquisition proposal and the special meeting).

In addition, KFN may terminate the merger agreement at any time before the adoption of the merger agreement by KFN shareholders in order to enter into a definitive written agreement with respect to a superior proposal, provided that KFN has complied in all material respects with its obligations under described above under " No Solicitation by KFN of Alternative Proposals "and " Change of KFN Board Recommendation" and pays to Merger Sub or its designee in immediately available funds the termination payment (as described below) unless the termination payment obligation is waived by Merger Sub.

In some cases, termination of the merger agreement may require KFN to pay a termination payment to Merger Sub or its designees as described below under " Termination Payment and Expenses."

Termination Payment and Expenses

The merger agreement provides that KFN is required to pay a termination payment of $26.25 million, which is referred to in this proxy statement/prospectus as the termination payment, to Merger Sub or its designee (unless the payment obligation is waived by Merger Sub) if the merger agreement is terminated by:

- KKR because a change of recommendation has occurred;

- either KKR or KFN because the merger agreement was not adopted at the special meeting (including any adjournment or postponement of the special meeting) at a time when KKR had the right to terminate the merger agreement because of a change of recommendation;

- KFN in order to enter into a definitive written agreement with respect to a superior proposal;

- either KKR or KFN because (1) the merger is not completed on or before September 16, 2014 or (2) the merger agreement was not adopted at the special meeting (including any adjournment or postponement of the special meeting), and an acquisition proposal was publicly announced or disclosed (or any person publicly announced an intention to make an acquisition proposal) within certain time periods specified in the merger agreement and (2) within 12 months after the date of termination, KFN enters into a letter of intent, agreement-in-principle, acquisition agreement or other similar agreement with respect to, or publicly announces, a business combination (as described below) or completes a business combination; and

- KKR on the basis of a breach by KFN of any representations, warranties, covenants or agreements contained in the merger agreement (provided that the breach did not arise from or relate to a breach of KKR's obligation to cause the manager not to cause KFN to fail to comply

in any material respect with the merger agreement) (1) following the public announcement or disclosure of an acquisition proposal or the intention by any person to make an acquisition proposal that was not withdrawn prior to the termination and (2) within 12 months after the termination, KFN enters into a letter of intent, agreement-in-principle, acquisition agreement or other similar agreement with respect to, or publicly announces, a business combination or consummates a business combination.

For purposes of the merger agreement, the term "business combination" means (1) a merger, consolidation, acquisition, share exchange, business combination, reorganization, recapitalization, dissolution, liquidation or similar transaction involving KFN, (2) any purchase of an equity interest (including by means of a tender or exchange offer) representing an amount equal to or greater than a 50% voting or economic interest in KFN or (3) any purchase of assets, securities or ownership interests representing an amount equal to or greater than 50% of the consolidated asset value (including only the portion of the value of the equity interests of the subsidiaries of KFN that is actually owned directly or indirectly by KFN) or consolidated net revenues of KFN (including only the portion of the revenues attributable to the equity interests of the subsidiaries of KFN that is actually owned directly or indirectly by KFN); provided that the calculation of consolidated asset value and consolidated net revenues includes only the unconsolidated interests in variable interest entities that are held directly or indirectly by KFN so that the total asset value or revenues of the entire variable interest entity is not included in the calculation.

Generally, all costs and expenses incurred in connection with the merger agreement and the transactions contemplated by the merger agreement will be paid by the party incurring the expenses, except that expenses incurred in connection with filing, printing and mailing of the registration statement of which this proxy statement/prospectus forms a part and this proxy statement/prospectus (including filing fees) will be shared equally by Fund Holdings and KFN. However, if the merger agreement is terminated by either KKR or KFN because the merger agreement was not adopted at the special meeting (including any adjournment or postponement of the special meeting), KFN is required to indemnify and hold harmless KKR, Fund Holdings and Merger Sub (unless waived by those parties) for certain of their respective reasonable out-of-pocket costs, fees and expenses not to exceed $7.5 million in the aggregate; provided, however, that upon payment of the termination payment in full, KFN will no longer be required to indemnify and hold harmless KKR, Fund Holdings and Merger Sub for their costs, fees and expenses. In addition, if it is judicially determined that termination of the merger agreement was by reason of a willful or intentional breach of the merger agreement, then, in addition to other remedies at law or equity for a willful or intentional breach of the merger agreement, the party found to have willfully or intentionally breached the merger agreement will be required to indemnify and hold harmless the other parties (unless waived by the other parties) for certain of their respective reasonable out-of-pocket costs, fees and expenses.

Conduct of Business Pending the Consummation of the Merger

Under the merger agreement, each of KKR and KFN has undertaken certain covenants that place restrictions on it and its respective subsidiaries from the date of the merger agreement until the effective time, unless the other party gives its prior written consent (which cannot be unreasonably withheld, conditioned or delayed). In addition, KFN has generally agreed that it will (1) conduct the business of KFN and its subsidiaries in all material respects only in the ordinary course of business and in a manner consistent in all material respects with past practice and (2) use commercially reasonable efforts to preserve substantially intact its business organization and maintain and preserve intact its business relationships.

Subject to certain exceptions set forth in the merger agreement and the disclosure schedules delivered by KFN to KKR in connection with the merger agreement, unless KKR consents in writing

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(which consent cannot be unreasonably withheld, conditioned or delayed), KFN has agreed to certain restrictions limiting its and its respective subsidiaries' ability to, among other things:

- amend or otherwise change KFN's certificate of formation or operating agreement;

- issue, deliver, sell, grant, pledge, dispose of or grant a lien on, or permit a lien to exist on, any shares of any class of capital stock of KFN or any of its subsidiaries, any other voting securities or other ownership interests, or any options, warrants, convertible securities or other rights of any kind to acquire any shares of capital stock, voting securities or equity interests, or any "phantom" share, "phantom" share rights, share appreciation rights, share-based units or other similar interests of KFN or any of its subsidiaries (except for the issuance of KFN common shares issuable pursuant to the exercise of options outstanding on the date of the merger agreement in accordance with their terms or the crediting of additional phantom shares (and issuance of KFN common shares in settlement thereof) under the Deferred Compensation Plan in accordance with the terms as a result of deferral elections previously made (and not otherwise timely revoked) in respect of 2013 and 2014 compensation in the ordinary course of business, and the dividend reinvestment feature under the Deferred Compensation Plan);

- sell, lease, license, pledge or dispose of, or grant a lien or permit a lien to exist on, any properties, investments or other assets or any interests therein of KFN or any of its subsidiaries that have an aggregate value in excess of $5,000,000;

- declare, set aside, make or pay any dividend, payable in cash, equity securities, property or otherwise, with respect to any of its capital stock, except for (1) dividends by any of KFN's wholly-owned subsidiaries to KFN or any of its other wholly-owned subsidiaries and (2) any regular quarterly distribution made by KFN in an amount up to $0.22 per KFN common share for any quarterly distribution (subject to the limitations described under " Dividends and Distributions");

- adjust, reclassify, combine, split, subdivide or redeem, or purchase or otherwise acquire any of its capital stock, voting securities or other ownership interests or any securities convertible into or exchangeable or exercisable for capital stock, voting securities or other ownership interests (except for the withholding of KFN common shares in respect of the payment of the exercise price or taxes upon the exercise of any options, the vesting of KFN common restricted shares or the settlement of phantom units);

- (1) acquire, including by merger, consolidation or acquisition of stock or assets or any other business combination or by any other manner, any corporation, partnership, other business organization or any business, division or equity interest thereof, or (2) incur any indebtedness for borrowed money or issue any debt securities or assume, guarantee or endorse, or otherwise become responsible for, the obligations of any person, or make any loans or advances or capital contribution to, or investment in, any person, except to employees in the ordinary course of business and in a manner consistent with past practice or to KFN or any wholly-owned subsidiary of KFN;

- modify in any material respect any accounting policies or procedures, other than as required by GAAP or applicable law;

- (1) make any change to any material method of tax accounting, (2) make, change or rescind any material tax election, (3) settle or compromise any material tax liability or consent to any claim or assessment relating to a material amount of taxes, (4) file any amended tax return, (5) file any claim for refund of a material amount of taxes, (6) enter into any closing agreement relating to a material amount of taxes or (7) waive or extend the statute of limitations in respect of material taxes;

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except (1) for the acceleration of the vesting of existing phantom shares and restricted KFN common shares, (2) as required by the provisions of the merger agreement relating to the treatment of equity awards or (3) to ensure that any benefits plan is not then out of compliance with applicable law or the terms of the benefits plan on the date of the merger agreement, (A) adopt, enter into, terminate or amend any benefits plan, (B) increase in any manner the compensation or benefits of any director, officer, employee or independent contractor, (C) grant or pay any change-in-control, retention, severance or termination pay to, or increase in any manner the change-in-control, retention, severance or termination pay of, any current or former director, officer, employee or independent contractor, (D) grant any equity or equity-based awards or make any loan to any employee or independent contractor (other than the crediting of additional phantom shares (and issuance of KFN common shares in settlement thereof) under the Deferred Compensation Plan in accordance with the terms thereof as a result of deferral elections previously made (and not otherwise timely revoked) in respect of 2013 and 2014 compensation in the ordinary course of business, and the dividend reinvestment feature under the Deferred Compensation Plan), (E) take any action to fund or in any other way secure the payment of compensation or benefits under any benefits plan; or (F) hire or terminate any officer, employee or independent contractor;

except as required by applicable law or any judgment by a court of competent jurisdiction, (1) pay, discharge, settle or satisfy any claims, liabilities, obligations or litigation that are material to KFN and its subsidiaries, taken as a whole, other than the payment, discharge, settlement or satisfaction in the ordinary course of business and in a manner consistent with past practice of in accordance with their terms, of liabilities disclosed, reflected or reserved against in the financial statements (or the notes thereto) contained in KFN's filings with the SEC (for amounts not in excess of such reserves) or incurred since the date of the financial statements in the ordinary course of business and in a manner consistent with past practice, (2) cancel any material indebtedness or (3) waive or assign any claims or rights of material value;

(1) enter into, (2) terminate or cancel, except when it may be commercially reasonable to do so, (3) fail to exercise a right to renew on terms commercially reasonable to KFN or (4) modify or amend in any material respect, any of certain types of contracts of KFN specified in the merger agreement; or

agree in writing or otherwise commit to take any of the foregoing actions.

Subject to certain exceptions set forth in the merger agreement and the disclosure schedules delivered by KKR to KFN in connection with the merger agreement, unless KFN consents in writing (which consent cannot be unreasonably withheld, conditioned or delayed), KKR has agreed to certain restrictions limiting its and its respective subsidiaries' ability to, among other things:

amend or otherwise change the organizational documents of KKR, Fund Holdings or Merger Sub, except for any amendments or changes that would not (1) materially delay, materially impede or prevent the completion of the merger and (2) adversely affect the holders of KFN common shares in any material respect differently than the holders of KKR common units;

declare, set aside, make or pay any extraordinary or special dividend or distribution, payable in cash, equity securities, property or otherwise, with respect to any KKR common units;

(1) acquire or merge with any business, person or division, if entering into a definitive agreement relating to the acquisition or merger would be reasonably likely to, or (2) incur any indebtedness for borrowed money or issue any debt securities if the incurrence or issuance would be reasonably likely to, in either case, (A) materially delay the effectiveness of the registration statement of which this proxy statement/prospectus forms a part or (B) materially delay, materially impede or prevent the completion of the merger;

issue, deliver, sell, grant or dispose of any KKR common units or shares of any class of capital stock of KKR, any other voting securities or other ownership interests of KKR, or any options, warrants, convertible securities or other rights of any kind to acquire any KKR common units, or any "phantom" stock, "phantom" stock rights, stock appreciation rights, stock-based units or other similar interests of KKR (except, in each case, (1) in the ordinary course (including the issuance of equity-based awards, any regular quarterly issuances of KKR common units made by KKR in accordance with its quarterly exchange process and sales pursuant to a certain prospectus previously filed with the SEC by KKR), (2) for the issuance of KKR common units issuable pursuant to the settlement of awards with respect to directors, employees and service providers of KKR or its affiliates outstanding on the date of the merger agreement or as may be granted in the ordinary course, in all cases in accordance with customary terms) or (3) in connection with acquisitions, business combinations, joint ventures or strategic alliances or similar transactions);

adjust, reclassify, combine, split or subdivide any KKR common units, or any capital stock, voting securities or other ownership interests of KKR or any securities convertible into or exchangeable or exercisable for KKR common units or capital stock, voting securities or other ownership interests of KKR; or

agree in writing or otherwise commit to take any of the foregoing actions.

Indemnification; Directors' and Officers' Insurance

The merger agreement provides that, for a period of six years from and after the effective time, KKR and the surviving entity in the merger will be required to maintain in effect (1) the current provisions (or provisions no less favorable) regarding exculpation and indemnification of present or former officers and directors contained in the organizational documents of KFN and its subsidiaries and (2) any agreements of KFN and its subsidiaries with any of their respective present or former directors and officers that provide rights to exculpation or indemnification for acts or omissions occurring at or prior to the effective time (whether asserted or claimed prior to, at or after the effective time, including any matters arising in connection with the transactions contemplated by the merger agreement). In addition, the merger agreement provides that from and after the effective time, KKR and the surviving entity will be required to indemnify, defend and hold harmless, and provide advancement of expenses (including advancing attorneys' fees and expenses incurred in advance of the final disposition of any actual or threatened claim, suit, proceeding or investigation to the fullest extent permitted under applicable law, provided that any person to whom fees and expenses are advanced provides an undertaking to repay such advances if it is ultimately determined that such person is not entitled to indemnification) to, the present and former officers and directors of KFN against all losses, claims, damages, costs, expenses, liabilities or judgments that are paid in settlement of or in connection with any action based on, relating to or arising out of the fact that he or she is or was an officer or director of KFN or its subsidiaries prior to the effective time, whether asserted or claimed prior to, or at or after, the effective time (including acts or omissions occurring in connection with the approval of the merger agreement and the completion of the transactions contemplated by the merger agreement) to the fullest extent provided or permitted under the organizational documents of KFN and its subsidiaries and any indemnification agreement entered into between KFN or its subsidiaries and the director or officer, and to the fullest extent permitted under applicable law.

In addition, the merger agreement provides that if KKR does not elect to purchase a "tail" directors' and officers' liability insurance policy for KFN's present and former officers and directors with coverage for six years following the effective time, and with coverage and amounts and terms and conditions no less favorable to the covered persons than the existing policies of directors' and officers' liability insurance maintained by KFN, KFN may purchase a six year "tail" insurance policy; provided that KFN may not, without KKR's consent, make a premium payment to the extent it exceeds 300% of

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the current annual premium paid by KFN for its directors' and officers' liability insurance (or as much comparable "tail" insurance as possible for that amount). If KFN is unable to purchase any such "tail" insurance, KKR is required to cause Merger Sub to, at KFN's request, purchase and maintain (and honor the obligations under), during the six-year period beginning on the date of the effective time, a "tail" insurance policy with respect to directors' and officers' liability insurance of comparable coverage and amounts and containing terms and conditions no less favorable, in the aggregate, to the officers and directors of KFN as KFN's existing policies with a claims period of six years from the effective time; provided, however, that Merger Sub is not required to pay more than 300% of the current annual premium paid by KFN for its directors' and officers' liability insurance as the aggregate premium for the "tail" insurance policies for its entire period (in which case Merger Sub will obtain as much comparable "tail" insurance as possible for that amount).

Amendment and Waiver

The merger agreement provides that it may be amended by the parties at any time before or after the adoption of the merger agreement by KFN shareholders, but after any such approval, no amendment is permitted that by applicable law requires further approval or authorization by the holders of KFN common shares without such further approval or authorization.

At any time prior to the effective time, KKR (with respect to KKR, Fund Holdings and Merger Sub) and KFN (by approval of the transaction committee of the board of directors of KFN) may, to the extent legally allowed, (1) extend the time for the performance of any of the obligations or other acts of the other parties, (2) waive any inaccuracies in the representations and warranties contained in the merger agreement or in any certificate delivered pursuant to the merger agreement and (3) waive compliance with any of the agreements or conditions contained in the merger agreement or in any document delivered pursuant to the merger agreement.

Remedies; Specific Performance

The merger agreement provides that, in the event KFN pays the termination payment (described under " Termination Payment and Expenses") to Merger Sub or its designee when required, KFN will have no further liability to KKR, Fund Holdings or Merger Sub or their respective affiliates, except in the case of fraud or any willful or intention breach of any provision of the merger agreement. In addition, the merger agreement provides that nothing in the merger agreement will relieve any party of any liability for fraud or any willful or intentional breach of any provision of the merger agreement. The merger agreement also provides that the parties are entitled to an injunction to violations or threatened violations of the merger agreement and to specifically enforce the merger agreement.

Representations and Warranties

The merger agreement contains representations and warranties made by KKR, Fund Holdings and Merger Sub to KFN, and representations and warranties made by KFN to KKR, Fund Holdings and Merger Sub. These representations and warranties have been made solely for the benefit of the other parties to the merger agreement and:

- may be intended not as statements of fact or of the condition of the parties to the merger agreement or their respective subsidiaries, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;

- have been qualified by disclosures that were made to the other party in connection with the negotiation of the merger agreement, which disclosures may not be reflected in the merger agreement;

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- may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and
- were made only as of the date of the merger agreement or such other date or dates as may be specified in the merger agreement and are subject to more recent developments.

The representations and warranties made by both KKR, Fund Holdings and Merger Sub, on the one hand, and KFN, on the other hand, relate to, among other things:

- organization, standing, power and similar matters;
- power and authority to enter into the merger agreement and complete the transactions contemplated by the merger agreement;
- capitalization;
- required consents and approvals of governmental authorities, and absence of certain conflicts, in connection with the transactions contemplated by the merger agreement;
- the absence of a material adverse effect;
- documents filed with the SEC, financial statements included in those documents and internal control over financial reporting;
- this proxy statement/prospectus and the registration statement of which it forms a part;
- absence of certain litigation;
- brokerage and finder's fees;
- compliance with law;
- absence of undisclosed liabilities;
- business operations since September 30, 2013; and
- regulation under the Investment Company Act.

Additional representations and warranties made only by KFN relate to, among other things:

subsidiaries;

taxes;

title to properties;

benefits plans

certain contracts of KFN;

the opinion received from the financial advisor to the transaction committee of the board of directors of KFN;

takeover statutes; and

insurance policies.

Additional representations and warranties made only by KKR, Fund Holdings and Merger Sub relate to, among other things:

operations of Merger Sub;

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- status under provisions of KFN's operating agreement relating to ownership of KFN's capital stock; and

- no knowledge of certain persons that any representation or warranty of KFN made in the merger agreement is untrue or inaccurate as of the date of the merger agreement.

Additional Agreements

It is a condition to the closing of the merger that the KKR common units to be issued in connection with the merger be approved for listing on the NYSE, subject to official notice of issuance.

In addition, the merger agreement provides that until the closing of the merger, the manager will not, and KKR will cause the manager not to, in its capacity as manager of KFN, take any action (unless acting at the direction of the board of directors of KFN) that would cause KFN to fail to comply in any material respect with any of the provisions of the merger agreement.

The merger agreement also contains covenants relating to, among other things, cooperation in the preparation of this proxy statement/prospectus and the holding of the special meeting, access to information and confidentiality, the tax treatment of the merger, public announcements, dispositions of equity securities in the merger by persons who may be subject to the reporting requirements of Section 16(a) of the Exchange Act, litigation related to the merger, notice of certain matters, activities of Merger Sub and approvals.

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UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The unaudited pro forma condensed combined statements of operations for the year ended December 31, 2013 combine the historical consolidated statements of operations of KKR and KFN, giving effect to the merger as if it had occurred on January 1, 2013. The historical consolidated financial information has been adjusted in the unaudited pro forma condensed combined financial statements to give effect to pro forma events that are (1) directly attributable to the merger, (2) factually supportable, and (3) with respect to the statements of operations, expected to have a continuing impact on the combined results. The unaudited pro forma condensed combined financial information should be read in conjunction with the accompanying notes to the unaudited pro forma condensed combined financial statements. In addition, the unaudited pro forma condensed combined financial information was based on and should be read in conjunction with the:

- separate historical audited financial statements of KKR as of and for the year ended December 31, 2013 and the related notes included in KKR's Annual Report on Form 10-K for the year ended December 31, 2013, which is incorporated by reference into this proxy statement/prospectus; and

- separate historical audited financial statements of KFN as of and for the year ended December 31, 2013 and the related notes included in KFN's Annual Report on Form 10-K for the year ended December 31, 2013, which is incorporated by reference into this proxy statement/prospectus.

The unaudited pro forma condensed combined financial information has been presented for informational purposes only and is based on the most current information available. The pro forma information is not necessarily indicative of what the combined company's financial position or results of operations actually would have been had the merger been completed as of the dates indicated. In addition, the unaudited pro forma condensed combined financial information does not purport to project the future financial position or operating results of the combined company.

The unaudited pro forma condensed combined financial information has been prepared using the acquisition method of accounting under existing U.S. generally accepted accounting principles, or GAAP standards, which are subject to change and interpretation. KKR has been treated as the acquirer in the merger for accounting purposes. The acquisition accounting is dependent upon certain valuations and other studies that have yet to commence or progress to a stage where there is sufficient information for a definitive measurement. Accordingly, the pro forma adjustments are preliminary and have been made solely for the purpose of providing unaudited pro forma condensed combined financial information. Differences between these preliminary estimates and the final acquisition accounting may occur and these differences could have a material impact on the accompanying unaudited pro forma condensed combined financial statements and the combined company's future results of operations and financial position.

The unaudited pro forma condensed combined financial information does not reflect any cost savings, operating synergies or revenue enhancements that the combined company may achieve as a result of the merger or the costs to integrate the operations of KKR and KFN or the costs necessary to achieve these cost savings, operating synergies and revenue enhancements.

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Unaudited Pro Forma Condensed Combined Statement of Financial Condition

As of December 31, 2013

(Amounts in Thousands)

	KKR	KFN*	Pro Forma Adjustments**		Pro Forma Combined
Assets					
Cash and Cash Equivalents	$ 1,306,383	$ 157,167	$		$ 1,463,550
Cash and Cash Equivalents Held at Consolidated Entities	440,808	319,121			759,929
Restricted Cash and Cash Equivalents	57,775	31,264			89,039
Investments	47,383,697	7,617,543	(12,302)	(a)	54,988,938
Due From Affiliates	143,908		(5,574)	(b)	138,334
Other Assets	2,094,630	592,103	342,064	(c)	3,028,797
Total Assets	**$ 51,427,201**	**$ 8,717,198**	**$ 324,188**		**$ 60,468,587**
Liabilities & Equity					
Debt Obligations	$ 1,908,606	$ 6,020,465	$ (74,781)	(d)	$ 7,854,290
Due to Affiliates	93,851	5,574	(5,574)	(e)	93,851
Accounts Payable, Accrued Expenses and Other Liabilities	2,839,926	163,425	32,802	(f)	3,036,153
Total Liabilities	4,842,383	6,189,464	(47,553)		10,984,294
Redeemable Noncontrolling Interests	627,807				627,807
Equity					
KKR & Co. L.P. Partners' Capital	2,722,010	2,166,112	491,563	(g)	5,379,685
Noncontrolling Interests	43,235,001	361,622	(119,822)	(h)	43,476,801
Total Equity	45,957,011	2,527,734	371,741		48,856,486
Total Liabilities & Equity	**$ 51,427,201**	**$ 8,717,198**	**$ 324,188**		**$ 60,468,587**

The accompanying notes to the unaudited pro forma condensed combined financial statements are an integral part of these statements.

*

For purposes of the unaudited pro forma condensed combined financial statements, certain reclassifications were made to KFN's historical financial statements to conform to those classifications used by KKR. The reclassifications are explained in *Note 3. Accounting Policies and Financial Statement Classifications* beginning on page 155 of this proxy statement/prospectus.

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The pro forma adjustments are explained in *Note 6. Pro Forma Adjustments* beginning on page 160 of this proxy statement/prospectus.

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Unaudited Pro Forma Condensed Combined Statement of Operations

For the year ended December 31, 2013

(Amounts in Thousands, Except Unit Data)

	KKR	KFN*	Pro Forma Adjustments**		Pro Forma Combined
Revenues					
Fees	$ 762,546	$ 119,178	$ (78,409)	(i)	$ 803,315
Expenses					
Compensation and Benefits	1,266,592	6,131	(6,131)	(j)	1,266,592
Occupancy and Related Charges	61,720	1,060	(1,060)	(k)	61,720
General, Administrative and Other	438,826	172,972	(71,218)	(l)	540,580
Total Expenses	1,767,138	180,163	(78,409)		1,868,892
Investment Income (Loss)					
Net Gains (Losses) from Investment Activities	7,826,082	97,409	(3,196)	(m)	7,920,295
Dividend Income	695,521	14,772			710,293
Interest Income	474,759	432,660	(12,148)	(n)	895,271
Interest Expense	(99,616)	(190,159)	12,148	(n)	(277,627)
Total Investment Income (Loss)	8,896,746	354,682	(3,196)		9,248,232
Income (Loss) Before Taxes	7,892,154	293,697	(3,196)		8,182,655
Income Taxes	37,926	467	14,877	(o)	53,270
Net Income (Loss)	7,854,228	293,230	(18,073)		8,129,385
Less: Net Income (Loss) Attributable to Redeemable Noncontrolling Interests	62,255				62,255
Less: Net Income (Loss) Attributable to	7,100,747		(61)	(p)	7,100,686

Noncontrolling Interests					
Less: Preferred Share Distributions		27,411		27,411	
Net Income (Loss) Attributable to KKR & Co. L.P.	$ 691,226	$ 265,819	$ (18,012)	$ 939,033	
Net Income (Loss) Attributable to KKR & Co. L.P. Per Common Unit					
Basic	$ 2.51	$ 1.31		$ 2.48	
Diluted	$ 2.30	$ 1.31		$ 2.32	
Weighted Average Common Units Outstanding					(0.3)

Net (loss) / income attributable to ordinary shareholders	(897.6)	145.1	(127.3)	(3.2)	$ 14.6	$ (739.3)	$ (81.2)	$ (805.9)	$ (1,703.5)
(Loss) per share attributable to ordinary shareholders (9):									
Basic	$ (4.39)								
Diluted	$ (4.39)								
Weighted average shares outstanding:									
Basic	204.4								
Diluted	204.4								

See the accompanying notes to the unaudited pro forma combined financial information, which are an integral part of these pro forma financial statements.

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Actavis plc

Unaudited Pro Forma Combined Statement of Operations

For The Nine Months Ended September 30, 2014 (continued)

(In millions, except for per share data)	Actavis Stand-Alone Pro Forma Subtotal	Historical Allergan (after conforming reclassifications)	Merger Adjustments	Financing Adjustments	Footnote Reference	Pro Forma
Net revenues	$ 11,313.2	$ 5,327.4	$ (9.8)	$	9a	$ 16,630.8
Operating expenses:						
Cost of sales (excludes amortization and impairment of acquired intangibles including product rights)	5,018.5	569.5	(1.4)		9a,9b	5,586.6
Research and development	1,101.9	984.5	42.2		9b	2,128.6
Selling and marketing	2,001.3	1,653.6	78.5		9b	3,733.4
General and administrative	1,633.2	643.7	25.2		9b	2,302.1
Amortization	2,644.3	84.8	3,131.5		9c	5,860.6
Goodwill impairment						
In-process research and development impairments	321.3					321.3
Asset sales, impairments, and contingent consideration adjustment, net	12.9	8.7				21.6
Total operating expenses	12,733.4	3,944.8	3,276.0			19,954.2
Operating (loss) / income	(1,420.2)	1,382.6	(3,285.8)			(3,323.4)
Non-Operating income (expense):						
Interest income	17.6	6.2				23.8
Interest expense	(459.4)	(53.8)	(12.5)	(787.1)	9e,9f	(1,312.8)
Other income (expense), net	5.4	20.4				25.8
Total other income (expense), net	(436.4)	(27.2)	(12.5)	(787.1)		(1,263.2)
(Loss) / income before income taxes and noncontrolling interest	(1,856.6)	1,355.4	(3,298.3)	(787.1)		(4,586.6)
Provision / (benefit) for income taxes	(153.4)	365.4	(731.0)		9d,9g	(519.0)
Net (loss) / income	(1,703.2)	990.0	(2,567.3)	(787.1)		(4,067.6)
(Income) attributable to noncontrolling interest	(0.3)	(2.7)				(3.0)

Net (loss) / income attributable to ordinary shareholders	$ (1,703.5)	$ 987.3	$ (2,567.3)	$ (787.1)	$ (4,070.6)
(Loss) per share attributable to ordinary shareholders (9):					
Basic					$ (10.00)
Diluted					$ (10.00)
Weighted average shares outstanding:					
Basic					406.9
Diluted					406.9

See the accompanying notes to the unaudited pro forma combined financial information, which are an integral part of these pro forma financial statements.

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1. Description of Transactions

The Merger: On November 16, 2014, Actavis entered into the Merger Agreement with Merger Sub and Allergan. At the effective time of the Merger, each share of Allergan s common stock issued and outstanding immediately prior to the Merger (other than excluded shares and dissenting shares) will be converted into the right to receive (i) $129.22 in cash, without interest, and (ii) 0.3683 of an ordinary share of Actavis.

Actavis plans to pay the aggregate Cash Consideration Portion from cash on hand of Actavis and Allergan and with the anticipated proceeds of the Debt Financing, which consists of: (i) up to $5.5 billion under the Term Facilities, (ii) up to $22.0 billion in aggregate principal amount of the Notes, (iii) under certain circumstances, up to $4.698 billion in loans under the Cash Bridge Facility and (iv) if and to the extent the Notes or the Equity Securities are not issued and sold, up to $30.9 billion in loans under the Bridge Facility.

On December 17, 2014, Actavis entered into the Bridge Credit Agreement with respect to the Bridge Facility and the Term Loan Credit Agreement with respect to the Term Facilities. On November 16, 2014, Actavis obtained the Commitment Letter from the Commitment Parties pursuant to which the Commitment Parties agreed to provide, subject to certain conditions, the entire principal amount of the Cash Bridge Facility and commitments for certain other portions of the Debt Financing that have been replaced by the Bridge Credit Agreement and the Term Loan Credit Agreement. The commitments under the Commitment Letter with respect to the Cash Bridge Facility remain outstanding.

For the purposes of the unaudited pro forma combined financial information, Actavis has assumed a draw down on the Bridge Facility of $21.4 billion.

Forest Transaction: On July 1, 2014, Actavis acquired Forest for $30.9 billion including outstanding indebtedness assumed of $3.3 billion, equity consideration of $20.6 billion, which included the assumption of outstanding Forest equity awards, and cash consideration of $7.1 billion. Under the terms of the Forest Transaction, Forest stockholders and holders of Forest equity awards received 89.8 million of Actavis ordinary shares, 6.1 million of Actavis non-qualified stock options and 1.1 million of Actavis share units. Included in the consideration is the portion of outstanding equity awards deemed to have been earned as of July 1, 2014 of $568.1 million (amount deemed not to have been earned as of July 1, 2014 was $570.4 million).

Actavis historical consolidated statement of operations for the nine months ended September 30, 2014 includes results of operations of Forest since July 1, 2014.

Aptalis Transaction: On January 31, 2014, Forest acquired Aptalis in a series of merger transactions for an aggregate purchase price equal to the total enterprise value, plus the aggregate exercise price applicable to Aptalis outstanding options and other equity awards, plus the amount of closing date cash, minus Aptalis existing indebtedness, minus certain selling stockholders expenses.

Warner Chilcott Transaction: On October 1, 2013, Actavis acquired Warner Chilcott plc pursuant to a scheme of arrangement where each Warner Chilcott ordinary share was converted into 0.160 of an Actavis ordinary share, or $5,833.9 million in equity consideration. Actavis historical consolidated statement of operations for the year ended December 31, 2013 includes results of operations of Warner Chilcott plc since October 1, 2013.

2. Basis of Presentation

The historical consolidated financial information of Actavis has been adjusted in the accompanying unaudited pro forma combined financial information to give effect to pro forma events that are (i) directly attributable to the transaction, (ii) factually supportable, and (iii) with respect to the unaudited pro forma combined statements of operations, are expected to have a continuing impact on the results of operations.

The unaudited pro forma combined financial information was prepared using the acquisition method of accounting in accordance with ASC 805, which requires, among other things, that assets acquired and liabilities assumed in a business combination be recognized at their fair values as of the acquisition date.

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The acquisition method of accounting uses the fair value concepts defined in ASC 820, Fair Value Measurement, (referred to in this joint proxy statement/prospectus as ASC 820) as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This is an exit price concept for the valuation of an asset or liability. Market participants are assumed to be buyers or sellers in the most advantageous market for the asset or liability. Fair value measurement for an asset assumes the highest and best use by these market participants. Fair value measurements can be highly subjective and it is possible the application of reasonable judgment could develop different assumptions resulting in a range of alternative estimates using the same facts and circumstances.

3. Accounting Policies

Following the Merger, Actavis will conduct a review of accounting policies of Allergan in an effort to determine if differences in accounting policies require restatement or reclassification of results of operations or reclassification of assets or liabilities to conform to Actavis accounting policies and classifications. As a result of that review, Actavis may identify differences among the accounting policies of Actavis and Allergan that, when conformed, could have a material impact on this unaudited pro forma combined financial information. During the preparation of this unaudited pro forma combined financial information, Actavis was not aware of any material differences between accounting policies of Actavis and Allergan, except for certain reclassifications necessary to conform to Actavis financial presentation, and accordingly, this unaudited pro forma combined financial information does not assume any material differences in accounting policies among Actavis and Allergan.

4. Historical Allergan

Financial information of Allergan in the Historical Allergan column in the unaudited pro forma combined balance sheet represents the historical consolidated balance sheet of Allergan as of September 30, 2014. Financial information presented in the Historical Allergan column in the unaudited pro forma combined statement of operations represents the historical consolidated statement of operations of Allergan for the 12 months ended December 31, 2013 and the nine months ended September 30, 2014. Such financial information has been reclassified or classified to conform to the historical presentation in Actavis consolidated financial statements as set forth below (in millions). Unless otherwise indicated, defined line items included in the footnotes have the meanings given to them in the historical financial statements of Allergan.

Reclassification and classification of the unaudited combined pro forma balance sheet as of September 30, 2014

	Before Reclassification	Reclassification	After Reclassification
Marketable securities	$ 274.6(i)		$ 274.6
Prepaid expenses and other current assets	653.3	(286.0)(ii)	367.3
Deferred tax assets short term		288.8(ii,iii)	288.8
Deferred tax assets long-term	59.4	330.0(iii)	389.4
Accounts payable and accrued expenses	1,511.2(v)	(4.8)(iv)	1,506.4
Deferred revenue		4.8(iv)	4.8
Deferred tax liabilities short-term		2.8(iii)	2.8

Deferred tax liabilities long-term		330.0(iii)	330.0
Deferred revenue		68.5(vii)	68.5
Other taxes payable		53.4(vi)	53.4
Other long-term liabilities	871.2	(121.9)(vi,vii)	749.3

(i) Includes Short-term investments consisting of commercial paper and foreign time deposits with original maturities over 92 days.

(ii) Represents the reclassification of Short-term deferred tax assets from the Prepaid expenses and other current assets line item in the table set forth above.

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(iii) Represent the gross-up and reversal of short-term and long-term deferred tax netting.
(iv) Represents the reclassification of deferred revenue from Other accrued expenses.
(v) Includes Accounts payable of $283.2 million, Accrued compensation of $267.9 million and Other accrued expenses of $960.1 million.
(vi) Represents the reclassification of Other liabilities payable.
(vii) Represents the reclassification of Long-term deferred revenue.

Reclassifications and classification in the unaudited pro forma combined statement of operations for the year ended December 31, 2013

	Before Reclassification	Reclassification	After Reclassification
Net revenue	$ 6,300.4(i)		$ 6,300.4
Cost of sales	795.8	$ (95.0)(vii)	700.8
Selling and marketing		1,976.6(v,vii)	1,976.6
General and administrative	2,519.4(ii)	(1,884.8)(iv-vi)	634.6
Research and development	1,042.3	3.0(vi)	1,045.3
Asset sales, impairments, contingent consideration adjustments, net	16.9(iii)	0.2(iv,viii)	17.1

(i) Includes Total revenue of $6,300.4 million.
(ii) Includes Selling, general and administrative of $2,519.4 million.
(iii) Includes Impairment of intangible assets and related costs of $11.4 million and Restructuring charges of $5.5 million.
(iv) Represents the reclassification of Selling, general and administrative of $5.7 million related to the loss on disposals of fixed assets.
(v) Represents the reclassification of Selling, general and administrative of $1,881.6 million relating to selling and marketing activities.
(vi) Represents allocation of restructuring charges, of which $2.5 million to general and administrative and $3.0 million to research and development.
(vii) Represents the reclassification of Cost of sales of $95.0 million related to product distribution to customers for select fees treated by Actavis as selling expenses.
(viii) Represents the reclassification of Impairment of intangible assets and related costs of $11.4 million related to intangible asset impairments.

Reclassifications and classifications in the unaudited pro forma combined statement of operations for the nine months ended September 30, 2014

	Before Reclassification	Reclassification	After Reclassification
Net revenue	$ 5,327.4(i)		$ 5,327.4
Cost of sales	633.3	$ (63.8)(vi,vii)	569.5
Selling and marketing		1,653.6(iv-vi)	1,653.6
General and administrative	2,092.2(ii)	(1,448.5)(iv-vi)	643.7

Research and development	926.2	58.3(vi)	984.5
Asset sales, impairments, contingent consideration adjustments, net	208.3(iii)	(199.6)(iv,vi)	8.7

(i) Includes Total revenue of $5,327.4 million.
(ii) Includes Selling, general and administrative of $2,092.2 million.
(iii) Includes Restructuring charges of $208.3 million.
(iv) Represents the reclassification of Selling, general and administrative of $8.7 million related to the loss on disposals of fixed assets.

(v) Represents the reclassification of Selling, general and administrative of $1,500.7 million relating to selling and marketing activities.

(vi) Represents the allocation of restructuring charges of $208.3 million, Cost of sales of $12.5 million, Selling and marketing of $76.6 million, General and administrative of $60.9 million and Research and development of $58.3 million.

(vii) Represents the reclassification of Cost of sales of $76.3 million related to product distribution to customers for select fees treated by Actavis as selling expenses.

5. Historical Forest

Financial information of Forest presented in the Historical Forest column in the unaudited pro forma combined statement of operations of Forest for the year ended December 31, 2013 was derived by adding the consolidated statement of operations for the nine months ended December 31, 2013 and subtracting the consolidated statement of operations for the nine months ended December 31, 2012 to and from the consolidated statement of operations for the fiscal year ended March 31, 2013 as follows (in millions):

	(A) Year Ended March 31, 2013	(B) Nine Months Ended December 31, 2013	(C) Nine Months Ended December 31, 2012	(D)=(A)+(B)-(C) Twelve Months Ended December 31, 2013
Total revenue	$ 3,094.0	$ 2,554.7	$ 2,280.2	$ 3,368.5
Cost of goods sold	649.1	511.4	471.3	689.2
Gross profit	2,444.9	2,043.3	1,808.9	2,679.3
Operating expenses				
Selling, general and administrative	1,558.3	1,307.4	1,185.6	1,680.1
Research and development	963.6	596.3	723.3	836.6
Total operating expenses	2,521.9	1,903.7	1,908.9	2,516.7
Operating (loss) income	(77.0)	139.6	(100.0)	162.6
Interest and other income (expense), net	32.1	12.6	24.3	20.4
Income (loss) before income taxes	(44.9)	152.2	(75.7)	183.0
Income tax (benefit) expense	(12.8)	41.0	1.8	26.4
Net (loss) income	$ (32.1)	$ 111.2	$ (77.5)	$ 156.6

Financial information presented in the Historical Forest column in the unaudited pro forma combined statement of operations for the nine months ended September 30, 2014, is for the six months Forest was as a stand-alone entity and was derived by subtracting the consolidated statement of operations for the nine months ended December 31, 2013 and adding the consolidated statement of operations for the fiscal year ended March 31, 2014 from and to the consolidated statement of operations for the three months ended June 30, 2014 as follows (in millions):

	(E) Year Ended March 31, 2014	(F) Nine Months Ended December 31, 2013	(G) Three months ended June 30, 2014	(H)=(E)+(F)-(G) Six months ended June 30, 2014
Total revenue	$ 3,646.9	$ 2,554.7	$ 1,166.7	$ 2,258.9
Cost of goods sold	760.6	511.4	319.1	568.3
Gross profit	2,886.3	2,043.3	847.6	1,690.6
Operating expenses				
Selling, general and administrative	1,986.2	1,307.4	512.2	1,191.0
Research and development	788.3	596.3	168.2	360.2
Total operating expenses	2,774.5	1,903.7	680.4	1,551.2
Operating income	111.8	139.6	167.2	139.4
Interest and other income (expense), net	(30.2)	12.6	(26.2)	(69.0)
Income before income taxes	81.6	152.2	141.0	70.4
Income tax (benefit) expense	(83.7)	41.0	50.0	(74.7)
Net income	$ 165.3	$ 111.2	$ 91.0	$ 145.1

Financial information of Forest subsequent to July 1, 2014 is included in the results of Actavis plc.

Financial information presented in the Historical Forest column in the unaudited pro forma statement of operations for the year ended December 31, 2013 and statement of operations for the nine months ended September 30, 2014, of which six months represents the Forest results, has been reclassified or classified to conform to the historical presentation in Actavis consolidated financial statements as set forth below (in millions). Unless otherwise indicated, defined line items included in the footnotes have the meanings given to them in the historical financial statements of Forest.

Reclassifications and classifications in the unaudited pro forma combined statement of operations for the year ended December 31, 2013

	Before Reclassification	Reclassification	After Reclassification
Net revenue	$ 3,368.5(i)	$	$ 3,368.5
Cost of sales	689.2(ii)	(46.4)	642.8
Selling and marketing	1,680.1(iii)	(528.4)	1,151.7
General and administrative		445.6	445.6
Amortization		127.1	127.1
Loss on asset sales, impairments and contingent consideration adjustment, net		2.1	2.1
Interest income	20.4(iv)	0.6	21.0
Interest expense		(3.5)	(3.5)
Other income (expense), net		2.9	2.9

(i) Includes Total revenue of $3,368.5 million.

(ii) Includes Amortization of $46.4 million.

(iii) Includes General and administrative expense of $445.6 million, Amortization of $80.7 million and Loss on asset sale of $2.1 million.
(iv) Includes Interest and other income (expense), net of $20.4 million.

Reclassifications and classifications in the unaudited pro forma combined statement of operations for the nine months ended September 30, 2014

	Before Reclassification	Reclassification	After Reclassification
Net revenues	$ 2,258.9(i)	$	$ 2,258.9
Cost of sales	568.3(ii)	(25.1)	543.2
Selling and marketing	1,191.0(iii)	(491.1)	699.9
General and administrative		434.4	434.4
Amortization		81.8	81.8
Loss on asset sales, impairments and contingent consideration adjustment, net			
Interest income	(69.0)(iv)	82.8	13.8
Interest expense		(87.1)	(87.1)
Other income (expense), net		4.3	4.3

(i) Includes Total revenue of $2,258.9 million.
(ii) Includes Amortization of $25.1 million.
(iii) Includes General and administrative expense of $434.4 million and Amortization of $56.7 million.
(iv) Includes Interest and other income (expense), net of $(69.0) million.

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6. Historical Aptalis

Financial information of Aptalis presented in the Historical Aptalis column in the unaudited pro forma combined statement of operations of Aptalis for the year ended December 31, 2013 was derived by adding the statement of operations for the three months ended December 31, 2013 and subtracting the statement of operations for the three months ended December 31, 2012 to and from the statement of operations for the fiscal year ended September 30, 2013 as follows (in millions):

	(A) Year Ended September 30, 2013	(B) Three Months Ended December 31, 2013	(C) Three Months Ended December 31, 2012	(D)=(A)+(B)-(C) Twelve Months Ended December 31, 2013
Total revenue	$ 687.9	$ 191.5	$ 174.3	$ 705.1
Cost of goods sold	146.6	39.9	32.3	154.2
Selling and administrative expenses	172.5	56.6	42.7	186.4
Management fees	7.0	1.9	1.7	7.2
Research and development expenses	65.5	28.8	17.5	76.8
Depreciation and amortization	94.8	20.0	25.3	89.5
Fair value adjustments to intangible assets and contingent consideration	10.0	0.7	2.9	7.8
Gain on disposal of product line	(1.0)	(2.0)	(1.0)	(2.0)
Transaction, restructuring and integration costs	2.4	0.1	0.6	1.9
Total operating expenses	497.8	146.0	122.0	521.8
Operating income	190.1	45.5	52.3	183.3
Financial expenses	68.8	23.8	17.9	74.7
Loss on extinguishment of debt		5.3		5.3
Interest and other income	(0.4)	(0.1)	(0.1)	(0.4)
Loss (gain) on foreign currencies	0.1	0.1	(0.4)	0.6
Total other expenses	68.5	29.1	17.4	80.2
Income before income taxes	121.6	16.4	34.9	103.1
Income tax expense	34.7	13.5	8.2	40.0
Net income	$ 86.9	$ 2.9	$ 26.7	$ 63.1

Financial information presented in the Historical Aptalis column in the unaudited pro forma combined statement of operations for the nine months ended September 30, 2014 comprises Aptalis activities for the one month ended January 30, 2014 prior to the close of the Aptalis Transaction.

Financial information presented in the Historical Aptalis column in the unaudited pro forma combined statement of operations for the 12 months ended December 31, 2013 has been reclassified to conform to the historical presentation in Actavis consolidated financial statements as set forth below (in millions). Unless otherwise indicated, defined line items included in the footnotes have the meanings given to them in the historical financial statements of Aptalis.

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Reclassifications and classifications in the unaudited pro forma combined statement of operations for the twelve months ended December 31, 2013

	Before Reclassification	Reclassification	After Reclassification
Net revenues	$ 705.1(i)	$	$ 705.1
Cost of sales	154.2	15.0(viii)	169.2
Selling and marketing	195.5(ii)	(93.8)(ix)	101.7
General and administrative		93.8(ix)	93.8
Amortization	89.5(iii)	(15.0)(viii)	74.5
Loss on asset sales, impairments and contingent consideration adjustment, net	5.8(iv)		5.8
Interest income	0.4(v)		0.4
Interest expense	(74.7)(vi)		(74.7)
Other income (expenses), net	(5.9)(vii)		(5.9)

(i) Includes Total revenue of $705.1 million.
(ii) Represents Selling and administrative expenses of $186.4 million, Management fees of $7.2 million and Transaction, restructuring and integration costs of $1.9 million.
(iii) Represents Depreciation and Amortization of $89.5 million.
(iv) Includes Fair value adjustments to intangible assets and contingent consideration of $7.8 million and Gain on disposal of product line of $(2.0) million.
(v) Represents Interest and other income of $0.4 million.
(vi) Represents Financial expenses of $74.7 million.
(vii) Includes Loss on extinguishment of debt of $5.3 million and Loss on foreign currencies of $0.6 million.
(viii) Represents reclassification of Depreciation expense of $15.0 million.
(ix) Represents reclassification of $93.8 million from the Selling and marketing line item to the General and administrative line item in the table set forth above.

7. Historical Warner Chilcott plc

Financial information presented in the Historical Warner Chilcott plc column in the unaudited pro forma combined statement of operations of Warner Chilcott plc represents historical consolidated statement of operations of Warner Chilcott plc for the nine months ended September 30, 2013. Results of operations of Warner Chilcott plc after October 1, 2013 (i.e., date of acquisition) are included in Historical Actavis plc column.

Financial information presented in the Historical Warner Chilcott plc column in the unaudited pro forma combined statement of operations has been reclassified to conform to the historical presentation in Actavis consolidated financial statements as set forth below (in millions). Unless otherwise indicated, defined line items included in the footnotes have the meanings given to them in the historical financial statements of Warner Chilcott plc.

	Before Reclassification	Reclassification	After Reclassification

Selling and marketing	$	572.0(i)	$	(250.0)(ii)	$	322.0
General and administrative				250.0(ii)		250.0

(i) Includes $575.0 million of "Selling, general and administrative" and $(3.0) million of "Restructuring (income)/costs."

(ii) Represents reclassification of $250.0 million from the "Selling and marketing" line item to the "General and administrative" line item in the table set forth above.

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8. Unaudited Pro Forma Combined Balance Sheet Adjustments

Adjustments included in the Merger Adjustments column in the accompanying unaudited pro forma combined balance sheet at September 30, 2014 are as follows (in millions):

	Note	Amount
Purchase consideration		
Preliminary estimate of fair value of Actavis ordinary shares issued	8a	$ 29,104.5
Preliminary estimate of fair value of Actavis equity awards issued	8a	2,350.2
Cash consideration	8b	38,412.1
Fair value of total consideration transferred		$ 69,866.8
Historical book value of net assets acquired		
Book value of Allergan s historical net assets as of September 30, 2014		$ 7,110.7
Less Allergan s M&A costs expected to incur	8h	(111.8)
Net assets to be acquired		$ 6,998.9
Adjustments to reflect preliminary fair value of assets acquired and liabilities assumed		
Inventories, net	8c	$ 977.6
Product rights and other intangibles, net	8c	53,213.6
Goodwill	8d	21,261.6
Investments and Other Assets	8e	(9.1)
Long-term debt.	8f	(7.2)
Deferred tax liabilities current	8g	(226.8)
Deferred tax liabilities non-current	8g	(12,341.8)
Total		**$ 62,867.9**

a. Preliminary estimate of fair value of ordinary shares issued was estimated based on approximately 297.3 million shares of Allergan s common stock outstanding as of September 30, 2014, after factoring in outstanding but unvested equity awards, multiplied by the exchange ratio of 0.3683 and the closing price of Actavis ordinary shares on December 3, 2014 of $265.84. Actavis compared the closing price of Actavis ordinary shares as of January 14, 2015 of $266.42, to the December 3, 2014 closing price and the impact such change in the share price would have on the unaudited pro forma combined financial information included in this joint proxy statement/prospectus, noting no material differences.

An increase or decrease in the December 3, 2014 closing price of Actavis ordinary shares of $2.50 would have the following impacts on the unaudited pro forma combined financial information included in this joint proxy statement/prospectus (in millions):

	As of September 30, 2014	
	Increase by $2.50	Decrease by $2.50
Goodwill	$ 303.9	$ (303.9)
Total Equity	303.4	(303.4)

	Nine Months Ended September 30, 2014	
	Increase by $2.50	Decrease by $2.50
Total operating expenses	$ 3.7	$ (3.6)
(Loss) / income before income taxes and noncontrolling interest	(3.7)	3.6
Provision / (benefit) for income taxes	(0.9)	0.8
Net (loss) / income	(2.8)	2.8

	Year Ended December 31, 2013	
	Increase by $2.50	Decrease by $2.50
Total operating expenses	$ 4.9	$ (4.8)
(Loss) / income before income taxes and noncontrolling interest	(4.9)	4.8
Provision / (benefit) for income taxes	(1.1)	1.1
Net (loss) / income	(3.8)	3.7

All equity awards of Allergan were replaced with equity awards of Actavis with similar terms, except for restricted stock units with performance conditions. Preliminary estimate of fair value of equity awards issued represents the estimated aggregate fair value of Actavis replacement awards attributable to the service periods prior to the Merger, which is considered as part of purchase consideration, and was calculated based on Allergan s equity awards outstanding (including restricted stock) as of September 30, 2014, multiplied by the assumed exchange ratio of 0.85 and estimated fair value of equity awards.

The fair values of Actavis ordinary shares and equity awards were estimated based on Actavis closing share price on December 3, 2014 of $265.84 per share. A 28% increase in the price of Actavis ordinary shares would increase the aggregate Merger Consideration by $9,038.8 million, and a 28% decrease in the price of Actavis ordinary shares would decrease the aggregate Merger Consideration by $9,022.8 million, both with a corresponding change to Actavis assets. The market price of Actavis ordinary shares which Allergan stockholders will receive in the Merger as a portion of the Merger Consideration will continue to fluctuate from the date of this joint proxy statement/prospectus through the effective time of the Merger and the final valuation could differ significantly from the current estimates.

b. Cash consideration was estimated based on approximately 297.3 million shares of Allergan s common stock outstanding as of September 30, 2014, multiplied by the $129.22 cash consideration per share.

c. Represents the estimated fair value adjustment to step-up Allergan s inventory and identifiable intangible assets by $977.6 million and $53,213.6 million, to their preliminary fair values of $1,275.3 million and $55,040.0 million, respectively, which, when added to Actavis historical inventory and identifiable intangible assets of $2,627.3 million and $19,957.3 million, respectively, total $3,902.6 million and $74,997.3 million, respectively. The estimated step-up in inventory will increase cost of sales as the acquired inventory is sold within the first year after the acquisition. As there is no continuing impact, the effect on cost of sales from the inventory step-up is not included in the unaudited pro forma combined statement of operations.

Identified intangible assets of $55,040.0 million primarily consist of (i) CMP of $45,190.0 million (weighted average useful life of 6.5 years using the economic benefit model) and (ii) IPR&D of $9,850.0 million. The IPR&D amounts will be capitalized and accounted for as indefinite-lived intangible assets and

will be subject to impairment testing until completion or abandonment of the projects. Upon successful completion of each project and launch of the product, Actavis will make a separate determination of useful life of the IPR&D intangible and amortization will be recorded as an expense. As the IPR&D intangibles are not currently marketed, no amortization of these items is reflected in the unaudited pro forma combined statement of operations.

The fair value estimate for identifiable intangible assets is preliminary and is determined based on the assumptions that market participants would use in pricing an asset, based on the most advantageous market for the asset. This preliminary fair value estimate could include assets that are not intended to be used, may be sold or are intended to be used in a manner other than their best use. For purposes of the accompanying unaudited pro forma combined financial information, it is assumed that all assets will be used in a manner that represents their highest and best use. The final fair value determination for identified intangibles, including the IPR&D intangibles, may differ from this preliminary determination.

The fair value of identifiable intangible assets is determined primarily using the income approach, which is a valuation technique that provides an estimate of the fair value of an asset based on market participants expectations of the cash flows an asset would generate over its remaining useful life. Some of the more significant assumptions inherent in the development of the identifiable intangible assets valuations, from the perspective of a market participant, include the estimated net cash flows for each year for each project or product (including net revenues, cost of sales, research and development costs, selling and marketing costs and working capital asset/contributory asset charges), the appropriate discount rate to select in order to measure the risk inherent in each future cash flow stream, the assessment of each asset s life cycle, competitive trends impacting the asset and each cash flow stream as well as other factors. The major risks and uncertainties associated with the timely and successful completion of the IPR&D projects include legal risk and regulatory risk. No assurances can be given that the underlying assumptions used to prepare the discounted cash flow analysis will not change or the timely completion of each project to commercial success will occur. For these and other reasons, actual results may vary significantly from estimated results.

d. Goodwill is calculated as the difference between the fair value of the consideration expected to be transferred and the values assigned to the identifiable tangible and intangible assets acquired and liabilities assumed. The adjustment represents a net increase of Actavis total goodwill by $23,675.6 million to $48,852.3 million after giving effect to the Merger.

e. Represents the removal of Allergan s deferred debt issuance costs of $9.1 million.

f. Represents the estimated fair value adjustment of $7.2 million to Allergan s historical long-term debt.

g. Represents deferred income tax liabilities of $226.8 million (current) and $12,341.8 million (non-current), resulting from fair value adjustments for the identifiable tangible assets and intangible assets as well as liabilities assumed and other acquisition accounting adjustments, respectively. This estimate of deferred tax liabilities was determined based on the excess book basis over the tax basis of the assets acquired and liabilities assumed at a 23.2% weighted average statutory tax rate of where most of Allergan s taxable income was generated historically.

h.

Represents cash outflows from the (i) payment of cash purchase consideration of $38,412.1 million and (ii) $111.8 million of transactions costs that are expected to be incurred by Allergan and $65.0 million of transaction costs that are expected to be incurred by Actavis.

i. Represents the addition of common stock and additional paid-in capital (excluding restricted shares) of $29,104.5 million, the addition of shareholder s equity related to the replacement equity awards (including restricted shares) of $2,350.2 million and the elimination of Allergan s common stock and additional paid in capital of $3.1 million and $3,249.7 million respectively.

j. Represents the elimination of Allergan s retained earnings of $5,411.9 million and $65.0 million of estimated future transaction costs Actavis expects to incur related to the Merger.

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k. Represents the elimination of Allergan s historical treasury stock and accumulated other comprehensive income.

Adjustments included in the Financing Adjustments column in the accompanying unaudited pro forma combined balance sheet at September 30, 2014 are as follows:

l. The adjustment to cash is as follows (in millions):

Bridge Facility	$ 21,370.0
Net proceeds from issuance of Equity Securities	8,277.0
Term Facilities	5,500.0
Total financing costs	(808.3)
Total net financing	**$ 34,338.7**

The borrowings under the Bridge Facility represent financing available as of the time of this filing. Actavis anticipates long-term financing to be available and utilized in order to consummate the transaction. For the purpose of the unaudited pro forma combined financial information, Actavis has assumed a draw down on the Bridge Facility of $21.4 billion.

In connection with the Merger, Actavis may issue mandatorily convertible preferred equity interests, which will comprise all or a portion of the Equity Securities, the terms of which are not yet known. For purposes of this unaudited pro forma combined financial information, Actavis has assumed that all of the Equity Securities will be issued in the form of Actavis ordinary shares and that such Equity Securities are issued at the closing price of Actavis ordinary shares on December 3, 2014 of $265.84. Net proceeds from the issuance of Equity Securities assumes a market participant assumption of issuance costs.

m. Represents capitalized deferred financing costs assumed of $808.3 million related to the current Bridge Facility structure and the Term Facilities in place for Actavis new borrowings to fund the Merger.

n. Represents the current portion of the Bridge Facility of $21,370.0 million and the current portion of the Term Facilities of $68.7 million. As the Bridge Facility has a term of 364 days, Actavis has assumed the borrowings are current for purposes of this filing. For purposes of the unaudited pro forma combined statement of operations for the nine months ended September 30, 2014, Actavis assumed the indebtedness is still in place.

o. Represents the long-term portion of the Term Facilities of $5,431.3 million.

p. Represents the offering of the Equity Securities with estimated net proceeds of $8,277.0 million.

9. Unaudited Pro Forma Combined Statement of Operations Adjustments

Adjustments Related to the Merger

Adjustments included in the Merger Adjustments column in the accompanying unaudited pro forma combined statement of operations are as follows:

a. Represents the elimination of net revenues and cost of sales for product sales of $2.2 million and $9.8 million for the 12 months ended December 31, 2013 and the nine months ended September 30, 2014, respectively, between Actavis and Allergan.

b. Represents the incremental stock-based compensation of $235.9 million and $154.3 million for the 12 months ended December 31, 2013 and the nine months ended September 30, 2014, respectively, in connection with the replacement equity awards granted at the close of the Merger. The replacement charge is accounted for as a modification to the awards.

c. Represents increased amortization for the fair value of identified intangible assets with definite lives for the year ended December 31, 2013 and the nine months ended September 30, 2014. The increase in amortization expense for intangible assets is calculated using the economic benefit model with a weighted average life of 6.5 years, less the historical Allergan amortization expense.

d. Represents the income tax effect for unaudited pro forma combined statement of operations adjustments related to the Merger using a 23.2% weighted average statutory tax rate where most of Allergan s taxable income was generated historically, offset, in part, by the removal of historical tax expenses related to the adjusted line items.

e. Represents the increased interest expense as a result of the fair value adjustment to Allergan s historical long-term debt.

Adjustments included in the Allergan Financing Adjustments column in the accompanying unaudited pro forma combined statement of operations are as follows:

f. Represents estimated interest expense, including amortization of deferred financing costs based on effective interest rate method, related to the Bridge Facility and the Term Facilities as follows (in millions):

	Year ended December 31, 2013	Nine months ended September 30, 2014
Bridge Facility	$ 952.7	$ 714.5
3 year tranche of the Term Facilities	47.4	35.5
5 year tranche of the Term Facilities	50.6	37.1

The amortization of deferred financing costs as it relates to the Bridge Facility was taken over a period of 21 months as that represents the longer of the terms of the debt and the period being pro forma adjusted.

Assuming $21,370.0 million is drawn under the Bridge Facility and the Term Facilities are fully drawn, each 0.125% change in assumed interest rates for the Bridge Facility and the new revolving credit facility would change pro forma interest expense by approximately $33.6 million for the year ended December 31, 2013 and $25.2 million for the nine months ended September 30, 2014, respectively. Actavis intends to use long-term financing at the time of the closing of the Merger other than the Bridge Facility, the terms of which are not yet known.

g. Based on the financing structure available at the time of this filing, there would be no tax benefit on the new borrowings.

Adjustments Related to the Forest Transaction

Adjustments included in the Forest Transaction Adjustments column in the accompanying unaudited pro forma combined statement of operations are as follows:

h. Represents the elimination of net revenues and cost of sales of product sales of $31.0 million and $16.7 million for the 12 months ended December 31, 2013 and the nine months ended September 30, 2014, respectively, between Actavis and Forest after the Aptalis Transaction.

i. Represents the stock-based compensation in connection with the replacement equity awards granted at the close of the Forest Transaction.

j. Represents the stock-based compensation of $80.4 million and $9.2 million for the 12 months ended December 31, 2013 and the nine months ended September 30, 2014, respectively, in connection with the replacement equity awards granted at the close of the Forest Transaction. For the nine months ended September 30, 2014, this has been offset by the reversal of M&A costs of $(30.7) million and $(0.4) million recorded by Actavis and Forest, respectively in connection with the Forest Transaction.

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k. Represents increased amortization for the fair value of identified intangible assets with definite lives for the year ended December 31, 2013 and the nine months ended September 30, 2014. The increase in amortization expense for intangible assets is based on the actual useful lives assigned to each product as follows (in millions):

	Amount recognized as of Acquisition Date	Weighted Average Lives (Years)	Year Ended December 31, 2013	Nine Months Ended September 31, 2014
CMP:				
Namenda Franchise	$ 2,125.0	1.7		
Bystolic Franchise	1,810.0	3.3		
Linzess	1,002.0	5.0		
Zenpep	978.0	6.8		
Carafate	916.0	6.2		
Armour Thyroid	711.0	5.9		
Viibryd	413.0	4.5		
Fetzima	392.0	5.0		
Teflaro	327.0	3.0		
Canasa	327.0	2.6		
Daliresp	269.0	3.5		
Other CMP Products	1,902.0	5.7		
	$ 11,172.0	4.3		
IPR&D:				
Gastroenterology	791.0			
Central nervous system	304.0			
Cardiovascular	193.0			
Other	75.0			
	$ 1,363.0			
Customer relationships	60.0	4.5		
Other	173.5	4.2		
Total identifiable intangible assets	$ 12,768.5		$ 1,879.0	$ 923.6
Less historical amortization inclusive of Aptalis deal			418.3	106.1
			$ 1,460.7	$ 817.5

l. Represents the income tax effect for unaudited pro forma combined statement of operations adjustments related to the Forest Transaction using a 13% or 9% blended statutory tax rate primarily related to the United States and Ireland, for the 12 months ended December 31, 2013 and the nine months ended September 30, 2014, respectively. These two countries are where most of Forest s taxable income was generated historically.

Adjustments included in the Financing Adjustments column in the accompanying unaudited pro forma combined statement of operations are as follows:

m. Represents estimated interest expense, including amortization of deferred financing costs based on effective interest rate method, related to the term facilities and the notes associated with the Forest Transaction as follows (in millions):

	Year Ended December 31, 2013	Nine months ended September 30, 2014
Term facilities (Forest Transaction)	$ 40.2	$ 20.1
Notes (Forest Transaction)	122.0	61.1
Total net financing	**$ 162.2**	**$ 81.2**

For the term facilities associated with the Forest Transaction of $2,000.0 million, a five year maturity was assumed. For the notes associated with the Forest Transaction, various maturity dates were assumed ranging from 2017 to 2044. The assumed interest rate for these borrowings was 3.3% on a weighted average basis. Interest expense from the cash bridge loans associated with the Forest Transaction was not reflected in the unaudited combined pro forma statement of operations as it will not have a continuing impact due to the short-term nature.

n. Represents the income tax effect for unaudited pro forma combined statement of operations adjustments related to the financing for the Forest Transaction using a 0% tax rate, as that is the rate for the debt issued for the transaction in Luxembourg.

Adjustments Related to the Aptalis Transaction

Adjustments included in the Aptalis Transaction and Financing Adjustments column in the accompanying unaudited pro forma combined statement of operations for the year ended December 31, 2013 and nine months ended September 30, 2014 are as follows:

o. Represents the reversal of the management fee of $(7.2) million and M&A costs of $(1.7) million for the year ended December 31, 2013 incurred by Aptalis. Represents $38.7 million of M&A costs incurred for the nine months ended September 30, 2014.

p. Represents increased amortization resulting in the Aptalis Transaction by Forest for the fair value of identified intangible assets with definite lives as follows (in millions):

	Weighted Average Useful	Fair Value	Year Ended	One Month Ended January 30,

	Lives		December 31, 2013	2014
CMP intangible assets	10	$ 2,912.2	$ 291.2	$ 24.3
Less historical amortization			74.5	5.3
			$ 216.7	**$ 19.0**

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q. Represents (a) (i) new interest expense related to the $1,050.0 million of Forest s 4.375% notes due 2019 and $750.0 million of Forest s 4.875% notes due 2021, issued in January 2014 for the year ended December 31, 2013 and the nine months ended September 30, 2014 and (ii) $1,200 million of Forest s 5.000% notes due 2021 issued in December 2013 for the year ended December 31, 2013, including amortization of deferred financing costs based on effective interest rate method and (b) the elimination of Aptalis historical interest expense of $74.7 million and $60.6 million (inclusive of termination charges) for the year ended December 31, 2013 and the nine months ended September 30, 2014, respectively, in connection with the repayment of Aptalis existing long-term debt in the principal amount of $1,250.0 million upon the Aptalis Transaction as follows (in millions):

	Year Ended December 31, 2013	One Month Ended January 30, 2014
New interest expense from Forest s 4.375% Notes	$ 48.4	$ 4.0
New interest expense from Forest s 4.875% Notes	37.7	3.1
New interest expense from Forest s 5.000% Notes	61.9	
Elimination of Aptalis historical interest (income)	(74.7)	(60.6)
Total expense / (income)	**$ 73.3**	**$ (53.5)**

r. Represents the income tax effect for unaudited pro forma combined statement of operations adjustments related to the Aptalis Transaction and the related financing using a 24.1% weighted average blended statutory tax rate of the United States, Canada and Ireland, where most of Aptalis taxable income was generated historically.

Adjustments Related to the Warner Chilcott Transaction

Adjustments included in the Warner Chilcott Transaction and Financing Adjustments column in the accompanying unaudited pro forma combined statement of operations for the year ended December 31, 2013 are as follows:

s. Represents the elimination of net revenues and cost of sales of product sales and royalty payments of $16.4 million between Actavis and Historical Warner Chilcott for the year ended December 31, 2013.

t. Actavis applied the acquisition method of accounting to the assets acquired and liabilities assumed from Warner Chilcott plc and the property and equipment of Warner Chilcott plc were recorded at fair value and their useful lives were adjusted. The adjustment represents a resulting change in depreciation for the year ended December 31, 2013. The change in depreciation is reflected as follows (in millions):

(in millions)	Year Ended December 13, 2013
Cost of sales	$ (1.9)
Research and development	0.4
General and administrative	(8.0)
Total	**$ (9.5)**

u. Represents the stock-based compensation of $7.3 million in connection with the replacement equity awards granted at the close of the Warner Chilcott Transaction and removal of M&A costs of $(62.6) million recorded by Actavis and Warner Chilcott plc for the year ended December 31, 2013.

v. Represents increased amortization for the fair value of identified intangible assets with definite lives for the year ended December 31, 2013. Actavis matches amortization over the economic benefit as follows (in millions):

(in millions)	Fair value	Year Ended December 31, 2013
CMP intangible assets	$ 3,021.0	$ 712.6
IPR&D	1,708.0	
	$ 4,729.0	$ 712.6
Less historical amortization		329.0
		$ 383.6

w. In connection with the Warner Chilcott Transaction, Warner Chilcott plc s senior secured credit facilities were refinanced. Giving effect to the refinancing of the $2,000.0 million of Historical Warner Chilcott s senior secured credit facilities, with a weighted average interest rate of 1.49%, interest expense including amortization of the debt issuance costs for the year ended December 31, 2013 would have decreased by $100.1 million.

x. Represents the income tax effect for unaudited pro forma combined statement of operations adjustments related to the Warner Chilcott Transaction and financing using a 20.0% weighted average statutory tax rate of the United States and Puerto Rico, where most of Warner Chilcott plc s taxable income was generated historically.

10. Earnings per Share

The unaudited pro forma combined basic and diluted earnings per share calculations are based on Actavis consolidated basic and diluted weighted average number of shares. The pro forma weighted average number of shares outstanding reflects the following adjustments assumed to occur on January 1, 2013:

Elimination of Allergan historical common stock;

The estimated issuance of 109.5 million Actavis ordinary shares to Allergan stockholders in the Merger, calculated using the 0.3683 exchange ratio based on Allergan s common stock outstanding as of September 30, 2014;

The estimated issuance of 33.5 million Actavis ordinary shares expected to be issued in the offering of Equity Securities to fund the Merger with gross proceeds of $8.9 billion assuming (i) a per share price in the offering equal to Actavis share price of $265.84 on December 3, 2014 and (ii) that all such Equity Securities are issued in the form of Actavis ordinary shares; and

The issuance of 89.8 million Actavis ordinary shares associated with the Forest Transaction, which are included in Actavis historical balance sheet as of September 30, 2014.

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COMPARATIVE PER SHARE MARKET PRICE INFORMATION

The table below sets forth, for the calendar quarters indicated, the high and low sales prices per share, as well as the dividend paid per share, of Actavis ordinary shares, which trade on the NYSE under the symbol ACT, and Allergan common stock, which trades on the NYSE under the symbol AGN.

	Actavis Ordinary Shares			Allergan Common Stock		
	High	Low	Dividend	High	Low	Dividend
2012						
Quarter ended March 31, 2012	$ 67.50	$ 55.00	$ 0.00	$ 96.39	$ 84.30	$ 0.05
Quarter ended June 30, 2012	$ 77.73	$ 65.70	$ 0.00	$ 97.09	$ 87.69	$ 0.05
Quarter ended September 30, 2012	$ 86.07	$ 73.39	$ 0.00	$ 95.75	$ 81.28	$ 0.05
Quarter ended December 31, 2012	$ 91.47	$ 81.73	$ 0.00	$ 95.44	$ 86.51	$ 0.05
2013						
Quarter ended March 31, 2013	$ 92.37	$ 82.02	$ 0.00	$ 112.30	$ 92.19	$ 0.05
Quarter ended June 30, 2013	$ 133.00	$ 91.88	$ 0.00	$ 116.45	$ 81.33	$ 0.05
Quarter ended September 30, 2013	$ 145.50	$ 121.12	$ 0.00	$ 93.25	$ 82.56	$ 0.05
Quarter ended December 31, 2013	$ 170.51	$ 136.52	$ 0.00	$ 111.45	$ 88.34	$ 0.05
2014						
Quarter ended March 31, 2014	$ 230.77	$ 166.38	$ 0.00	$ 132.04	$ 109.64	$ 0.05
Quarter ended June 30, 2014	$ 226.23	$ 184.71	$ 0.00	$ 174.49	$ 115.94	$ 0.05
Quarter ended September 30, 2014	$ 249.94	$ 201.91	$ 0.00	$ 181.94	$ 151.11	$ 0.05
Quarter ended December 31, 2014	$ 272.75	$ 208.64	$ 0.00	$ 214.66	$ 167.48	$ 0.05
2015						
Quarter (through January 22, 2015)	$ 279.22	$ 253.00		$ 223.54	$ 209.37	

On November 14, 2014, the last full trading day before the public announcement of the signing of the Merger Agreement, the closing sale price per Actavis ordinary share on the NYSE was $243.77 and the closing sale price per share of Allergan common stock on the NYSE was $198.65. On January 22, 2015, the latest practicable full trading day before the date of this joint proxy statement/prospectus, the closing sale price per Actavis ordinary share on the NYSE was $278.01 and the closing sale price per share of Allergan common stock on the NYSE was $222.79.

Under the terms of the Merger Agreement, the estimated implied value of the Merger Consideration is approximately $231.61 per share of Allergan common stock, based on the closing price per Actavis ordinary share on January 22, 2015.

The Actavis board of directors has the power to determine the amount and frequency of the payment of dividends. Decisions regarding whether to pay dividends and the amount of any dividends are based upon compliance with applicable Irish law, compliance with Actavis articles of association, compliance with agreements governing Actavis indebtedness, earnings, cash requirements, results of operations, cash flows, financial condition and other factors that the Actavis board of directors considers important. Actavis does not currently pay dividends. While Actavis anticipates that if the Merger were not consummated it would continue not to pay dividends, there are no assurances that will be the case. Under the Merger Agreement, until the effective time of the Merger, Actavis is not permitted to declare, set aside or pay any dividends on, or make any other distributions in respect of, any of its capital stock.

The Allergan board of directors has the power to determine the amount and frequency of the payment of dividends. Decisions regarding whether to pay dividends and the amount of any dividends are based on compliance with the DGCL, compliance with agreements governing Allergan s indebtedness, earnings, cash requirements, results of operations, cash flows and financial condition and other factors that the Allergan board of directors considers important. While Allergan anticipates that if the Merger were not consummated it would maintain dividends at the current level for the foreseeable future, there are no assurances that it will continue to pay dividends at this level, or at all. Under the Merger Agreement, until the effective time of the Merger,

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Allergan is not permitted to declare, set aside or pay any dividends on, or make any other distributions in respect of, any of its capital stock, other than quarterly cash dividends with respect to Allergan common stock not in excess of $0.05 per share per quarter.

The above tables show only historical comparisons. Actavis shareholders and Allergan stockholders are urged to obtain current market quotations for Allergan common stock and Actavis ordinary shares and to review carefully the other information contained in this joint proxy statement/prospectus or incorporated by reference into this joint proxy statement/prospectus in considering whether to approve the issuance of Actavis ordinary shares pursuant to the Merger Agreement or to adopt the Merger Agreement, as applicable. Although the exchange ratio is fixed, the market price of Actavis ordinary shares and Allergan common stock will fluctuate between the date of this joint proxy statement/prospectus and the effective time of the Merger. No assurance can be given concerning the market price of Actavis ordinary shares and Allergan common stock before or after the effective time of the Merger. Changes in the market price of Actavis ordinary shares prior to the effective time of the Merger will affect the market value of the Merger Consideration that Allergan stockholders will receive upon completion of the Merger.

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COMPARISON OF THE RIGHTS OF HOLDERS OF ACTAVIS ORDINARY SHARES AND ALLERGAN COMMON STOCK

The rights of the stockholders of Allergan and the relative powers of Allergan s board of directors are governed by the laws of the State of Delaware, including the DGCL, and Allergan s certificate of incorporation and bylaws. As a result of the Merger, each issued and outstanding share of Allergan common stock, other than excluded shares and dissenting shares, will be converted into the right to receive the Merger Consideration, consisting of (i) 0.3683 of an Actavis ordinary share and (ii) $129.22 in cash, without interest. Each Actavis ordinary share issued to Allergan stockholders in connection with the Merger will be issued in accordance with, and will carry with it the rights and obligations set forth in, the memorandum and articles of association of Actavis, which are incorporated by reference herein. As Actavis is a public limited company incorporated under the laws of Ireland, the rights of the shareholders of Actavis are governed by applicable Irish law, including the Irish Companies Acts 1963-2013 (referred to in this joint proxy statement/prospectus as the Companies Acts), and by Actavis memorandum and articles of association.

Many of the principal attributes of Allergan common stock are similar to those of Actavis ordinary shares. However, there are differences between the rights of stockholders of Allergan under the laws of the State of Delaware and the rights of shareholders of Actavis under Irish law. In addition, there are differences between Allergan s certificate of incorporation and bylaws and Actavis memorandum and articles of association.

The following is a summary comparison of the material differences between the rights of Allergan stockholders under the DGCL and the Allergan certificate of incorporation and bylaws and the rights Allergan stockholders will have as shareholders of Actavis under the Companies Acts and Actavis memorandum and articles of association. The discussion in this section does not include a description of rights or obligations under the U.S. federal securities laws or NYSE listing requirements. Such rights and obligations generally apply equally to the shares of Allergan common stock and the Actavis ordinary shares.

The statements in this section are qualified in their entirety by reference to, and are subject to, the detailed provisions of Allergan s certificate of incorporation and bylaws and Actavis memorandum and articles of association. Actavis memorandum and articles of association are incorporated by reference herein. See *Where You Can Find More Information* beginning on page 262 of this joint proxy statement/prospectus. Allergan s certificate of incorporation and bylaws have been filed by Allergan with the SEC. You are also urged to carefully read the relevant provisions of the DGCL and the Companies Acts for a more complete understanding of the differences between being a stockholder of Allergan and a shareholder of Actavis.

	Allergan	**Actavis**
Authorized and Outstanding Capital Stock	The authorized capital stock of Allergan currently consists of 500,000,000 shares of common stock, par value $0.01 per share, and 5,000,000 shares of preferred stock, par value $0.01 per share.	The authorized share capital of Actavis is 40,000 and $101,000 divided into 40,000 euro deferred ordinary shares with a par value of 1.00 per share, 1,000,000,000 ordinary shares with a par value of $0.0001 per share and 10,000,000 serial preferred shares with a par value of $0.0001 per share.
	As of January 22, 2015, the record date for the Allergan special meeting,	

Allergan had 299,776,882 shares of common stock issued and outstanding and no shares of preferred stock issued and outstanding.	As of January 22, 2015, the record date for the Actavis EGM, Actavis had 40,000 euro deferred ordinary shares, par value 1.00 per share, 266,142,831 ordinary shares, par value $0.0001 per share, issued and
The number of authorized shares of common stock or preferred	

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	Allergan	Actavis
	stock may be increased or reduced (but not below the number of issued shares of common stock or preferred stock, as applicable) through an amendment of Allergan s certificate of incorporation. Allergan may amend its certificate of incorporation as described under Amendments of Governing Documents beginning on page 232 of this joint proxy statement/prospectus.	outstanding and zero serial preferred shares, par value of $0.0001 per share, issued and outstanding.
		The authorized share capital may be increased or reduced (but not below the number of issued ordinary shares, preferred shares or euro deferred shares, as applicable) by a simple majority of the votes cast at a general meeting (referred to under Irish law as an ordinary resolution).
	Under Delaware law, the board of directors, without stockholder approval, may approve the issuance of authorized but unissued shares of common stock.	Under Irish law, the directors of a company may issue new ordinary, serial preferred or euro deferred shares without shareholder approval once authorized to do so by the memorandum and articles of association or by an ordinary resolution adopted by the shareholders at a general meeting. The authorization may be granted for a maximum period of five years, at which point it must be renewed by the shareholders by an ordinary resolution. Because of this requirement of Irish law, the articles of association of Actavis authorize the board of directors of Actavis to issue new ordinary, serial preferred and euro deferred shares without shareholder approval for a period of five years from the effective date of such articles of association (which was made effective on October 1, 2013).
	Under the Allergan certificate of incorporation, the board of directors is authorized to fix by resolution adopted prior to the issuance of any shares of a particular series of preferred stock the voting powers, designations, preferences and relative participating, optional or other special rights, and any qualifications, limitations and restrictions thereof, of such preferred shares.	
Consolidation and Division; Subdivision	Under Delaware law, the issued shares of a corporation may be combined into a smaller number of shares or split into a greater number	Actavis articles of association provide that Actavis may, by ordinary resolution, consolidate and divide its issued share capital into a

of shares through an amendment to its certificate of incorporation. Allergan may amend its certificate of incorporation as described under Amendments of Governing Documents beginning on page 232 of this joint proxy statement/prospectus.	smaller number of shares, or subdivide its issued share capital into a larger number of shares.

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	Allergan	Actavis
Reduction of Share Capital	Under Delaware law, Allergan, by resolution of its board of directors, may reduce its capital by reducing or eliminating the capital associated with shares of capital stock that have been retired, by applying some or all of the capital represented by shares purchased, redeemed, converted or exchanged or by transferring to surplus the capital associated with certain shares of its stock. No reduction of capital may be made unless the assets of the corporation remaining after the reduction are sufficient to pay any debts for which payment has not otherwise been provided.	Actavis may, by ordinary resolution, reduce its authorized but unissued share capital in any way. Actavis also may, by special resolution (a special resolution requires the approval of not less than 75% of the votes of Actavis shareholders cast at a general meeting at which a quorum is present) and subject to confirmation by the Irish High Court, reduce or cancel its issued share capital in any way permitted by the Companies Acts.
Preemption Rights, Share Warrants and Options	Allergan s stockholders do not have preemptive rights to acquire newly issued shares. Under Delaware law, capital stock issued by Allergan may be paid for in such form and manner as the board of directors determines, such payment to consist of cash, any tangible or intangible property or any benefit to the corporation, in each case, having a value not less than the par value or stated capital of the shares so issued, as determined by the Allergan board of directors.	Under Irish law, certain statutory preemption rights apply automatically in favor of shareholders where shares are to be issued for cash. However, Actavis has opted out of these preemption rights in its articles of association as permitted under Irish law. Because Irish law requires this opt-out to be renewed every five years by a special resolution of the shareholders, Actavis articles of association provide that this opt-out must be so renewed in accordance with Irish statutory requirements. If the opt-out is not renewed, shares issued for cash must be offered to existing shareholders of Actavis on a pro rata basis to their existing shareholding before the shares may be issued to any new shareholders. Statutory preemption rights do not apply (i) where shares are issued for non-cash consideration (such as in a stock-for-stock acquisition), (ii) to the issue of non-equity shares (that is, shares that have the right to participate only up to a specified amount in any income or capital

distribution) or (iii) where

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	Allergan	Actavis
		shares are issued pursuant to an employee option or similar equity plan.
		Under Irish law, Actavis is prohibited from allotting shares without consideration. Accordingly, at least the nominal value of the shares issued underlying any restricted share award, restricted share unit, performance share awards, bonus shares or any other share-based grants must be paid pursuant to the Companies Acts.
Distributions, Dividends, Repurchases and Redemptions	*Distributions / Dividends*	*Distributions / Dividends*
	Under Delaware law, the Allergan board of directors may declare and pay dividends to the holders of the Allergan capital stock out of surplus or, if there is no surplus, out of net profits for the year in which the dividend is declared or the immediately preceding fiscal year, or both, provided that such payment would not reduce capital below the amount of capital represented by all classes of outstanding stock having a preference as to the distribution of assets. Dividends may be paid in cash, in shares of Allergan capital stock or in other property.	Under Irish law, dividends and distributions may only be made from distributable reserves. Distributable reserves generally means accumulated realized profits less accumulated realized losses and includes reserves created by way of capital reduction. In addition, no distribution or dividend may be made unless the net assets of Actavis are equal to, or in excess of, the aggregate of Actavis called-up share capital plus undistributable reserves and the distribution does not reduce Actavis net assets below such aggregate.
		Undistributable reserves include the share premium account, the capital redemption reserve fund and the amount by which Actavis accumulated unrealized profits, so far as not previously utilized by any capitalization, exceed Actavis

accumulated unrealized losses, so far as not previously written off in a reduction or reorganization of capital.

The determination as to whether or not Actavis has sufficient distributable reserves to fund a dividend must be made by reference to the relevant accounts of Actavis. The

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Allergan	Actavis
	relevant accounts are either the last set of unconsolidated annual audited financial statements or other financial statements properly prepared in accordance with the Companies Acts, which give a true and fair view of Actavis unconsolidated financial position and accord with accepted accounting practice. The relevant accounts must be filed in the Companies Registration Office (the official public registry for companies in Ireland).
	Actavis articles of association authorize the directors to pay interim dividends without shareholder approval to the extent they appear justified by profits. The Actavis board of directors may also recommend a dividend to be approved and declared by the shareholders at a general meeting and may direct that the payment be made by distribution of assets, shares or cash. No dividend issued may exceed the amount recommended by the directors.
	Dividends may be declared and paid in the form of cash or non-cash assets and may be paid in dollars or any other currency.
	The Actavis board of directors may deduct from any dividend payable to any shareholder any amounts payable by such shareholder to Actavis in relation to the Actavis

	shares.
Repurchases / Redemptions	*Repurchases / Redemptions*
Unless otherwise restricted in Allergan s certificate of incorporation, under Delaware law, Allergan may redeem or repurchase its own shares, except that generally it may not redeem or repurchase those shares if the capital of the corporation is impaired at the time or would	Actavis articles of association provide that, unless the board of directors determines otherwise, any ordinary share that Actavis has agreed to acquire shall be deemed to be a redeemable share. Accordingly, for purposes of Irish law, the repurchase of ordinary

	Allergan	Actavis
	become impaired as a result of the redemption or repurchase of such shares. If Allergan were to designate and issue shares of a series of preferred stock that is redeemable in accordance with its terms, such terms would govern the redemption of such shares. Repurchased and redeemed shares may be retired or held as treasury shares. Shares that have been repurchased but have not been retired may be resold by a corporation for such consideration as the board may determine in its discretion. Allergan may not exercise any voting rights in respect to any shares held as treasury shares.	shares by Actavis may technically be effected as redemption. Under Irish law, Actavis may issue redeemable shares and redeem them out of distributable reserves or the proceeds of a new issue of shares for that purpose. Actavis may only issue redeemable shares if the nominal value of the issued share capital that is not redeemable is not less than 10% of the nominal value of the total issued share capital of Actavis. All redeemable shares must also be fully paid and the terms of redemption of the shares must provide for payment on redemption. Actavis may also be given authority to purchase its own shares as overseas market purchases on a recognized stock exchange such as the NYSE or off-market purchases with such authority to be given by its shareholders at a general meeting, which would take effect on the same terms and be subject to the same conditions as applicable to purchases by Actavis subsidiaries. Actavis does not currently have this authority.
	Allergan s certificate of incorporation provides that Allergan may not redeem shares when any dividends or distributions payable on the Series A Junior Preferred Stock are in arrears until all such accrued and unpaid distributions or dividends are repaid in full. No shares of the Series A Junior Preferred Stock have been issued.	Repurchased and redeemed shares may be cancelled or held as treasury shares. The nominal value of treasury shares held by Actavis at any time must not exceed 10% of the nominal value of the issued share capital of Actavis.

Actavis may not exercise any voting rights in respect of any shares held as treasury shares. Treasury shares may be cancelled by Actavis or reissued subject to certain conditions.

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	Allergan	Actavis
	Purchases by Subsidiaries of Allergan	*Purchases by Subsidiaries of Actavis*
	Under Delaware law, shares of Allergan capital stock may be acquired by subsidiaries of Allergan without stockholder approval. Shares of such capital stock owned by a majority-owned subsidiary are neither entitled to vote nor counted as outstanding for quorum purposes.	Under Irish law, Actavis subsidiaries may purchase Actavis shares either as overseas market purchases on a recognized stock exchange such as NYSE or off-market purchases.
		For a subsidiary of Actavis to make overseas market purchases of Actavis ordinary shares, the shareholders of Actavis must provide general authorization for such purchase by way of ordinary resolution. Actavis subsidiaries do not currently have this authority.
		In the absence of any such general authority, for a purchase by a subsidiary of Actavis shares off-market, the proposed purchase contract must be authorized by special resolution of Actavis shareholders before the contract is entered into. The person whose Actavis ordinary shares are to be bought back cannot vote in favor of the special resolution, and, for at least 21 days prior to the special resolution being passed, the purchase contract must be on display or must be available for inspection by Actavis shareholders at the registered office of Actavis.
		The number of shares held by the subsidiaries of Actavis at any time will count as treasury shares and will be included in any calculation of the permitted treasury share threshold of 10% of the nominal

value of the issued share capital of Actavis. While a subsidiary holds Actavis shares, such subsidiary cannot exercise any voting rights in respect of those shares. The acquisition of Actavis ordinary shares by a subsidiary must be funded out of distributable reserves of the subsidiary.

	Allergan	Actavis
Dividends in Shares / Bonus Issues	Allergan may make distributions to its stockholders in the form of a stock dividend. See the discussion of dividends and distributions under Distributions, Dividends, Repurchases and Redemptions beginning on page 203 of this joint proxy statement/prospectus.	Under Actavis articles of association, the board of directors may resolve to capitalize any amount for the time being standing to the credit of any of Actavis reserves accounts or to the credit of the profit and loss account which is not available for distribution by applying such sum in paying up in full unissued shares to be allotted as fully paid bonus shares to those shareholders of Actavis who would have been entitled to that sum if it were distributable and had been distributed by way of dividend (and in the same proportions).
Lien on Shares, Calls on Shares and Forfeiture of Shares	Under Delaware law, a corporation may issue the whole or any part of its shares as partly paid and subject to call for the remainder of the consideration to be paid therefor. When the whole of the consideration payable for shares of a corporation has not been paid in full, and the assets of the corporation shall be insufficient to satisfy the claims of creditors, each holder of shares not paid in full shall be bound to pay the unpaid balance due for such shares.	Actavis articles of association provide that Actavis will have a first and paramount lien on every share for all moneys payable, whether presently due or not, payable in respect of such Actavis ordinary share. Subject to the terms of their allotment, directors may call for any unpaid amounts in respect of any shares to be paid, and if payment is not made, the shares may be forfeited. These provisions are standard inclusions in the articles of association of an Irish company limited by shares, such as Actavis, and will only be applicable to Actavis shares that have not been fully paid up. The shares to be issued to Allergan stockholders in the Merger will be fully paid up.
Number and Election of Directors	The Allergan certificate of incorporation provides that the number of directors on the Allergan board of directors will be fixed by, or in the manner provided in, the Allergan bylaws. The Allergan bylaws provide that the number of directors will be fixed by resolution of the Allergan board of directors, but will be no less than five and not	Actavis articles of association provide that (subject to: (i) automatic increases to accommodate the exercise of the rights of holders of any class or series of shares in issue having special rights to nominate or appoint directors in accordance with the terms of issue of such class or series; and/or (ii) any ordinary

more than 15 directors. As of the date of this	resolution passed by shareholders increasing the

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	Allergan	Actavis
	joint proxy statement/prospectus, the Allergan board of directors consisted of nine directors.	number of directors), the number of directors will be not less than five and not more than 14. As of the date of this joint proxy statement/prospectus, the Actavis board of directors consisted of 14 directors.
	The members of the Allergan board of directors are elected annually. The Allergan bylaws provide that directors are to be elected by a majority of the votes cast with respect to such director, unless the number of nominees exceeds the number of directors to be elected at such meeting, in which case the directors will be elected by a plurality of the votes cast by the shares represented and entitled to vote at such meeting with respect to the election of directors. The Allergan bylaws further provide that at all times a majority of the directors on the Allergan board of directors must be independent directors as defined in Allergan s bylaws.	At each annual general meeting of Actavis, all of the directors shall retire from office and be reeligible for reelection. Upon the resignation or termination of office of any director, if a new director shall be appointed to the board, he will be designated to fill the vacancy arising. Actavis articles of association provide that no person shall be appointed director unless nominated as follows: (i) by the affirmative vote of two-thirds of the board of Actavis; (ii) with respect to election at an annual general meeting, by any shareholder who holds ordinary shares or other shares carrying the general right to vote at general meetings of Actavis, who is a shareholder at the time of the giving of the notice and at the time of the relevant annual general meeting and who timely complies with the notice procedures set out in the articles of association;

(iii) with respect to election at an extraordinary general meeting requisitioned in accordance with section 132 of the Companies Act of 1963, by a shareholder or shareholders who hold ordinary shares or other shares carrying the general right to vote at general meetings of Actavis and who make such nomination in the written requisition of the extraordinary general meeting; or

(iv) by holders of any class or series of shares in Actavis then in

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	Allergan	Actavis
		issue having special rights to nominate or appoint directors in accordance with the terms of issue of such class or series, but only to the extent provided in such terms of issue.
		Actavis articles of association provide that directors shall be appointed as follows:
		(i) by shareholders by ordinary resolution at the annual general meeting in each year or at any extraordinary general meeting at which a resolution seeking the appointment of a director is proposed;
		(ii) by the board in accordance with Actavis articles of association; or
		(iii) so long as there is in office a sufficient number of directors to constitute a quorum of the board in accordance with Actavis articles of association, the directors shall have the power at any time and from time to time to appoint any person to be a director, either to fill a vacancy in the board or as an addition to the existing directors but so that the total number of directors shall not at any time exceed the maximum number provided for in the articles of association.
Removal of Directors; Newly Created Directorships and Vacancies	*Removal of Directors*	*Removal of Directors*

Allergan s certificate of incorporation provides that, subject to the rights, if any, of holders of preferred shares, directors may be removed with or without cause by the affirmative vote of the holders of a majority of the shares then entitled to vote at an election of directors.	Under the Companies Acts and notwithstanding anything contained in Actavis memorandum and articles of association or in any agreement between Actavis and a director, the shareholders may, by an ordinary resolution, remove a director from office before the expiration of his or her term at a meeting held on no less than 28 days notice and at which the director is entitled to be heard. Because of this provision of the Companies Acts, Actavis

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	Allergan	Actavis
	Newly Created Directorships /Vacancies Allergan s certificate of incorporation and bylaws provide that any vacancies on the Allergan board of directors or newly created directorships may be filled solely by the affirmative vote of a majority of the remaining directors, even if less than a quorum, or by the sole remaining director.	articles of association provide that Actavis may, by ordinary resolution, remove any director before the expiration of his or her period of office notwithstanding anything in any agreement between Actavis and the removed director. The power of removal is without prejudice to any claim for damages for breach of contract (e.g., an employment contract) that the director may have against Actavis in respect of his or her removal. *Newly Created Directorships / Vacancies* A vacancy caused by the removal of a director or a newly created directorship may be filled by the shareholders at a shareholder meeting or the board of directors, as applicable.
Duties of Directors	Under Delaware law, a company s directors are charged with fiduciary duties of care and loyalty. The duty of care requires that directors act in an informed and deliberate manner and inform themselves, prior to making a business decision, of all relevant material information reasonably available to them. The duty of care also requires that directors exercise care in overseeing and investigating the conduct of corporate employees. The duty of loyalty may be summarized as the duty to act in good faith, not out of self-interest, and in a manner that the	The directors of Actavis have certain statutory and fiduciary duties as a matter of Irish law. All of the directors have equal and overall responsibility for the management of Actavis (although directors who also serve as employees have additional responsibilities and duties arising under their employment agreements, and it is likely that more will be expected of them in compliance with their duties than non-executive directors). The principal directors duties include the common law fiduciary duties

director reasonably believes to be in the best interests of the corporation and its stockholders. A party challenging the propriety of a decision of a board of directors typically bears the burden of rebutting the applicability of the presumptions afforded to directors	of good faith and exercising due care and skill. The statutory duties include ensuring the maintenance of proper books of account, having annual accounts prepared, having an annual audit performed, and the duty to maintain certain registers and make certain filings as well as disclosure of personal interests.

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	by the business judgment rule, which presumes that the director acted in accordance with the duties of care and loyalty. If the presumption is not rebutted, the business judgment rule attaches to protect the directors and their decisions. Notwithstanding the foregoing, Delaware courts may subject directors conduct to enhanced scrutiny in respect of, among other matters, defensive actions taken in response to a threat to corporate control and approval of a transaction resulting in a sale of control of the corporation.	For public limited companies like Actavis, directors are under a specific duty to ensure that the secretary is a person with the requisite knowledge and experience to discharge the role.
	Under Delaware law, a member of the board of directors, or a member of any committee designated by the board of directors, shall, in the performance of such member s duties, be fully protected in relying in good faith upon the records of the corporation and upon such information, opinions, reports or statements presented to the corporation by any of the corporation s officers or employees, or committees of the board of directors, or by any other person as to matters the member reasonably believes are within such other person s professional or expert competence and who has been selected with reasonable care by or on behalf of the corporation.	Under Irish law, a director is entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, prepared or presented by (i) other directors, officers or employees of the corporation whom the director reasonably believes to be reliable and competent in the matters prepared or presented, (ii) legal counsel, public accountants or other persons as to matters the director reasonably believes are within their professional or expert competence or (iii) a committee of the board of which the director does not serve as to matters within its designated authority, which committee the director reasonably believes to merit confidence.
Conflicts of Interest of Directors	Under Delaware law, a contract or transaction in which a director has an interest will not be voidable solely for this reason if (i) the material facts with respect to such interested director s relationship or interest are disclosed or are known to the board of directors or a committee thereof,	As a matter of Irish law, a director is under a general fiduciary duty to avoid conflicts of interest. Under Irish law, directors who have a personal interest in a contract or proposed contract with the applicable Irish company are required to declare the nature of

and the board of directors or such committee in good faith authorizes the contract or transaction by the affirmative vote	their interest at a meeting of the board of directors of the applicable Irish company. An Irish company is required to maintain a register of

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of a majority of the disinterested directors, (ii) the material facts with respect to such interested director s relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders or (iii) the contract or transaction is fair to the corporation as of the time it is authorized, approved or ratified. The mere fact that an interested director is present and voting on a contract or transaction in which he or she is interested will not itself make the contract or transaction void. Interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee that authorizes the contract or transaction.	declared interests, which must be available for shareholder inspection. Actavis articles of association and Irish statutory law, as applicable, provide that a director who is in any way, whether directly or indirectly, interested in a contract or proposed contract, transaction or arrangement with Actavis and has complied with his or her disclosure obligations under the Companies Acts and Actavis articles of association shall be entitled to vote in respect of any contract, transaction or arrangement in which he or she is so interested, and if he or she shall do so his or her vote shall be counted, and he or she shall be taken into account in ascertaining whether a quorum is present, but the resolution with respect to the contract, transaction or arrangement will fail unless it is approved by a majority of the disinterested directors voting on the resolution.
Under Delaware law, an interested director could be held liable for a transaction in which such director derived an improper personal benefit.	Under Actavis articles of association, a director of Actavis may be a director of, other officer of, or otherwise interested in, any company promoted by Actavis or in which Actavis is interested, and such director will not be accountable to Actavis for any remuneration received from such employment or other interest. The articles of association further provide that (i) no director will be prevented from contracting with Actavis because of his or her position as a director, (ii) any

contract entered into between a director and Actavis will not be subject to avoidance and (iii) no director will be liable to account to Actavis for any profits realized by virtue of any contract between such director and Actavis because the director holds such office or because of the fiduciary relationship established thereby.

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Indemnification of Officers and Directors	Under the DGCL, a corporation has the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such proceeding (or, in the case of an action by or in the right of the corporation, only against expenses (including attorneys fees) actually and reasonably incurred by the person in connection with such proceeding) if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the person s conduct was unlawful.	Actavis articles of association confer an indemnity on its directors and secretary that is more limited than the analogous indemnity in Allergan s certificate of incorporation and bylaws because the Companies Acts prescribe that such an indemnity only permits a company to pay the costs or discharge the liability of a director or the secretary where judgment is given in any civil or criminal action in respect of such costs or liability, or where an Irish court grants relief because the director or secretary acted honestly and reasonably and ought fairly to be excused. This restriction in the Companies Acts does not apply to executives who are not directors or the company secretary of Actavis. Any provision for indemnification to a greater extent is void under Irish law, whether contained in a memorandum and articles of association or any contract between the director and the Irish company. Actavis articles of association also contain indemnification and expense advancement provisions for current or former executives who are not directors or the company secretary of Actavis.
	The DGCL provides that a Delaware corporation must indemnify a director or officer against expenses (including attorneys fees) actually and reasonably incurred if such person successfully defends himself or herself in a proceeding to which such person was a party because he or she was a director or officer of the Delaware corporation. The DGCL further provides that a Delaware	The directors of Actavis may, on a case-by-case basis, decide at their discretion that it is in the best interests of Actavis to indemnify an individual director from any liability arising from his or her position as a director of Actavis. However, this discretion must be exercised bona

corporation may	fide in the best interests of Actavis as a whole. Any such indemnity will be limited in the manner described in the foregoing paragraphs.
	Actavis has entered into deeds of indemnification, and a subsidiary

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	purchase and maintain insurance on behalf of any director, officer, employee or agent of such corporation against any liability asserted against such person and incurred by such person in any such capacity, whether or not such corporation would have the power to indemnify such person against such liability.	of Actavis has entered into indemnification agreements with certain directors and officers of Actavis.
	The Allergan certificate of incorporation provides that Allergan will indemnify and advance expenses to its directors, officers, employees and agents to the fullest extent permitted by the DGCL.	
	Allergan has also entered into separate indemnification agreements with certain of its directors and officers.	
Limitation on Director Liability	Under Delaware law, a corporation may include in its certificate of incorporation a provision that limits or eliminates the personal liability of directors to the corporation and its stockholders for monetary damages for a breach of fiduciary duty as a director, subject to the exceptions described in the following paragraph. Allergan s certificate of incorporation includes such a provision. However, a corporation may not limit or eliminate the personal liability of a director for: any breach of the director s duty of loyalty to the corporation or its stockholders; acts or omissions not in good faith or	Under Irish law, a company may not exempt its directors from liability for negligence or a breach of duty. However, where a breach of duty has been established, directors may be statutorily exempted by an Irish court from personal liability for negligence or breach of duty if, among other things, the court determines that they have acted honestly and reasonably and that they may fairly be excused as a result. Under Irish law, shareholders may not agree to exempt a director or officer from any claim or right of action a shareholder may have, whether individually or in the right of a company, on account of any action taken or the failure to take any action in the performance of

which involve intentional misconduct or a knowing violation of law; intentional or negligent payments of unlawful dividends or unlawful stock purchases or redemptions; or any transaction in which the director derives an improper personal benefit.	such director s or officer s duties to the company. Actavis articles of association provide that, to the maximum extent permitted by Irish law, no director or officer of Actavis shall be personally liable to Actavis or its shareholders for monetary

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		damages for his or her acts or omissions save where such acts or omissions involve negligence, default, breach of duty or breach of trust.
Record Date	The Allergan bylaws provide that the board may fix a record date in advance of any meeting of stockholders or any adjournment thereof for purposes of determining which stockholders are entitled to notice of or to vote at any such meeting. The record date may not be more than 60 nor less than 10 days before the date of the meeting. A determination of stockholders entitled to notice of or to vote at a meeting of stockholders will apply to any adjournment of such meeting unless the Allergan board of directors fixes a new record date for the adjourned meeting. If no record date is fixed by the board, the record date for determining which stockholders are entitled to notice of or to vote at any such meeting shall be at the close of business on the day immediately before the day on which notice of the meeting is given or, if notice is waived, the close of business on the day immediately before the day of the meeting. The record date for determining stockholders entitled to consent to corporate actions in writing without a meeting will be fixed by a resolution of the Allergan board of directors in accordance with the Allergan certificate of incorporation and	The Actavis board of directors may from time to time fix a record date for the purposes of determining the rights of shareholders to notice of and/or to vote at any general meeting of Actavis or any adjournments thereof. The record date may not be more than 60 days before the date of such meeting. If no record date is fixed by the board, the record date for determining shareholders entitled to notice of, or to vote at, a meeting shall be the close of business on the day preceding the day on which notice is given. The board may also set a record date to determine the identity of the shareholder entitled to receive payment of any dividend or other distribution. The record date shall not precede the date upon which the resolution fixing the record date is adopted. If no record date is fixed, the record date for determining shareholders for such purpose shall be at the close of business on the day on which the board adopts the resolution relating to the payment of any dividend or other distribution.

bylaws. See Shareholder Action by Written Consent beginning on page 222 of this joint proxy statement/prospectus.

The board may also set a record date to determine the identity of the stockholders entitled to receive payment of any dividend or other

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	distribution. The record date shall not precede the date upon which the resolution fixing the record date is adopted and shall not be more than 60 days prior to the dividend or other distribution payment date. If no record date is fixed, the record date for such purpose shall be at the close of business on the day on which the board adopts the resolution relating to the payment of any dividend or other distribution.	
Annual Meetings of Shareholders	Under Delaware law, an annual meeting of stockholders is required for the election of directors and for such other proper business as may be conducted thereat. The Court may order a corporation to hold an annual meeting if the corporation has failed to hold an annual meeting for a period of 13 months after its last annual meeting. The Allergan bylaws provide that the annual meeting of stockholders will be held at the time and place determined by the Allergan board of directors. The Allergan bylaws provide that meetings of stockholders may be held either at Allergan s principal office or at any other place within or without the State of Delaware, as determined by the Allergan board of directors from time to time or as the business of Allergan may require.	As a matter of Irish law, Actavis is required to hold an annual general meeting at intervals of no more than 15 months from the previous annual general meeting, provided that an annual general meeting is held in each calendar year following the first annual general meeting and no more than 9 months after Actavis fiscal year-end. Because of the 15-month requirement described in this paragraph, Actavis articles of association include provisions reflecting this requirement of Irish law. Business may be brought before an Actavis meeting if directed by a court of competent jurisdiction or if the chairman decides in his discretion that it may be regarded as within the scope of the meeting. Actavis articles of association provide that meetings may be held in or outside of Ireland.

		The provisions of the articles of association of Actavis relating to general meetings shall apply to every such general meeting of the holders of any class of shares.
Advance Notice Provisions	Allergan s bylaws provide that nominations of persons for election to the Allergan board of directors and the proposal of business to be considered by stockholders may be made only (i) by or at the direction	Under Actavis articles of association, in addition to any other applicable requirements, for business or nominations to be properly brought before an annual general meeting by a shareholder,

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	of the Allergan board of directors or (ii) by a stockholder of record	such shareholder must have given timely notice thereof in proper
	who is entitled to vote and who has complied with the advance notice procedures set forth in Allergan s bylaws.	written form to the secretary of Actavis.
	In general, an Allergan stockholder wishing to nominate a director or raise another proposal at an annual meeting of stockholders must notify Allergan in writing between 30 and 60 days prior to the scheduled annual meeting, regardless of any postponements, deferrals or adjournments of such annual meeting to a later date, unless less than 40 days notice or prior public disclosure of the date of the scheduled annual meeting is given or made, in which case notice by the stockholder must be delivered or received not later than the close of business on the 10th day following the earlier of the day on which such notice of the date of the scheduled annual meeting was mailed or the day on which such public disclosure was made.	To be timely for an annual general meeting, a shareholder s notice to the secretary as to the business or nominations to be brought before the meeting must be delivered to or mailed and received at the office not less than 120 calendar days nor more than 150 calendar days before the first anniversary of the notice convening Actavis annual general meeting for the prior year; provided, however, that in the event that less than 70 days notice or prior public disclosure of the date of the meeting is given or made to shareholders, notice by the shareholder must be so delivered not later than the close of business on the 15th calendar day following the day on which public announcement of the date of such meeting is first made. In no event shall the public announcement of an adjournment or postponement of an annual general meeting commence a new time period (or extend any time period) for the giving of a shareholder s notice.
	The notice must contain specific information concerning the person to be nominated or the matters to be brought before the meeting as well as specific information concerning the stockholder submitting the proposal or making the nomination.	A shareholder s notice to the secretary must set forth as to each matter such shareholder proposes to bring before the meeting:
	The presiding officer of the annual meeting will determine whether any	

such stockholder proposal was made in accordance with the terms of Allergan s certificate of incorporation. If the presiding officer determines that such proposal was not made in accordance with the terms of Allergan s certificate of incorporation, such proposal will not be acted upon.	a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and if such business includes a proposal to amend the articles of Actavis, the text of the proposed amendment) and the reasons for conducting such business at the meeting;

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		as to the shareholder giving the notice, the name and address, as they appear in the Register, of such shareholder and any shareholder associated person as described in Actavis articles of association.
		The chairman of the meeting shall have the power and duty to determine whether any business proposed to be brought before the meeting was made or proposed in accordance with these procedures (as set out in Actavis articles of association), and if any proposed business is not in compliance with these provisions, to declare that such defective proposal shall be disregarded. The chairman of such meeting shall, if the facts reasonably warrant, refuse to acknowledge that a proposal that is not made in compliance with these procedures (as set out in Actavis articles of association) has been made and any such proposal not properly brought before the meeting shall not be considered.
Calling Special Meetings of Shareholders	Under Delaware law, special meetings of stockholders may be called by the board of directors and by such other person or persons authorized to do so by the corporation s certificate of incorporation or bylaws. Allergan s certificate of incorporation and bylaws provide that special meetings of the stockholders may be	As provided under Irish law, extraordinary general meetings of Actavis may be convened (i) by the Actavis board of directors, (ii) on requisition of Actavis shareholders holding not less than 10% of the paid-up share capital of Actavis carrying voting rights, (iii) on requisition of Actavis auditors or (iv) in exceptional cases, by court order.

called at any time by the Chairman of the Allergan board of directors, Allergan s Chief Executive Officer or the Allergan board of directors at any time and for any purpose or purposes.	Extraordinary general meetings are generally held for the purpose of approving shareholder resolutions as may be required from time to time. At any extraordinary general meeting, only such business shall be conducted as is set forth in the notice thereof.
In addition, Allergan s secretary must call a special meeting if holders of record of at least 25% of the outstanding Allergan common	In the case of an extraordinary general meeting convened by the

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	stock request that a special meeting be called and otherwise comply with the procedures for calling a special meeting specified in the Allergan bylaws. The Allergan bylaws require the Allergan board of directors to call a special meeting requested by the Allergan stockholders within 90 days of receipt of one or more valid requests meeting the requirements of Allergan s bylaws.	Actavis shareholders, the proposed purpose of the meeting must be set out in the requisition notice. Upon receipt of any such valid requisition notice, the Actavis board of directors has 21 days to convene a meeting of Actavis shareholders to vote on the matters set out in the requisition notice. This meeting must be held within two months of the receipt of the requisition notice. If the Actavis board of directors does not convene the meeting within such 21-day period, the requisitioning shareholders, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a meeting, which meeting must be held within three months of Actavis receipt of the requisition notice. Because of requirements described in this paragraph, Actavis articles of association include provisions reflecting these requirements of Irish law. If the Actavis board of directors becomes aware that the net assets of Actavis are not greater than half of the amount of Actavis called-up share capital, it must convene an extraordinary general meeting of Actavis shareholders not later than 28 days from the date that the directors learn of this fact to consider how to address the situation.
Notice Provisions	Under Delaware law, written notice of annual and special meetings of Allergan stockholders must be given not less than 10 nor more than 60 days before the date of the meeting to each stockholder entitled to vote at	As provided under Irish law, notice of an annual or extraordinary general meeting must be given to all Actavis shareholders and to the auditors of Actavis.

such meeting as of the record date for determining the stockholders entitled to notice of the meeting.	Actavis articles of association provide for the minimum notice period of 21 clear days notice in writing for an annual meeting or an
The Allergan bylaws provide that written notice of an annual	extraordinary general meeting to approve a special resolution and 14 clear days notice in writing for

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	meeting and a special meeting must be served personally or by mail. The Allergan bylaws provide that notice of a special meeting must also state the purpose for which the special meeting is called.	any other extraordinary general meeting.
Quorum at Shareholder Meetings	Allergan s bylaws provide that the holders of a majority in voting interest of the shares entitled to be voted thereat, present in person or by proxy, constitute a quorum at any annual or special meeting of stockholders.	Actavis articles of association provide that a quorum shall be two or more persons holding or representing by proxy more than 50% of the total issued voting rights of Actavis shares.
Adjournment of Shareholder Meetings	The Allergan bylaws provide that, whether or not a quorum is present, the chairman of the meeting or a majority of the stockholders present in person or by proxy may adjourn the meeting from time to time. No notice of the time and place of adjourned meetings need be given unless the adjournment is for more than 30 days or a new record date is set.	The articles of association of Actavis provide that the chairman may, with the consent of the meeting (and in certain circumstances, without the consent of the meeting), and shall, if so directed by the meeting, adjourn a general meeting without notice, other than announcement at the meeting. No business may be transacted at any adjourned meeting other than the business left unfinished at the meeting at which the adjournment took place. New notice must be given for meetings adjourned for 30 days or more.
Voting Rights	Under Allergan s certificate of incorporation, each Allergan stockholder is entitled to one vote for each share of Allergan common stock that he or she holds as of the record date for the meeting. Under Allergan s bylaws, at any meeting of stockholders at which a quorum is present, all matters, except as otherwise provided in Allergan s certificate of incorporation or bylaws or by law, shall be decided by the vote of a majority in voting interest	Under Actavis articles of association, each Actavis shareholder is entitled to one vote for each ordinary share that he or she holds as of the record date for the meeting. The holders of serial preferred shares may also be entitled to a vote, depending on the terms upon which any such shares are issued. The holder(s) of euro deferred ordinary shares are not entitled to a vote.

of the stockholders present in person or by proxy and entitled to vote at such meeting and on such matter.	Except where a greater majority is required by the Companies Acts, any question, business or resolution proposed at any general meeting shall be decided by a simple majority of the votes cast.

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		At any meeting of Actavis, all resolutions will be decided on a show of hands unless a poll is demanded by: (i) the chairman; (ii) at least three shareholders present in person or by proxy; (iii) any shareholder or shareholders present in person or proxy and holding not less than one-tenth of the total voting rights of all shareholders having the right to vote at such meeting; or (iv) any shareholder or shareholders holding shares in Actavis conferring the right to vote at the meeting being shares on which an aggregate sum has been paid up equal to and not less than one-tenth of the total sum paid up on all the shares conferring that right.
		Irish law requires approval of certain matters by special resolutions of the shareholders at a general meeting. Special resolutions require a majority of not less than 75% of the votes of Actavis cast at a general meeting at which a quorum is present.
		Ordinary resolutions, by contrast, require a simple majority of the votes of Actavis cast at a general meeting at which a quorum is present.

Irish law also distinguishes between ordinary business and special business. Most matters are deemed special with the exception of declaring a dividend, the consideration of the accounts, balance sheets and the reports of the directors and auditors, the election of directors, the reappointment of the retiring auditors and the fixing of the remuneration of the auditors, all of which are deemed to be ordinary business.

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Shareholder Action by Written Consent	Under Delaware law, unless otherwise provided in a corporation s certificate of incorporation, any action required to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing setting forth the actions so taken shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.	The Companies Acts provide that shareholders may approve a resolution without a meeting if (i) all shareholders sign the written resolution and (ii) the company s articles of association permit written resolutions of shareholders. Actavis articles of association provide shareholders with the right to take action by unanimous written consent as permitted by Irish law.
	Under the Allergan certificate of incorporation, holders of record of at least 25% of the voting power of Allergan s capital stock entitled to vote may request that the Allergan board of directors fix a record date for stockholders to act by written consent. The request must, among other things, describe the action proposed to be taken and contain the information and representations required by the Allergan s certificate of incorporation and bylaws. Upon receipt of a valid request, the Allergan board of directors must fix a record date for determining the Allergan stockholders to act by written consent by the later of (i) 20 days after receipt of such request or (ii) five days after the delivery of any information requested by Allergan to determine the validity of such request. The record date to be set by the Allergan board of directors may not precede and may be no more than 10 days after the date of the Allergan	

board of directors resolution fixing such record date. If no record date is fixed by the

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	Allergan board of directors, the record date will be the first date on which a signed written consent is delivered to Allergan.	
	Allergan stockholders may not act by written consent if, among other things, (i) the request described above is received during the period commencing 90 days prior to the first anniversary of the date of the immediately preceding annual meeting and ending on the date of the final adjournment of the next annual meeting, (ii) an identical or substantially similar item was presented at any meeting of the stockholders within one year prior to the receipt of the request (excluding a call to remove any director following an election of directors at an annual meeting) or (iii) the Allergan board of directors calls an annual or special meeting or solicits action by written consent with respect to such similar item.	
Shareholder Suits	Generally, Allergan may be sued under federal securities law, and stockholders may bring derivative litigation against the corporation if the corporation does not enforce its own rights. Under federal and state procedural rules, a stockholder must make a demand upon the board before bringing a derivative suit unless demand is excused. An individual also may commence a class action suit on behalf of himself or herself and other similarly situated stockholders where the requirements for maintaining a class action have been met.	In Ireland, the decision to institute proceedings is generally taken by a company s board of directors, who will usually be empowered to manage the company s business. In certain limited circumstances, a shareholder may be entitled to bring a derivative action on behalf of the company. The central question at issue in deciding whether a minority shareholder may be permitted to bring a derivative action is whether, unless the action is brought, a wrong committed against the company would otherwise go unredressed.

The principal case law in Ireland indicates that to bring a derivative action, a person must first establish a prima facie case (i) that the company is entitled to the relief claimed and (ii) that the action

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	falls within 1 of the five exceptions derived from case law, as follows:
	(i) where an ultra vires or illegal act is perpetrated;
	(ii) where more than a bare majority is required to ratify the wrong complained of;
	(iii) where the shareholders personal rights are infringed;
	(iv) where a fraud has been perpetrated upon a minority by those in control; or
	(v) where the justice of the case requires a minority to be permitted to institute proceedings.
	Shareholders may also bring proceedings against the company where the affairs of the company are being conducted, or the powers of the directors are being exercised, in a manner oppressive to the shareholders or in disregard of their interests. Oppression connotes conduct that is burdensome, harsh or wrong.

		Conduct must relate to the internal management of the company. This is an Irish statutory remedy, and the court can grant any order it sees fit, usually providing for the disposition or transfer of the shares of the relevant shareholder.
Inspection of Books and Records	Under Delaware law, a stockholder of a Delaware corporation has the right to inspect the corporation s stock ledger, stockholder lists and other books and records for a purpose reasonably related to the person s interest as a stockholder.	Under Irish law, shareholders have the right to: (i) receive a copy of the memorandum and articles of association of Actavis and any act of the Irish government that alters the memorandum of Actavis; (ii) inspect and obtain copies of the minutes of general meetings and resolutions of Actavis; (iii) inspect and receive a copy of the register of shareholders, register of directors and

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		secretaries, register of directors interests and other statutory registers maintained by Actavis;
		(iv) receive copies of balance sheets and directors and auditors reports of Actavis that have previously been sent to shareholders prior to an annual general meeting; and
		(v) receive balance sheets of any subsidiary of Actavis that have previously been sent to shareholders prior to an annual general meeting for the preceding 10 years.
Disclosure of Interests in Shares	Neither Delaware law nor Allergan s governing documents impose any obligation with respect to disclosure by stockholders of their interests in Allergan shares, except in connection with a stockholder making a demand to inspect the stocklist or other books and records of Allergan pursuant to Delaware law or a stockholder making a demand for appraisal of its shares under Delaware law in connection with a merger or consolidation of Allergan, and except as part of an Allergan stockholder s request for a special meeting or action by written consent pursuant to Allergan s governing documents.	Under the Companies Acts, there is a notification requirement for shareholders who acquire or cease to be interested in 5% of the shares of an Irish public limited company. An Actavis shareholder therefore must make such a notification to Actavis if, as a result of a transaction, the shareholder will be interested in 5% or more of the relevant share capital of Actavis; or if, as a result of a transaction, a shareholder who was interested in 5% or more of the relevant share capital of Actavis ceases to be so interested. Where a shareholder is interested in 5% or more of the relevant share capital of Actavis (i.e., voting shares), any alteration of his or her interest that brings his or her total holding through the nearest whole percentage number, whether an increase or a reduction, must be notified to Actavis.

The relevant percentage figure is calculated by reference to the aggregate par value of the shares in which the shareholder is interested as a proportion of the entire par value of Actavis ordinary share capital. Where the percentage level of the shareholder s interest does not amount to a whole percentage,

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	this figure may be rounded down to the next whole number. All such disclosures should be notified to Actavis within five business days of the alteration of the shareholder s interests that gave rise to the requirement to notify.
	Where a person fails to comply with the notification requirements described above, no right or interest of any kind whatsoever in respect of any shares in Actavis concerned, held by such person, shall be enforceable by such person, whether directly or indirectly, by action or legal proceeding. However, such person may apply to the Irish High Court to have the rights attaching to the shares concerned reinstated.
	In addition to the above disclosure requirement, Actavis, under the Companies Acts, may by notice in writing require a person whom Actavis knows or has reasonable cause to believe to be, or at any time during the three years immediately preceding the date on which such notice is issued, to have been interested in shares comprised in Actavis relevant share capital (i) to indicate whether or not it is the case and (ii) where such person holds or has during that time held an interest in the shares of Actavis, to give such further information as may be required by Actavis, including particulars of such person s own past or present interests in Actavis

ordinary shares. Any information given in response to the notice is required to be given in writing within such reasonable time as may be specified in the notice.

Where such a notice is served by Actavis on a person who is or was interested in shares of Actavis and that person fails to give Actavis any of the requested information

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		within the reasonable time specified, Actavis may apply to the court for an order directing that the affected shares be subject to certain restrictions. Under the Companies Acts, the restrictions that may be placed on the shares by the court are as follows:
		(i) any transfer of those shares, or in the case of unissued shares, any transfer of the right to be issued with shares and any issue of shares, shall be void;
		(ii) no voting rights shall be exercisable in respect of those shares;
		(iii) no further shares shall be issued in right of those shares or in pursuance of any offer made to the holder of those shares; and
		(iv) no payment shall be made of any sums due from Actavis on those shares, whether in respect of capital or otherwise.
		Where the shares in Actavis are subject to these restrictions, the court may order the shares to be sold and may also direct that the shares shall cease to be subject to these restrictions.
Rights of Dissenting Shareholders		

The appraisal rights of Allergan stockholders are governed by Delaware law. Delaware law provides that appraisal rights are available to dissenting stockholders in connection with certain mergers or consolidations. However, unless a corporation s certificate of incorporation otherwise provides (which Allergan s certificate of incorporation does not), Delaware law does not provide for appraisal rights if: (i) the shares of the corporation are (1) listed on a national securities exchange or (2) held of record by more than	Generally, under Irish law, shareholders of an Irish company do not have dissenters or appraisal rights. Under the European Communities (Cross-Border Mergers) Regulations 2008 governing the merger of an Irish public limited company such as Actavis and a company incorporated in the European Economic Area (the European Economic Area includes all member states of the European Union and Norway, Iceland and Liechtenstein) where that other company is the surviving entity, a shareholder (i) who voted against

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	2,000 stockholders; or (ii) the corporation is the surviving corporation and no vote of its stockholders is required for the merger. However, notwithstanding the foregoing, Delaware law provides that appraisal rights will be available to the stockholders of a corporation if the stockholders are required by the terms of a merger agreement to accept for such stock anything except: (i) shares of stock of the corporation surviving or resulting from such merger or consolidation, or depository receipts in respect thereof; (ii) shares of stock of any other corporation, or depository receipts in respect thereof, which shares of stock (or depository receipts in respect thereof) at the effective date of the merger or consolidation will be either listed on a national securities exchange or held of record by more than 2,000 holders; (iii) cash in lieu of fractional shares or fractional depository receipts; or (iv) any combination of the shares of stock, depository receipts and cash in lieu of fractional shares or fractional depository receipts as described above. Delaware law does not provide appraisal rights to stockholders with respect to the sale of all or substantially all of a corporation s assets or an amendment to a corporation s certificate of incorporation, although a corporation s certificate of incorporation may so provide (which Allergan s certificate of incorporation does not). Delaware law provides, among other procedural requirements for the exercise of the appraisal rights, that a stockholder s written demand for appraisal of shares must be received before the taking of the	the special resolution approving the merger or (ii) of a company in which 90% of the shares are held by the other party to the merger, has the right to request that the company acquire his or her shares for cash at a price determined in accordance with the share exchange ratio set out in the acquisition agreement.

vote on the matter giving rise to
appraisal rights, when the

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	matter is voted on at a meeting of stockholders and that the stockholder not vote in favor of the merger or consolidation.	
Anti-Takeover Measures	Under Delaware law, certain anti-takeover provisions apply to Allergan as a publicly traded company that may have the effect of making it more difficult for a third party to acquire Allergan. In particular, Section 203 of the DGCL generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with an interested stockholder (generally defined in Section 203 as a person or group having beneficial ownership of 15% or more of the outstanding voting stock of the corporation) for a period of three years following the time that such stockholder became an interested stockholder, unless, among other exceptions, prior to such time the board of directors of the corporation approved either the relevant business combination or the transaction that resulted in such stockholder becoming an interested stockholder.	A transaction in which a third party seeks to acquire 30% or more of the voting rights of Actavis will be governed by the Irish Takeover Panel Act 1997 and the Irish Takeover Rules made thereunder and will be regulated by the Irish Takeover Panel (referred to in this joint proxy statement/prospectus as the Panel). The General Principles of the Irish Takeover Rules and certain important aspects of the Irish Takeover Rules are described below. The Irish Takeover Rules are built on the following General Principles that will apply to any transaction regulated by the Panel: (i) in the event of an offer, all holders of security of the target company should be afforded equivalent treatment, and if a person acquires control of a company, the other holders of securities must be protected;
	A corporation may opt out of Section 203 of the DGCL. Allergan has not opted out of Section 203 of the DGCL. Allergan s certificate of incorporation provides that in addition to any affirmative vote required by applicable law or specified in any agreement, and in addition to any voting rights granted to or held by	(ii) the holders of the securities in the target company must have sufficient time and information to enable them to reach a properly informed decision on the offer; where it advises the holders of securities, the board of the target company must give its views on the effects of implementation of the offer on employment, conditions of employment and the locations of the target company s places of business;

the holders of any series of preferred stock, the approval or authorization of any business combination (as defined in Section 203(c)(3) of the DGCL, which includes a variety of transactions, including mergers) with an interested stockholder (defined for this purpose generally	(iii) the board of the target company must act in the interests of the company as a whole and must not deny the holders of securities the opportunity to decide on the merits of the offer;

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	as a person or associated group owning 5% or more of Allergan s outstanding voting stock) that has not been approved by a majority of the independent directors (defined as the members of the Allergan board of directors who were directors of Allergan prior to any person becoming an interested stockholder or were recommended for election or elected to succeed such directors by a majority of such directors) of Allergan prior to the date that such stockholder became an interested stockholder, requires the affirmative vote of the holders of not less than a majority of the shares then outstanding held by persons other than the interested stockholder.	(iv) false markets must not be created in the securities of the target company, the bidder or of any other company concerned by the offer in such a way that the rise or fall of the prices of the securities becomes artificial and the normal functioning of the markets is distorted; (v) a bidder must announce an offer only after ensuring that he or she can fulfill in full any cash consideration, if such is offered, and after taking all reasonable measures to secure the implementation of any other type of consideration; (vi) a target company must not be hindered in the conduct of its affairs for longer than is reasonable by an offer for its securities; and (vii) a substantial acquisition of securities (whether such acquisition is to be effected by one transaction or a series of transactions) shall take place only at an acceptable speed and shall be subject to adequate and timely disclosure. Irish law also includes mandatory bid rules, other requirements in relation to offers, substantial acquisition rules and restrictions on frustrating action, as described in more detail under Description of Actavis Ordinary Shares Anti-Takeover Provisions

		beginning on page 243 of this joint proxy statement/prospectus.
Rights Agreement	Allergan entered into a Rights Agreement, dated April 22, 2014, between Allergan and Wells Fargo Bank, N.A., as rights agent, pursuant to which each share of Allergan common stock outstanding as of May 8, 2014 includes an attached preferred	Actavis articles of association expressly authorize the adoption of a shareholder rights plan. Irish law does not expressly authorize or prohibit companies from issuing share purchase rights or adopting a shareholder rights plan as an anti-takeover measure. However,

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	stock purchase right to purchase one one-thousandth of a share of Allergan s Series A Junior Participating Preferred Stock. The rights have certain anti-takeover effects. The rights will cause substantial dilution to any person or group who becomes a beneficial owner of 10% or more of the outstanding common stock or voting power of Allergan without Allergan s approval. The rights generally should not interfere with any merger or other business combination approved by the Allergan board of directors. Allergan may amend the terms of the rights agreement in any manner for as long as the rights are redeemable. Neither the execution of the Merger Agreement nor the consummation of the Merger or the other transactions contemplated by the Merger will trigger the exercise of the rights.	there is no directly relevant case law on this issue. Actavis does not have a rights plan in place.
Variation of Rights Attaching to a Class or Series of Shares	Under Allergan s certificate of incorporation, the board of directors may designate a new series of preferred stock, which may have terms different than outstanding shares, without stockholder approval. Such designation would specify the number of shares of any series and determine the voting rights, preferences, limitations and special rights, if any, of the shares of any series. A variation of the rights attached to issued shares of Allergan would be effected through an amendment to Allergan s certificate of incorporation, as described under Amendments of Governing Documents beginning on page 232 of this joint proxy statement/prospectus.	As a matter of Irish law, any variation of class rights attaching to the issued Actavis shares must be approved in writing by holders of three-quarters of the issued shares in that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class, provided that, if the relevant class of holders has only one holder, that person present in person or by proxy shall constitute the necessary quorum.

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Amendments of Governing Documents	Under Delaware law, a corporation s certificate of incorporation may be amended only if the board of directors adopts a resolution approving the amendment and declaring its advisability and the holders of a majority of the outstanding stock entitled to vote approve the amendment. If the proposed amendment would adversely affect the powers, preferences or rights of the holders of a class of stock, or change the par value of the shares of such class of stock, then the holders of the class of stock shall be entitled to vote as a class on the amendment. If the proposed amendment would adversely affect the powers, preferences or rights of one or more series of a class but shall not so affect the entire class, then only the shares of the series so affected shall be considered a separate class and be entitled to vote separately as a class on the amendment.	Actavis, pursuant to Irish law, may only alter its memorandum and articles of association by the passing of a special resolution of shareholders.
	Allergan s certificate of incorporation provides that the Allergan board of directors may make, repeal, alter, amend or rescind the Allergan bylaws.	
	Allergan s bylaws provide that they may be altered, amended, repealed or rescinded and new bylaws may be adopted by the Allergan board of directors or by the stockholders at any annual or special meeting of stockholders.	
Rights Upon Liquidation	Under Delaware law, unless the board of directors approves a	The rights of shareholders of an Irish public limited company to a

proposal to dissolve, a dissolution must be approved by the written consent of stockholders holding 100% of the total voting power of the corporation. If a dissolution is initially approved by the board of directors, it may be approved by the	return of the company s assets on dissolution or winding up, following the settlement of all claims of creditors, may be prescribed in the company s memorandum and articles of association or the terms of any

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	holders of a majority of the outstanding shares entitled to vote thereon.	serial preferred shares issued by the company from time to time. The holders of serial preferred shares in particular may have the right to priority in a dissolution or winding up of the company. If the company s memorandum and articles of association contain no specific provisions in respect of a dissolution or winding up, then, subject to the priorities of any creditors, the assets will be distributed to Actavis shareholders in proportion to the paid-up nominal value of the shares held. Actavis articles of association provide that the ordinary shareholders of Actavis are entitled to participate pro rata in a winding up, but their right to do so is subject to the rights of any holders of the serial preferred shares to participate under the terms of any series or class of such shares.
	Upon dissolution, after satisfaction of the claims of creditors, the assets of Allergan would be distributed to stockholders in accordance with their respective interests, including any rights a holder of shares of preferred stock may have to preferred distributions upon dissolution or liquidation of the corporation.	
		Actavis may be dissolved and wound up at any time by way of a shareholders voluntary winding up or a creditors winding up. In the case of a shareholders voluntary winding up, a special resolution of shareholders is required. Actavis may also be dissolved by way of court order on the application of a creditor, or by the Companies Registration Office as an enforcement measure where Actavis has failed to file certain returns.

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Enforcement of Civil Liabilities Against Foreign Persons	A judgment for the payment of money rendered by a court in the United States based on civil liability generally would be enforceable elsewhere in the United States.	A judgment for the payment of money rendered by a court in the United States based on civil liability would not be automatically enforceable in Ireland. There is no treaty between Ireland and the United States providing for the reciprocal enforcement of foreign judgments. The following requirements must be met before the foreign judgment will be deemed to be enforceable in Ireland:
		(i) the judgment must be for a definite sum;
		(ii) the judgment must be final and conclusive; and
		(iii) the judgment must be provided by a court of competent jurisdiction.
		An Irish court will also exercise its right to refuse judgment if the foreign judgment was obtained by fraud, if the judgment violated Irish public policy, if the judgment is in breach of natural justice or if it is irreconcilable with an earlier foreign judgment.

DESCRIPTION OF ACTAVIS ORDINARY SHARES

The following description of Actavis share capital is a summary. This summary does not purport to be complete and is qualified in its entirety by reference to the Companies Acts and the complete text of Actavis memorandum and articles of association, which are incorporated by reference herein. You should read those laws and documents carefully.

There are differences between Allergan s bylaws and certificate of incorporation and Actavis memorandum and articles of association. See *Comparison of the Rights of Holders of Actavis Ordinary Shares and Allergan Common Stock* beginning on page 200 of this joint proxy statement/prospectus.

The statements in this section are qualified in their entirety by reference to, and are subject to, the detailed provisions of the memorandum and articles of association of Actavis.

Capital Structure

Authorized Share Capital

The authorized share capital of Actavis is 40,000 and $101,000 divided into 40,000 euro deferred ordinary shares with a par value of 1.00 per share, 1,000,000,000 ordinary shares with a par value of $0.0001 per share and 10,000,000 serial preferred shares with a par value of $0.0001 per share.

Actavis may issue shares subject to the maximum authorized share capital contained in its memorandum and articles of association. The authorized share capital may be increased or reduced (but not below the number of issued ordinary shares, preferred shares or euro deferred ordinary shares, as applicable) by an ordinary resolution. The shares comprising the authorized share capital of Actavis may be divided into shares of such nominal value as the resolution shall prescribe. As a matter of Irish company law, the directors of a company may issue new ordinary, serial preferred or euro deferred ordinary shares without shareholder approval once authorized to do so by the articles of association or by an ordinary resolution adopted by the shareholders at a general meeting. The authorization may be granted for a maximum period of five years, at which point it must be renewed by the shareholders by an ordinary resolution. The articles of association of Actavis authorize the board of directors of Actavis to issue new ordinary, serial preferred or euro deferred ordinary shares without shareholder approval for a period of five years from the date of adoption of such articles of association, which were adopted on October 1, 2013.

The rights and restrictions to which the ordinary shares are subject are prescribed in Actavis articles of association. Actavis articles of association permit the board of directors, without shareholder approval, to determine certain terms of each series of the serial preferred shares issued by Actavis, including the number of shares, designations, dividend rights, liquidation and other rights and redemption, repurchase or exchange rights.

Irish law does not recognize fractional shares held of record. Accordingly, Actavis articles of association do not provide for the issuance of fractional Actavis ordinary shares, and the official Irish register of Actavis will not reflect any fractional shares.

Whenever an alteration or reorganization of the share capital of Actavis would result in any Actavis shareholder becoming entitled to fractions of a share, the Actavis board of directors may, on behalf of those shareholders that would become entitled to fractions of a share, arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale in due proportion among the shareholders who would have been entitled to the fractions. For the purpose of any such sale the board may authorize some person to transfer the shares representing fractions to the purchaser, who shall not be bound to see to the application of the purchase money, nor shall his title to

the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

Issued Share Capital

Actavis is expected to issue or reserve for issuance approximately 128 million ordinary shares with a nominal value of $0.0001 per share to pay the stock portion of the Merger Consideration to Allergan stockholders and assume Allergan equity-based awards at the closing of the Merger. All shares issued upon the effective time will be issued as fully paid-up and non-assessable.

Preemption Rights, Share Warrants and Options

Under Irish law certain statutory preemption rights apply automatically in favor of shareholders where shares are to be issued for cash. However, Actavis has opted out of these preemption rights in its articles of association as permitted under Irish company law. Because Irish law requires this opt-out to be renewed every five years by a special resolution of shareholders, Actavis articles of association provide that this opt-out must be so renewed. If the opt-out is not renewed, shares issued for cash must be offered to existing shareholders of Actavis on a pro rata basis to their existing shareholding before the shares can be issued to any new shareholders. The statutory preemption rights do not apply where shares are issued for non-cash consideration (such as in a stock-for-stock acquisition) and do not apply to the issue of non-equity shares (that is, shares that have the right to participate only up to a specified amount in any income or capital distribution) or where shares are issued pursuant to an employee option or similar equity plan.

The memorandum and articles of association of Actavis provide that, subject to any shareholder approval requirement under any laws, regulations or the rules of any stock exchange to which Actavis is subject, the board is authorized, from time to time, in its discretion, to grant such persons, for such periods and upon such terms as the board deems advisable, options to purchase such number of shares of any class or classes or of any series of any class as the board may deem advisable, and to cause warrants or other appropriate instruments evidencing such options to be issued. The Companies Acts provide that directors may issue share warrants or options without shareholder approval once authorized to do so by the articles of association or an ordinary resolution of shareholders. Actavis is subject to the rules of the NYSE that require shareholder approval of certain equity plans and share issuances. Actavis board of directors may issue shares upon exercise of warrants or options without shareholder approval or authorization (up to the relevant authorized share capital limit). In connection with the completion of the transactions, Actavis will assume Allergan s existing obligations to deliver shares under its equity incentive plans.

Dividends

Under Irish law, dividends and distributions may only be made from distributable reserves. Distributable reserves generally means accumulated realized profits less accumulated realized losses and includes reserves created by way of capital reduction. In addition, no distribution or dividend may be made unless the net assets of Actavis are equal to, or in excess of, the aggregate of Actavis called-up share capital plus undistributable reserves and the distribution does not reduce Actavis net assets below such aggregate. Undistributable reserves include the share premium account, the capital redemption reserve fund and the amount by which Actavis accumulated unrealized profits, so far as not previously utilized by any capitalization, exceed Actavis accumulated unrealized losses, so far as not previously written off in a reduction or reorganization of capital.

The determination as to whether or not Actavis has sufficient distributable reserves to fund a dividend must be made by reference to relevant accounts of Actavis. The relevant accounts are either the last set of unconsolidated annual audited financial statements or other financial statements properly prepared in accordance with the Companies Acts, which give a true and fair view of Actavis unconsolidated financial position and accord with accepted accounting practice. The relevant accounts must be filed in the Companies Registration Office.

Actavis memorandum and articles of association authorize the directors to pay interim dividends to the extent they appear justified by profits without shareholder approval. The board of directors may also recommend

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a dividend to be approved and declared by the Actavis shareholders at a general meeting. The board of directors may direct that the payment be made by distribution of assets, shares or cash and no dividend issued may exceed the amount recommended by the directors. Dividends may be declared and paid in the form of cash or non-cash assets and may be paid in U.S. dollars or any other currency. All holders of Actavis ordinary shares will participate pro rata in respect of any dividend which may be declared in respect of ordinary shares by Actavis.

The directors of Actavis may deduct from any dividend payable to any shareholder any amounts payable by such shareholder to Actavis in relation to the Actavis ordinary shares.

The directors may also authorize Actavis to issue shares with serial preferred rights to participate in dividends declared by Actavis. The holders of serial preferred shares may, depending on their terms, rank senior to the Actavis ordinary shares in terms of dividend rights and/or be entitled to claim arrears of a declared dividend out of subsequently declared dividends in priority to ordinary shareholders.

For information about the Irish tax issues relating to dividend payments, see *Certain Tax Consequences of the Merger Irish Tax Considerations Withholding Tax on Dividends (DWT)* beginning on page 169 of this joint proxy statement/prospectus.

Share Repurchases, Redemptions and Conversions

Overview

Actavis memorandum and articles of association provide that any ordinary share which Actavis has agreed to acquire shall be deemed to be a redeemable share, unless the board resolves otherwise. Accordingly, for Irish law purposes, the repurchase of ordinary shares by Actavis will technically be effected as a redemption of those shares as described below under Repurchases and Redemptions by Actavis beginning on page 237 of this joint proxy statement/prospectus. If the articles of association of Actavis did not contain such provision, all repurchases by Actavis would be subject to many of the same rules that apply to purchases of Actavis ordinary shares by subsidiaries described below under Purchases by Subsidiaries of Actavis beginning on page 238 of this joint proxy statement/prospectus including the shareholder approval requirements described below and the requirement that any on-market purchases be effected on a recognized stock exchange. Neither Irish law nor any constituent document of Actavis places limitations on the right of nonresident or foreign owners to vote or hold Actavis ordinary shares. Except where otherwise noted, references elsewhere in this joint proxy statement/prospectus to repurchasing or buying back Actavis ordinary shares refer to the redemption of ordinary shares by Actavis or the purchase of Actavis ordinary shares by a subsidiary of Actavis, in each case in accordance with the Actavis memorandum and articles of association and Irish law as described below.

Repurchases and Redemptions by Actavis

Under Irish law, a company may issue redeemable shares and redeem them out of distributable reserves or the proceeds of a new issue of shares for that purpose. See also *Dividends* and *Risk Factors* beginning on pages 236 and 34, respectively, of this joint proxy statement/prospectus. Actavis may only issue redeemable shares if the nominal value of the issued share capital that is not redeemable is not less than 10% of the nominal value of the total issued share capital of Actavis. All redeemable shares must also be fully paid and the terms of redemption of the shares must provide for payment on redemption. Redeemable shares may, upon redemption, be cancelled or held in treasury. Based on the provision of Actavis articles of association described above, shareholder approval will not be required to redeem Actavis ordinary shares.

Actavis may also be given an additional general authority by its shareholders to purchase its own shares as overseas market purchases, which would take effect on the same terms and be subject to the same conditions as applicable to purchases by Actavis subsidiaries as described below. Actavis does not currently have the authority to make overseas purchases of its shares.

Repurchased and redeemed shares may be cancelled or held as treasury shares. The nominal value of treasury shares held by Actavis at any time must not exceed 10% of the nominal value of the issued share capital of Actavis. Actavis may not exercise any voting rights in respect of any shares held as treasury shares. Treasury shares may be cancelled by Actavis or reissued subject to certain conditions.

Purchases by Subsidiaries of Actavis

Under Irish law, a subsidiary of Actavis may purchase Actavis ordinary shares either as overseas market purchases or off-market purchases. For a subsidiary of Actavis to make overseas market purchases of Actavis ordinary shares, the shareholders of Actavis must provide general authorization for such purchase by way of ordinary resolution. Subsidiaries of Actavis do not currently have the authority to make overseas market purchases of Actavis shares. In the absence of this general authority, for an off-market purchase by a subsidiary of Actavis, the proposed purchase contract must be authorized by special resolution of the shareholders before the contract is entered into. The person whose shares are to be bought back cannot vote in favor of the special resolution and, for at least 21 days prior to the special resolution being passed, the purchase contract must be on display or must be available for inspection by shareholders at the registered office of Actavis.

In order for a subsidiary of Actavis to make an overseas market purchase of Actavis ordinary shares, such shares must be purchased on a recognized stock exchange. The NYSE, on which the Actavis ordinary shares are listed, is specified as a recognized stock exchange for this purpose by Irish company law.

The number of shares held by the subsidiaries of Actavis at any time will count as treasury shares and will be included in any calculation of the permitted treasury share threshold of 10% of the nominal value of the issued share capital of Actavis. While a subsidiary of Actavis holds Actavis ordinary shares, it cannot exercise any voting rights in respect of those shares. The acquisition of the Actavis ordinary shares by a subsidiary of Actavis must be funded out of distributable reserves of the subsidiary.

Lien on Shares, Calls on Shares and Forfeiture of Shares

Actavis articles of association provide that Actavis will have a first and paramount lien on every share for all moneys payable, whether presently due or not, payable in respect of such Actavis ordinary share. Subject to the terms of their allotment, directors may call for any unpaid amounts in respect of any shares to be paid, and if payment is not made, the shares may be forfeited. These provisions are standard inclusions in the articles of association of an Irish company limited by shares such as Actavis and will only be applicable to Actavis ordinary shares that have not been fully paid up. The shares to be issued at the effective time of the Merger as the stock portion of the Merger Consideration will be fully paid up.

Bonus Shares

Under Actavis articles of association, the board of directors may resolve to capitalize any amount credited to any reserve (including the share premium account and the capital redemption reserve fund) or credited to the profit and loss account, and use such amount for the issuance to shareholders of shares as fully paid bonus shares on the same basis of entitlement as would apply in respect of a dividend distribution.

Consolidation and Division; Subdivision

Under its articles of association, Actavis may, by ordinary resolution, consolidate and divide its issued share capital into a smaller number of shares or subdivide its issued share capital into a larger number of shares.

Reduction of Share Capital

Actavis may, by ordinary resolution, reduce its authorized but unissued share capital in any way. Actavis also may, by special resolution and subject to confirmation by the Irish High Court, reduce or cancel its issued share capital in any manner permitted by the Companies Acts.

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Annual Meetings of Shareholders

Actavis held its first annual general meeting on May 9, 2014, and is required to hold its subsequent annual general meetings at intervals of no more than 15 months after the previous general meeting, provided that an annual general meeting is held in each calendar year following the first annual general meeting and no more than 9 months after Actavis fiscal year-end.

Notice of an annual general meeting must be given to all Actavis shareholders and to the auditors of Actavis. The articles of association of Actavis provide for a minimum notice period of 21 clear days (i.e., 21 days excluding the day when the notice is given or deemed to be given and the day of the event for which it is given or on which it is to take effect), which is the minimum permitted under Irish law.

The only matters which must, as a matter of Irish company law, be transacted at an annual general meeting are the presentation of the annual accounts, balance sheet and reports of the directors and auditors, the appointment of new auditors and the fixing of the auditor s remuneration (or delegation of same). If no resolution is made in respect of the reappointment of an existing auditor at an annual general meeting, the existing auditor will be deemed to have continued in office.

At any annual general meeting, only such business may be conducted as has been brought before the meeting (1) by or at the direction of the board of directors, (2) in certain circumstances, at the direction of the Irish High Court, (3) as required by law or (4) such business that the chairman of the meeting determines is properly within the scope of the meeting. The business to be conducted at any annual general meeting must be set forth in the notice of the meeting. In addition, shareholders entitled to vote at an annual general meeting may make nominations of candidates for election to the board of directors.

Extraordinary General Meetings of Shareholders

Extraordinary general meetings of Actavis may be convened by (i) the board of directors, (ii) on requisition of the shareholders holding not less than 10% of the paid up share capital of Actavis carrying voting rights, (iii) on requisition of Actavis auditors, or (iv) in exceptional cases, by order of the Irish High Court. Extraordinary general meetings are generally held for the purpose of approving shareholder resolutions as may be required from time to time. At any extraordinary general meeting only such business shall be conducted as is set forth in the notice thereof.

Notice of an extraordinary general meeting must be given to all Actavis shareholders and to the auditors of Actavis. Under Irish law and Actavis articles of association, the minimum notice periods are 21 clear days notice in writing for an extraordinary general meeting to approve a special resolution and 14 clear days notice in writing for any other extraordinary general meeting.

In the case of an extraordinary general meeting convened by shareholders of Actavis, the proposed purpose of the meeting must be set out in the requisition notice. Upon receipt of any such valid requisition notice, the Actavis board of directors has 21 days to convene a meeting of Actavis shareholders to vote on the matters set out in the requisition notice. This meeting must be held within two months of the receipt of the requisition notice. If the board of directors does not convene the meeting within such 21-day period, the requisitioning shareholders, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a meeting, which meeting must be held within three months of Actavis receipt of the requisition notice.

If the board of directors becomes aware that the net assets of Actavis are not greater than half of the amount of Actavis called-up share capital, the directors of Actavis must convene an extraordinary general meeting of Actavis

shareholders not later than 28 days from the date that they learn of this fact to consider how to address the situation.

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Quorum for General Meetings

The articles of association of Actavis provide that no business shall be transacted at any general meeting unless a quorum is present. A quorum requires the presence of at least two persons holding or representing by proxy (whether or not such holder actually exercises his voting rights in whole, in part or at all at the meeting) more than 50% of the total issued voting rights of Actavis shares, unless a class of Actavis shares has only one holder, in which case the presence of that one holder constitutes a quorum. Abstentions will be counted as present for purposes of determining whether there is a quorum.

Voting

Actavis articles of association provide that except where a greater majority is required by the Companies Acts, any question, business or resolution proposed at any general meeting shall be decided by a simple majority of the votes cast.

At any meeting of Actavis, all resolutions will be decided on a show of hands unless a poll is demanded by: (i) the chairman, (ii) at least three shareholders present in person or by proxy, (iii) any shareholder or shareholders present in person or by proxy and holding not less than one-tenth of the total voting rights of all shareholders having the right to vote at such meeting, or (iv) any shareholder or shareholders holding shares in Actavis conferring the right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right. If voting takes place on a poll, rather than a show of hands, every shareholder entitled to vote has one vote for each share held unless otherwise provided in Actavis articles of association. Voting rights may be exercised by shareholders registered in the share register as of the record date for the meeting or by a duly appointed proxy of such a registered shareholder, which proxy need not be a shareholder. All proxies must be appointed in accordance with Actavis articles of association.

In accordance with Actavis articles of association, the board of directors may from time to time cause Actavis to issue serial preferred or any other class or series of shares. These shares may have such voting rights, if any, as may be specified in the terms of such shares (e.g., they may carry more votes per share than ordinary shares or may entitle their holders to a class vote on such matters as may be specified in the terms of the shares). Treasury shares or Actavis ordinary shares that are held by subsidiaries of Actavis will not be entitled to be voted at general meetings of shareholders.

Irish company law requires special resolutions of the shareholders at a general meeting to approve certain matters. Examples of matters requiring special resolutions include:

(i) amending the objects or memorandum of association of Actavis;

(ii) amending the articles of association of Actavis;

(iii) approving a change of name of Actavis;

(iv) authorizing the entering into of a guarantee or provision of security in connection with a loan, quasi-loan or credit transaction to a director or connected person;

(v) opting out of preemption rights on the issuance of new Actavis shares;

(vi) re-registration of Actavis from a public limited company to a private company;

(vii) variation of class rights attaching to classes of Actavis shares (where the articles of association do not provide otherwise);

(viii) purchase by Actavis of its shares off-market;

(ix) reduction of Actavis issued share capital;

(x) sanctioning a compromise/scheme of arrangement involving Actavis;

(xi) resolving that Actavis be wound up by the Irish courts;

(xii) resolving in favor of a shareholders voluntary winding-up;

(xiii) re-designation of Actavis shares into different share classes; and

(xiv) setting the reissue price of Actavis treasury shares.

Action by Written Consent

Actavis articles of association provide that anything which may be done by resolution at a general meeting may be done by resolution in writing, but only if it is signed by or on behalf of all of the shareholders who would be entitled to attend the relevant meeting and vote on the relevant resolution, subject to the requirements of the Companies Acts.

Variation of Rights Attaching to a Class or Series of Shares

Under the Actavis articles of association and the Companies Acts, any variation of class rights attaching to the issued Actavis ordinary shares must be approved in writing by holders of three-quarters of the issued shares in that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.

The provisions of the articles of association of Actavis relating to general meetings apply to general meetings of the holders of any class of shares except that the necessary quorum is determined with reference to the shares of the holders of the class.

Inspection of Books and Records

Under Irish law, shareholders have the right to: (i) receive a copy of the memorandum and articles of association of Actavis; (ii) inspect and obtain copies of the minutes of general meetings and resolutions of Actavis; (iii) inspect and receive a copy of the register of shareholders, register of directors and secretaries, register of directors interests and other statutory registers maintained by Actavis; (iv) receive copies of balance sheets and directors and auditors reports of Actavis which have previously been sent to shareholders prior to an annual general meeting; and (v) receive balance sheets of any subsidiary of Actavis which have previously been sent to shareholders prior to an annual general meeting for the preceding 10 years. The auditors of Actavis will also have the right to inspect all books, records and vouchers of Actavis. The auditors report must be circulated to the shareholders with Actavis financial statements prepared in accordance with Irish law 21 clear days before the annual general meeting and must be read to the shareholders at Actavis annual general meeting.

Acquisitions

An Irish public limited company such as Actavis may be acquired in a number of ways, including:

(i) a court-approved scheme of arrangement under the Companies Acts. A scheme of arrangement with Actavis shareholders requires a court order from the Irish High Court and the approval of a majority in number representing 75% in value of the shareholders present and voting in person or by proxy at a meeting called to approve the scheme;

(ii) through a tender or takeover offer by a third party for all of the Actavis ordinary shares. Where the holders of 80% or more of Actavis ordinary shares have accepted an offer for their shares in Actavis, the remaining shareholders may also be statutorily required to transfer their shares. If the bidder does not exercise its squeeze out right, then the non-accepting Actavis shareholders also have a statutory right to require the bidder to acquire their shares on the same terms. If Actavis ordinary shares were to be listed on the Irish Stock Exchange (referred to in this joint proxy

statement/prospectus as the ISE) or another regulated stock exchange in the European Union, this threshold would be increased to 90%; and

(iii) it is also possible for Actavis to be acquired by way of a transaction with an EU-incorporated company under the EU Cross-Border Mergers Directive 2005/56/EC. Such a transaction must be approved by a special

resolution. If Actavis is being merged with another EU company under the EU Cross-Border Mergers Directive 2005/56/EC and the consideration payable to Actavis shareholders is not all in the form of cash, Actavis shareholders may be entitled to require their shares to be acquired at fair value.

Appraisal Rights

Generally, under Irish law, shareholders of an Irish company do not have dissenters or appraisal rights. Under the European Communities (Cross-Border Mergers) Regulations 2008 governing the merger of an Irish company limited by shares such as Actavis and a company incorporated in the European Economic Area (the European Economic Area includes all member states of the European Union and Norway, Iceland and Liechtenstein) and the other company is the surviving entity, a shareholder (i) who voted against the special resolution approving the transaction or (ii) of a company in which 90% of the shares are held by the other party to the transaction has the right to request that the company acquire its shares for cash at a price determined in accordance with the share exchange ratio set out in the acquisition agreement.

In the event of a takeover of Actavis by a third party in accordance with the Irish Takeover Rules and the Companies Acts where the holders of 80% or more in value of a class of Actavis shares (excluding any shares already beneficially owned by the bidder) have accepted an offer for their shares, the remaining shareholders in that class may be statutorily required to transfer their shares, unless, within one month, the non-tendering shareholders can obtain an Irish court order otherwise providing. If the bidder does not exercise this squeeze out right, the non-tendering shareholders also have a statutory right to require the bidder to acquire their shares on the same terms as the original offer, or such other terms as the bidder and the non-tendering shareholders may agree or on such terms as an Irish court, on application of the bidder or non-tendering shareholder, may order.

Disclosure of Interests in Shares

Under the Companies Acts, Actavis shareholders must notify Actavis if, as a result of a transaction, the shareholder will become interested in 5% or more of the Actavis ordinary shares; or if as a result of a transaction a shareholder who was interested in 5% or more of the Actavis ordinary shares ceases to be so interested. Where a shareholder is interested in 5% or more of the Actavis ordinary shares, the shareholder must notify Actavis of any alteration of his or her interest that brings his or her total holding through the nearest whole percentage number, whether an increase or a reduction. The relevant percentage figure is calculated by reference to the aggregate nominal value of the Actavis shares in which the shareholder is interested as a proportion of the entire nominal value of the issued share capital of Actavis (or any such class of share capital in issue). Where the percentage level of the shareholder s interest does not amount to a whole percentage this figure may be rounded down to the next whole number. Actavis must be notified within five business days of the transaction or alteration of the shareholder s interests that gave rise to the notification requirement. If a shareholder fails to comply with these notification requirements, the shareholder s rights in respect of any Actavis ordinary shares it holds will not be enforceable, either directly or indirectly. However, such person may apply to the court to have the rights attaching to such shares reinstated.

In addition to these disclosure requirements, Actavis, under the Companies Acts, may, by notice in writing, require a person whom Actavis knows or has reasonable cause to believe to be, or at any time during the three years immediately preceding the date on which such notice is issued to have been, interested in shares comprised in Actavis relevant share capital to: (i) indicate whether or not it is the case and (ii) where such person holds or has during that time held an interest in the Actavis ordinary shares, to provide additional information, including the person s own past or present interests in Actavis ordinary shares. If the recipient of the notice fails to respond within the reasonable time period specified in the notice, Actavis may apply to court for an order directing that the affected shares be subject to certain restrictions, as prescribed by the Companies Acts, as follows:

(i) any transfer of those shares, or in the case of unissued shares any transfer of the right to be issued with shares and any issue of shares, shall be void;

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(ii) no voting rights shall be exercisable in respect of those shares;

(iii) no further shares shall be issued in right of those shares or in pursuance of any offer made to the holder of those shares; and

(iv) no payment shall be made of any sums due from Actavis on those shares, whether in respect of capital or otherwise.

The court may also order that shares subject to any of these restrictions be sold with the restrictions terminating upon the completion of the sale.

In the event Actavis is in an offer period pursuant to the Takeover Rules, accelerated disclosure provisions apply for persons holding an interest in Actavis securities of 1% or more.

Anti-Takeover Provisions

Irish Takeover Rules and Substantial Acquisition Rules

A transaction in which a third party seeks to acquire 30% or more of the voting rights of Actavis will be governed by the Irish Takeover Panel Act 1997 (referred to in this joint proxy statement/prospectus as the Takeover Panel Act) and the Irish Takeover Rules 2013 (referred to in this joint proxy statement/prospectus as the Irish Takeover Rules or the Takeover Rules) made thereunder and will be regulated by the Panel. The General Principles of the Takeover Rules and certain important aspects of the Takeover Rules are described below.

General Principles

The Takeover Rules are built on the following General Principles which will apply to any transaction regulated by the Panel:

(i) in the event of an offer, all holders of security of the target company should be afforded equivalent treatment and, if a person acquires control of a company, the other holders of securities must be protected;

(ii) the holders of the securities in the target company must have sufficient time and information to enable them to reach a properly informed decision on the offer; where it advises the holders of securities, the board of the target company must give its views on the effects of implementation of the offer on employment, conditions of employment and the locations of the target company s places of business;

(iii) the board of the target company must act in the interests of the company as a whole and must not deny the holders of securities the opportunity to decide on the merits of the offer;

(iv) false markets must not be created in the securities of the target company, the bidder or of any other company concerned by the offer in such a way that the rise or fall of the prices of the securities becomes artificial and the normal functioning of the markets is distorted;

(v) a bidder must announce an offer only after ensuring that he or she can fulfill in full, any cash consideration, if such is offered, and after taking all reasonable measures to secure the implementation of any other type of consideration;

(vi) a target company must not be hindered in the conduct of its affairs for longer than is reasonable by an offer for its securities; and

(vii) a substantial acquisition of securities (whether such acquisition is to be effected by one transaction or a series of transactions) shall take place only at an acceptable speed and shall be subject to adequate and timely disclosure.

Mandatory Bid

Under certain circumstances, a person who acquires shares or other voting rights in Actavis may be required under the Takeover Rules to make a mandatory cash offer for the remaining outstanding shares in Actavis at a price not less than the highest price paid for the shares by the acquirer (or any parties acting in concert with the acquirer) during the previous 12 months. This mandatory bid requirement is triggered if an acquisition of shares would increase the aggregate holding of an acquirer (including the holdings of any parties acting in concert with the acquirer) to shares representing 30% or more of the voting rights in Actavis, unless the Panel otherwise consents. An acquisition of shares by a person holding (together with its concert parties) shares representing between 30% and 50% of the voting rights in Actavis would also trigger the mandatory bid requirement if, after giving effect to the acquisition, the percentage of the voting rights held by that person (together with its concert parties) would increase by 0.05% within a 12-month period. Any person (excluding any parties acting in concert with the holder) holding shares representing more than 50% of the voting rights of a company is not subject to these mandatory offer requirements in purchasing additional securities.

Voluntary Bid; Requirements to Make a Cash Offer and Minimum Price Requirements

If a person makes a voluntary offer to acquire outstanding Actavis shares, the offer price must be no less than the highest price paid for Actavis shares by the bidder or its concert parties during the three month period prior to the commencement of the offer period. The Panel has the power to extend the look back period to 12 months if the Panel, taking into account the General Principles, believes it is appropriate to do so.

If the bidder or any of its concert parties has acquired Actavis shares (i) during the period of 12 months prior to the commencement of the offer period which represent more than 10% of the total Actavis shares or (ii) at any time after the commencement of the offer period, the offer must be in cash (or accompanied by a full cash alternative) and the price per Actavis share must not be less than the highest price paid by the bidder or its concert parties during, in the case of (i), the 12-month period prior to the commencement of the offer period and, in the case of (ii), the offer period. The Panel may apply this rule to a bidder who, together with its concert parties, has acquired less than 10% of the total Actavis shares in the 12-month period prior to the commencement of the offer period if the Panel, taking into account the General Principles, considers it just and proper to do so.

An offer period will generally commence from the date of the first announcement of the offer or proposed offer.

Substantial Acquisition Rules

The Irish Takeover Rules also contain rules governing substantial acquisitions of shares which restrict the speed at which a person may increase his or her holding of shares and rights over shares to an aggregate of between 15% and 30% of the voting rights of Actavis. Except in certain circumstances, an acquisition or series of acquisitions of shares or rights over shares representing 10% or more of the voting rights of Actavis is prohibited, if such acquisition(s), when aggregated with shares or rights already held, would result in the acquirer holding 15% or more but less than 30% of the voting rights of Actavis and such acquisitions are made within a period of seven days. These rules also require accelerated disclosure of acquisitions of shares or rights over shares relating to such holdings.

Frustrating Action

Under the Irish Takeover Rules, the Actavis board of directors is not permitted to take any action which might frustrate an offer for the Actavis ordinary shares once the board of directors has received an approach which may lead to an offer or has reason to believe an offer is imminent, subject to certain exceptions. Potentially frustrating actions

such as (i) the issue of shares, options or convertible securities, (ii) material acquisitions or disposals, (iii) entering into contracts other than in the ordinary course of business or (iv) any

action, other than seeking alternative offers, which may result in frustration of an offer, are prohibited during the course of an offer or at any time during which the board has reason to believe an offer is imminent. Exceptions to this prohibition are available where:

(i) the action is approved by Actavis shareholders at a general meeting; or

(ii) the Panel has given its consent, where:

(1) it is satisfied the action would not constitute frustrating action;

(2) Actavis shareholders that hold 50% of the voting rights state in writing that they approve the proposed action and would vote in favor of it at a general meeting;

(3) the action is taken in accordance with a contract entered into prior to the announcement of the offer; or

(4) the decision to take such action was made before the announcement of the offer and either has been at least partially implemented or is in the ordinary course of business.

Certain other provisions of Irish law or the Actavis memorandum and articles of association may be considered to have anti-takeover effects, including those described under the following captions: *Capital Structure Authorized Share Capital* (regarding issuance of serial preferred shares) beginning on page 235 of this joint proxy statement/prospectus, *Preemption Rights, Share Warrants and Options* beginning on page 236 of this joint proxy statement/prospectus, *Disclosure of Interests in Shares* beginning on page 242 of this joint proxy statement/prospectus, *Comparison of the Rights of Holders of Actavis Ordinary Shares and Allergan Common Stock Removal of Directors; Newly Created Directorships and Vacancies* beginning on page 209 of this joint proxy statement/prospectus, *Comparison of the Rights of Holders of Actavis Ordinary Shares and Allergan Common Stock Amendments of Governing Documents* beginning on page 232 of this joint proxy statement/prospectus, *Comparison of the Rights of Holders of Actavis Ordinary Shares and Allergan Common Stock Calling Special Meetings of Shareholders* beginning on page 218 of this joint proxy statement/prospectus and *Comparison of the Rights of Holders of Actavis Ordinary Shares and Allergan Common Stock Notice Provisions* beginning on page 219 of this joint proxy statement/prospectus.

Insider Dealing

The Irish Takeover Rules also provide that no person, other than the bidder, who is privy to confidential price-sensitive information concerning an offer made in respect of the acquisition of a company (or a class of its securities) or a contemplated offer shall deal in relevant securities of the target during the period from the time at which such person first has reason to suppose that such an offer, or an approach with a view to such an offer being made, is contemplated to the time of (1) the announcement of such offer or approach or (2) the termination of discussions relating to such offer, whichever is earlier.

Corporate Governance

The articles of association of Actavis allocate authority over the day-to-day management of Actavis to the board of directors. The board of directors may then delegate any of its powers, authorities and discretions (with power to sub-delegate) to any committee, consisting of such person or persons (whether directors or not) as it thinks fit, but regardless, the directors will remain responsible, as a matter of Irish law, for the proper management of the affairs of Actavis. Committees may meet and adjourn as they determine proper. Unless otherwise determined by the board of

directors, the quorum necessary for the transaction of business at any committee meeting shall be a majority of the members of such committee then in office unless the committee shall consist of one or two members, in which case one member shall constitute a quorum.

Legal Name; Formation; Fiscal Year; Registered Office

The current legal and commercial name of Actavis is Actavis plc. Actavis was incorporated in Ireland on May 16, 2013 as a private limited company, under the name Actavis Global Pharmaceuticals Limited

(registration number 527629) and converted into a public limited company on September 20, 2013. Actavis fiscal year ends on December 31 and Actavis registered address is 1 Grand Canal Square, Docklands, Dublin 2, Ireland. For more information regarding Actavis, see *Where You Can Find More Information* beginning on page 262 of this joint proxy statement/prospectus.

Appointment of Directors

Actavis articles of association provide that (subject to: (i) automatic increases to accommodate the exercise of the rights of holders of any class or series of shares in issue having special rights to nominate or appoint directors in accordance with the terms of issue of such class or series; and/or (ii) any ordinary resolution passed by shareholders increasing the number of directors) the number of directors will be not less than five and not more than 14.

At each annual general meeting of Actavis, all the directors shall retire from office and be reeligible for reelection. Upon the resignation or termination of office of any director, if a new director shall be appointed to the board he will be designated to fill the vacancy arising.

No person shall be appointed director unless nominated as follows:

(i) by the affirmative vote of two-thirds of the board of Actavis;

(ii) with respect to election at an annual general meeting, by any shareholder who holds ordinary shares or other shares carrying the general right to vote at general meetings of Actavis, who is a shareholder at the time of the giving of the notice and at the time of the relevant annual general meeting and who timely complies with the notice procedures set out in the articles of association;

(iii) with respect to election at an extraordinary general meeting requisitioned in accordance with Section 132 of the Companies Act, by a shareholder or shareholders who hold ordinary shares or other shares carrying the general right to vote at general meetings of Actavis and who make such nomination in the written requisition of the extraordinary general meeting; or

(iv) by holders of any class or series of shares in Actavis then in issue having special rights to nominate or appoint directors in accordance with the terms of issue of such class or series, but only to the extent provided in such terms of issue.

Directors shall be appointed as follows:

(i) by shareholders by ordinary resolution at the annual general meeting in each year or at any extraordinary general meeting at which a resolution seeking the appointment of a director is proposed;

(ii) by the board in accordance with the articles of association; or

(iii) so long as there is in office a sufficient number of directors to constitute a quorum of the board, the directors shall have the power at any time and from time to time to appoint any person to be director, either to fill a vacancy in the board or as an addition to the existing directors but so that the total number of directors shall not any time exceed the maximum number provided for in the articles of association.

Removal of Directors

Under the Companies Acts, the shareholders may, by an ordinary resolution, remove a director from office before the expiration of his or her term at a meeting held on no less than 28 days notice and at which the director is entitled to be heard. The power of removal is without prejudice to any claim for damages for breach of contract (e.g., employment contract) that the director may have against Actavis in respect of his or her removal.

The board of directors may appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director, provided that the appointment does not cause the number of directors to exceed any

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maximum number of directors so fixed. Actavis may by ordinary resolution elect another person in place of a director removed from office and without prejudice to the powers of the directors under the articles of association, Actavis in general meeting may elect any person to be a director to fill a vacancy or an additional director, subject to the maximum number of directors set out in the articles of association.

Duration; Dissolution; Rights upon Liquidation

Actavis duration is unlimited. Actavis may be dissolved and wound up at any time by way of a shareholders voluntary winding up or a creditors winding up. In the case of a shareholders voluntary winding-up, a special resolution of shareholders is required. Actavis may also be dissolved by way of court order on the application of a creditor, or by the Companies Registration Office as an enforcement measure where Actavis has failed to file certain returns. Actavis may also be dissolved by the Director of Corporate Enforcement in Ireland where the affairs of Actavis have been investigated by an inspector and it appears from the report or any information obtained by the Director of Corporate Enforcement that Actavis should be wound up.

The rights of the shareholders to a return of Actavis assets on dissolution or winding-up, following the settlement of all claims of creditors, may be prescribed in Actavis articles of association or the terms of any serial preferred shares issued by the directors of Actavis from time to time. The holders of serial preferred shares in particular may have the right to priority in a dissolution or winding-up of Actavis. If the memorandum and articles of association contain no specific provisions in respect of dissolution or winding-up then, subject to the priorities of any creditors, the assets will be distributed to shareholders in proportion to the paid-up nominal value of the shares held. Actavis articles of association provide that the ordinary shareholders of Actavis are entitled to participate pro rata in a winding-up, but their right to do so is subject to the rights of any holders of the serial preferred shares to participate under the terms of any series or class of such shares.

Uncertificated Shares

Holders of Actavis ordinary shares have the right upon request to require Actavis to issue certificates for their shares. Subject to any such requests, Actavis intends only to issue uncertificated ordinary shares.

Stock Exchange Listing

Actavis ordinary shares are listed on the NYSE under the symbol ACT. Actavis ordinary shares are not listed on the ISE or any other exchange.

No Sinking Fund

The Actavis ordinary shares have no sinking fund provisions.

No Liability for Further Calls or Assessments

The Actavis ordinary shares to be issued as the stock portion of the Merger Consideration will be duly and validly issued and fully paid.

Transfer and Registration of Shares

The transfer agent for Actavis maintains the share register, registration in which will be determinative of membership in Actavis. A shareholder of Actavis who holds shares beneficially will not be the holder of record of such shares.

Instead, the depository or other nominee will be the holder of record of those shares. Accordingly, a transfer of shares from a person who holds such shares beneficially to a person who also holds such shares beneficially through a depository or other nominee will not be registered in Actavis official share register, as the depository or other nominee will remain the record holder of any such shares.

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A written instrument of transfer is required under Irish law in order to register on Actavis official share register any transfer of shares (i) from a person who holds such shares directly to any other person, (ii) from a person who holds such shares beneficially to a person who holds such shares directly or (iii) from a person who holds such shares beneficially to another person who holds such shares beneficially where the transfer involves a change in the depository or other nominee that is the record owner of the transferred shares. An instrument of transfer is also required for a shareholder who directly holds shares to transfer those shares into his or her own broker account (or vice versa). Such instruments of transfer may give rise to Irish stamp duty, which must be paid prior to registration of the transfer on Actavis official Irish share register. However, a shareholder who holds shares outside of DTC may transfer those shares into DTC (or vice versa) without giving rise to Irish stamp duty, provided there is no change in the ultimate beneficial ownership of the shares as a result of the transfer and the transfer is not made in contemplation of a sale of the shares by a beneficial owner to a third party.

Any transfer of Actavis ordinary shares that is subject to Irish stamp duty will not be registered in the name of the buyer unless an instrument of transfer is duly stamped and provided to the transfer agent. Actavis articles of association allow Actavis, in its absolute discretion, to create an instrument of transfer and pay (or procure the payment of) any stamp duty, which is the legal obligation of a buyer. In the event of any such payment, Actavis is (on behalf of itself or its affiliates) entitled to (i) seek reimbursement from the buyer, (ii) set off the amount of the stamp duty against future dividends payable to the buyer and (iii) claim a lien against the Actavis ordinary shares on which it has paid stamp duty. Parties to a share transfer may assume that any stamp duty arising in respect of a transaction in Actavis ordinary shares has been paid unless one or both of such parties is otherwise notified by Actavis.

Actavis memorandum and articles of association delegate to Actavis secretary the authority to execute an instrument of transfer on behalf of a transferring party.

In order to help ensure that the official share register is regularly updated to reflect trading of Actavis ordinary shares occurring through normal electronic systems, Actavis intends to regularly produce any required instruments of transfer in connection with any transactions for which it pays stamp duty (subject to the reimbursement and set-off rights described above). In the event that Actavis notifies one or both of the parties to a share transfer that it believes stamp duty is required to be paid in connection with the transfer and that it will not pay the stamp duty, the parties may either themselves arrange for the execution of the required instrument of transfer (and may request a form of instrument of transfer from Actavis for this purpose) or request that Actavis execute an instrument of transfer on behalf of the transferring party in a form determined by Actavis. In either event, if the parties to the share transfer have the instrument of transfer duly stamped (to the extent required) and then provide it to Actavis transfer agent, the buyer will be registered as the legal owner of the relevant shares on Actavis official Irish share register (subject to the matters described below).

The directors may suspend registration of transfers from time to time, not exceeding 30 days in aggregate each year.

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SHARE OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT/DIRECTORS

(ACTAVIS)

The following table sets forth as of December 31, 2014 (or such other date set forth in the footnotes to this table, as applicable), and based on 265,902,243 ordinary shares outstanding as of such date, the name, address (where required) and beneficial ownership of each person (including any group as defined in Section 13(d)(3) of the Exchange Act) known by Actavis to be the beneficial owner of more than 5% of Actavis ordinary shares, and the beneficial ownership of Actavis ordinary shares by (i) each Actavis director; (ii) each Actavis named executive officer and (iii) all current directors and executive officers (including named executive officers) as a group. As of December 31, 2014, unless otherwise indicated in the footnotes to this table, no shares have been pledged as security by any of the Actavis directors or executive officers named below, none of the Actavis directors or executive officers held rights to acquire beneficial ownership of Actavis ordinary shares within 60 days of such date, and no individual director, nominee or named executive officer beneficially owned more than 1% of Actavis ordinary shares as of such date.

Unless otherwise indicated in the footnotes to this table and pursuant to applicable community property laws, Actavis believes the persons named in this table have sole voting and investment power as of the date indicated above with respect to all ordinary shares reflected in this table. The business address of Actavis directors and named executive officers is 1 Grand Canal Square, Docklands, Dublin 2, Ireland.

Name and Address of Beneficial Owner	Ordinary Shares[1]	Percent of Class
5% Holder(s)		
FMR LLC 245 Summer Street Boston, MA 02210	18,432,968[2]	6.9%
Wellington Management Co LLP 280 Congress Street Boston, MA 02210	14,967,385[3]	5.6%
Vanguard Group, Inc. PO Box 2600 V26 Valley Forge, PA 19482	13,743,139[4]	5.2%
Officers and Directors		
James H. Bloem	8,942[14]	*
Christopher H. Bodine	12,771[14]	*
Tamar D. Howson	2,088[14]	*
John A. King, Ph.D.	65,789[5][14]	*
Catherine M. Klema	20,750[14]	*
Jiri Michal	1,839[15]	*
Patrick J. O Sullivan	3,412[14]	*
Ronald R. Taylor	23,084[14]	*

Andrew L. Turner	1,142[14]	*
Fred G. Weiss	25,417[14]	*
Paul M. Bisaro	399,995	*
Robert A. Stewart	41,253	*
Brenton L. Saunders	105,651[6]	*
Karen Ling	9,838[7]	*
Nesli Basgoz, M.D.	22,846[8][16]	*
Christopher J. Coughlin	17,589[9][16]	*
A. Robert D. Bailey	7,799[10]	*
David Buchen	59,966	*
William Meury	133,202[11]	*
Charles Mayr	11,396	*
Maria Teresa Hilado	0	*
James D Arecca	0	*
Jack Michelson	1,877[12]	*
Sigurdur Olafsson	71,947[12]	*
G. Frederick Wilkinson	15,412[12]	*
R. Todd Joyce	40,000[13]	*
All current directors and executive officers as a group (22 individuals)	***974,769***	*

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* Represents less than 1% of the outstanding Actavis ordinary shares.

(1) Ordinary shares includes voting securities represented by shares held of record, shares held by a bank, broker or nominee for the person s account and shares held through family trust arrangements, including any shares of restricted stock which remain subject to sale restrictions.

(2) According to a 13F-HR filed with the SEC on November 14, 2014 by FMR LLC and its affiliates. As of September 30, 2014, FMR LLC had defined investment discretion and sole voting authority over 165,269 ordinary shares, Fidelity Management & Research Co. and FMR Co. Inc. had defined investment discretion over 17,836,245 ordinary shares, sole voting authority over 278,570 ordinary shares and shared voting authority over 17,557,675 ordinary shares, Fidelity Management Trust Co. had defined investment discretion and sole voting authority over 84,195 ordinary shares, Strategic Advisers Inc. had defined investment discretion and sole voting authority over 12,066 ordinary shares, Pyramis Global Advisors Trust Co. had defined investment discretion over 235,957 ordinary shares, sole voting authority over 204,171 ordinary shares and shared voting authority over 31,786 ordinary shares, and Pyramis Global Advisors, LLC had defined investment discretion over 99,236 ordinary shares, sole voting authority over 59,020 ordinary shares and shared voting authority over 40,216 ordinary shares.

(3) According to a 13F-HR filed with the SEC on November 14, 2014 by Wellington Management Company LLP and its affiliates. As of September 30, 2014, Wellington Management Company LLP had sole investment discretion over 14,425,230 ordinary shares, sole voting authority over 4,149,776 ordinary shares and no voting authority over 10,275,454 ordinary shares, Wellington Trust Company, NA had defined investment discretion and shared voting authority over 335,363 ordinary shares, Wellington Management International, Ltd. had defined investment discretion over 54,484 ordinary shares, shared voting authority over 44,623 ordinary shares and no voting authority over 9,861 ordinary shares and Wellington International Management Company Pte Ltd had defined investment discretion over 152,308 ordinary shares, shared voting authority over 78,454 ordinary shares and no voting authority over 73,854 ordinary shares.

(4) According to a 13F-HR filed with the SEC on November 12, 2014 by Vanguard Group, Inc. and its affiliates. As of September 30, 2014, Vanguard Group Inc. had sole investment discretion over 13,328,410 ordinary shares, sole voting authority over 96,685 ordinary shares and no voting authority over 13,231,725 ordinary shares, Vanguard Fiduciary Trust Company has defined investment discretion and sole voting authority over 339,934 ordinary shares and Vanguard Investments Australia, Ltd. has defined investment discretion and no voting authority over 74,795 ordinary shares.

(5) Includes 64,647 ordinary shares held by Pandalena Limited, which Dr. King may be deemed to indirectly beneficially own.

(6) Includes 90,246 ordinary shares for which Mr. Saunders has the right to acquire beneficial ownership, as of December 31, 2014, or within 60 days thereafter, pursuant to the exercise of stock options.

(7) Includes 6,958 ordinary shares for which Ms. Ling has the right to acquire beneficial ownership, as of December 31, 2014, or within 60 days thereafter, pursuant to the exercise of stock options.

(8) Includes 19,726 ordinary shares for which Dr. Basgoz has the right to acquire beneficial ownership, as of December 31, 2014, or within 60 days thereafter, pursuant to the exercise of stock options.

(9) Includes 15,927 ordinary shares for which Mr. Coughlin has the right to acquire beneficial ownership, as of December 31, 2014, or within 60 days thereafter, pursuant to the exercise of stock options.

(10) Includes 3,401 ordinary shares for which Mr. Bailey has the right to acquire beneficial ownership, as of December 31, 2014, or within 60 days thereafter, pursuant to the exercise of stock options.

(11) Includes 82,157 ordinary shares for which Mr. Meury has the right to acquire beneficial ownership, as of December 31, 2014, or within 60 days thereafter, pursuant to the exercise of stock options.

(12) Mr. Michelson is no longer a director and Mr. Olafsson and Mr. Wilkinson are no longer officers or employees of Actavis, and the amounts shown for each reflect their share ownership as of the dates of their respective last Form 4 filings made with the SEC. None of Mr. Michelson, Mr. Olafsson and Mr. Wilkinson currently has any outstanding rights granted by Actavis to acquire beneficial ownership of ordinary shares. Mr. Michelson s last Form 4 was filed on October 1, 2013, Mr. Olafsson s last Form 4 was filed on November 11, 2013, and Mr. Wilkinson s last Form 4 was filed on December 2, 2013.

(13) Represents 40,000 shares held in trust. Mr. Joyce is no longer an officer or employee of Actavis and the amount shown reflects his ordinary share ownership as of the date of his last Form 4 filing with the SEC. Mr. Joyce s last Form 4 was filed on July 3, 2014.

(14) Includes 1,142 restricted ordinary shares of Actavis that will vest in full the day before the 2015 Annual Shareholder Meeting.

(15) Represents 1,839 restricted ordinary shares of Actavis that will vest in full the day before the 2015 Annual Shareholder Meeting.

(16) Includes 694 restricted ordinary shares of Actavis that will vest in full the day before the 2015 Annual Shareholder Meeting.

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STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT/DIRECTORS (ALLERGAN)

The following table sets forth information as of December 31, 2014, regarding the beneficial ownership of Allergan common stock by (i) each Allergan director, (ii) Allergan s Chief Executive Officer, Allergan s Chief Financial Officer, each of Allergan s three other most highly compensated executive officers for the year ended December 31, 2013, Allergan s former Chief Financial Officer and (iii) all of Allergan s current directors and executive officers as a group.

	Vested Shares of Common Stock Owned[1]	Rights to Acquire Shares of Common Stock[2]	Unvested Shares of Restricted Stock	Total Shares of Common Stock Beneficially Owned	Percent of Class[3]
Directors:					
Deborah Dunsire, M.D.	25,331	66,064	0	91,395	*
Michael R. Gallagher	37,954	61,398	0	99,352	*
Trevor M. Jones, Ph.D.	2,375	51,872	0	54,247	*
Louis J. Lavigne, Jr.	15,649	0	0	15,649	*
Peter J. McDonnell, M.D.	3,108	0	0	3,108	*
Timothy D. Proctor	3,108	1,075	0	4,183	*
David E.I. Pyott	234,174	2,577,139	0	2,811,313	*
Russell T. Ray	25,918	54,600	0	80,518	*
Henri A. Termeer[4]	0	0	0	0	*
Other Named Executive Officers:					
Douglas S. Ingram	30,109	597,557	0	627,666	*
James Hindman[5]	33,893	136,989	2,700	173,582	
Scott M. Whitcup, M.D.	20,492	632,653	0	653,505	*
Julian S. Gangolli	20,619	183,182	3,000	206,801	*
Jeffrey L. Edwards[5]	20,265	123,953	0	144,218	*
All current directors and executive officers (as a group 18 persons, including those named above)	502,175	5,009,845	8,400	5,520,420	1.814%

* Beneficially owns less than 1% of the issued and outstanding shares of Allergan common stock.

(1) In addition to shares held in the individual s sole name, this column includes: (1) shares held by the spouse of the named person and shares held in various trusts; and (2) for executive officers, shares held in trust for the benefit of the named employee in our Savings and Investment Plan and Employee Stock Ownership Plan as of December 31, 2014.

(2) This column also includes shares which the person or group has the right to acquire within 60 days of December 31, 2014 as follows: (1) for executive officers, these shares may be acquired upon the exercise of stock

options and vesting of restricted stock units; and (2) for non-employee directors, these shares include shares that may be acquired upon the exercise of stock options and vesting of restricted stock units, as well as shares accrued under Allergan s Deferred Directors Fee Program as of December 31, 2014. Under Allergan s Deferred Directors Fee Program, participants may elect to defer all or a portion of their retainer and meeting fees until termination of their status as a director. Deferred amounts are treated as having been invested in Allergan common stock such that on the date of deferral the director is credited with a number of phantom shares of Allergan common stock equal to the amount of fees deferred divided by the market price of a share of Allergan common stock as of the date of deferral. Upon termination of a director s service on the Allergan board of directors, the director will receive shares of Allergan common stock equal to the number of phantom shares of Allergan common stock credited to such director under the Deferred Directors Fee Program.

(3) Based on 299,232,684 shares of Allergan common stock outstanding as of December 31, 2014 (not including approximately 8,373,176 shares of Allergan common stock held in treasury). Unless otherwise indicated in the footnotes and subject to community property laws where applicable, each of the directors and nominees, named executive officers and executive officers has sole voting and/or investment power with respect to such shares.

(4) Mr. Termeer was appointed to the Allergan board of directors on January 24, 2014.

(5) On August 18, 2014, Mr. Edwards resigned from his position as Executive Vice President, Finance and Business Development, Chief Financial Officer due to family commitments and Mr. Hindman was appointed to serve in that position, effective immediately.

Stockholders Holding 5% or More

Except as set forth below, Allergan s management is not aware of any person who is the beneficial owner of more than 5% of the issued and outstanding shares of Allergan common stock.

Name and Address of Beneficial Owners	Shares Beneficially Owned	Percent of Class[(1)]
BlackRock, Inc.[(2)] 40 East 52nd Street New York, NY 10022	17,416,972	5.8%
Pershing Square Capital Management, L.P.[(3)] 888 Seventh Avenue, 42nd Floor New York, NY 10019	26,635,978	8.9%
PS Management GP, LLC[(3)] 888 Seventh Avenue, 42nd Floor New York, NY 10019	26,635,978	8.9%
William A. Ackman[(3)] 888 Seventh Avenue, 42nd Floor New York, NY 10019	26,635,978	8.9%

(1) Based on 299,232,684 shares of Allergan common stock outstanding as of December 31, 2014 (not including 8,373,176 shares of Allergan common stock held in treasury).

(2) Based on information provided pursuant to a statement on a Schedule 13G/A filed with the SEC on January 28, 2014 by BlackRock, Inc. BlackRock reported that it has sole voting power with respect to 14,470,789 shares and sole dispositive power with respect to 17,416,972 shares.

(3) Based on information provided pursuant to a statement on a Schedule 13D/A filed with the SEC on November 23, 2014 by Pershing Square Capital Management, L.P., PS Management GP, LLC and William A. Ackman, pursuant to which the three parties reported that they have shared beneficial ownership with respect to 26,635,978 shares and shared voting power with respect to 26,635,978 shares.

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EXPERTS

The combined financial statements of Actavis Pharma Holding 4 ehf. and Actavis S.à r.l. as of December 31, 2011 and 2010, and for the years then ended have been incorporated by reference herein in reliance upon the report of KPMG ehf., independent auditors, incorporated by reference herein and upon the authority of said firm as experts in accounting and auditing.

The financial statements, the financial statement schedule and management s assessment of the effectiveness of internal control over financial reporting (which is included in Management s Report on Internal Control over Financial Reporting) incorporated in this joint proxy statement/prospectus by reference to the Annual Report on Form 10-K of Actavis plc for the year ended December 31, 2013, as amended by Actavis plc s Current Reports on Form 8-K filed on May 20, 2014 and December 5, 2014, have been so incorporated in reliance on the report (which contains an explanatory paragraph on the effectiveness of internal control over financial reporting due to the exclusion of Warner Chilcott plc, acquired in a purchase business combination in 2013, from the audit of internal control over financial reporting and an adverse opinion on the effectiveness of internal control over financial reporting) of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The financial statements and management s assessment of the effectiveness of internal control over financial reporting (which is included in Management s Report on Internal Control over Financial Reporting) incorporated in this joint proxy statement/prospectus by reference to the Annual Report on Form 10-K of Warner Chilcott plc (SEC File No. 000-53772) for the year ended December 31, 2012 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The financial statements of Aptalis Holdings Inc. as of and for the year ended September 30, 2013 incorporated in this joint proxy statement/prospectus by reference to the Current Report on Form 8-K filed by Actavis plc on March 25, 2014 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The audited consolidated balance sheets of Forest Laboratories, Inc. and its subsidiaries as of March 31, 2014 and March 31, 2013, and the related consolidated statements of operations, comprehensive income (loss), stockholders equity, and cash flows for each of the years ended March 31, 2014, March 31, 2013 and March 31, 2012, and the Notes to Consolidated Financial Statements and the Report of Independent Registered Public Accounting Firm incorporated in this joint proxy statement/prospectus by reference to the Annual Report on Form 10-K filed by Forest Laboratories, Inc. (SEC File No. 001-05438) for the year ended March 31, 2013 have been so incorporated in reliance on the report of BDO USA LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The consolidated financial statements of Allergan, Inc. appearing in Allergan, Inc. s Annual Report (Form 10-K) for the year ended December 31, 2013 (including the schedule appearing therein), and the effectiveness of Allergan, Inc. s internal control over financial reporting as of December 31, 2013 have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated in this joint proxy statement/prospectus herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

VALIDITY OF ORDINARY SHARES

Arthur Cox, Irish counsel to Actavis, has passed upon the validity of the Actavis ordinary shares offered by this joint proxy statement/prospectus.

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ENFORCEABILITY OF CIVIL LIABILITIES

CERTAIN OF THE DIRECTORS AND EXECUTIVE OFFICERS OF ACTAVIS MAY BE NONRESIDENTS OF THE UNITED STATES. ALL OR A SUBSTANTIAL PORTION OF THE ASSETS OF SUCH NONRESIDENT PERSONS AND OF ACTAVIS ARE LOCATED OUTSIDE THE UNITED STATES. AS A RESULT, IT MAY NOT BE POSSIBLE TO EFFECT SERVICE OF PROCESS WITHIN THE UNITED STATES UPON SUCH PERSONS OR ACTAVIS, OR TO ENFORCE AGAINST SUCH PERSONS OR ACTAVIS IN U.S. COURTS JUDGMENTS OBTAINED IN SUCH COURTS PREDICATED UPON THE CIVIL LIABILITY PROVISIONS OF THE FEDERAL SECURITIES LAWS OF THE UNITED STATES. ACTAVIS HAS BEEN ADVISED BY COUNSEL THAT THERE IS DOUBT AS TO THE ENFORCEABILITY IN IRELAND AGAINST ACTAVIS AND/OR ITS EXECUTIVE OFFICERS AND DIRECTORS WHO ARE NON-RESIDENTS OF THE UNITED STATES, IN ORIGINAL ACTIONS OR IN ACTIONS FOR ENFORCEMENT OF JUDGMENTS OF U.S. COURTS, OF LIABILITIES PREDICATED SOLELY UPON THE SECURITIES LAWS OF THE UNITED STATES.

OTHER MATTERS

As of the date of this joint proxy statement/prospectus, neither the Actavis nor the Allergan boards of directors know of any matters that will be presented for consideration at the Actavis EGM or the Allergan special meeting other than as described in this joint proxy statement/prospectus. However, if any other matter shall properly come before either the Actavis EGM or the Allergan special meeting or any adjournment or postponement thereof (to the extent permitted by the Merger Agreement) and shall be voted upon, the proposed proxies will be deemed to confer authority to the individuals named as authorized therein to vote the shares represented by the proxy as to any matters that fall within the purposes set forth in the notices of the Actavis EGM and the Allergan special meetings (unless discretionary voting authority is withheld as set forth in the applicable proxy card).

ACTAVIS ANNUAL MEETING SHAREHOLDER PROPOSALS

Shareholder Proposals in the Proxy Statement for the 2015 Annual Meeting. The deadline for submitting a shareholder proposal for Actavis   2015 Annual Meeting of Shareholders pursuant to either Rule 14a-8 of the Exchange Act or Actavis   articles of association passed on November 28, 2014. However, in the event that less than 70 days notice or prior public disclosure of the date of the 2015 Annual Meeting is given or made to shareholders, a shareholder proposal may be delivered not later than the close of business on the 15th calendar day following the day on which public announcement of the date of the 2015 Annual Meeting is first made.

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ALLERGAN ANNUAL MEETING STOCKHOLDER PROPOSALS

If the Merger is completed, Allergan will not have public stockholders and there will be no public participation in any future meeting of stockholders. However, if the Merger is not completed or if Allergan is otherwise required to do so under applicable law, Allergan will hold a 2015 annual meeting of stockholders. Any stockholder nominations or proposals for other business intended to be presented at Allergan s next annual meeting must be submitted to Allergan as set forth below.

Stockholder Proposals for Inclusion in Proxy Statement

The deadline for submitting a stockholder proposal for inclusion in Allergan s proxy statement pursuant to Rule 14a-8 under the Exchange Act for its 2015 annual meeting of stockholders was November 26, 2014.

Other Stockholder Proposals for Annual Meeting

Allergan s certificate of incorporation contains an advance notice provision with respect to matters to be brought at an annual meeting of stockholders and not included in Allergan s proxy statement. Allergan s bylaws expand upon and supplement the advance notice provisions in Allergan s certificate of incorporation, and any written notice furnished by a stockholder must set forth certain additional information as set forth in Allergan s certificate of incorporation and bylaws. Pursuant to Allergan s certificate of incorporation and bylaws, only such business shall be conducted at an annual meeting of stockholders as is properly brought before the meeting. For business to be properly brought before an annual meeting by a stockholder, in addition to any other applicable requirements, timely notice of the matter must be first given to Allergan s Secretary. To be timely, written notice must be received by Allergan s Secretary not less than 30 days nor more than 60 days prior to the date of the scheduled meeting. If less than 40 days notice or prior public disclosure of the date of the scheduled meeting to stockholders is given, then notice of the proposed business matter must be received by Allergan s Secretary not later than the close of business on the 10th day following the earlier of the day on which notice of the meeting was mailed or the day on which such public disclosure was made.

While the Allergan board of directors will consider proper stockholder proposals that are properly brought before the annual meeting, we reserve the right to omit from Allergan s 2015 proxy statement stockholder proposals that we are not required to include under the Exchange Act, including Rule 14a-8 thereunder.

Stockholder Nominations of Directors at the Allergan s Annual Meeting

Allergan s certificate of incorporation provides that any stockholder entitled to vote for the election of directors at a meeting of stockholders may nominate persons for election as directors at the annual meeting only if timely written notice of such stockholder s intent to make such nomination is given, either by personal delivery or by United States mail, postage prepaid, to Allergan, Inc., Attn: Secretary, P.O. Box 19534, Irvine, CA 92623. To be timely, a stockholder s notice must be delivered to, or mailed and received at, the address provided above not less than 30 days nor more than 60 days prior to the scheduled annual meeting, regardless of any postponements, deferrals or adjournments of that meeting to a later date. If less than 40 days notice or prior public disclosure of the date of the scheduled annual meeting to stockholders is provided, then the stockholder must provide notice not later than the close of business on the tenth day following the earlier of the day on which such notice of the date of the scheduled annual meeting was mailed or the day on which such public disclosure was made. Any stockholder s notice to Allergan s Secretary concerning the nomination of persons for election as directors must set forth the information required pursuant to Allergan s certificate of incorporation and Bylaws.

In the alternative, stockholders can at any time recommend for consideration by Allergan s Corporate Governance and Compliance Committee qualified candidates for Allergan s board of directors that meet the qualifications described in our 2013 annual proxy statement by submitting to us any recommendations for director candidates, along with appropriate biographical information, a brief description of such candidate s

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qualifications and such candidate s written consent to nomination, to the Corporate Governance and Compliance Committee, c/o Allergan, Inc., Attn: Secretary, P.O. Box 19534, Irvine, CA 92623. Submissions satisfying the required qualifications will be forwarded to the chairperson of the Corporate Governance and Compliance Committee or such other member of the Corporate Governance and Compliance Committee delegated to review and consider candidates for director nominees.

APPRAISAL RIGHTS

The following discussion is not a full summary of the provisions of Delaware law pertaining to appraisal rights and is qualified in its entirety by the full text of Section 262 of the DGCL, which is attached to this joint proxy statement/prospectus as Annex E. The following summary does not constitute legal or other advice, nor does it constitute a recommendation that stockholders exercise their appraisal rights under Section 262 of the DGCL. Unless the context requires otherwise, all references in Section 262 of the DGCL and in this summary to a stockholder are to a record holder of Allergan common stock.

Under Section 262 of the DGCL, stockholders of a Delaware corporation are entitled to appraisal rights if they are required to accept cash (other than cash in lieu of fractional shares) for their shares in a merger.

Stockholders who have neither voted in favor of, nor consented in writing to, the Merger Proposal, who continuously hold such shares through the effective date of the Merger and who otherwise comply with Section 262 of the DGCL are entitled to appraisal rights. Appraisal rights entitle the holders to have the fair value of their shares of Allergan common stock determined by the Court, and to receive payment in cash of such fair value of the shares, exclusive of any element of value arising from the accomplishment or expectation of the Merger, together with interest, if any, to be paid upon the amount determined to be the fair value, in lieu of receiving the Merger Consideration. Record holders of Allergan common stock who elect to exercise appraisal rights must comply with all the procedures set forth in Section 262 of the DGCL in order to preserve those rights.

Under Section 262 of the DGCL, where a merger agreement for a proposed merger is to be submitted for adoption at a meeting of stockholders, as in the case of Allergan s special meeting, the corporation submitting the matter to a vote of stockholders must, not less than 20 days prior to the meeting, notify each of its stockholders that appraisal rights are available, and must include in each such notice a copy of Section 262 of the DGCL. This joint proxy statement/prospectus constitutes such notice by Allergan to the holders of shares of Allergan s common stock, and a copy of the full text of Section 262 of the DGCL as in effect with respect to this transaction is attached to this joint proxy statement/prospectus as Annex E.

ANY HOLDER OF ALLERGAN S COMMON STOCK WHO WISHES TO EXERCISE APPRAISAL RIGHTS, OR WHO WISHES TO PRESERVE SUCH STOCKHOLDER S RIGHT TO DO SO, SHOULD CAREFULLY REVIEW THE FOLLOWING DISCUSSION AND ANNEX E BECAUSE FAILURE TO TIMELY AND PROPERLY COMPLY WITH THE PROCEDURES SPECIFIED MAY RESULT IN THE LOSS OF APPRAISAL RIGHTS. MOREOVER, BECAUSE OF THE COMPLEXITY OF THE PROCEDURES FOR EXERCISING THE RIGHT TO SEEK APPRAISAL OF SHARES OF ALLERGAN S COMMON STOCK, ALLERGAN BELIEVES THAT, IF A STOCKHOLDER CONSIDERS EXERCISING SUCH RIGHTS, SUCH STOCKHOLDER SHOULD SEEK THE ADVICE OF LEGAL COUNSEL.

How to Exercise and Perfect Appraisal Rights

Allergan stockholders wishing to exercise the right to demand appraisal of their shares of Allergan common stock under Section 262 of the DGCL must do each of the following:

Deliver to Allergan a written demand for appraisal of their shares before the vote on the Merger Proposal at the Allergan special meeting;

Not vote in favor of the Merger Proposal at the Allergan special meeting (voting against, abstaining from voting or not voting at all will satisfy this requirement);

Continue to hold their shares of Allergan common stock from the date of making the demand through the effective date of the Merger; and

File (or Allergan, as the Surviving Corporation, must file) a petition in the Court, requesting a determination of the fair value of their shares, within 120 days after the effective date of the Merger. The Surviving Corporation is under no obligation to and has no present intention to file a petition, and holders should not assume that the Surviving Corporation will file a petition. Accordingly, it is the obligation of the holders of Allergan s common stock to initiate all necessary action to perfect their appraisal rights in respect of shares of Allergan s common stock within the time prescribed in Section 262 of the DGCL.

A vote in favor of the Merger Proposal, in person or by proxy, or the return of a signed proxy that does not contain voting instructions will, unless revoked, constitute a waiver of the stockholder s appraisal rights and will nullify any previously filed written demand for appraisal. If you sign and return a proxy card that does not contain voting instructions or submit a proxy by telephone or through the Internet that does not contain voting instructions, you will effectively waive your appraisal rights because such shares represented by the proxy will, unless the proxy is revoked, be voted for the Merger Proposal. However, neither voting against the Merger Proposal, nor abstaining from voting or failing to vote on the Merger Proposal, will in and of itself constitute a written demand for appraisal satisfying the requirements of Section 262 of the DGCL.

Filing Written Demand

Holders of shares of Allergan s common stock who decide to exercise their appraisal rights must make a demand, in writing, for appraisal of their shares of common stock prior to the taking of the vote on the Merger Proposal at the stockholders meeting. A demand for appraisal will be sufficient if it reasonably informs Allergan of the identity of the stockholder and that such stockholder intends thereby to demand appraisal of such stockholder s shares of Allergan s common stock. If you wish to exercise your appraisal rights you must be the record holder of such shares of Allergan s common stock on the date the written demand for appraisal is made and you must continue to hold such shares through the effective date of the Merger. Accordingly, a stockholder who is the record holder of shares of common stock on the date the written demand for appraisal is made, but who thereafter transfers such shares prior to the effective date of the Merger, will lose any right to appraisal in respect of such shares. A stockholder s failure to make the written demand prior to the taking of the vote on the Merger Proposal will constitute a waiver of appraisal rights.

Only a holder of record of shares of Allergan s common stock is entitled to demand an appraisal of the shares registered in that holder s name. A demand for appraisal in respect of shares of Allergan s common stock should be executed by or on behalf of the holder of record, fully and correctly, as the holder s name appears in the Allergan common stock registry or on the stock certificates (as applicable), should specify the holder s name and mailing address and the number of shares registered in the holder s name and must state that the person intends thereby to demand appraisal of the holder s shares in connection with the Merger. This written demand for appraisal must be separate from any proxy or vote abstaining from or voting against the Merger Proposal.

If the shares are owned of record in a fiduciary capacity, such as by a trustee, a bank or trust company, guardian or custodian, or other nominee, execution of the demand should be made in that capacity, and if the shares are owned of record by more than one person, as in a joint tenancy or tenancy in common, the demand should be executed by or on behalf of all joint owners. An authorized agent, including an agent for two or more joint owners, may execute a

demand for appraisal on behalf of a holder of record; however, the agent must identify the record owner or owners and expressly disclose that, in executing the demand, the agent is acting as agent for the record owner or owners. If the shares are held in street name by a broker, bank or nominee, the

broker, bank or nominee may exercise appraisal rights with respect to the shares held for one or more beneficial owners while not exercising appraisal rights with respect to the shares held for other beneficial owners; in such case, however, the written demand should set forth the number of shares as to which appraisal is sought, and where no number of shares is expressly mentioned the demand will be presumed to cover all shares of common stock held in the name of the record owner. Beneficial owners who do not also hold their Allergan shares of record may not directly make appraisal demands to Allergan. The beneficial owner must, in such cases, have the owner of record, such as a broker, bank or other nominee, submit the required demand in respect of those shares of Allergan common stock. If a stockholder holds shares of Allergan s common stock through a broker who in turn holds the shares through a central securities depository nominee such as Cede & Co., a demand for appraisal of such shares must be made by or on behalf of the depository nominee and must identify the depository nominee as record holder. Stockholders who hold their shares in brokerage accounts or other nominee forms and who wish to exercise appraisal rights should consult with their brokers or other nominees promptly to determine and follow in a timely manner the appropriate procedures for the making of a demand for appraisal by such a nominee.

All written demands for appraisal pursuant to Section 262 of the DGCL should be sent or delivered to Allergan at:

Allergan, Inc.

2525 Dupont Drive

Irvine, California 92612

Attention: General Counsel

From and after the effective date of the Merger, any stockholder who has duly demanded appraisal in compliance with Section 262 of the DGCL will not be entitled to vote for any purpose the shares of Allergan s common stock subject to appraisal or to receive payment of dividends or other distributions on such shares except for dividends or distributions payable to stockholders of record at a date prior to the effective date of the Merger.

Notice by the Surviving Corporation

Within 10 days after the effective date of the Merger, Allergan, as the Surviving Corporation in the Merger, must provide written notice to each holder of Allergan s common stock, who properly asserted appraisal rights under Section 262 of the DGCL and has not voted for the Merger Proposal, that the Merger has become effective.

Withdrawing a Demand for Appraisal

At any time within 60 days after the effective date of the Merger, any stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party may withdraw his, her or its demand for appraisal and accept the Merger Consideration offered pursuant to the Merger Agreement by delivering to Allergan, as the Surviving Corporation, a written withdrawal of the demand for appraisal. However, any such attempt to withdraw the demand made more than 60 days after the effective date of the Merger will require written approval of Allergan, as the Surviving Corporation. No appraisal proceeding in the Court will be dismissed as to any stockholder who does not withdraw his, her or its demand for appraisal and accept the Merger Consideration offered pursuant to the Merger Agreement within 60 days after the effective date of the Merger without the approval of the Court, and such approval may be conditioned upon such terms as the Court deems just. If the Surviving Corporation does not approve a request to withdraw a demand for appraisal when such approval is required, or, except with respect to any stockholder who withdraws such stockholder s demand within 60 days after the effective date of the Merger, if the Court does not

approve the dismissal of an appraisal proceeding with respect to a stockholder, such stockholder will be entitled to receive only the appraised value determined in any such appraisal proceeding, which value could be less than, equal to or more than the Merger Consideration being offered pursuant to the Merger Agreement.

Filing a Petition for Appraisal

Within 120 days after the effective date of the Merger, but not thereafter, Allergan, as the Surviving Corporation, or any holder of Allergan s common stock who has complied with Section 262 of the DGCL and is entitled to appraisal rights under Section 262 of the DGCL, may commence an appraisal proceeding by filing a petition in the Court demanding a determination of the fair value of the shares held by all dissenting holders. Upon the filing of the petition by a stockholder, service of a copy of such petition shall be made upon the Surviving Corporation. As noted above, the Surviving Corporation is under no obligation to and has no present intention to file a petition, and holders should not assume that the Surviving Corporation will file a petition. Accordingly, it is the obligation of the holders of common stock to initiate all necessary action to perfect their appraisal rights in respect of shares of common stock within the time prescribed in Section 262 of the DGCL. Within 120 days after the effective date of the Merger, any holder of common stock who has complied with the requirements for exercise of appraisal rights will be entitled, upon written request, to receive from the Surviving Corporation a statement setting forth the aggregate number of shares not voted in favor of the Merger Proposal and with respect to which demands for appraisal have been received and the aggregate number of holders of such shares. The statement must be mailed within 10 days after a written request therefor has been received by the Surviving Corporation or within 10 days after the expiration of the period for delivery of demands for appraisal, whichever is later. Notwithstanding the above requirement that demands for appraisal be made by record owners, a person who is the beneficial owner of shares of common stock held either in a voting trust or by a nominee on behalf of such person may, in such person s own name, file a petition for appraisal in the Court as described in this paragraph or request to receive from the Surviving Corporation the statement described in this paragraph.

If a petition for an appraisal is timely filed by a holder of shares of Allergan s common stock and a copy thereof is served upon the Surviving Corporation, the Surviving Corporation will then be obligated within 20 days after being served with a copy of the petition to file with the Delaware Register in Chancery a duly verified list containing the names and addresses of all stockholders who have demanded an appraisal of their shares of Allergan common stock and with whom agreements as to the value of their shares have not been reached. After notice to the stockholders as required by the Court, the Court is empowered to conduct a hearing on the petition to determine those stockholders who have complied with Section 262 of the DGCL and who have become entitled to appraisal rights thereunder. The Court may require the stockholders who demanded appraisal of their shares to submit their stock certificates to the Register in Chancery for notation thereon of the pendency of the appraisal proceeding; and if any stockholder fails to comply with the direction, the Court may dismiss the proceedings as to the stockholder.

Determination of Fair Value

After the Court determines the holders of common stock entitled to appraisal, the appraisal proceeding shall be conducted in accordance with the rules of the Court, including any rules specifically governing appraisal proceedings. Through such proceeding, the Court shall determine the fair value of the shares, exclusive of any element of value arising from the accomplishment or expectation of the Merger, together with interest, if any. Unless the Court in its discretion determines otherwise for good cause shown, interest from the effective date of the Merger through the date of payment of the judgment shall be compounded quarterly and shall accrue at 5 percent over the Federal Reserve discount rate (including any surcharge) as established from time to time during the period between the effective date of the Merger and the date of payment of the judgment. When the fair value is determined, the Court will direct the payment of such value, with interest thereon, if any, to the stockholders entitled to receive the same, upon surrender by such stockholders of their stock certificates or, in the case of book-entry shares, forthwith.

In determining the fair value of the shares of Allergan common stock, and, if applicable, interest, the Court will take into account all relevant factors. In *Weinberger* v. *UOP, Inc.*, the Delaware Supreme Court discussed the factors that

could be considered in determining fair value in an appraisal proceeding, stating that proof of value by any techniques or methods which are generally considered acceptable in the financial community and

otherwise admissible in court should be considered, and that [f]air price obviously requires consideration of all relevant factors involving the value of a company. The Delaware Supreme Court stated that, in making this determination of fair value, the court must consider market value, asset value, dividends, earnings prospects, the nature of the enterprise and any other facts which were known or which could be ascertained as of the date of the merger that throw any light on future prospects of the merged corporation. Section 262 of the DGCL provides that fair value is to be exclusive of any element of value arising from the accomplishment or expectation of the merger. In *Cede & Co.* v. *Technicolor, Inc.*, the Delaware Supreme Court stated that such exclusion is a narrow exclusion [that] does not encompass known elements of value, but which rather applies only to the speculative elements of value arising from such accomplishment or expectation. In *Weinberger*, the Delaware Supreme Court also stated that elements of future value, including the nature of the enterprise, which are known or susceptible of proof as of the date of the merger and not the product of speculation, may be considered.

Stockholders considering seeking appraisal should be aware that the fair value of their shares as so determined could be more than, the same as or less than the consideration they would receive pursuant to the Merger if they did not seek appraisal of their shares and that an opinion of an investment banking firm as to the fairness, from a financial point of view, of the consideration payable in a sale transaction, such as the Merger, is not an opinion as to, and does not otherwise address, fair value under Section 262 of the DGCL. Neither Allergan, Actavis nor Merger Sub makes any representation as to the outcome of the appraisal of fair value as determined by the Court, and stockholders should recognize that such an appraisal could result in a determination of a value higher or lower than, or the same as, the Merger Consideration. Neither Actavis, Merger Sub, nor Allergan anticipates offering more than the Merger Consideration to any stockholder of Allergan exercising appraisal rights, and they reserve the right to assert, in any appraisal proceeding, that for purposes of Section 262 of the DGCL the fair value of a share of common stock is less than the Merger Consideration. In addition, the Delaware courts have decided that the statutory appraisal remedy, depending on factual circumstances, may or may not be a dissenting stockholder s exclusive remedy.

If a petition for appraisal is not timely filed, then the right to an appraisal will cease. The costs of the action (which do not include attorneys fees or the fees and expenses of experts) may be determined by the Court and taxed upon the parties as the Court deems equitable under the circumstances. Upon application of a stockholder, the Court may order all or a portion of the expenses incurred by a stockholder in connection with an appraisal proceeding, including, without limitation, reasonable attorneys fees and the fees and expenses of experts utilized in the appraisal proceeding, to be charged pro rata against the value of all the shares entitled to be appraised. In the absence of such determination or assessment, each party bears its own expenses.

If any stockholder who demands appraisal of his, her or its shares of Allergan s common stock under Section 262 of the DGCL fails to perfect, successfully withdraws or loses such holder s right to appraisal, the stockholder s shares of common stock will be deemed to have been converted at the effective date of the Merger into the right to receive the Merger Consideration pursuant to the Merger Agreement. A stockholder will fail to perfect, or effectively lose, the stockholder s right to appraisal if no petition for appraisal is filed within 120 days after the effective date of the Merger. In addition, as indicated above, a stockholder may withdraw his, her or its demand for appraisal in accordance with Section 262 of the DGCL and accept the Merger Consideration offered pursuant to the Merger Agreement.

As noted above, failure to comply strictly with all of the procedures set forth in Section 262 of the DGCL will result in the loss of a stockholder s statutory appraisal rights. In light of the complexity of Section 262 of the DGCL, Allergan stockholders who may wish to pursue appraisal rights should consult their legal and financial advisors.

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HOUSEHOLDING OF PROXY MATERIALS

Under SEC rules, a single set of proxy statements may be sent to any household at which two or more stockholders reside if they appear to be members of the same family. Each stockholder continues to receive a separate proxy card. This procedure, referred to as householding, reduces the volume of duplicate information stockholders receive and reduces mailing and printing expenses. In accordance with a notice sent to certain stockholders who shared a single address, only one joint proxy statement/prospectus will be sent to that address unless any stockholder at that address requested that multiple sets of documents be sent.

If any Actavis shareholder who agreed to householding wishes to receive a separate proxy statement in the future, he or she may contact Actavis either by calling 1-862-261-7488, or by writing to Actavis plc, Investor Relations, Morris Corporate Center III, 400 Interpace Parkway, Parsippany, New Jersey 07054. Actavis shareholders sharing an address who wish to receive a single set of proxy statements may do so by contacting their brokers, banks or other nominees, if they are beneficial holders, or by contacting Actavis at the telephone number or the address set forth above, if they are record holders.

If any Allergan stockholder who agreed to householding wishes to receive a separate proxy statement in the future, he or she may write to Innisfree at 501 Madison Avenue, 20th Floor, New York, New York 10022. Allergan stockholders sharing an address who wish to receive a single set of proxy statements may do so by contacting their brokers, banks or other nominees, if they are beneficial holders, or by written request to the address set forth above, if they are record holders.

WHERE YOU CAN FIND MORE INFORMATION

Both Actavis and Allergan file annual, quarterly and current reports, proxy statements and other business and financial information with the SEC. You may read and copy any materials that either Actavis or Allergan files with the SEC at the SEC s Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549, at prescribed rates. Please call the SEC at (800) SEC-0330 ((800) 732-0330) for further information on the Public Reference Room. In addition, Actavis and Allergan file reports and other business and financial information with the SEC electronically, and the SEC maintains a website located at http://www.sec.gov containing this information. You will also be able to obtain these documents, free of charge, from Actavis at http://www.actavis.com under the Investors link, then under heading Financial Information and then under the subheading SEC Filings or from Allergan by accessing Allergan s website at http://www.allergan.com under the Investors link and then under the heading Financial Reports.

Actavis has filed a registration statement on Form S-4 of which this joint proxy statement/prospectus forms a part with respect to the Actavis ordinary shares to be issued in the Merger. This joint proxy statement/prospectus constitutes the prospectus of Actavis filed as part of the registration statement. As permitted by SEC rules, this joint proxy statement/prospectus does not contain all of the information included in the registration statement or in the exhibits or schedules to the registration statement. You may read and copy the registration statement, including any amendments, schedules and exhibits at the addresses set forth below. Statements contained in this joint proxy statement/prospectus as to the contents of any contract or other documents referred to in this joint proxy statement/prospectus are not necessarily complete. In each case, you should refer to the copy of the applicable contract or other document filed as an exhibit to the registration statement. This joint proxy statement/prospectus incorporates by reference documents that Actavis and Allergan have previously filed with the SEC, including those listed below.

You should rely only on the information contained in this joint proxy statement/prospectus or to which you have been referred. Actavis and Allergan have not authorized anyone to provide you with any additional information. This joint proxy statement/prospectus is dated as of the date listed on the cover page. You should not assume that the

information contained in this joint proxy statement/prospectus is accurate as of any date other than such date, and neither the mailing or posting of this joint proxy statement/prospectus to shareholders of

Actavis or stockholders of Allergan nor the issuance of ordinary shares of Actavis in the transactions shall create any implication to the contrary.

This joint proxy statement/prospectus incorporates by reference the following documents that have previously been filed with the SEC by Actavis (File No. 000-55075):

Annual Report on Form 10-K for the year ended December 31, 2013, filed on February 25, 2014 (certain items, including the financial statements and related audit report have been superseded by Actavis current reports on Form 8-K filed on May 20, 2014 and December 5, 2014);

Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, filed on November 5, 2014;

Quarterly Report on Form 10-Q for the quarter ended June 30, 2014, filed on August 5, 2014;

Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, filed on May 5, 2014;

Current Reports on Forms 8-K and 8-K/A (only to the extent filed and not furnished), filed on January 31, 2014, February 19, 2014, March 11, 2014, March 25, 2014, March 28, 2014, April 3, 2014, April 21, 2014, May 12, 2014, May 14, 2014, May 20, 2014, May 22, 2014, May 23, 2014, June 9, 2014, June 10, 2014, June 11, 2014, June 13, 2014, June 17, 2014, June 20, 2014, June 24, 2014, June 30, 2014, July 3, 2014, October 6, 2014, October 8, 2014, November 12, 2014, November 17, 2014, November 18, 2014, December 5, 2014, December 12, 2014, December 22, 2014 and January 12, 2015; and

Definitive Proxy Statement on Schedule 14A, filed on March 28, 2014, as amended by Schedule 14A filed on April 11, 2014.

This joint proxy statement/prospectus also incorporates by reference the following document that has previously been filed with the SEC by Warner Chilcott Limited (File No. 333-199019):

The Management s Discussion and Analysis of Financial Condition and Results of Operations and Risk Factors contained in the Registration Statement on Form S-4, effective as of October 15, 2014, and the related prospectus.

This joint proxy statement/prospectus also incorporates by reference the following documents that have previously been filed with the SEC by Allergan (File No. 001-10269):

Annual Report on Form 10-K for the year ended December 31, 2013, filed on February 25, 2014;

Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, filed on November 5, 2014;

Quarterly Report on Form 10-Q for the quarter ended June 30, 2014, filed on August 5, 2014;

Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, filed on May 7, 2014;

Current Reports on Forms 8-K and 8-K/A (only to the extent filed and not furnished), filed on January 21, 2014, January 22, 2014, March 13, 2014, April 23, 2014, May 9, 2014, May 12, 2014, May 19, 2014, May 21, 2014, May 27, 2014, May 28, 2014, June 2, 2014, June 10, 2014, June 27, 2014, June 30, 2014, July 14, 2014, July 21, 2014, July 23, 2014, August 18, 2014, August 22, 2014, September 29, 2014, October 9, 2014, October 20, 2014, October 27, 2014, November 12, 2014, November 18, 2014, December 1, 2014 and January 12, 2015; and

Definitive Proxy Statement on Schedule 14A, filed on March 26, 2014, as supplemented by the Schedule 14A filed on April 22, 2014.

All additional documents that either Actavis or Allergan may file with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this joint proxy statement/prospectus and prior to the Actavis EGM and the Allergan special meeting, respectively, shall also be deemed to be incorporated by reference. However, some documents or information, such as that called for by Item 2.02 and Item 7.01 of Form 8-K, or the exhibits related thereto under Item 9.01 of Form 8-K, are deemed furnished and not filed in accordance with SEC rules. None of those documents or information is incorporated by reference into this joint

proxy statement/prospectus. Additionally, to the extent this joint proxy statement/prospectus, or the documents or information incorporated by reference into this joint proxy statement/prospectus, contains references to the Internet websites of Actavis or Allergan, the information on those websites does not constitute a part of, and is not incorporated by reference into, this joint proxy statement/prospectus.

If you are a shareholder of Actavis, you can obtain any of the documents incorporated by reference through Actavis or the SEC. Documents incorporated by reference are available from Actavis without charge, excluding all exhibits unless such exhibits have been specifically incorporated by reference in this joint proxy statement/prospectus. You will not receive copies of the documents incorporated by reference, as they are not being sent to shareholders unless specifically requested. You may obtain documents incorporated by reference in this joint proxy statement/prospectus free of charge by requesting them in writing or by telephone as follows or by accessing the website listed below:

Actavis plc

Morris Corporate Center III

400 Interpace Parkway

Parsippany, NJ 07054

Attention: Investor Relations

Telephone: (862) 261-7488

Email: investor.relations@actavis.com

ir.actavis.com

In order to ensure timely delivery of the documents, Actavis shareholders must make their requests no later than five business days prior to the date of the Actavis EGM, or no later than March 3, 2015.

If you are a stockholder of Allergan, you can obtain any of the documents incorporated by reference through Allergan or the SEC. Documents incorporated by reference are available from Allergan without charge, excluding all exhibits unless such exhibits have been specifically incorporated by reference in this joint proxy statement/prospectus. You will not receive copies of the documents incorporated by reference, as they are not being sent to stockholders unless specifically requested. You may obtain documents incorporated by reference in this joint proxy statement/prospectus free of charge by requesting them in writing or by telephone as follows or by accessing the website listed below:

Allergan, Inc.

2525 Dupont Drive

Irvine, CA 92612

Attention: Investor Relations

Telephone: (714) 246-4636

allergan.com/investors/index.htm

In order to ensure timely delivery of the documents, Allergan stockholders must make their requests no later than five business days prior to the date of the Allergan special meeting, or no later than March 3, 2015.

Any statement contained in a document incorporated or deemed to be incorporated by reference into this joint proxy statement/prospectus will be deemed to be modified or superseded for purposes of this joint proxy statement/prospectus to the extent that a statement contained in this joint proxy statement/prospectus or any other subsequently filed document that is deemed to be incorporated by reference into this joint proxy statement/prospectus modifies or supersedes the statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this joint proxy statement/prospectus. Any statement concerning the contents of any contract or other document filed as an exhibit to the registration statement is not necessarily complete. With respect to each contract or other document filed as an exhibit to the registration statement, you are referred to that exhibit for a more complete description of the matter involved, and each such statement is qualified in its entirety by such reference.

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Annex A

AGREEMENT AND PLAN OF MERGER

by and among

ACTAVIS PLC,

AVOCADO ACQUISITION INC.

and

ALLERGAN, INC.

dated as of November 16, 2014

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AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER (this Agreement), dated November 16, 2014, is by and among Actavis plc, a company incorporated under the laws of Ireland (Parent), Avocado Acquisition Inc., a Delaware corporation and an indirect wholly owned subsidiary of Parent (Merger Sub), and Allergan, Inc., a Delaware corporation (the Company). All capitalized terms used in this Agreement shall have the meanings ascribed to such terms in Section 9.5 or as otherwise defined elsewhere in this Agreement unless the context clearly provides otherwise. Parent, Merger Sub and the Company are each sometimes referred to as a Party and collectively as the Parties.

RECITALS

WHEREAS, the Parties wish to effect a business combination through the merger of Merger Sub with and into the Company, with the Company being the surviving corporation (the Merger);

WHEREAS, each outstanding share of common stock, par value $0.01 per share, of the Company (the Company Common Stock or Company Shares) issued and outstanding immediately prior to the Effective Time will be automatically converted into the right to receive the Merger Consideration upon the terms and subject to the conditions set forth in this Agreement and in accordance with the General Corporation Law of the State of Delaware (the DGCL) (other than Company Shares to be cancelled in accordance with Section 2.1(b) and Dissenting Shares);

WHEREAS, the board of directors of the Company (the Company Board of Directors) has unanimously determined that this Agreement and the transactions contemplated hereby (the Transactions), including the Merger, are advisable and fair to, and in the best interests of, the Company and its stockholders;

WHEREAS, the Company Board of Directors has unanimously adopted resolutions approving the acquisition of the Company by Parent, declaring advisable this Agreement and the consummation of the Transactions, authorizing the execution of this Agreement, directing that this Agreement and the Merger be submitted for consideration at the Company Special Meeting and recommending that the Company s stockholders adopt this Agreement (the Company Board Recommendation) pursuant to Section 251 of the DGCL;

WHEREAS, the board of directors of Parent (the Parent Board of Directors) has unanimously adopted resolutions approving the acquisition of the Company by Parent, the execution of this Agreement and the consummation of the Transactions and the Parent Board of Directors has directed that the issuance of shares of Parent Stock as the Stock Consideration Portion be submitted for consideration at the Parent Special Meeting and recommending that Parent s shareholders vote to approve such issuance;

WHEREAS, the board of directors of Merger Sub has unanimously approved this Agreement and determined that this Agreement and the Transactions, including the Merger, are advisable and fair to, and in the best interests of, Merger Sub and its sole stockholder; and

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WHEREAS, the Parties desire to make certain representations, warranties, covenants and agreements in connection with the Merger and also prescribe various conditions to the Merger.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement and for other good and valuable consideration, the receipt and adequacy of which are acknowledged, the Parties agree as follows:

AGREEMENT

ARTICLE I.

THE MERGER

Section 1.1 The Merger. Upon the terms and subject to the satisfaction or waiver of the conditions set forth in this Agreement, and in accordance with the DGCL, (a) at the Effective Time, Merger Sub shall be merged with and into the Company, whereupon the separate existence of Merger Sub will cease, with the Company continuing as the surviving corporation (the Company, as the surviving corporation in the Merger, sometimes being referred to herein as the Surviving Corporation), such that immediately following the Merger, the Surviving Corporation will be a wholly owned indirect subsidiary of Parent. The Merger shall have the effect provided in this Agreement and as specified in the DGCL.

Section 1.2 Closing. The closing of the Merger (the Closing) will take place at 10:00 a.m., Eastern Time, at the offices of Cleary Gottlieb Steen & Hamilton LLP, One Liberty Plaza, New York, New York 10006, on the second (2nd) business day after the satisfaction or waiver of, but subject to the continued satisfaction or waiver of, the conditions set forth in Article VII (other than any such conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions at the Closing), unless another date or place is agreed to in writing by the Company and Parent; provided, however, that, notwithstanding the satisfaction or waiver of the conditions set forth in Article VII, Parent and Merger Sub shall not be obligated to effect the Closing prior to the second (2nd) business day following the final day of the Marketing Period, unless Parent shall request an earlier date on two (2) business days prior written notice to the Company (but, subject in such case, to the satisfaction or waiver of the conditions set forth in Article VII (other than any such conditions which by their terms cannot be satisfied until the Closing, which shall be required to be so satisfied at the Closing)). The date on which the Closing actually takes place is referred to as the Closing Date .

Section 1.3 Effective Time. On the Closing Date, the Parties shall cause a certificate of merger with respect to the Merger (the Certificate of Merger) to be duly executed and filed with the DSOS as provided under the DGCL and make any other filings, recordings or publications required to be made by the Company or Merger Sub under the DGCL in connection with the Merger. The Merger shall become effective at such time as the Certificate of Merger is duly filed with the DSOS or on such later date and time as shall be agreed to by the Company and Parent and specified in the Certificate of Merger in accordance with the DGCL (such date and time being hereinafter referred to as the Effective Time).

Section 1.4 Governing Documents. The Company Certificate shall, by virtue of the Merger, be amended and restated so as to read in its entirety in the form attached hereto as Exhibit A and, as so amended and restated, shall be the certificate of incorporation of the Surviving Corporation until thereafter changed or amended as provided therein or by applicable Law, but subject to Section 6.4. Subject to Section 6.4, the Company Bylaws shall, by virtue of the Merger, be amended and restated to conform to the bylaws of Merger Sub, as in effect immediately prior to the Effective Time, and as such shall be the bylaws of the Surviving Corporation until thereafter changed or amended as provided therein or by applicable Law.

Section 1.5 Officers and Directors of the Surviving Corporation. The Parties shall take all actions necessary so that (a) the directors of Merger Sub at the Effective Time shall, from and after the Effective Time, be the directors of the Surviving Corporation until their successors shall have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the certificate of incorporation and bylaws of the Surviving Corporation, and (b) the officers of Merger Sub at the Effective Time shall, from and after the Effective Time, be the officers of the Surviving Corporation until their successors shall have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the certificate of incorporation and bylaws of the Surviving Corporation.

ARTICLE II.

TREATMENT OF SECURITIES

Section 2.1 Treatment of Capital Stock.

(a) Treatment of Company Common Stock. At the Effective Time, by virtue of the Merger and without any action on the part of the Parties or holders of any securities of the Company or of Merger Sub, subject to Section 2.1(d), each share of Company Common Stock issued and outstanding immediately prior to the Effective Time (including any Company Restricted Shares or Company RSUs accelerated pursuant to Section 2.4(e), but excluding Company Shares to be cancelled in accordance with Section 2.1(b) and any Dissenting Shares) shall be automatically converted into the right to receive 0.3683 of a validly issued, fully paid and nonassessable Parent Share (the Stock Consideration Portion) and $129.22 in cash, without interest (the Cash Consideration Portion , and together with the Stock Consideration Portion, the Merger Consideration). From and after the Effective Time, all such Company Shares shall no longer be outstanding and shall automatically be cancelled and shall cease to exist, and each applicable holder of such Company Shares shall cease to have any rights with respect thereto, except the right to receive the Merger Consideration therefor upon the surrender of such Company Shares in accordance with Section 2.2, including the right to receive, pursuant to Section 2.6, cash in lieu of fractional shares of Parent Stock, if any, which would otherwise be issuable in respect of such Company Shares pursuant to this Section 2.1(a) (the Fractional Share Consideration), together with the amounts, if any, payable pursuant to Section 2.2(f).

(b) Cancellation of Company Common Stock. At the Effective Time, all Company Shares owned by the Company, Parent, Merger Sub or by any of their respective direct or indirect wholly owned subsidiaries shall be cancelled and shall cease to exist, and no consideration shall be delivered in exchange therefor.

(c) Treatment of Merger Sub Common Stock. At the Effective Time, each issued and outstanding share of common stock, $0.01 par value per share, of Merger Sub (the Merger Sub Common Stock) shall be automatically converted into and become one fully paid and nonassessable share of common stock of the Surviving Corporation and shall constitute the only outstanding shares of capital stock of the Surviving Corporation.

(d) Adjustment to Merger Consideration. The Merger Consideration shall be adjusted appropriately, without duplication, to reflect the effect of any stock split, reverse stock split, stock dividend (including any dividend or distribution of securities convertible into Company Common Stock or Parent Stock, as applicable), reorganization, recapitalization, reclassification, combination, exchange of shares or other like change with respect to the shares of Company Common Stock or Parent Stock outstanding after the date hereof and prior to the Effective Time; provided, however, that nothing in this Section 2.1(d) shall be construed to permit the Company or any of its Subsidiaries to take any action with respect to its securities that is prohibited by the terms of this Agreement.

Section 2.2 Payment for Securities; Surrender of Certificates.

(a) Exchange Fund. Prior to the Effective Time, Parent or Merger Sub shall designate a bank or trust company reasonably acceptable to the Company to act as the exchange agent in connection with the Merger (the Exchange Agent). The Exchange Agent shall also act as the agent for the Company s stockholders for the purpose of receiving and holding their Certificates and Book-Entry Shares and shall obtain no rights or interests in the shares represented thereby. At or immediately after the Effective Time, Parent or Merger Sub shall deposit, or cause to be deposited, with the Exchange Agent (i) evidence of Parent Stock issuable pursuant to Section 2.1(a) in book-entry form equal to the aggregate Parent Stock portion of the Merger Consideration (excluding any Fractional Share Consideration), and (ii) cash in immediately available funds in an amount sufficient to pay the aggregate cash portion of the Merger Consideration, Fractional Share Consideration, Option Consideration payable to holders who are not current or former employees of the Company or any Company Subsidiary (Non-Employee Option Consideration) and any dividends under Section 2.2(f) (such evidence of book-entry shares of Parent Stock and cash amounts, together with any dividends or other distributions with respect thereto, the Exchange Fund), in each case, for the sole benefit of the holders of shares of Company Common Stock and the persons entitled to receive the Non-Employee Option Consideration. In the event the Exchange Fund shall be insufficient to pay the aggregate Cash Consideration Portion, Fractional Share Consideration, Non-Employee Option Consideration and any dividends under Section 2.2(f), Parent shall, or shall cause Merger Sub to, promptly deposit additional funds with the Exchange Agent in an amount which is equal to the deficiency in the amount required to make such payment. Parent shall cause the Exchange Agent to make, and the Exchange Agent shall make, delivery of the

Merger Consideration, including payment of the Fractional Share Consideration, Non-Employee Option Consideration and any amounts payable in respect of dividends or other distributions on shares of Parent Stock in accordance with Section 2.2(f) out of the Exchange Fund in accordance with this Agreement. The Exchange Fund shall not be used for any purpose that is not expressly provided for in this Agreement. The cash portion of the Exchange Fund shall be invested by the Exchange Agent as reasonably directed by Parent; provided, however, that any investment of such cash shall in all events be limited to direct short-term obligations of, or short-term obligations fully guaranteed as to principal and interest by, the U.S. government, in commercial paper rated P-1 or A-1 or better by Moody s Investors Service, Inc. or Standard & Poor s Corporation, respectively, or in certificates of deposit, bank repurchase agreements or banker s acceptances of commercial banks with capital exceeding $10 billion (based on the most recent financial statements of such bank that are then publicly available), and that no such investment or loss thereon shall affect the amounts payable to holders of Certificates or Book-Entry Shares pursuant to this Article II. Any interest and other income resulting from such investments shall be paid to the Surviving Corporation on the earlier of (A) one (1) year after the Effective Time or (B) the full payment of the Exchange Fund.

(b) Procedures for Surrender. Promptly after the Effective Time, Parent shall, and shall cause the Surviving Corporation to, cause the Exchange Agent to mail (and make available for collection by hand) to each holder of record of a certificate or certificates which immediately prior to the Effective Time represented outstanding Company Shares (the Certificates) or non-certificated Company Shares represented by book-entry (Book-Entry Shares) and whose Company Shares were converted pursuant to Section 2.1 into the right to receive the Merger Consideration (including holders of Company Restricted Shares or Company RSUs that are accelerated pursuant to Section 2.4(e)) (i) a letter of transmittal, which shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon delivery of the Certificates (or affidavits of loss in lieu thereof) to the Exchange Agent and shall be in such form and have such other provisions as Parent may reasonably specify and (ii) instructions for effecting the surrender of the Certificates (or affidavits of loss in lieu thereof) or Book-Entry Shares in exchange for payment of the Merger Consideration issuable and payable in respect of such Company Shares pursuant to Section 2.1, including any amount payable in respect of Fractional Share Consideration in accordance with Section 2.6, and any dividends or other distributions on shares of Parent Stock in accordance with Section 2.2(f). Upon surrender of a Certificate (or an affidavit of loss in lieu thereof) or Book-Entry Share for cancellation to the Exchange Agent or to such other agent or agents as may be appointed by Parent or the Surviving Corporation, together with such letter of transmittal duly completed and validly executed in accordance with the instructions thereto, and such other documents as may be required pursuant to such instructions, the holder of such Certificate or Book-Entry Share shall be entitled to receive in exchange therefor the applicable Merger Consideration pursuant to the provisions of this Article II, any Fractional Share Consideration that such holder has the right to receive pursuant to the provisions of Section 2.6, and any amounts that such holder has the right to receive in respect of dividends or other distributions on shares of Parent Stock in accordance with Section 2.2(f) for each Company Share formerly represented by such Certificate or

Book-Entry Share, to be mailed (or made available for collection by hand if so elected by the surrendering holder) within five (5) business days following the Exchange Agent s receipt of such Certificate (or affidavit of loss in lieu thereof) or Book-Entry Share, letter of transmittal and such other documents, and the Certificate (or affidavit of loss in lieu thereof) or Book-Entry Share so surrendered shall be forthwith cancelled. The Exchange Agent shall accept such Certificates (or affidavits of loss in lieu thereof) or Book-Entry Shares upon compliance with such reasonable terms and conditions as the Exchange Agent may impose to effect an orderly exchange thereof in accordance with normal exchange practices. If payment of the Merger Consideration is to be made to a Person other than the Person in whose name the surrendered Certificate is registered, it shall be a condition precedent of payment that (A) the Certificate so surrendered shall be properly endorsed or shall be otherwise in proper form for transfer and (B) the Person requesting such payment shall have paid any transfer and other similar Taxes required by reason of the payment of the Merger Consideration to a Person other than the registered holder of the Certificate surrendered or shall have established to the satisfaction of the Surviving Corporation that such Tax either has been paid or is not required to be paid. Payment of the applicable Merger Consideration with respect to Book-Entry Shares shall only be made to the Person in whose name such Book-Entry Shares are registered. Until surrendered as contemplated by this Section 2.2, each Certificate and Book-Entry Share shall be deemed at any time after the Effective Time to represent only the right to receive the applicable Merger Consideration as contemplated by this Article II, including any amount payable in respect of Fractional Share Consideration in accordance with Section 2.6, and any dividends or other distributions on shares of Parent Stock in accordance with Section 2.2(f), without interest thereon.

(c) Transfer Books; No Further Ownership Rights in Company Shares. At the Effective Time, the stock transfer books of the Company shall be closed and thereafter there shall be no further registration of transfers of Company Shares on the records of the Company. From and after the Effective Time, the holders of Certificates outstanding immediately prior to the Effective Time shall cease to have any rights with respect to such Company Shares except as otherwise provided for herein or by applicable Law. If, after the Effective Time, Certificates or Book-Entry Shares are presented to the Surviving Corporation for any reason, they shall be cancelled and exchanged as provided in this Agreement.

(d) Termination of Exchange Fund; No Liability. At any time following twelve (12) months after the Effective Time, Parent shall be entitled to require the Exchange Agent to deliver to it any funds (including any interest received with respect thereto) remaining in the Exchange Fund that have not been disbursed, or for which disbursement is pending subject only to the Exchange Agent s routine administrative procedures, to holders of Certificates or Book-Entry Shares, and thereafter such holders shall be entitled to look only to the Surviving Corporation and Parent (subject to abandoned property, escheat or other similar Laws) as general creditors thereof with respect to the applicable Merger Consideration, including any amount payable in respect of Fractional Share Consideration in accordance with Section 2.6, the Option Consideration and any dividends or other distributions on shares of Parent Stock in accordance with Section 2.2(f), payable upon due surrender of their Certificates or Book-Entry Shares and compliance with the procedures in Section 2.2(b), without any interest thereon.

Notwithstanding the foregoing, none of the Surviving Corporation, Parent or the Exchange Agent shall be liable to any holder of a Certificate or Book-Entry Share for any Merger Consideration or other amounts delivered to a public official pursuant to any applicable abandoned property, escheat or similar Law.

(e) Lost, Stolen or Destroyed Certificates. In the event that any Certificates shall have been lost, stolen or destroyed, the Exchange Agent shall issue in exchange for such lost, stolen or destroyed Certificates, upon the making of an affidavit of that fact by the holder thereof and, if required by Parent or the Exchange Agent, the posting by such holder of a bond in such amount as Parent or the Exchange Agent may determine is reasonably necessary as indemnity against any claim that may be made against it or the Surviving Corporation with respect to any such Certificates, the applicable Merger Consideration payable in respect thereof pursuant to Section 2.1 hereof, including any amount payable in respect of Fractional Share Consideration in accordance with Section 2.6, and any dividends or other distributions on shares of Parent Stock in accordance with Section 2.2(f).

(f) Dividends or Distributions with Respect to Parent Stock. No dividends or other distributions with respect to Parent Stock with a record date after the Effective Time shall be paid to the holder of any unsurrendered Certificate or Book-Entry Share with respect to the shares of Parent Stock issuable hereunder, and all such dividends and other distributions shall be paid by Parent to the Exchange Agent and shall be included in the Exchange Fund, in each case until the surrender of such Certificate or Book-Entry Share (or affidavit of loss in lieu thereof) in accordance with this Agreement. Subject to applicable Laws, following surrender of any such Certificate or Book-Entry Share (or affidavit of loss in lieu thereof) there shall be paid to the holder thereof, without interest, (i) the amount of dividends or other distributions with a record date after the Effective Time theretofore paid with respect to such shares of Parent Stock to which such holder is entitled pursuant to this Agreement and (ii) at the appropriate payment date, the amount of dividends or other distributions with a record date after the Effective Time but prior to such surrender and with a payment date subsequent to such surrender payable with respect to such shares of Parent Stock.

Section 2.3 Appraisal Rights.

(a) Notwithstanding anything in this Agreement to the contrary, Company Shares, if any, as to which the holder thereof shall have (i) properly demanded appraisal and otherwise complied with the provisions of Section 262 of the DGCL (Section 262) and (ii) not effectively withdrawn or lost such holder s rights to appraisal (each, a Dissenting Share), shall not be converted into the right to receive the Merger Consideration payable pursuant to Section 2.1, but instead at the Effective Time shall become entitled only to payment of the fair value of such Company Shares determined in accordance with Section 262 (it being understood and acknowledged that at the Effective Time, such Dissenting Shares shall no longer be outstanding, shall automatically be cancelled and shall cease to exist, and such holder shall cease to have any rights with respect thereto other than the right to receive the fair value of such Dissenting Shares as determined in accordance with Section 262); provided, however, that if any such holder shall fail to perfect or otherwise shall waive, withdraw or lose

the right to payment of the fair value of such Dissenting Shares under Section 262, then the right of such holder to be paid the fair value of such holder s Dissenting Shares shall cease and such Dissenting Shares shall be deemed to have been converted as of the Effective Time into, and to have become exchangeable solely for the right to receive, without interest or duplication, the Merger Consideration.

(b) The Company shall give prompt notice to Parent of any demands received by the Company for appraisal of any Company Shares, of any withdrawals of such demands and of any other instruments served and received by the Company under Section 262, and Parent shall have the opportunity to participate in and direct all negotiations and proceedings with respect to such demands. Prior to the Effective Time, the Company shall not, without the prior written consent of Parent, make any payment with respect to, or settle or compromise or offer to settle or compromise, any such demand, or agree to do any of the foregoing.

Section 2.4 Treatment of Company Equity Awards.

(a) Except as described in Section 2.4(d), as of the Effective Time, each option to purchase Company Common Stock (a Company Stock Option) granted under any Company Equity Plan that is outstanding and unexercised immediately prior to the Effective Time, whether or not then vested or exercisable, shall be assumed by Parent and shall be converted into a stock option (a Parent Stock Option) to acquire Parent Stock in accordance with this Section 2.4. Each such Parent Stock Option as so assumed and converted shall continue to have, and shall be subject to, the same terms and conditions as applied to the Company Stock Option immediately prior to the Effective Time (but taking into account any changes thereto provided for in the applicable Company Equity Plan, in any award agreement or in such Company Stock Option by reason of this Agreement or the Transactions). Except as described in Section 2.4(d) as of the Effective Time, each such Parent Stock Option as so assumed and converted shall be for that number of whole shares of Parent Stock determined by multiplying the number of shares of Company Common Stock subject to such Company Stock Option immediately prior to the Effective Time by the Stock Award Exchange Ratio, rounded down to the nearest whole share, at a per share exercise price determined by dividing the per share exercise price of such Company Stock Option immediately prior to the Effective Time by the Stock Award Exchange Ratio, rounded up to the nearest whole cent; provided, however, that each Company Stock Option (A) which is an incentive stock option (as defined in Section 422 of the Code) shall be adjusted in accordance with the requirements of Section 424 of the Code and (B) shall be adjusted in a manner which complies with Section 409A of the Code.

(b) Except as described in Section 2.4(e) as of the Effective Time, each outstanding restricted stock unit and any associated rights to the issuance of additional Company Common Stock upon the achievement of Company performance goals (the Company RSUs) under any Company Equity Plan that is not then vested shall be assumed by Parent and shall be converted into a restricted stock unit award for Parent Stock (the Parent RSUs) with associated rights to the issuance of additional shares of Parent Stock in accordance with this Section 2.4. Each Parent RSU as so assumed and converted shall

continue to have, and shall be subject to, the same terms and conditions as applied to the applicable Company RSUs immediately prior to the Effective Time (but taking into account any changes thereto, including any necessary changes to any issuance provisions, provided for or permitted in the applicable Company Equity Plan, in any award agreement or in such Company RSUs, by reason of this Agreement or the Transactions). To the extent any such Company RSUs are subject to performance vesting, the applicable Parent RSUs corresponding to such Company RSUs shall be earned at the Effective Time based on target performance, other than the 2012 RSUs, which shall be earned at the Effective Time based on actual achievement of the performance goals through the Effective Time; provided that each Company RSU subject to performance vesting, including the 2012 RSUs, shall vest on the last day of the original applicable performance period subject to continued employment through the last day of the original applicable performance period or earlier accelerated vesting upon certain terminations of employment as provided by the terms of the Company RSUs. As of the Effective Time, the number of shares of Parent Stock underlying each such Parent RSU as so assumed and converted (which shall be rounded (x) up to the nearest whole share if half a share or more or (y) down to the nearest whole share if less than half a share) shall be equal to the product of (i) the applicable number of shares of Company Common Stock subject to such award, multiplied by (ii) the Stock Award Exchange Ratio. For the avoidance of doubt, Parent shall have the ability to adjust any dividend equivalent rights under any Company Equity Plan, in any award agreement or in any Company RSUs, to reflect the changes or adjustments contemplated to the corresponding Company RSUs by reason of this Agreement or the Transactions.

(c) Except as described in Section 2.4(e), as of the Effective Time, each outstanding share of restricted stock (collectively, the Company Restricted Shares) granted under any Company Equity Plan that is not then vested shall be assumed by Parent and shall be converted into shares of restricted stock of Parent (Parent Restricted Shares) in accordance with this Section 2.4. Each Parent Restricted Share as so assumed and converted shall continue to have, and shall be subject to, the same terms and conditions as applied to the applicable Company Restricted Shares immediately prior to the Effective Time (but taking into account any changes thereto provided for in the applicable Company Equity Plan, in any award agreement or in such Company Restricted Shares, by reason of this Agreement or the Transactions). As of the Effective Time, the number of shares of Parent Stock underlying each such Parent Restricted Share as so assumed and converted (which shall be rounded (x) up to the nearest whole share if half a share or more or (y) down to the nearest whole share if less than half a share) shall be equal to the product of (i) the applicable number of shares of Company Common Stock subject to such award, multiplied by (ii) the Stock Award Exchange Ratio.

(d) The vesting and exercisability of each outstanding Company Stock Option held as of the Effective Time by a non-employee director or consultant of the Company or any employee or other service provider of the Company who is not a Continuing Employee or Continuing Service Provider, shall accelerate in full, and such Company Stock Options shall be cancelled at the Effective Time and converted into the right to receive an amount in cash, rounding such amount (x) up to the nearest whole cent if half a cent or more or (y) down to the

nearest whole cent if less than half a cent, equal to the product obtained by multiplying (i) the aggregate number of Company Shares subject to such Company Option immediately prior to the Effective Time and (ii) the excess, if any, of (A) the Stock Consideration Portion times the VWAP of Parent Stock plus the Cash Consideration Portion less (B) the exercise price per share of such Company Option (the Option Consideration). In no event shall the Company Stock Options described in this Section 2.4(d) be assumed by Parent.

(e) The vesting of each Company Restricted Share and Company RSU held as of the Effective Time by a non-employee director or consultant of the Company or any employee or other service provider of the Company who is not a Continuing Employee or Continuing Service Provider shall be fully accelerated at the Effective Time (and all restrictions thereupon shall lapse) and the holder of such outstanding Company Restricted Share and Company RSU shall be entitled to receive the Merger Consideration in the Merger as provided in Section 2.1. In no event shall the Company Restricted Shares and Company RSUs described in this Section 2.4(e) be assumed by Parent.

(f) Prior to the Effective Time, the Company shall adopt such resolutions as are necessary to effect the treatment of the Company Stock Options, Company Restricted Shares and Company RSUs (collectively, the Company Equity Awards) as contemplated by this Section 2.4. At the Effective Time, Parent shall assume all obligations of the Company under the Company Equity Plans, each outstanding Parent Stock Option, Parent Restricted Share and Parent RSU and the agreements evidencing the grants thereof and shall administer and honor all such awards in accordance with the terms and conditions of such awards and the Company Equity Plans pursuant to which they were granted (subject to the adjustments required by reason of this Agreement or the Transactions or such other adjustments or amendments made by Parent in accordance with such terms and conditions).

(g) Notwithstanding anything else to the contrary in Article II, any payment to which a current or former employee of the Company or any Subsidiary of the Company becomes entitled pursuant to this Section 2.4 shall be made through the Surviving Corporation s payroll as promptly as practicable following the Effective Time. Parent shall cause the Exchange Agent to make the payments under Section 2.4 payable to holders who are not current or former employees of the Company or any Subsidiary in accordance with Section 2.2.

Section 2.5 Withholding. Parent and the Surviving Corporation shall be entitled to deduct and withhold, or cause the Exchange Agent to deduct and withhold, from the consideration otherwise payable pursuant to this Agreement, any amounts as are required to be withheld or deducted with respect to such consideration under the Code, or any applicable provisions of state, local or foreign Tax Law. To the extent that amounts are so withheld and timely remitted to the appropriate Governmental Entity, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding was made.

Section 2.6 Fractional Shares. No fractional shares of Parent Stock shall be issued in connection with the Merger, no certificate or scrip representing fractional shares of Parent

Stock shall be issued upon the surrender for exchange of Certificates or Book-Entry Shares, and such fractional share interests shall not entitle the owner thereof to vote or to any other rights of a shareholder of Parent. Notwithstanding any other provision of this Agreement, each holder of shares of Company Common Stock converted pursuant to the Merger who would otherwise have been entitled to receive a fraction of a share of Parent Stock (after aggregating all shares represented by the Certificates and Book-Entry Shares delivered by such holder) shall receive, in lieu thereof and upon surrender thereof, cash, without interest, in an amount equal to such fractional part of a share of Parent Stock (rounded to the nearest one thousandth when expressed in decimal form) *multiplied by* the VWAP of Parent Stock.

ARTICLE III. REPRESENTATIONS AND

WARRANTIES OF THE COMPANY

Except as disclosed in the Company SEC Documents filed or furnished with the SEC since December 31, 2013 (including exhibits and other information incorporated by reference therein) and publicly available prior to the date hereof (but excluding any forward looking disclosures set forth in any risk factors section, any disclosures in any forward looking statements section and any other disclosures included therein to the extent they are predictive or forward-looking in nature) or in the applicable section of the disclosure letter delivered by the Company to Parent immediately prior to the execution of this Agreement (the Company Disclosure Letter) (it being agreed that disclosure of any item in any section of the Company Disclosure Letter shall be deemed disclosure with respect to any other section of this Agreement to which the relevance of such item is reasonably apparent), the Company represents and warrants to Parent as set forth below.

Section 3.1 Qualification, Organization, Subsidiaries, etc.

(a) Each of the Company and its Subsidiaries is a legal entity duly organized, validly existing and, where relevant, in good standing under the Laws of its respective jurisdiction of organization and has all requisite corporate or similar power and authority to own, lease and operate its properties and assets and to carry on its business as presently conducted and is qualified to do business and is in good standing as a foreign corporation or other entity in each jurisdiction where the ownership, leasing or operation of its assets or properties or conduct of its business requires such qualification, except where the failure to be so organized, validly existing, qualified or, where relevant, in good standing, or to have such power or authority, would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect. The Company has filed with the SEC, prior to the date of this Agreement, a complete and accurate copy of the Company Certificate and the Company Bylaws as amended to the date hereof. The Company Certificate and the Company Bylaws are in full force and effect and the Company is not in violation of either the Company Certificate or the Company Bylaws.

(b) All the issued and outstanding shares of capital stock of, or other equity interests in, each Company Subsidiary have been validly issued and are fully paid and nonassessable and are wholly owned, directly or indirectly, by the Company free and clear of all Liens, other than Company Permitted Liens. The Company has provided Parent with a true and complete list of all Company Subsidiaries as of the date of this Agreement.

Section 3.2 Capitalization.

(a) The authorized capital stock of the Company consists of 500,000,000 shares of Company Common Stock and 5,000,000 shares of preferred stock, par value $0.01 per share (Company Preferred Stock). As of October 31, 2014 (the Company Capitalization Date), (i)(A) 307,605,860 Company Shares were issued and outstanding (each together with a preferred share purchase right (the Company Rights) issued pursuant to the Rights Agreement dated as of April 22, 2014 (the Rights Plan) between the Company and Wells Fargo Bank, N.A., as Rights Agent (as defined in the Rights Plan), (B) 9,707,230 Company Shares were held in treasury and (C) no Company Shares were held by Subsidiaries of the Company, (ii) 16,451,609 Company Shares were reserved and available for issuance pursuant to the Company Equity Plans and (iii) no shares of Company Preferred Stock were issued or outstanding and 400,000 shares were designated as Series A Junior Participating Preferred Stock and were reserved for issuance under the Rights Plan. All the outstanding Company Shares are, and all Company Shares reserved for issuance as noted above shall be, when issued in accordance with the respective terms thereof, duly authorized, validly issued, fully paid and non-assessable and free of pre-emptive rights. All issued and outstanding shares of capital stock of, or other equity interests in, each Significant Subsidiary of the Company are wholly owned, directly or indirectly, by the Company free and clear of all Liens, other than Company Permitted Liens.

(b) Except as set forth in Section 3.2(a) above and Section 3.9(g) below, as of the date of this Agreement: (i) the Company does not have any shares of capital stock issued or outstanding other than the Company Shares that were outstanding on the Company Capitalization Date or that have become outstanding after the Company Capitalization Date but were reserved for issuance as set forth in Section 3.2(a) above as of the Company Capitalization Date and (ii) other than the Company Rights and the Rights Plan, there are no outstanding subscriptions, options, warrants, puts, calls, exchangeable or convertible securities or other similar rights, agreements or commitments relating to the issuance of capital stock or other equity interests to which the Company or any of the Company Subsidiaries is a party or otherwise obligating the Company or any of the Company Subsidiaries to (A) issue, transfer or sell any shares in the capital or other equity interests of the Company or any Company Subsidiary or securities convertible into or exchangeable for such shares or equity interests (in each case other than to the Company or a wholly owned Subsidiary of the Company); (B) grant, extend or enter into any such subscription, option, warrant, put, call, exchangeable or convertible securities or other similar right, agreement or commitment; (C) redeem or otherwise acquire any such shares in its capital or other equity interests; (D) provide a material amount of funds to, or make any material investment (in the form of a loan, capital contribution or otherwise) in, any Company Subsidiary that is not wholly owned or any other Person or (E) make any payment to any Person the value of which is derived from or calculated based on the value of the Company Common Stock or Company Preferred Stock. Since the Company Capitalization Date until the date of this Agreement, the Company has not granted any equity or equity-based award to any of the directors, employees or independent contractors of the Company or any Company Subsidiaries.

(c) Neither the Company nor any Company Subsidiary has outstanding bonds, debentures, notes or other similar obligations, the holders of which have the right to vote (or which are convertible into or exercisable for securities having the right to vote) with the stockholders of the Company or any Company Subsidiary on any matter.

(d) There are no voting trusts or other agreements or understandings to which the Company or any Company Subsidiary is a party with respect to the voting of the capital stock or other equity interest of the Company or any Company Subsidiary.

Section 3.3 Corporate Authority Relative to this Agreement; No Violation.

(a) The Company has all requisite corporate power and authority to enter into this Agreement and, assuming the representations and warranties set forth in Section 4.25 are true and correct and the Company Stockholder Approval is obtained, to consummate the Transactions, including the Merger. The execution and delivery of this Agreement and the consummation of the Transactions have been duly and validly authorized by the Company Board of Directors and, assuming the representations and warranties set forth in Section 4.25 are true and correct, except for the filing of the Certificate of Merger with the DSOS, no other corporate proceedings on the part of the Company or any Company Subsidiary are necessary to authorize the consummation of the Transactions other than, with respect to the Merger, obtaining the Company Stockholder Approval. Prior to the execution of this Agreement, the Company Board of Directors unanimously (x) resolved that this Agreement and the Transactions, including the Merger, are fair to and in the best interests of the Company and the stockholders of the Company, (y) approved and declared advisable this Agreement and the Transactions, including the Merger, on the terms and subject to the conditions set forth herein, in accordance with the requirements of the DGCL and (z) has adopted a resolution to make the Company Board Recommendation and to include the Company Board Recommendation in the Joint Proxy Statement/Prospectus, in each case subject to Section 5.3. This Agreement has been duly and validly executed and delivered by the Company and, assuming this Agreement constitutes the valid and binding agreement of Parent and Merger Sub, constitutes the valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, except that (i) such enforcement may be subject to applicable bankruptcy, insolvency, examinership, reorganization, moratorium or other similar Laws, now or hereafter in effect, relating to creditors rights generally and (ii) equitable remedies of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(b) Other than in connection with or in compliance with (i) the provisions of the DGCL, (ii) the Securities Act, (iii) the Exchange Act, (iv) the HSR Act, (v) any applicable requirements of other Antitrust Laws set forth on Section 3.3(b) of the Company Disclosure Letter, (vi) any applicable requirements of the NYSE and (vii) the consents set forth on Section 3.3(b) of the Company Disclosure Letter, no authorization, consent or approval of, or filing with, any Governmental Entity is necessary, under applicable Law, for the consummation by the Company of the Transactions, except for such authorizations, consents,

approvals or filings that, if not obtained or made, would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(c) The execution and delivery by the Company of this Agreement do not, and, except as described in Section 3.3(b) and assuming that the representations and warranties set forth in Section 4.25 are true and correct, the consummation of the Transactions and compliance with the provisions of this Agreement will not (i) result in any violation or breach of, or default or change of control (with or without notice or lapse of time, or both) under, or give rise to a right of, or result in, termination, modification, cancellation or acceleration of any material obligation or to the loss of a material benefit under any Contract, loan, guarantee of Indebtedness or credit agreement, note, bond, mortgage, indenture, lease, permit, concession, franchise or right binding upon the Company or any of the Company Subsidiaries or result in the creation of any Lien upon any of the properties, rights or assets of the Company or any Company Subsidiaries, other than Company Permitted Liens, (ii) subject to obtaining the Company Stockholder Approval, conflict with or result in any violation of any provision of the Company Governing Documents or any of the organizational documents of any Company Subsidiary or (iii) conflict with or violate any Laws applicable to the Company or any of the Company Subsidiaries or any of their respective properties or assets, other than in the case of clauses (i), (ii) (with respect to Company Subsidiaries that are not Significant Subsidiaries) and (iii), any such violation, conflict, default, termination, cancellation, acceleration, right, loss or Lien that would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

Section 3.4 Reports and Financial Statements.

(a) From January 1, 2012 through the date of this Agreement, the Company has filed or furnished all forms, documents and reports with the SEC (such forms, documents and reports, the Company SEC Documents) required to be filed or furnished prior to the date hereof by it with the SEC. As of their respective dates, or, if amended, as of the date of (and giving effect to) the last such amendment (and, in the case of registration statements and proxy statements, on the date of effectiveness and the dates of the relevant meetings, respectively), the Company SEC Documents complied in all material respects with the requirements of the Securities Act, the Exchange Act and the Sarbanes-Oxley Act, as the case may be, and the applicable rules and regulations promulgated thereunder, and none of the Company SEC Documents contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. None of the Company SEC Documents is, as of the date of this Agreement and to the knowledge of the Company, the subject of ongoing SEC review or outstanding or unresolved comments. The Company has, prior to the date hereof, provided Parent or its Representatives with true, correct and complete copies of all SEC comment letters received and response letters submitted and other correspondence with the SEC with respect to the Company SEC Documents, within the year prior to the date of this Agreement to the extent such comment letters, response letters and correspondence are not publicly available.

(b) The consolidated financial statements (including all related notes and schedules) of the Company included in the Company SEC Documents when filed complied as to form in all material respects with the applicable accounting requirements and the published rules and regulations of the SEC with respect thereto in effect at the time of such filing and fairly present in all material respects the consolidated financial position of the Company and its consolidated Subsidiaries, as at the respective dates thereof, and the consolidated results of their operations and their consolidated cash flows for the respective periods then ended (subject, in the case of the unaudited statements, to normal year-end audit adjustments and to any other adjustments described therein, including the notes thereto) in conformity with United States Generally Accepted Accounting Principles (GAAP) (except, in the case of the unaudited statements, to the extent permitted by the SEC) applied on a consistent basis during the periods involved (except as may be indicated therein or in the notes thereto).

Section 3.5 Internal Controls and Procedures. The Company has established and maintains disclosure controls and procedures and internal control over financial reporting (as such terms are defined in paragraphs (e) and (f), respectively, of Rule 13a-15 under the Exchange Act) as required by Rule 13a-15 under the Exchange Act. The Company s disclosure controls and procedures are reasonably designed to ensure that all material information required to be disclosed by the Company in the reports that it files or furnishes under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that all such material information is accumulated and communicated to the Company s management as appropriate to allow timely decisions regarding required disclosure and to make the certifications required pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act).

Section 3.6 No Undisclosed Liabilities. Except (a) as disclosed, reflected or reserved against in the Company s consolidated balance sheet (or the notes thereto) as of September 30, 2014 included in the Company SEC Documents filed or furnished and publicly available prior to the date hereof, (b) for liabilities incurred in the ordinary course of business since September 30, 2014, (c) as expressly permitted or contemplated by this Agreement and (d) for liabilities which have been discharged or paid in full in the ordinary course of business, neither the Company nor any Company Subsidiary has any liabilities of any nature, whether or not accrued, contingent or otherwise, that would be required by GAAP to be reflected on a consolidated balance sheet of the Company and its consolidated Subsidiaries (or in the notes thereto), other than those which, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect. For purposes of this Section 3.6, the term liabilities shall not include obligations of the Company or any Company Subsidiaries to perform under or comply with any applicable Law, action, judgment or Contract, but would include such liabilities and obligations if there has been a default or failure to perform or comply by the Company or any Company Subsidiaries with any such Law, action, judgment or Contract if such default or failure would, with or without the giving of notice or passage of time or both, reasonably be expected to result in a monetary obligation.

Section 3.7 Compliance with Laws; Permits.

(a) The Company and each Company Subsidiary is in compliance with and are not in default under or in violation of any Laws applicable to the Company, such Subsidiaries or any of their respective properties or assets, except where such non-compliance, default or violation would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(b) The Company and the Company Subsidiaries are in possession of all franchises, grants, authorizations, licenses, permits, easements, variances, exceptions, consents, certificates, approvals and orders of any Governmental Entity necessary for the Company and the Company Subsidiaries to own, lease and operate their properties and assets or to carry on their businesses as they are now being conducted (the Company Permits), except where the failure to have any of the Company Permits would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. All Company Permits are in full force and effect, except where the failure to be in full force and effect would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. The Company and each Company Subsidiary is in compliance with all Company Permits, except where the failure to be in compliance would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(c) Notwithstanding anything contained in this Section 3.7, no representation or warranty shall be deemed to be made in this Section 3.7 in respect of the matters referenced in Section 3.4, Section 3.5 or Section 3.13, or in respect of environmental, Tax, employee benefits or labor Laws matters.

Section 3.8 Environmental Laws and Regulations. Except for such matters as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect: (a) the Company and its Subsidiaries are now and have been since January 1, 2012 in compliance with all, and have not violated any, applicable Environmental Laws; (b) no property currently or formerly owned, leased or operated by the Company or any of its Subsidiaries (including soils, groundwater, surface water, buildings or other structures), or any other location used by the Company or any Company Subsidiary, is contaminated with any Hazardous Substance in a manner that is or is reasonably likely to be required to be remediated or removed, that is in violation of any Environmental Law, or that is reasonably likely to give rise to any Environmental Liability; (c) since January 1, 2012, neither the Company nor any of its Subsidiaries has received any notice, demand letter, claim or request for information alleging that the Company or any of its Subsidiaries may be in violation of or subject to liability under any Environmental Law or are allegedly subject to any Removal, Remedial or Response actions; (d) neither the Company nor any of its Subsidiaries is subject to any order, decree, injunction or agreement with any Governmental Entity, or any indemnity or other agreement with any third party, imposing liability or obligations relating to any Environmental Law or any Hazardous Substance; and (e) the Company has all of the material Environmental Permits necessary for the conduct and operation of its business as now being conducted, and all such Environmental Permits are in good standing.

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Section 3.9 Employee Benefit Plans.

(a) Section 3.9(a) of the Company Disclosure Letter sets forth, as of the date hereof, each material employee benefit plan (as defined in Section 3(3) of ERISA) and each material bonus, stock, stock option or other equity-based compensation arrangement or plan, incentive, deferred compensation, retirement or supplemental retirement, severance, employment, change-in-control, collective bargaining, profit sharing, pension, vacation, cafeteria, dependent care, medical care, employee assistance program, education or tuition assistance programs, and each insurance and other similar fringe or employee benefit plan, program or arrangement, in each case for the benefit of current employees, directors or consultants (or any dependent or beneficiary thereof) of the Company or any Company Subsidiary or with respect to which the Company or any Company Subsidiary may have any obligation or liability (whether actual or contingent) (together, the Company Benefit Plans). With respect to each Company Benefit Plan, the Company has made available to Parent correct and complete copies of (or, to the extent no such copy exists, a description of), in each case, to the extent applicable, (i) all plan documents, summary plan descriptions, summaries of material modifications, and amendments related to such plans and any related trust agreement; (ii) the most recent Form 5500 Annual Report; (iii) the most recent audited financial statement and actuarial valuation; (iv) all material filings and correspondence with any Governmental Entity; and (v) all material related agreements, insurance contracts and other agreements which implement each such Company Benefit Plan.

(b) (i) Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, each of the Company Benefit Plans has been operated and administered in material compliance in accordance with applicable Laws, including, but not limited to, ERISA, the Code and in each case the regulations thereunder; (ii) no Company Benefit Plan is subject to Title IV or Section 302 of ERISA or Section 412 or 4971 of the Code; (iii) no Company Benefit Plan provides benefits, including death or medical benefits (whether or not insured), with respect to current or former employees or directors of the Company or its Subsidiaries beyond their retirement or other termination of service, other than coverage mandated by the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (COBRA), or comparable U.S. state Law; (iv) no liability under Title IV of ERISA has been incurred by the Company, its Subsidiaries or any of their respective ERISA Affiliates that has not been satisfied in full, and no condition exists that is likely to cause the Company, its Subsidiaries or any of their ERISA Affiliates to incur a liability thereunder; (v) no Company Benefit Plan is a multiemployer pension plan (as such term is defined in Section 3(37) of ERISA) or a plan that has two or more contributing sponsors at least two of whom are not under common control, within the meaning of Section 4063 of ERISA; (vi) except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, all contributions or other amounts payable by the Company or its Subsidiaries pursuant to each Company Benefit Plan in respect of current or prior plan years have been timely paid or accrued in accordance with GAAP or applicable international accounting standards; (vii) except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, neither the Company nor any of its Subsidiaries has engaged in a transaction in connection with which the Company or

its Subsidiaries could be subject to either a civil penalty assessed pursuant to Section 409 or 502(i) of ERISA or a tax imposed pursuant to Section 4975 or 4976 of the Code; and (viii) except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, there are no pending, or to the knowledge of the Company, threatened or anticipated claims, actions, investigations or audits (other than routine claims for benefits) by, on behalf of or against any of the Company Benefit Plans or any trusts related thereto that would result in a material liability.

(c) Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, (i) each of the Company Benefit Plans intended to be qualified within the meaning of Section 401(a) of the Code has received a favorable determination letter or opinion letter as to its qualification, and (ii) there are no existing circumstances or any events that have occurred that would reasonably be expected to adversely affect the qualified status of any such plan. Each such favorable determination letter has been provided or made available to Parent.

(d) Except as would not reasonably be expected to have a Company Material Adverse Effect, neither the execution and delivery of this Agreement nor the consummation of the Transactions (either alone or in conjunction with any other event) will (i) result in any payment (including severance, unemployment compensation, excess parachute payment (within the meaning of Section 280G of the Code), forgiveness of Indebtedness or otherwise) becoming due to any current or former director or any employee of the Company or any Company Subsidiary under any Company Benefit Plan or otherwise, (ii) increase any benefits otherwise payable under any Company Benefit Plan or (iii) result in any acceleration of the time of payment, funding or vesting of any such benefits.

(e) Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, each Company Benefit Plan, if any, which is maintained outside of the United States has been operated in conformance with the applicable statutes or governmental regulations and rulings relating to such plans in the jurisdictions in which such Company Benefit Plan is present or operates and, to the extent relevant, the United States.

(f) Each Company Benefit Plan has been maintained and operated in documentary and operational compliance in all material respects with Section 409A of the Code or an available exemption therefrom. The Company is not a party to nor does it have any obligation under any Company Benefit Plan to compensate any person for excise Taxes payable pursuant to Section 4999 of the Code or for additional Taxes payable pursuant to Section 409A of the Code.

(g) Section 3.9(g) of the Company Disclosure Letter sets forth (i) the aggregate number of Company Shares that are subject to Company Stock Options, (ii) the aggregate number of Company Shares that are subject to performance-based Company RSUs, (iii) the aggregate number of Company Shares that are subject to time-based Company RSUs, and (iv) the aggregate number of Company Restricted Shares (such schedule, the Company Equity Schedule), in each case as of the Company Capitalization Date. The Company shall

provide Parent with an updated Company Equity Schedule within three (3) business days prior to Closing to reflect any changes occurring between the Company Capitalization Date and the applicable date of delivery.

(h) Except as would not reasonably be expected to have a Company Material Adverse Effect, the Company and each Company Subsidiary (i) is and has been in compliance with all applicable Laws regarding employment and employment practices and those Laws relating to terms and conditions of employment, classification of employees, wages and hours, occupational safety and health and workers compensation, and (ii) has no charges or complaints relating to unfair labor practices or unlawful employment practices pending or, to the knowledge of the Company, threatened against it before any Governmental Entity.

Section 3.10 Absence of Certain Changes or Events.

(a) From December 31, 2013 through the date of this Agreement, there has not occurred any Effect that has had, or would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(b) From September 30, 2014 through the date of this Agreement, (i) the business of the Company and the Company Subsidiaries has been conducted in the ordinary course of business and (ii) neither the Company nor any Company Subsidiary has taken any action that would have constituted a breach of Section 5.1(ii) (other than clauses (c), (g), (o) and (p) (solely to the extent relating to clauses (c), (g) or (o) thereof)) had such action been taken after the execution of this Agreement without the prior consent of Parent.

Section 3.11 Investigation; Litigation. As of the date of this Agreement, (a) there is no investigation or review pending (or, to the knowledge of the Company, threatened) by any Governmental Entity with respect to the Company or any Company Subsidiary or any of their respective properties, rights or assets, and (b) there are no claims, actions, suits or proceedings pending (or, to the knowledge of the Company, threatened) against the Company or any Company Subsidiary or any of their respective properties, rights or assets before, and there are no orders, judgments or decrees of, any Governmental Entity, which, in the case of clause (a) or (b), would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

Section 3.12 Information Supplied. The information relating to the Company and its Subsidiaries to be contained in the joint proxy statement in preliminary and definitive form relating to the Company Special Meeting and the Parent Special Meeting, which will be used as a prospectus of Parent with respect to the Parent Stock issuable in the Merger (together with any amendments or supplements thereto, the Joint Proxy Statement/Prospectus), and the registration statement on Form S-4 pursuant to which the offer and sale of shares of Parent Stock in the Merger will be registered pursuant to the Securities Act and in which the Joint Proxy Statement/Prospectus will be included as a prospectus of Parent (together with any amendments or supplements thereto, the Form S-4) will not, on the date the Joint Proxy Statement/Prospectus (and any amendment or supplement thereto) is first mailed to the

stockholders of the Company and Parent, or at the time the Form S-4 (and any amendment or

supplement thereto) is filed and the date it is declared effective or any post-effective amendment thereto is filed or is declared effective, or at the time of the Company Special Meeting or the Parent Special Meeting (each, as it may be adjourned or postponed in accordance with the terms hereof), contain any untrue statement of any material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, at the time and in light of the circumstances under which they were made, not false or misleading. The Joint Proxy Statement/Prospectus (other than the portions thereof relating solely to the meeting of the shareholders of Parent) will comply in all material respects as to form with the requirements of the Exchange Act and the rules and regulations promulgated thereunder, and any other applicable federal securities Laws. Notwithstanding the foregoing provisions of this Section 3.12, no representation or warranty is made by the Company with respect to information or statements made or incorporated by reference in the Joint Proxy Statement/Prospectus or the Form S-4 which were not supplied by or on behalf of the Company.

Section 3.13 Regulatory Matters.

(a) Except as has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, (i) each of the Company and the Company Subsidiaries holds all Company Permits, including (x) all permits, licenses, franchises, approvals, clearances. registrations, and authorizations under the United States Food, Drug and Cosmetic Act of 1938, as amended (the FDCA), the Public Health Service Act, as amended (the PHSA), the regulations of the United States Food and Drug Administration (the FDA) promulgated thereunder, and data protection laws, and (y) all permits, licenses, franchises, approvals, clearances, registrations, certificates and authorizations of any applicable Governmental Entity or Notified Body that are concerned with the quality, identity, strength, purity, safety, efficacy, labeling, manufacturing, marketing, promotion, distribution, sale, pricing, import or export of the Company Products (any such Governmental Entity or Notified Body, a Company Regulatory Agency) necessary for the lawful operating of the businesses of the Company or any Company Subsidiary as currently conducted or as planned to be conducted (the Company Regulatory Permits); (ii) all such Company Regulatory Permits are valid and in full force and effect; and (iii) the Company is in compliance with the terms of all Company Regulatory Permits.

(b) Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, the businesses of each of the Company and each Company Subsidiary are being conducted in compliance with all applicable Laws, including (i) the FDCA; (ii) the PHSA; (iii) federal Medicare and Medicaid statutes and related state or local statutes; (iv) any comparable foreign Laws for any of the foregoing applicable in jurisdictions in which material quantities of any of the Company Products or Company Product candidates are manufactured or sold; (v) federal, state or provincial criminal or civil healthcare Laws (including the federal Anti-Kickback Statute (42 U.S.C. §1320a-7(b)), False Claims Act (42 U.S.C. §1320a-7b(a)), Physician Payment Sunshine Act (42 U.S.C. § 1320a-7h), the exclusion laws (42 U.S.C. § 1320a-7), the civil monetary penalties law (42 U.S.C. § 1320a-7a), all criminal laws relating to health care fraud and abuse, including but not limited

to 18 U.S.C. Sections 286 and 287, and the health care fraud criminal provisions under the Health Insurance Portability and Accountability Act of 1996 (42 U.S.C. §1320d *et seq.*) (HIPAA), as amended by the Health Information Technology for Economic and Clinical Health Act (HITECH Act), and any comparable federal, state, provincial or local healthcare Laws in the United States or in jurisdictions in which material quantities of any of the Company Products or Company Product candidates are manufactured or sold); (vi) all applicable foreign, federal, state, and provincial Laws pertaining to privacy, data protection, and information security, including all HIPAA and HITECH provisions pertaining to privacy, information security, and breach notification; (vii) federal, state or provincial Laws regarding the collection, reporting and processing of any applicable rebate, chargeback or adjustment under the Medicaid Drug Rebate Program (42 U.S.C. § 1396r-8) and any state supplemental rebate program, Medicare average sales price reporting (42 U.S.C. § 1395w-3a), the Public Health Service Act (42 U.S.C. § 256b), the VA Federal Supply Schedule (38 U.S.C. § 8126) or under any state pharmaceutical assistance program or U.S. Department of Veterans Affairs agreement, and any successor government programs; and (viii) the rules and regulations promulgated pursuant to all such applicable Laws, each as amended from time to time (collectively, Company Healthcare and Data Protection Laws). Since January 1, 2012, neither the Company nor any Company Subsidiary has received any written notification or communication from any Company Regulatory Agency, including the FDA, the Drug Enforcement Administration, the United States Department of Justice (including any United States Attorney s Office), the United States Department of Health and Human Services Office of Inspector General and Office for Civil Rights, the Centers for Medicare and Medicaid Services, the FTC, and the Department of Health and Human Services, of noncompliance by, or liability of Company or the Company Subsidiaries under, any Company Healthcare and Data Protection Laws, except where such noncompliance or liability would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(c) Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, the Company and the Company Subsidiaries have not engaged in activities which are, as applicable, cause for false claims liability, civil penalties or mandatory or permissive exclusion from Medicare, Medicaid or any other government healthcare program. None of the Company or any Company Subsidiary is a party to any material corporate integrity agreements, deferred prosecution agreements, monitoring agreements, consent decrees, settlement orders, or similar agreements with or imposed by any Governmental Entity.

(d) All pre-clinical and clinical investigations in respect of a Company Product or Company Product candidate conducted or sponsored by each of the Company and the Company Subsidiaries are being conducted in compliance with all applicable Laws administered or issued by the applicable Company Regulatory Agencies, including (i) FDA standards for the design, conduct, performance, monitoring, auditing, recording, analysis and reporting of clinical trials contained in Title 21 parts 50, 54, 56, 58, 312, 314, 320, 812 and 820 Subpart C of the Code of Federal Regulations, (ii) any applicable federal, state and provincial Laws restricting the collection, use and disclosure of individually identifiable health information and personal information, except, in each case, for such noncompliance that, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect.

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(e) Since January 1, 2012, neither the Company nor any Company Subsidiary has received any written notice from the FDA or the European Medicines Agency (the EMA) or any foreign agency or Notified Body with jurisdiction over the development, marketing, labeling, sale, use handling and control, safety, efficacy, reliability, or manufacturing of the Company Products or Company Product candidates which would reasonably be expected to lead to the denial, limitation, revocation, or rescission of any of the Company Regulatory Permits or of any application for marketing approval or clearance already granted or currently pending before the FDA or such other Company Regulatory Agency.

(f) Since January 1, 2012, all reports, documents, claims, permits and notices required to be filed, maintained or furnished to the FDA or any other Company Regulatory Agency by the Company and the Company Subsidiaries have been so filed, maintained or furnished, except where failure to file, maintain or furnish such reports, documents, claims, permits or notices would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. All such reports, documents, claims, permits and notices were complete and accurate in all material respects on the date filed (or were corrected in or supplemented by a subsequent filing). Since January 1, 2012 neither the Company nor any Company Subsidiaries, nor, to the knowledge of the Company, any officer, employee, agent or distributor of the Company or any of the Company Subsidiaries, has made an untrue statement of a material fact or a fraudulent statement to the FDA or any other Company Regulatory Agency, failed to disclose a material fact required to be disclosed to the FDA or any other Company Regulatory Agency, or committed an act, made a statement, or failed to make a statement, in each such case, related to the business of the Company or any of the Company Subsidiaries, that, at the time such disclosure was made, would reasonably be expected to provide a basis for the FDA to invoke its policy respecting Fraud, Untrue Statements of Material Facts, Bribery, and Illegal Gratuities , set forth in 56 Fed. Reg. 46191 (September 10, 1991) or for the FDA or any other Company Regulatory Agency to invoke any similar policy, except for any act or statement or failure to make a statement that, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect. Neither the Company nor any of the Company Subsidiaries, nor, to the knowledge of the Company, any officer, employee, agent or distributor of the Company or any of the Company Subsidiaries, has been debarred or convicted of any crime or engaged in any conduct for which debarment is mandated by 21 U.S.C. § 335a(a) or any similar Law or authorized by 21 U.S.C. § 335a(b) or any similar Law applicable in other jurisdictions in which material quantities of any of the Company Products or Company Product candidates are sold or intended by the Company to be sold. Since January 1, 2012, neither the Company nor any of the Company Subsidiaries, nor, to the knowledge of the Company, any officer, employee, agent or distributor of the Company or any of the Company Subsidiaries, has been debarred, suspended or excluded from participation in any government health care program or convicted of any crime or engaged in any conduct for which such Person could be excluded from participating in any federal health care program under Section 1128 of the Social Security Act of 1935, as amended, or any similar Company Healthcare Law or program.

(g) As to each Company Product or Company Product candidate subject to the FDCA, PHSA or the regulations of the FDA promulgated thereunder or any similar applicable

Law in any foreign jurisdiction in which material quantities of any of the Company Products or Company Product candidates are sold or intended by the Company to be sold that is or has been developed, manufactured, tested, distributed or marketed by or on behalf of the Company or any of the Company Subsidiaries, except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, each such Company Product or Company Product candidate is being or has been developed, manufactured, stored, distributed and marketed in compliance with all applicable Laws, including those relating to investigational use, marketing approval, current good manufacturing practices, packaging, labeling, advertising, record keeping, reporting, and security. There is no action or proceeding pending or, to the knowledge of the Company, threatened, including any prosecution, injunction, seizure, civil fine, debarment, suspension or recall, in each case alleging any violation applicable to any Company Product or Company Product candidate by the Company or any of the Company Subsidiaries of any Law, except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

(h) Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, since January 1, 2012, neither the Company nor any of the Company Subsidiaries have voluntarily or involuntarily initiated, conducted or issued, or caused to be initiated, conducted or issued, any recall, correction, removal, market withdrawal or replacement, safety alert, warning, dear doctor letter, investigator notice, or other notice or action to wholesalers, distributors, retailers, healthcare professionals or patients relating to an alleged lack of safety, efficacy or regulatory compliance of any Company Product. To the knowledge of Company, there are no facts which are reasonably likely to cause, and the Company has not received any written notice from the FDA or any other Company Regulatory Agency regarding (i) the recall, removal, correction, market withdrawal or replacement of any Company Product sold or intended to be sold by the Company or a Company Subsidiary (other than recalls, removals, corrections, market withdrawals or replacements that are not material to the Company or the Company Subsidiaries, taken as a whole), (ii) a material change in the marketing classification or a material change in the labeling of any such Company Products, (iii) a termination or suspension of the manufacturing, marketing, or distribution of such Company Products, or (iv) a material negative change in reimbursement status of a Company Product.

(i) Except as would not reasonably be expected to have a Company Material Adverse Effect, neither the Company nor any Company Subsidiary has experienced any security breach or other incident resulting in the unauthorized access, use, or disclosure of data or information that is linked to any reasonably identifiable person or any other data protected under applicable Law.

(j) Notwithstanding anything contained in this Section 3.13, no representation or warranty shall be deemed to be made in this Section 3.13 in respect of environmental, Tax, employee benefits or labor Law matters.

Section 3.14 Tax Matters. Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect:

(a) all Tax Returns that are required to be filed by or with respect to the Company or any of its Subsidiaries have been timely filed (taking into account any extension of time within which to file), and all such Tax Returns are true, complete and accurate;

(b) the Company and its Subsidiaries have paid all Taxes due and owing by any of them, including any Taxes required to be withheld from amounts owing to any employee, creditor, or third party (in each case, whether or not shown on any Tax Return), other than Taxes for which adequate reserves have been established in accordance with GAAP on the financial statements of the Company and its Subsidiaries;

(c) there is no pending or threatened in writing any audit, examination, investigation or other proceeding with respect to any Taxes of the Company or any of its Subsidiaries;

(d) neither the Company nor any of its Subsidiaries has waived any statute of limitations with respect to Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency;

(e) neither the Company nor any of its Subsidiaries has constituted a distributing corporation or a controlled corporation (within the meaning of Section 355(a)(1)(A) of the Code) in a distribution of stock intended to qualify for tax-free treatment under Section 355 of the Code (or any similar provision of state, local, or non-U.S. Law) in the two years prior to the date of this Agreement;

(f) none of the Company or any of its Subsidiaries is a party to any Tax allocation, sharing, indemnity, or reimbursement agreement or arrangement (other than any customary Tax indemnification provisions in ordinary course commercial agreements or arrangements that are not primarily related to Taxes) or has any liability for Taxes of any Person (other than the Company or any of its Subsidiaries) under U.S. Treasury Regulations Section 1.1502-6 (or any similar provision of state, local, or non-U.S. Law) or as transferee or successor;

(g) there are no Liens for Taxes upon any property or assets of the Company or any of its Subsidiaries, except for the Company Permitted Liens; and

(h) neither the Company nor any of its Subsidiaries has entered into any listed transaction within the meaning of U.S. Treasury Regulations Section 1.6011-4(b)(2) (or any similar provision of state, local or non-U.S. Law).

Section 3.15 Labor Matters.

(a) As of the date hereof, neither the Company nor any Company Subsidiary is a party to, or bound by, any material collective bargaining agreement or other material Contract with a labor union or labor organization. Neither the Company nor any Company Subsidiary is

subject to a labor dispute, strike or work stoppage except as would not have, individually or in the aggregate, a Company Material Adverse Effect. To the knowledge of the Company, there are no organizational efforts with respect to the formation of a collective bargaining unit presently being made or threatened involving employees of the Company or any Company Subsidiary, except for those the formation of which would not have or reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(b) The Transactions will not require the consent of, or advance notification to, any works councils, unions or similar labor organizations with respect to employees of the Company or any Company Subsidiary, other than any such consents the failure of which to obtain or advance notifications the failure of which to provide as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(c) Except as would not reasonably be expected to have a Company Material Adverse Effect, the businesses of the Company and each Company Subsidiary are being conducted in compliance with all applicable Laws pertaining to the privacy, data protection, and information security of employee information.

Section 3.16 Intellectual Property. Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, either the Company or a Company Subsidiary owns, or is licensed or otherwise possesses legally enforceable rights to use, all Intellectual Property used in their respective businesses as currently conducted. There are no pending or, to the knowledge of the Company, threatened claims against the Company or its Subsidiaries by any Person alleging infringement by the Company or its Subsidiaries for their use of any Intellectual Property in their respective businesses as currently conducted that would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, to the knowledge of the Company, the conduct of the businesses of the Company and its Subsidiaries does not infringe upon any Intellectual Property or any other similar proprietary right of any Person. As of the date hereof, neither the Company nor any of its Subsidiaries has made any claim of a violation or infringement by others of its rights to or in connection with the Intellectual Property used in their respective businesses which violation or infringement would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

Section 3.17 Real Property.

(a) With respect to the real property owned by the Company or any Company Subsidiary at which the material operations of the Company and the Company Subsidiaries are conducted as of the date hereof (such property collectively, the Company Owned Real Property), except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, either the Company or a Company Subsidiary has good and valid title to such the Company Owned Real Property, free and clear of all Liens, other than any such Lien (i) for Taxes or governmental assessments, charges or claims

of payment not yet due and payable, being contested in good faith or for which adequate accruals or reserves have been established, (ii) which is a carriers , warehousemen s, mechanics , materialmen s, repairmen s or other similar Lien arising in the ordinary course of business, (iii) which is disclosed on the most recent (as of the date hereof) consolidated balance sheet of the Company or notes thereto or securing liabilities reflected on such balance sheet, (iv) which was incurred in the ordinary course of business since the date of the most recent consolidated balance sheet of the Company or (v) other than any Liens securing indebtedness for borrowed money or any financial guaranty thereof, which would not reasonably be expected to materially impair the continued use of the applicable property for the purposes for which the property is currently being used (any such Lien described in any of clauses (i) through (v), a Company Permitted Lien). As of the date hereof, neither the Company nor any of its Subsidiaries has received notice of any pending, and to the knowledge of the Company there is no threatened, condemnation proceeding with respect to any Company Owned Real Property, except proceedings which would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(b) Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, (i) each material lease, sublease and other agreement under which the Company or any of its Subsidiaries uses or occupies or has the right to use or occupy any material real property at which the material operations of the Company and its Subsidiaries are conducted as of the date hereof (the Company Leased Real Property), is valid, binding and in full force and effect, except that (A) enforcement may be subject to applicable bankruptcy, insolvency, examinership, reorganization, moratorium or other similar Laws, now or hereafter in effect, relating to creditors rights generally and (B) equitable remedies of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought and (ii) no uncured default of a material nature on the part of the Company or, if applicable, its Subsidiary or, to the knowledge of the Company, the landlord thereunder exists with respect to any Company Leased Real Property. Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, the Company and each of its Subsidiaries has a good and valid leasehold interest in or contractual right to use or occupy, subject to the terms of the lease, sublease or other agreement applicable thereto, the Company Leased Real Property, free and clear of all Liens, except for the Company Permitted Liens.

Section 3.18 Opinions of Financial Advisors. The Company Board of Directors has received the opinions of Goldman, Sachs & Co. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, each dated the date of this Agreement, and subject to the assumptions made, matters considered and limits on the review undertaken set forth therein, as to the fairness, from a financial point of view, of the Merger Consideration to be received by the stockholders (other than Parent and its affiliates) of the Company pursuant to this Agreement. The Company shall, promptly following the execution of this Agreement by the Parties, furnish an accurate and complete copy of each such opinion to Parent (it being understood and agreed that such written opinion is for the benefit of the Company Board of Directors and may not be relied upon by Parent or Merger Sub).

Section 3.19 Required Vote; State Takeover Statutes.

(a) Assuming the accuracy of Parent s representations and warranties in Section 4.25, the Company Stockholder Approval is the only vote of holders of securities of the Company required to adopt this Agreement and to consummate the Transactions.

(b) Assuming the accuracy of Parent s representations and warranties in the first sentence of Section 4.25, (i) the Company Board of Directors has taken all action necessary to render inapplicable to this Agreement and the Transactions Section 203 of the DGCL and any similar provisions in the Company Governing Documents or any other Takeover Statute (to the extent it has authority under such other Takeover Statutes) and (ii) to the knowledge of the Company, no other Takeover Statute is applicable to the Transactions.

Section 3.20 Material Contracts.

(a) Except for this Agreement, Section 3.20 of the Company Disclosure Letter contains a complete and correct list, as of the date of this Agreement, of each Contract described below in this Section 3.20(a) under which the Company or any Company Subsidiary has any current or future rights, responsibilities, obligations or liabilities (in each case, whether contingent or otherwise) or to which any of their respective properties or assets is subject, in each case as of the date of this Agreement (all Contracts of the type described in this Section 3.20(a) being referred to herein as the Company Material Contracts):

(i) each Contract that limits in any material respect the freedom of the Company or any of its affiliates to compete in any line of business, therapeutic area or geographic region, or with any Person, including any Contract that requires the Company and its affiliates to work exclusively with any Person in any therapeutic area or geographic region, or which by its terms would so limit the freedom of Parent and its affiliates after the Effective Time;

(ii) any partnership, joint venture, strategic alliance, collaboration, co-promotion or research and development project Contract which is material to the Company and its Subsidiaries, taken as a whole;

(iii) each Contract not otherwise described in any other subsection of this Section 3.20(a) that (A) is reasonably expected to involve future expenditures by the Company and/or any Company Subsidiary of more than $50,000,000 in the one-year period following the date hereof and (B) cannot be terminated by the Company or such Company Subsidiary on less than sixty (60) days notice without material payment or penalty, other than ordinary course product or active ingredient purchase contracts;

(iv) each acquisition or divestiture Contract or material licensing agreement that contains representations, covenants, indemnities or other obligations (including earn-out or other contingent payment obligations) that would reasonably be expected to result in the receipt or making of future payments in excess of $50,000,000 in the twelve (12) month period following the date hereof;

(v) each Contract relating to outstanding Indebtedness of the Company or its Subsidiaries for borrowed money or any financial guaranty thereof (whether incurred, assumed, guaranteed or secured by any asset) in an amount in excess of $30,000,000 other than (A) Contracts solely among the Company and any wholly owned Company Subsidiary, (B) financial guarantees entered into in the ordinary course of business consistent with past practice not exceeding $2,500,000, individually or in the aggregate (other than surety or performance bonds, letters of credit or similar agreements entered into in the ordinary course of business in each case to the extent not drawn upon), and (C) any Contracts relating to Indebtedness explicitly included in the consolidated financial statements in the Company SEC Documents and which are publicly available prior to the date hereof in unredacted form as an exhibit to such Company SEC Documents;

(vi) each Contract between the Company or any Company Subsidiary, on the one hand, and any officer, director or affiliate (other than a wholly owned Company Subsidiary) of the Company or any Company Subsidiary or any of their respective associates or immediate family members (as such terms are defined in Rule 12b-2 and Rule 16a-1 of the Exchange Act), on the other hand, including any Contract pursuant to which the Company or any Company Subsidiary has an obligation to indemnify such officer, director, affiliate or family member, but not including any Company Benefit Plans;

(vii) any Contract (excluding (A) licenses for commercial off the shelf computer software that are generally available on nondiscriminatory pricing terms and (B) service Contracts related to pre-clinical or clinical development of any medicine to the extent the licenses contained therein are incidental to such Contracts, immaterial, non-exclusive and granted in the ordinary course of business) under which the Company or any Company Subsidiary is granted any license, option or other right or immunity (including a covenant not to be sued or right to enforce or prosecute any patents) with respect to any Intellectual Property of a third party, which Contract is material to the Company and the Company Subsidiaries, taken as a whole;

(viii) any Contract (excluding licenses contained in service Contracts related to pre-clinical or clinical development of any medicine to the extent the licenses contained therein are incidental to such Contract, immaterial, non-exclusive and granted in the ordinary course of business) under which the Company or any Company Subsidiary has granted to a third party any license, option or other right or immunity (including a covenant not to be sued or right to enforce or prosecute any patents) with respect to any Intellectual Property, which Contract is material to the Company and the Company Subsidiaries, taken as a whole;

(ix) any stockholders, investors rights, registration rights or similar agreement or arrangement;

(x) any Contract (A) pursuant to which a third party supplies the Company or the Company Subsidiaries with active ingredients for any Key Product, and which

Contract is material to the Company and the Parent Subsidiaries, taken as a whole or (B) requiring the Company or any Company Subsidiary to purchase a minimum quantity of goods relating to any product or product candidate that is reasonably expected to involve future expenditures by the Company or any of the Company Subsidiaries of more than $50,000,000 in the one-year period following the date hereof;

(xi) any Contract pursuant to which the Company or any Company Subsidiary has continuing obligations or interests involving (A) milestone or other similar contingent payments, including upon the achievement of regulatory or commercial milestones, or (B) payment of royalties or other amounts calculated based upon any revenues or income of the Company or any Company Subsidiary, in each case (x) which payments after the date hereof would reasonably be expected to be more than $50,000,000 in the twelve (12) month period following the date hereof and (y) that cannot be terminated by the Company or such Company Subsidiary without penalty without more than sixty (60) days notice without material payment or penalty;

(xii) any Contract that relates to any swap, forward, futures, or other similar derivative transaction with a notional value in excess of $10,000,000;

(xiii) any material collective bargaining agreement or other material Contract with any labor union;

(xiv) any Contract involving the settlement of any claim, action or proceeding or threatened claim, action or proceeding (or series of related, claims actions or proceedings) (A) which (x) will involve payments after the date hereof, or involved payments, in excess of $30,000,000 or (y) will impose, or imposed, monitoring or reporting obligations to any other Person outside the ordinary course of business or material restrictions on the Company or any Company Subsidiary or (B) with respect to which material conditions precedent to the settlement have not been satisfied;

(xv) any Contract with any Governmental Entity, excluding settlement agreements described in the Company SEC Documents and publicly available prior to the date hereof as an exhibit to the Company SEC Documents in unredacted form, sales or supply agreements entered into in the ordinary course of business that are not material and tolling agreements entered into in connection with investigations by Governmental Entities; and

(xvi) any Contract not otherwise described in any other subsection of this Section 3.20(a) that would constitute a material contract (as such term is defined in Item 601(b)(10) of Regulation S-K of the SEC) with respect to the Company.

(b) Except as described in Section 3.20(b)(xvii) of the Company Disclosure Letter, the Company has provided to Parent prior to the date of this Agreement, a true and complete copy of each Company Material Contract as in effect on the date of this Agreement. Neither

the Company nor any Company Subsidiary is in breach of or default under the terms of any Company Material Contract where such breach or default would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. To the knowledge of the Company, as of the date hereof, no other party to any Company Material Contract is in, or is alleged to be, breach of or default under the terms of any Company Material Contract where such breach or default would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, each Company Material Contract is a valid and binding obligation of the Company or the Company Subsidiary which is party thereto and, to the knowledge of the Company, of each other party thereto, and is in full force and effect, except that (i) such enforcement may be subject to applicable bankruptcy, insolvency, examinership, reorganization, moratorium or other similar Laws, now or hereafter in effect, relating to creditors rights generally and (ii) equitable remedies of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

Section 3.21 Insurance. Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, as of the date hereof, (a) all current, material insurance policies and Contracts of the Company and its Subsidiaries are in full force and effect and are valid and enforceable and cover against the risks as are customary in all material respects for companies of similar size in the same or similar lines of business and (b) all premiums due thereunder have been paid. Neither the Company nor any of its Subsidiaries has received notice of cancellation or termination with respect to any material third party insurance policies or Contracts (other than in connection with normal renewals of any such insurance policies or Contracts) where such cancellation or termination would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

Section 3.22 Finders and Brokers. Neither the Company nor any Company Subsidiary has employed, nor has any Person employed on behalf of the Company or a Company Subsidiary, any investment banker, broker, finder or similar Person in connection with the Transactions, other than as set forth in Section 3.22 of the Company Disclosure Letter, who might be entitled to any fee, commission or other payment in connection with or upon consummation of the Merger. The Company has made available to Parent a true, correct and complete copy of any engagement letter or other Contract between the Company or any Company Subsidiary and each of the Persons set forth in Section 3.22 of the Company Disclosure Letter relating to any of the Transactions.

Section 3.23 FCPA and Anti-Corruption. Except for those matters which, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect:

(a) neither the Company nor any Company Subsidiary, nor any director, manager or employee of the Company or any Company Subsidiary has in the last five (5) years, in

connection with the business of the Company or any Company Subsidiary, itself or, to the Company s knowledge, any of its agents, representatives, sales intermediaries, or any other third party, in each case, acting on behalf of the Company or any Company Subsidiary, taken any action in violation of the FCPA or other applicable Bribery Legislation (in each case to the extent applicable);

(b) neither the Company nor any Company Subsidiary, nor any director, manager or employee of the Company or any Company Subsidiary, are, or in the past five (5) years have been, subject to any actual, pending, or threatened civil, criminal, or administrative actions, suits, demands, claims, hearings, notices of violation, investigations, proceedings, demand letters, settlements, or enforcement actions, or made any voluntary disclosures to any Governmental Entity, involving the Company or any Company Subsidiary in any way relating to applicable Bribery Legislation, including the FCPA;

(c) the Company and each Company Subsidiary has made and kept books and records, accounts and other records, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company and each Company Subsidiary as required by the FCPA in all material respects;

(d) the Company and each Company Subsidiary has instituted policies and procedures reasonably designed to ensure compliance with the FCPA and other applicable Bribery Legislation and maintain such policies and procedures in force; and

(e) no officer, director, or employee of the Company or any Company Subsidiary is a Government Official.

Section 3.24 Sanctions. Except for those matters, which individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect, none of the Company or any Company Subsidiary, nor any of their respective directors, managers, or employees (a) is a Sanctioned Person, (b) has in the past five (5) years engaged in, has any plan or commitment to engage in, direct or indirect dealings with any Sanctioned Person or in any Sanctioned Country on behalf of the Company or any Company Subsidiary, except pursuant to a license from the United States, or (c) has in the past five (5) years violated, or engaged in any conduct sanctionable under, any Sanctions Law, nor to the knowledge of the Company, been the subject of an investigation or allegation of such a violation or sanctionable conduct.

Section 3.25 No Other Representations. Except for the representations and warranties contained in Article IV, the Company acknowledges that neither Parent nor Merger Sub nor any Representative of Parent or Merger Sub makes, and the Company acknowledges that it has not relied upon or otherwise been induced by, any other express or implied representation or warranty with respect to Parent or any Parent Subsidiary or with respect to any other information provided or made available to the Company in connection with the Transactions, including any information, documents, projections, forecasts or other material made available to the Company or to the Company s Representatives in certain data rooms or management presentations in expectation of the Transactions.

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ARTICLE IV.

REPRESENTATIONS AND WARRANTIES

OF PARENT AND MERGER SUB

Except as disclosed in the Parent SEC Documents and forms, documents and reports of Actavis Limited, in each case filed or furnished with the SEC since December 31, 2013 (including exhibits and other information incorporated by reference therein) and publicly available prior to the date hereof or in the Form S-1 filed on December 26, 2013 by Actavis Holdings Inc. (but excluding any forward looking disclosures set forth in any risk factors section, any disclosures in any forward looking statements section and any other disclosures included therein to the extent they are predictive or forward-looking in nature) or in the applicable section of the disclosure letter delivered by Parent to the Company immediately prior to the execution of this Agreement (the Parent Disclosure Letter) (it being agreed that disclosure of any item in any section of the Parent Disclosure Letter shall be deemed disclosure with respect to any other section of this Agreement to which the relevance of such item is reasonably apparent), Parent and Merger Sub jointly and severally represent and warrant to the Company as set forth below.

Section 4.1 Qualification, Organization, Subsidiaries, etc.

(a) Each of Parent, Merger Sub and the Parent Subsidiaries is a legal entity duly organized, validly existing and, where relevant, in good standing under the Laws of its respective jurisdiction of organization and has all requisite corporate or similar power and authority to own, lease and operate its properties and assets and to carry on its business as presently conducted and is qualified to do business and is in good standing as a foreign corporation or other entity in each jurisdiction where the ownership, leasing or operation of its assets or properties or conduct of its business requires such qualification, except where the failure to be so organized, validly existing, qualified or, where relevant, in good standing, or to have such power or authority, would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect. Parent has filed with the SEC, prior to the date of this Agreement, complete and accurate copies of the Articles of Association of Parent as amended to the date hereof (the Parent Articles of Association). The Parent Articles of Association are in full force and effect and Parent is not in violation of the Parent Articles of Association.

(b) All the issued and outstanding shares of capital stock of, or other equity interests in, each Parent Subsidiary have been validly issued and are fully paid and nonassessable and are wholly owned, directly or indirectly, by Parent free and clear of all Liens, other than Parent Permitted Liens.

Section 4.2 Share Capital

(a) The authorized share capital of Parent consists of 1,000,000,000 Parent Shares, 40,000 deferred ordinary shares, par value 1.00 per share (Parent Deferred Shares) and 10,000,000 serial preferred shares, par value $0.0001 per share (Parent Preferred Shares).

As of November 13, 2014 (the Parent Capitalization Date), (i)(A) 265,204,677 Parent Shares were issued and outstanding and (B) no Parent Shares were held in treasury, (ii) 15,967,028 Parent Shares were reserved for issuance pursuant to the Parent Equity Plans, (iii) not more than 40,000 Parent Deferred Shares were issued and outstanding, and (iv) no Parent Preferred Shares were issued and outstanding. All the outstanding Parent Stock are, and all Parent Stock reserved for issuance as noted above shall be, when issued in accordance with the respective terms thereof, duly authorized, validly issued, fully paid and non-assessable and free of pre-emptive rights. All issued and outstanding shares in the capital of, or other equity interests in, each Significant Subsidiary of Parent are wholly owned, directly or indirectly, by Parent free and clear of all Liens, other than Parent Permitted Liens.

(b) Except as set forth in Section 4.2(a) above, as of the date hereof: (i) Parent does not have any shares of capital stock issued or outstanding other than Parent Shares that have become outstanding after the Parent Capitalization Date, but were reserved for issuance as set forth in Section 4.2(a) above, and (ii) there are no outstanding subscriptions, options, warrants, puts, calls, exchangeable or convertible securities or other similar rights, agreements or commitments relating to the issuance of shares of capital stock to which Parent or any of Parent s Subsidiaries is a party obligating Parent or any of Parent s Subsidiaries to (A) issue, transfer or sell any shares of capital stock or other equity interests of Parent or any Subsidiary of Parent or securities convertible into or exchangeable for such shares or equity interests (in each case other than to Parent or a wholly owned Subsidiary of Parent); (B) grant, extend or enter into any such subscription, option, warrant, put, call, exchangeable or convertible securities or other similar right, agreement or commitment; (C) redeem or otherwise acquire any such shares of capital stock or other equity interests; or (D) provide a material amount of funds to, or make any material investment (in the form of a loan, capital contribution or otherwise) in, any Parent Subsidiary that is not wholly owned.

(c) Neither Parent nor any Parent Subsidiary has outstanding bonds, debentures, notes or other similar obligations, the holders of which have the right to vote (or which are convertible into or exercisable for securities having the right to vote) with the shareholders of Parent on any matter.

(d) There are no voting trusts or other agreements or understandings to which Parent or any of its Subsidiaries is a party with respect to the voting of the shares or other equity interest of Parent or any of its Subsidiaries.

Section 4.3 Corporate Authority Relative to this Agreement; No Violation.

(a) Parent and Merger Sub have all requisite corporate power and authority to enter into this Agreement and, subject (in the case of the issuance of shares of Parent Stock in connection with the Merger) to receipt of the Parent Shareholder Approval, to consummate the Transactions, including the Merger. The execution and delivery of this Agreement and the consummation of the Transactions have been duly and validly authorized by the Parent Board of Directors and, except for (i) the filing of the Certificate of Merger with the DSOS, and (ii) in the case of the issuance of shares of Parent Stock in connection with the Merger, the receipt of the Parent Shareholder Approval, no other corporate proceedings on the part of

Parent or any Parent Subsidiary are necessary to authorize the consummation of the Transactions. On or prior to the date hereof, the Parent Board of Directors has unanimously (x) resolved that this Agreement and the Transactions, including the Merger, are fair to and in the best interests of Parent and the shareholders of Parent, (y) approved and declared advisable this Agreement and the Transactions, including the Merger, on the terms and subject to the conditions set forth herein and (z) adopted a resolution to recommend that the shareholders of Parent vote in favor of the approval of the issuance of shares of Parent Stock in connection with the Merger, in each case, subject to Section 5.4 (the Parent Board Recommendation), and to include the Parent Board Recommendation in the Joint Proxy Statement/Prospectus. Parent, as sole stockholder of Merger Sub, has duly executed and delivered to Merger Sub a written consent adopting this Agreement, such written consent by its terms to become effective immediately following the execution of this Agreement. This Agreement has been duly and validly executed and delivered by Parent and Merger Sub and, assuming this Agreement constitutes the valid and binding agreement of the Company, constitutes the valid and binding agreement of Parent and Merger Sub, enforceable against Parent and Merger Sub in accordance with its terms, except that (i) such enforcement may be subject to applicable bankruptcy, insolvency, examinership, reorganization, moratorium or other similar Laws, now or hereafter in effect, relating to creditors rights generally and (ii) equitable remedies of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(b) Other than in connection with or in compliance with (i) the DGCL, (ii) the Securities Act, (iii) the Exchange Act, (iv) the HSR Act, (v) any applicable requirements of other Antitrust Laws, (vi) any applicable requirements of the NYSE and (vii) the consents set forth on Section 4.3(b) of the Parent Disclosure Letter, no authorization, consent or approval of, or filing with, any Governmental Entity is necessary, under applicable Law, for the consummation by Parent and Merger Sub of the Transactions, except for such authorizations, consents, approvals or filings that, if not obtained or made, would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(c) The execution and delivery by Parent and Merger Sub of this Agreement do not, and, except as described in Section 4.3(b), the consummation of the Transactions and compliance with the provisions hereof will not (i) result in any violation or breach of, or default or change of control (with or without notice or lapse of time, or both) under, or give rise to a right of, or result in, termination, modification, cancellation or acceleration of any material obligation or to the loss of a material benefit under any Contract, loan, guarantee of Indebtedness or credit agreement, note, bond, mortgage, indenture, lease, permit, concession, franchise or right binding upon Parent or any of Parent s Subsidiaries or result in the creation of any Lien upon any of the properties, rights or assets of Parent or any of Parent s Subsidiaries, other than Parent Permitted Liens, (ii) subject to obtaining the Parent Shareholder Approval, conflict with or result in any violation of any provision of the Parent Governing Documents or the organizational documents of any Parent Subsidiary or Merger Sub or (iii) conflict with or violate any Laws applicable to Parent or any of Parent s Subsidiaries or any of their respective properties or assets, other than in the case of clauses (i),

(ii) (with respect to Parent Subsidiaries that are not Significant Subsidiaries or Merger Sub) and (iii), any such violation, conflict, default, termination, cancellation, acceleration, right, loss or Lien that would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

Section 4.4 Reports and Financial Statements.

(a) From January 1, 2012 through the date of this Agreement, each of Parent and Actavis, Inc. have filed or furnished all forms, documents and reports required to be filed or furnished prior to the date hereof by it with the SEC (the Parent SEC Documents). As of their respective dates, or, if amended, as of the date of (and giving effect to) the last such amendment, the Parent SEC Documents complied in all material respects with the requirements of the Securities Act and the Exchange Act, as the case may be, and the applicable rules and regulations promulgated thereunder, and none of the Parent SEC Documents contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(b) The consolidated financial statements (including all related notes and schedules) of Parent or Actavis, Inc., as applicable, included in the Parent SEC Documents when filed complied as to form in all material respects with the applicable accounting requirements and the published rules and regulations of the SEC with respect thereto in effect at the time of such filing and fairly present in all material respects the consolidated financial position of Parent or Actavis, Inc., as applicable, and its consolidated Subsidiaries, as at the respective dates thereof, and the consolidated results of their operations and their consolidated cash flows for the respective periods then ended (subject, in the case of the unaudited statements, to normal year-end audit adjustments and to any other adjustments described therein, including the notes thereto) in conformity with GAAP (except, in the case of the unaudited statements, to the extent permitted by the SEC) applied on a consistent basis during the periods involved (except as may be indicated therein or in the notes thereto).

Section 4.5 Internal Controls and Procedures. Parent has established and maintains disclosure controls and procedures and internal control over financial reporting (as such terms are defined in paragraphs (e) and (f), respectively, of Rule 13a-15 under the Exchange Act) as required by Rule 13a-15 under the Exchange Act. Parent s disclosure controls and procedures are reasonably designed to ensure that all material information required to be disclosed by Parent in the reports that it files or furnishes under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that all such material information is accumulated and communicated to Parent s management as appropriate to allow timely decisions regarding required disclosure and to make the certifications required pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act.

Section 4.6 No Undisclosed Liabilities. Except (a) as disclosed, reflected or reserved against in Parent s consolidated balance sheet (or the notes thereto) as of September 30, 2014 included in the Parent SEC Documents filed or furnished prior to the date

hereof, (b) for liabilities incurred in the ordinary course of business since September 30, 2014, (c) as expressly permitted or contemplated by this Agreement and (d) for liabilities which have been discharged or paid in full in the ordinary course of business, neither Parent nor any Parent Subsidiary has any liabilities of any nature, whether or not accrued, contingent or otherwise, that would be required by GAAP to be reflected on a consolidated balance sheet of Parent and its consolidated Subsidiaries (or in the notes thereto), other than those which, individually or in the aggregate, would not reasonably be expected to have a Parent Material Adverse Effect. For purposes of this Section 4.6, the term liabilities shall not include obligations of the Parent or any Parent Subsidiaries to perform under or comply with any applicable Law, action, judgment or Contract, but would include such liabilities and obligations if there has been a default or failure to perform or comply by the Parent or any Parent Subsidiaries with any such Law, action, judgment or Contract if such default or failure would, with or without the giving of notice or passage of time or both, reasonably be expected to result in a monetary obligation.

Section 4.7 Compliance with Law; Permits.

(a) Parent and each of Parent s Subsidiaries are in compliance with and are not in default under or in violation of any Laws, applicable to Parent, such Subsidiaries or any of their respective properties or assets, except where such non-compliance, default or violation would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(b) Parent and Parent s Subsidiaries are in possession of all franchises, grants, authorizations, licenses, permits, easements, variances, exceptions, consents, certificates, approvals and orders of any Governmental Entity necessary for Parent and Parent s Subsidiaries to own, lease and operate their properties and assets or to carry on their businesses as they are now being conducted (the Parent Permits), except where the failure to have any of the Parent Permits would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect. All Parent Permits are in full force and effect, except where the failure to be in full force and effect would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(c) Notwithstanding anything contained in this Section 4.7, no representation or warranty shall be deemed to be made in this Section 4.7 in respect of the matters referenced in Section 4.4, Section 4.5 or Section 4.13, or in respect of environmental, Tax, employee benefits or labor Laws matters.

Section 4.8 Environmental Laws and Regulations. Except for such matters as would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect: (a) Parent and its Subsidiaries are now and have been since January 1, 2012 in compliance with all, and have not violated any, applicable Environmental Laws; (b) no property currently or formerly owned, leased or operated by Parent or any of its Subsidiaries (including soils, groundwater, surface water, buildings or other structures), or any other location used by Parent or any of Parent s Subsidiaries, is contaminated with any Hazardous

Substance in a manner that is or is reasonably likely to be required to be remediated or removed, that is in violation of any Environmental Law, or that is reasonably likely to give rise to any Environmental Liability; (c) since January 1, 2012, neither Parent nor any of its Subsidiaries has received any notice, demand letter, claim or request for information alleging that Parent or any of its Subsidiaries may be in violation of or subject to liability under any Environmental Law or are allegedly subject to any Removal, Remedial or Response actions; (d) neither Parent nor any of its Subsidiaries is subject to any order, decree, injunction or agreement with any Governmental Entity, or any indemnity or other agreement with any third party, imposing liability or obligations relating to any Environmental Law or any Hazardous Substance; and (e) Parent has all of the material Environmental Permits necessary for the conduct and operation of its business as now being conducted, and all such Environmental Permits are in good standing.

Section 4.9 Employee Benefit Plans.

(a) Section 4.9(a) of the Parent Disclosure Letter sets forth, as of the date hereof, each material employee benefit plan (as defined in Section 3(3) of ERISA) and each material bonus, stock, stock option or other equity-based compensation arrangement or plan, incentive, deferred compensation, retirement or supplemental retirement, severance, employment, change-in-control, collective bargaining, profit sharing, pension, vacation, cafeteria, dependent care, medical care, employee assistance program, education or tuition assistance programs, and each insurance and other similar fringe or employee benefit plan, program or arrangement, in each case for the benefit of current employees, directors or consultants (or any dependent or beneficiary thereof) of Parent or any Parent Subsidiary or with respect to which the Parent or any Parent Subsidiary may have any obligation or liability (whether actual or contingent) (together, the Parent Benefit Plans). With respect to each Parent Benefit Plan, Parent has made available to the Company correct and complete copies of (or, to the extent no such copy exists, a description of), in each case, to the extent applicable, (i) all plan documents, summary plan descriptions, summaries of material modifications, and amendments related to such plans and any related trust agreement; (ii) the most recent Form 5500 Annual Report; (iii) the most recent audited financial statement and actuarial valuation; (iv) all material filings and correspondence with any Governmental Entity; and (v) all material related agreements, insurance contracts and other agreements which implement each such Parent Benefit Plan.

(b) (i) Except as would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect, each of the Parent Benefit Plans has been operated and administered in material compliance in accordance with applicable Laws, including, but not limited to, ERISA, the Code and in each case the regulations thereunder; (ii) no Parent Benefit Plan is subject to Title IV or Section 302 of ERISA or Section 412 or 4971 of the Code; (iii) no Parent Benefit Plan provides benefits, including death or medical benefits (whether or not insured), with respect to current or former employees or directors of Parent or its Subsidiaries beyond their retirement or other termination of service, other than under COBRA or comparable U.S. state Law; (iv) no liability under Title IV of ERISA has been incurred by Parent, its Subsidiaries or any of their respective ERISA Affiliates that has

not been satisfied in full, and no condition exists that is likely to cause Parent, its Subsidiaries or any of their ERISA Affiliates to incur a liability thereunder; (v) no Parent Benefit Plan is a multiemployer pension plan (as such term is defined in Section 3(37) of ERISA) or a plan that has two or more contributing sponsors at least two of whom are not under common control, within the meaning of Section 4063 of ERISA; (vi) except as would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect, all contributions or other amounts payable by Parent or its Subsidiaries pursuant to each Parent Benefit Plan in respect of current or prior plan years have been timely paid or accrued in accordance with GAAP or applicable international accounting standards; (vii) except as would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect, neither Parent nor any of its Subsidiaries has engaged in a transaction in connection with which Parent or its Subsidiaries could be subject to either a civil penalty assessed pursuant to Section 409 or 502(i) of ERISA or a tax imposed pursuant to Section 4975 or 4976 of the Code; and (viii) except as would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect, there are no pending, or to the knowledge of Parent, threatened or anticipated claims, actions, investigations or audits (other than routine claims for benefits) by, on behalf of or against any of the Parent Benefit Plans or any trusts related thereto that would result in a material liability.

(c) Except as would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect, (i) each of the Parent Benefit Plans intended to be qualified within the meaning of Section 401(a) of the Code has received a favorable determination letter or opinion letter as to its qualification, and (ii) there are no existing circumstances or any events that have occurred that would reasonably be expected to adversely affect the qualified status of any such plan. Each such favorable determination letter has been provided or made available to the Company.

(d) Except as would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect, neither the execution and delivery of this Agreement nor the consummation of the Transactions (either alone or in conjunction with any other event) will (i) result in any payment (including severance, unemployment compensation, excess parachute payment (within the meaning of Section 280G of the Code), forgiveness of Indebtedness or otherwise) becoming due to any current or former director or any employee of Parent or any Parent Subsidiary under any Parent Benefit Plan or otherwise, (ii) increase any benefits otherwise payable under any Parent Benefit Plan or (iii) result in any acceleration of the time of payment, funding or vesting of any such benefits.

(e) Except as would not reasonably be expected to have a Parent Material Adverse Effect, each Parent Benefit Plan, if any, which is maintained outside of the United States has been operated in conformance with the applicable statutes or governmental regulations and rulings relating to such plans in the jurisdictions in which such Parent Benefit Plan is present or operates and, to the extent relevant, the United States.

(f) Each Parent Benefit Plan has been maintained and operated in documentary and operational compliance in all material respects with Section 409A of the Code or an

available exemption therefrom. Parent is not a party to nor does it have any obligation under any Parent Benefit Plan to compensate any person for excise Taxes payable pursuant to Section 4999 of the Code or for additional Taxes payable pursuant to Section 409A of the Code.

(g) Except as would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect, Parent and each Parent Subsidiary (i) is and has been in compliance with all applicable Laws regarding employment and employment practices and those Laws relating to terms and conditions of employment, classification of employees, wages and hours, occupational safety and health and workers compensation, and (ii) has no charges or complaints relating to unfair labor practices or unlawful employment practices pending or, to the knowledge of Parent, threatened against it before any Governmental Entity.

Section 4.10 Absence of Certain Changes or Events.

(a) From December 31, 2013 through the date of this Agreement, there has not occurred any event, development, occurrence, or change that has had, or would reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(b) From September 30, 2014 through the date of this Agreement, (i) the business of Parent and the Parent Subsidiaries has been conducted in the ordinary course of business and (ii) neither Parent nor any Parent Subsidiary has taken any action that would constitute a breach of Section 5.2(ii) (other than clauses (c), (e) and (i) (solely to the extent relating to clauses (c) or (e) thereof)) had such action been taken after the execution of this Agreement.

Section 4.11 Investigations; Litigation. As of the date hereof, (a) there is no investigation or review pending (or, to the knowledge of Parent, threatened) by any Governmental Entity with respect to Parent or any of Parent s Subsidiaries or any of their respective properties, rights or assets, and (b) there are no claims, actions, suits or proceedings pending (or, to the knowledge of Parent, threatened) against Parent or any of Parent s Subsidiaries or any of their respective properties, rights or assets before, and there are no orders, judgments or decrees of, any Governmental Entity, which, in the case of clause (a) or (b), would reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

Section 4.12 Information Supplied. The information relating to Parent and its Subsidiaries to be contained in the Joint Proxy Statement/Prospectus and the Form S-4 will not, on the date the Joint Proxy Statement/Prospectus (and any amendment or supplement thereto) is first mailed to shareholders of Parent or at the time the Form S-4 (and any amendment or supplement thereto) is filed and the date it is declared effective or any post-effective amendment thereto is filed or is declared effective, or at the time of the Company Special Meeting or the Parent Special Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, at the time and in the light of the circumstances under which they were made, not misleading. The Joint Proxy Statement/Prospectus (other than the portions thereof

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relating solely to the meeting of the stockholders of the Company) and the Form S-4 will comply as to form in all material respects with the provisions of the Exchange Act, the rules and regulations promulgated thereunder and any other applicable federal securities laws. Notwithstanding the foregoing provisions of this Section 4.12, no representation or warranty is made by Parent or Merger Sub with respect to information or statements made or incorporated by reference in the Joint Proxy Statement/Prospectus or the Form S-4 which were not supplied by or on behalf of Parent.

Section 4.13 Regulatory Matters.

(a) Except as has not had and would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect, (i) each of Parent and the Parent Subsidiaries holds (x) all permits, licenses, franchises, approvals, clearances, registrations, and authorizations under the FDCA, the PHSA, the regulations of the FDA promulgated thereunder, data protection laws and (y) all permits, licenses, franchises, approvals, clearances, registrations, certificates and authorizations of any applicable Governmental Entity or Notified Body that are concerned with the quality, identity, strength, purity, safety, efficacy, labeling, manufacturing, marketing, promotion, distribution, sale, pricing, import or export of the Parent Products (any such Governmental Entity or Notified Body, a Parent Regulatory Agency) necessary for the lawful operating of the businesses of Parent or any of the Parent Subsidiaries as currently conducted or as planned to be conducted (the Parent Regulatory Permits); (ii) all such Parent Regulatory Permits are valid and in full force and effect; and (iii) Parent is in compliance with the terms of all Parent Regulatory Permits.

(b) Except as would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect, the businesses of each of Parent and each Parent Subsidiary are being conducted in compliance with all applicable Laws, including (i) the FDCA; (ii) the PHSA; (iii) federal Medicare and Medicaid statutes and related state or local statutes; (iv) any comparable foreign Laws for any of the foregoing applicable in jurisdictions in which material quantities of any of the Parent Products or Parent Product candidates are manufactured or sold; (v) federal, state or provincial criminal or civil healthcare Laws (including the federal Anti-Kickback Statute (42 U.S.C. §1320a-7(b)), False Claims Act (42 U.S.C. §1320a-7b(a)), Physician Payment Sunshine Act (42 U.S.C. § 1320a-7h), the exclusion laws (42 U.S.C. § 1320a-7), the civil monetary penalties law (42 U.S.C. § 1320a-7a), all criminal laws relating to health care fraud and abuse, including but not limited to 18 U.S.C. Sections 286 and 287, and the health care fraud criminal provisions under HIPAA, as amended by the HITECH Act, and any comparable federal, state, provincial or local healthcare Laws in the United States or in jurisdictions in which material quantities of any of the Parent Products or Parent Product candidates are manufactures or sold); (vi) all applicable foreign, federal, state and provincial Laws pertaining to privacy, data protection and information security, including all HIPAA and HITECH provisions pertaining to privacy, information security and breach notification; (vii) federal, state or provincial Laws regarding the collection, reporting and processing of any applicable rebate, chargeback or adjustment under the Medicaid Drug Rebate Program (42 U.S.C. § 1396r-8) and any state supplemental

rebate program, Medicare average sales price reporting (42 U.S.C. § 1395w-3a), the Public Health Service Act (42 U.S.C. § 256b), the VA Federal Supply Schedule (38 U.S.C. § 8126) or under any state pharmaceutical assistance program or U.S. Department of Veterans Affairs agreement, and any successor government programs; and (vii) the rules and regulations promulgated pursuant to all such applicable Laws, each as amended from time to time (collectively, Parent Healthcare and Data Protection Laws). Since January 1, 2012, neither Parent nor any of the Parent Subsidiaries has received any written notification or communication from any Parent Regulatory Agency, including the FDA, the Drug Enforcement Administration, the United States Department of Justice (including any United States Attorney s Office), the United States Department of Health and Human Services Office of Inspector General and Office for Civil Rights, the Centers for Medicare and Medicaid Services, the FTC and the Department of Health and Human Services, of noncompliance by, or liability of Parent or the Parent Subsidiaries under, any Parent Healthcare and Data Protection Laws, except where such noncompliance or liability would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(c) Except as would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect, Parent and the Parent Subsidiaries have not engaged in activities which are, as applicable, cause for false claims liability, civil penalties or mandatory or permissive exclusion from Medicare, Medicaid or any other government healthcare program. None of the Parent or any Parent Subsidiary are a party to any material corporate integrity agreements, deferred prosecution agreements, monitoring agreements, consent decrees, settlement orders, or similar agreements with or imposed by any Parent Regulatory Agency.

(d) All pre-clinical and clinical investigations in respect of a Parent Product or Parent Product candidate conducted or sponsored by each of Parent and the Parent Subsidiaries are being conducted in compliance with all applicable Laws administered or issued by the applicable Parent Regulatory Agencies, including (i) FDA standards for the design, conduct, performance, monitoring, auditing, recording, analysis and reporting of clinical trials contained in Title 21 parts 50, 54, 56, 312, 314 and 320 of the Code of Federal Regulations and (ii) any applicable federal, state and provincial Laws restricting the collection, use and disclosure of individually identifiable health information and personal information, except, in each case, for such noncompliance that, individually or in the aggregate, has not had and would not reasonably be expected to have a Parent Material Adverse Effect.

(e) Since January 1, 2012, neither Parent nor any of the Parent Subsidiaries has received any written notice from the FDA or the EMA or any foreign agency with jurisdiction over the development, marketing, labeling, sale, use handling and control, safety, efficacy, reliability, or manufacturing of drugs which would reasonably be expected to lead to the denial, limitation, revocation, or rescission of any Parent Regulatory Permits or of any application for marketing approval already granted or currently pending before the FDA or such other Parent Regulatory Agency.

(f) Since January 1, 2012, all reports, documents, claims, permits and notices required to be filed, maintained or furnished to the FDA or any other Parent Regulatory Agency by Parent and the Parent Subsidiaries have been so filed, maintained or furnished, except where failure to file, maintain or furnish such reports, documents, claims, permits or notices would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect. All such reports, documents, claims, permits and notices were complete and accurate in all material respects on the date filed (or were corrected in or supplemented by a subsequent filing). Since January 1, 2012, neither Parent nor any of the Parent Subsidiaries, nor, to the knowledge of Parent, any officer, employee, agent or distributor of Parent or any of the Parent Subsidiaries, has made an untrue statement of a material fact or a fraudulent statement to the FDA or any other Parent Regulatory Agency, failed to disclose a material fact required to be disclosed to the FDA or any other Parent Regulatory Agency, or committed an act, made a statement, or failed to make a statement, in each such case, related to the business of Parent or any of the Parent Subsidiaries, that, at the time such disclosure was made, would reasonably be expected to provide a basis for the FDA to invoke its policy respecting Fraud, Untrue Statements of Material Facts, Bribery, and Illegal Gratuities , set forth in 56 Fed. Reg. 46191 (September 10, 1991) or for the FDA or any other Parent Regulatory Agency to invoke any similar policy, except for any act or statement or failure to make a statement that, individually or in the aggregate, has not had and would not reasonably be expected to have a Parent Material Adverse Effect. Neither Parent nor any of the Parent Subsidiaries, nor, to the knowledge of Parent, any officer, employee, agent or distributor of Parent or any of the Parent Subsidiaries, has been debarred or convicted of any crime or engaged in any conduct for which debarment is mandated by 21 U.S.C. § 335a(a) or any similar Law or authorized by 21 U.S.C. § 335a(b) or any similar Law applicable in other jurisdictions in which material quantities of any of the Parent Products or Parent Product candidates are sold or intended by the Parent to be sold. Since January 1, 2011, neither Parent nor any of the Parent Subsidiaries, nor, to the knowledge of Parent, any officer, employee, agent or distributor of Parent or any of the Parent Subsidiaries, has been debarred, suspended or excluded from participation in any government health care program or convicted of any crime or engaged in any conduct for which such Person could be excluded from participating in any federal health care program under Section 1128 of the Social Security Act of 1935, as amended, or any similar Parent Healthcare Law or program.

(g) As to each Parent Product or Parent Product candidate subject to the FDCA and the regulations of the FDA promulgated thereunder or any similar Law applicable in any foreign jurisdiction in which material quantities of any of the Parent Products or Parent Product candidates are sold or intended by the Company to be sold that is or has been developed, manufactured, tested, distributed or marketed by or on behalf of Parent or any of the Parent Subsidiaries, except as would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect, each such Parent Product or Parent Product candidate is being or has been developed, manufactured, stored, distributed and marketed in compliance with all applicable Laws, including those relating to investigational use, marketing approval, current good manufacturing practices, packaging, labeling, advertising, record keeping, reporting, and security. There is no action or proceeding pending or, to the knowledge of Parent, threatened, including any prosecution, injunction, seizure, civil

fine, debarment, suspension or recall, in each case alleging any violation applicable to any Parent Product or Parent Product candidate by Parent or any of the Parent Subsidiaries of any Law, except as would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect.

(h) Except as would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect, since January 1, 2012, neither Parent nor any of the Parent Subsidiaries have voluntarily or involuntarily initiated, conducted or issued, or caused to be initiated, conducted or issued, any recall, field corrections, market withdrawal or replacement, safety alert, warning, dear doctor letter, investigator notice, or other notice or action to wholesalers, distributors, retailers, healthcare professionals or patients relating to an alleged lack of safety, efficacy or regulatory compliance of any Parent Product. To the knowledge of Parent, there are no facts which are reasonably likely to cause, and Parent has not received any written notice from the FDA or any other Parent Regulatory Agency regarding (i) the recall, market withdrawal or replacement of any Company Product sold or intended to be sold by Parent or a Parent Subsidiary (other than recalls, withdrawals or replacements that are not material to Parent or the Parent Subsidiaries, taken as a whole), (ii) a material change in the marketing classification or a material change in the labeling of any such Parent Products, (iii) a termination or suspension of the manufacturing, marketing, or distribution of such Parent Products, or (iv) a material negative change in reimbursement status of a Parent Product.

(i) Except as would not reasonably be expected to have a Parent Material Adverse Effect, neither Parent nor any of the Parent Subsidiaries has experienced any security breach or other incident resulting in the unauthorized access, use or disclosure of data or information that is linked to any reasonably identifiable person or any other data protected under applicable Law. Parent or Merger Sub is not a business associate, as that term is defined in the HIPAA regulations at 45 C.F.R. § 160.103.

(j) Notwithstanding anything contained in this Section 4.13, no representation or warranty shall be deemed to be made in this Section 4.13 in respect of environmental, Tax, employee benefits or labor Law matters.

Section 4.14 Tax Matters. (a) Except as would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect:

(i) all Tax Returns that are required to be filed by or with respect to Parent or any of its Subsidiaries have been timely filed (taking into account any extension of time within which to file), and all such Tax Returns are true, complete and accurate;

(ii) Parent and its Subsidiaries have paid all Taxes due and owing by any of them, including any Taxes required to be withheld from amounts owing to any employee, creditor, or third party (in each case, whether or not shown on any Tax Return), other than Taxes for which adequate reserves have been established in accordance with GAAP on the financial statements of Parent and its Subsidiaries;

(iii) there is no pending or threatened in writing any audit, examination, investigation or other proceeding with respect to any Taxes of Parent or any of its Subsidiaries;

(iv) neither Parent nor any of its Subsidiaries has waived any statute of limitations with respect to Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency;

(v) neither Parent nor any of its Subsidiaries has constituted a distributing corporation or a controlled corporation (within the meaning of Section 355(a)(1)(A) of the Code) in a distribution of stock intended to qualify for tax-free treatment under Section 355 of the Code (or any similar provision of state, local, or non-U.S. Law) in the two years prior to the date of this Agreement;

(vi) none of Parent or any of its Subsidiaries is a party to any Tax allocation, sharing, indemnity, or reimbursement agreement or arrangement (other than any customary Tax indemnification provisions in ordinary course commercial agreements or arrangements that are not primarily related to Taxes) or has any liability for Taxes of any Person (other than Parent or any of its Subsidiaries) under U.S. Treasury Regulations Section 1.1502-6 (or any similar provision of state, local, or non-U.S. Law) or as transferee or successor;

(vii) there are no Liens for Taxes upon any property or assets of Parent or any of its Subsidiaries, except for Parent Permitted Liens; and

(viii) neither Parent nor any of its Subsidiaries has entered into any listed transaction within the meaning of U.S. Treasury Regulations Section 1.6011-4(b)(2) (or any similar provision of state, local or non-U.S. Law).

(b) Parent is, and at all times since its formation has been, treated as a foreign corporation for U.S. federal income tax purposes.

Section 4.15 Labor Matters.

(a) As of the date hereof, neither Parent nor any Parent Subsidiary is a party to, or bound by, any material collective bargaining agreement or other material Contract with a labor union or labor organization. Neither Parent nor any Parent Subsidiary is subject to a labor dispute, strike or work stoppage except as would not have, individually or in the aggregate, a Parent Material Adverse Effect. To the knowledge of Parent, there are no organizational efforts with respect to the formation of a collective bargaining unit presently being made or threatened involving employees of Parent or any Parent Subsidiary, except for those the formation of which would not have or reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(b) The Transactions will not require the consent of, or advance notification to, any works councils, unions or similar labor organizations with respect to employees of Parent

or any Parent Subsidiary, other than any such consents the failure of which to obtain or advance notifications the failure of which to provide as would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(c) Except as would not reasonably be expected to have a Parent Material Adverse Effect, the businesses of Parent and each Parent Subsidiary are being conducted in compliance with all applicable Laws pertaining to the privacy, data protection and information security of employee information.

Section 4.16 Intellectual Property. Except as would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect, either Parent or a Parent Subsidiary owns, or is licensed or otherwise possesses legally enforceable rights to use, all Intellectual Property used in their respective businesses as currently conducted. There are no pending or, to the knowledge of Parent, threatened claims against Parent or its Subsidiaries by any Person alleging infringement by Parent or its Subsidiaries for their use of any Intellectual Property in their respective businesses as currently conducted that would reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect. Except as would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect, to the knowledge of Parent, the conduct of the businesses of Parent and its Subsidiaries does not infringe upon any Intellectual Property or any other similar proprietary right of any Person. As of the date hereof, neither Parent nor any of its Subsidiaries has made any claim of a violation or infringement by others of its rights to or in connection with the Intellectual Property used in their respective businesses which violation or infringement would reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

Section 4.17 Real Property.

(a) With respect to the real property owned by Parent or any Parent Subsidiary at which the material operations of Parent and the Parent Subsidiaries are conducted as of the date hereof (such property collectively, the Parent Owned Real Property), except as would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect, either Parent or a Parent Subsidiary has good and valid title to such Parent Owned Real Property, free and clear of all Liens, other than any such Lien (i) for Taxes or governmental assessments, charges or claims of payment not yet due and payable, being contested in good faith or for which adequate accruals or reserves have been established, (ii) which is a carriers , warehousemen s, mechanics , materialmen s, repairmen s or other similar Lien arising in the ordinary course of business, (iii) which is disclosed on the most recent consolidated balance sheet of Parent or notes thereto or securing liabilities reflected on such balance sheet, (iv) which was incurred in the ordinary course of business since the date of the most recent consolidated balance sheet of Parent or (v) which would not reasonably be expected to materially impair the continued use of the applicable property for the purposes for which the property is currently being used (any such Lien described in any of clauses (i) through (v), Parent Permitted Lien). As of the date hereof, neither Parent nor any of its Subsidiaries has received notice of any pending, and to the knowledge of Parent there is no

threatened, condemnation proceeding with respect to any Parent Owned Real Property, except proceedings which would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(b) Except as would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect, (i) each material lease, sublease and other agreement under which Parent or any of its Subsidiaries uses or occupies or has the right to use or occupy any material real property at which the material operations of Parent and its Subsidiaries are conducted as of the date hereof (the Parent Leased Real Property), is valid, binding and in full force and effect, except that (A) enforcement may be subject to applicable bankruptcy, insolvency, examinership, reorganization, moratorium or other similar Laws, now or hereafter in effect, relating to creditors rights generally and (B) equitable remedies of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought and (ii) no uncured default of a material nature on the part of Parent or, if applicable, its Subsidiary or, to the knowledge of Parent, the landlord thereunder exists with respect to any Parent Leased Real Property. Except as would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect, Parent and each of its Subsidiaries has a good and valid leasehold interest in or contractual right to use or occupy, subject to the terms of the lease, sublease or other agreement applicable thereto, the Parent Leased Real Property, free and clear of all Liens, except for Parent Permitted Liens.

Section 4.18 Opinion of Financial Advisor. The Parent Board of Directors has received an opinion from J.P. Morgan Securities LLC dated November 15, 2014, as to the fairness, from a financial point of view, as of the date of the opinion, to Parent of the Merger Consideration being paid by Parent pursuant to this Agreement.

Section 4.19 Required Vote. The Parent Shareholder Approval is the only vote of the holders of securities of Parent which is required for Parent to consummate the Transactions.

Section 4.20 Material Contracts.

(a) Except for this Agreement, Section 4.20 of the Parent Disclosure Letter contains a complete and correct list, as of the date of this Agreement, of each Contract described below in this Section 4.20(a) under which Parent or any Parent Subsidiary has any current or future rights, responsibilities, obligations or liabilities (in each case, whether contingent or otherwise) or to which any of their respective properties or assets is subject, in each case as of the date of this Agreement (all Contracts of the type described in this Section 4.20(a) being referred to herein as the Parent Material Contracts):

(i) each Contract that limits in any material respect the freedom of the Parent or any of its affiliates to compete in any line of business, therapeutic area or geographic region, or with any Person, including any Contract that requires the Parent and its affiliates to work exclusively with any Person in any therapeutic area or geographic region, or which by its terms would so limit the freedom of Company and its affiliates after the Effective Time;

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(ii) any partnership, joint venture, strategic alliance, collaboration, co-promotion or research and development project Contract which is material to Parent and its Subsidiaries, taken as a whole;

(iii) each Contract not otherwise described in any other subsection of this Section 4.20(a) that (A) is reasonably expected to involve future expenditures by Parent or any Parent Subsidiary of more than $50,000,000 in the one-year period following the date hereof and (B) cannot be terminated by Parent or such Parent Subsidiary on less than sixty (60) days notice without material payment or penalty, other than ordinary course product or active ingredient purchase contracts;

(iv) each acquisition or divestiture Contract or material licensing agreement that contains representations, covenants, indemnities or other obligations (including earn-out or other contingent payment obligations) that would reasonably be expected to result in the receipt or making of future payments in excess of $50,000,000 in the twelve (12) month period following the date hereof;

(v) each Contract relating to outstanding Indebtedness of Parent or its Subsidiaries for borrowed money or any financial guaranty thereof (whether incurred, assumed, guaranteed or secured by any asset) in an amount in excess of $30,000,000 other than (A) Contracts solely among Parent and any wholly owned Parent Subsidiary, (B) financial guarantees entered into in the ordinary course of business consistent with past practice not exceeding $2,500,000, individually or in the aggregate (other than surety or performance bonds, letters of credit or similar agreements entered into in the ordinary course of business consistent with past practice in each case to the extent not drawn upon), and (C) any Contracts relating to Indebtedness explicitly included in the consolidated financial statements in the Parent SEC Documents;

(vi) each Contract between Parent or any Parent Subsidiary, on the one hand, and any officer, director or affiliate (other than a wholly owned Parent Subsidiary) of Parent or any Parent Subsidiary or any of their respective associates or immediate family members (as such terms are defined in Rule 12b-2 and Rule 16a-1 of the Exchange Act), on the other hand, including any Contract pursuant to which Parent or any Parent Subsidiary has an obligation to indemnify such officer, director, affiliate or family member, but not including any Parent Benefit Plans;

(vii) any Contract (excluding (A) licenses for commercial off the shelf computer software that are generally available on nondiscriminatory pricing terms and (B) service Contracts related to pre-clinical or clinical development of any medicine to the extent the licenses contained therein are incidental to such Contracts, immaterial, non-exclusive and granted in the ordinary course of business) under which Parent or any Parent Subsidiary is granted any license, option or other right or immunity (including a covenant not to be sued or right to enforce or prosecute any patents) with respect to any Intellectual Property of a third party, which Contract is material to Parent and the Parent Subsidiaries, taken as a whole;

(viii) any Contract (excluding licenses contained in service Contracts related to pre-clinical or clinical development of any medicine to the extent the licenses contained therein are incidental to such Contract, immaterial, non-exclusive and granted in the ordinary course of business) under which Parent or any Parent Subsidiary has granted to a third party any license, option or other right or immunity (including a covenant not to be sued or right to enforce or prosecute any patents) with respect to any Intellectual Property, which Contract is material to Parent and the Parent Subsidiaries, taken as a whole;

(ix) any stockholders, investors rights, registration rights or similar agreement or arrangement;

(x) any Contract (A) pursuant to which a third party supplies Parent or the Parent Subsidiaries with active ingredients for any Key Product, and which Contract is material to Parent and the Parent Subsidiaries, taken as a whole or (B) requiring Parent or any Parent Subsidiary to purchase a minimum quantity of goods relating to any product or product candidate that is reasonably expected to involve future expenditures by Parent or any of the Parent Subsidiaries of more than $50,000,000 in the one-year period following the date hereof;

(xi) any Contract pursuant to which Parent or any Parent Subsidiary has continuing obligations or interests involving (A) milestone or other similar contingent payments, including upon the achievement of regulatory or commercial milestones, or (B) payment of royalties or other amounts calculated based upon any revenues or income of Parent or any Parent Subsidiary, in each case (x) which payments after the date hereof would reasonably be expected to be more than $50,000,000 in the twelve (12) month period following the date hereof and (y) that cannot be terminated by Parent or such Parent Subsidiary without penalty without more than sixty (60) days notice without material payment or penalty;

(xii) any Contract that relates to any swap, forward, futures, or other similar derivative transaction with a notional value in excess of $10,000,000 in the aggregate;

(xiii) any material collective bargaining agreement or other material Contract with any labor union;

(xiv) any Contract involving the settlement of any claim, action or proceeding or threatened claim, action or proceeding (or series of related, claims actions or proceedings) (A) which (x) will involve payments after the date hereof, or involved payments, in excess of $30,000,000 or (y) will impose, or imposed, monitoring or reporting obligations to any other Person outside the ordinary course of business or material restrictions on Parent or any Parent Subsidiary or (B) with respect to which material conditions precedent to the settlement have not been satisfied;

(xv) any Contract with any Governmental Entity, excluding settlement agreements described in the Parent SEC Documents, sales or supply agreements entered into in the ordinary course of business that are not material and tolling agreements entered into in connection with investigations by Governmental Entities; and

(xvi) any Contract not otherwise described in any other subsection of this Section 4.20(a) that would constitute a material contract (as such term is defined in Item 601(b)(10) of Regulation S-K of the SEC) with respect to Parent.

(b) Except as described in Section 4.20(b)(xvii) of the Parent Disclosure Letter, Parent has provided to the Company prior to the date of this Agreement, a true and complete copy of each written Parent Material Contract as in effect on the date of this Agreement. Neither Parent nor any Parent Subsidiary is in breach of or default under the terms of any Parent Material Contract where such breach or default would reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect. To the knowledge of Parent, as of the date hereof, no other party to any Parent Material Contract is in breach of or default under the terms of any Parent Material Contract where such breach or default would reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect. Except as would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect, each Parent Material Contract is a valid and binding obligation of Parent or the Subsidiary of Parent which is party thereto and, to the knowledge of Parent, of each other party thereto, and is in full force and effect, except that (i) such enforcement may be subject to applicable bankruptcy, insolvency, examinership, reorganization, moratorium or other similar Laws, now or hereafter in effect, relating to creditors rights generally and (ii) equitable remedies of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

Section 4.21 Insurance. Except as would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect, as of the date hereof, (a) all current, material insurance policies and Contracts of Parent and its Subsidiaries are in full force and effect and are valid and enforceable and cover against the risks as are customary in all material respects for companies of similar size in the same or similar lines of business and (b) all premiums due thereunder have been paid. Neither Parent nor any of its Subsidiaries has received notice of cancellation or termination with respect to any material third party insurance policies or Contracts (other than in connection with normal renewals of any such insurance policies or Contracts) where such cancellation or termination would reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

Section 4.22 Finders and Brokers. Neither Parent nor any of its Subsidiaries has employed any investment banker, broker or finder in connection with the Transactions, other than as set forth in Section 4.22 of the Parent Disclosure Letter, who might be entitled to any fee or any commission in connection with or upon consummation of the Merger.

Section 4.23 Financing.

(a) Parent has delivered to the Company a true and complete copy of the executed Debt Commitment Letter and any related fee letters (redacted as to economic terms and other commercially sensitive numbers and provisions specified in any such fee letter (including any provisions relating to flex terms or similar concepts) excluding in each case, any such provisions that could adversely affect the amount of the financing or the Financing Conditions). The Debt Commitment Letter has not been amended or modified in any manner prior to the date of this Agreement. Neither Parent nor any of its affiliates has entered into any agreement, side letter or other arrangement relating to the financing of the Transactions that could affect the availability of the Financing on the Closing Date, other than as described in the Debt Commitment Letter and the fee letters and engagement letters related to the Debt Commitment Letter. As of the date of this Agreement, the commitments contained in the Debt Commitment Letter have not been withdrawn or rescinded in any respect. As of the date of this Agreement, the Debt Commitment Letter is in full force and effect and represents a valid, binding and enforceable obligation of Parent and to the knowledge of Parent each other party thereto, to provide the financing contemplated thereby subject only to the satisfaction or waiver of the Financing Conditions and, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered. Parent has fully paid (or caused to be paid) any and all commitment fees and other amounts that are due and payable on or prior to the date of this Agreement in connection with the Financing. As of the date of this Agreement, assuming the accuracy of the representations and warranties set forth in Article III such that the condition set forth in Section 7.2(a) is satisfied, no event has occurred which, with or without notice, lapse of time or both, would reasonably constitute a breach or default on the part of Parent or, to the knowledge of Parent, any other party thereto under the Debt Commitment Letter. As of the date of this Agreement, assuming the accuracy of the representations and warranties set forth in Article III such that the condition set forth in Section 7.2(a) is satisfied and the satisfaction of the conditions set forth in Section 7.2(b) and Section 7.2(c) and performance by the Company of its obligations under Section 6.13 of this Agreement, Parent has no reason to believe that it or any other party thereto will be unable to satisfy on a timely basis its obligations under the Debt Commitment Letter. There are no conditions precedent related to the funding of the full amount of the Financing, other than the Financing Conditions. Assuming the accuracy of the representations and warranties set forth in Article III such that the condition set forth in Section 7.2(a) is satisfied and the satisfaction of the conditions set forth in Section 7.2(b) and Section 7.2(c) and performance by the Company of its obligations under Section 6.13 of this Agreement, as of the date of this Agreement, Parent has no reason to believe that (i) any of the Financing Conditions will not be satisfied or (ii) the Financing will not be made available to Parent on the Closing Date.

(b) Assuming the accuracy of the representations and warranties set forth in Article III such that the condition set forth in Section 7.2(a) is satisfied and the satisfaction of the conditions set forth in Section 7.2(b) and Section 7.2(c) and performance by the Company of its obligations under Section 6.13 of this Agreement, Parent has, or will have at Closing,

directly or through one or more affiliates, all funds necessary to consummate the Transactions, including the making of all required payments in connection with the Transactions, including payment of the Merger Consideration and Fractional Share Consideration and all other amounts to be paid pursuant to this Agreement and associated costs and expenses of the Transactions on the Closing Date. Notwithstanding anything to the contrary contained herein, in no event shall the receipt or availability of any funds or financing by Parent or any of its affiliates be a condition to any of Parent or Merger Sub s obligations hereunder.

Section 4.24 FCPA and Anti-Corruption. Except for those matters which, individually or in the aggregate, would not reasonably be expected to have a Parent Material Adverse Effect:

(a) neither Parent nor any Parent Subsidiary, nor any director, manager or employee of Parent or any Parent Subsidiary has in the last five (5) years, in connection with the business of Parent or any Parent Subsidiary, itself or, to Parent s knowledge, any of its agents, representatives, sales intermediaries, or any other third party, in each case, acting on behalf of Parent or any Parent Subsidiary, taken any action in violation of the FCPA or other applicable Bribery Legislation (in each case to the extent applicable);

(b) neither Parent nor any Parent Subsidiary, nor any director, manager or employee of Parent or any Parent Subsidiary, are, or in the past five (5) years have been, subject to any actual, pending, or threatened civil, criminal, or administrative actions, suits, demands, claims, hearings, notices of violation, investigations, proceedings, demand letters, settlements, or enforcement actions, or made any voluntary disclosures to any Governmental Entity, involving Parent or any Parent Subsidiary in any way relating to applicable Bribery Legislation, including the FCPA;

(c) Parent and each Parent Subsidiary has made and kept books and records, accounts and other records, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Parent and each Parent Subsidiary as required by the FCPA in all material respects;

(d) Parent and each Parent Subsidiary has instituted policies and procedures reasonably designed to ensure compliance with the FCPA and other applicable Bribery Legislation and maintain such policies and procedures in force; and

(e) no officer, director, or employee of Parent or any Parent Subsidiary is a Government Official.

Section 4.25 Stock Ownership. Neither Parent, Merger Sub or any of their respective affiliates or associates (as defined in Section 203 of the DGCL) is, nor at any time during the past three (3) years has been, an interested stockholder of the Company as defined either in the Company Certificate or in Section 203 of the DGCL. Neither Parent nor any Parent Subsidiaries directly or indirectly owns, and at all times for the past three years, neither Parent nor any Parent Subsidiaries has owned, beneficially or otherwise, in excess of 1% of the shares of Company Common Stock.

Section 4.26 No Merger Sub Activity. Since the date of its formation, Merger Sub has not engaged in any activities other than in connection with this Agreement.

Section 4.27 No Other Representations. Except for the representations and warranties contained in Article III, Parent acknowledges that neither the Company nor any Representative of the Company makes, and Parent acknowledges that it has not relied upon or otherwise been induced by, any other express or implied representation or warranty with respect to the Company or any of its Subsidiaries or with respect to any other information provided or made available to Parent in connection with the Transactions, including any information, documents, projections, forecasts or other material made available to Parent or to Parent s Representatives in certain data rooms or management presentations in expectation of the Transactions.

ARTICLE V.

COVENANTS RELATING TO CONDUCT

OF BUSINESS PENDING THE CLOSING

Section 5.1 Conduct of Business by the Company Pending the Closing. The Company agrees that between the date of this Agreement and the Effective Time or the time, if any, at which this Agreement is terminated pursuant to Section 8.1, except (a) as set forth in Section 5.1 of the Company Disclosure Letter, (b) as specifically required by this Agreement, (c) as required by Law or (d) as consented to in writing by Parent (which consent shall not be unreasonably withheld, delayed or conditioned), the Company (i) shall and shall cause each Company Subsidiary to, conduct its business in all material respects in the ordinary course of business consistent with past practice, including by using reasonable best efforts to preserve intact its and their present business organizations and to preserve its and their present relationships with Governmental Entities and with customers, suppliers and other Persons with whom it and they have material business relations; provided, however, that no action that is specifically permitted by any of clauses (a) through (p) of Section 5.1(ii) shall be deemed a breach of this clause (i) and (ii) agrees that between the date of this Agreement and the Effective Time or the date, if any, on which this Agreement is terminated pursuant to Section 8.1, the Company shall not, and shall not permit any Company Subsidiary to:

(a) authorize or pay any dividends on or make any distribution with respect to its outstanding shares of capital stock (whether in cash, assets, shares or other securities of the Company or any Company Subsidiary), except dividends and distributions paid or made on a pro rata basis by a Company Subsidiary in the ordinary course of business consistent with past practice or by a wholly owned Company Subsidiary to the Company or another wholly owned Company Subsidiary;

(b) split, combine, reduce or reclassify any of its capital stock, or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for, shares of its capital stock, except for any such transaction by a wholly owned Company Subsidiary which remains a wholly owned Company Subsidiary after consummation of such transaction;

(c) except as required by applicable Law or the terms and conditions of any Company Benefit Plan in existence as of the date hereof, (i) increase the compensation or benefits payable or to become payable to any of its directors, officers, employees or individual independent contractors other than, increases in base salaries and target cash incentive compensation at times and in amounts in the ordinary course of business consistent with past practice, provided, that in no event shall the Company increase (x) the target cash incentive compensation or the base salary of any Section 16 Officer, other than, with respect to each Section 16 Officer, an ordinary course base salary increase of up to 3%, or (y) the base salary of any employee, other than a Section 16 Officer, whose principal place of employment is in the United States by more than 5%, (ii) grant to any of its directors, officers, employees or individual independent contractors any increase in severance or termination pay other than increases in severance or termination pay for new-hires and promoted employees in the ordinary course of business consistent with past practice and permitted in clause (iv) below, (iii) pay or award, or commit to pay or award, any bonuses or incentive compensation, other than as set forth in Section 5.1(c) of the Company Disclosure Letter, (iv) enter into any employment, severance, change in control or retention agreement (excluding offer letters that provide for no severance, change in control or retention benefits) with any of its directors, officers, employees or individual independent contractors other than as set forth in Section 5.1(c) of the Company Disclosure Letter; provided further, that with respect to new hires and promoted employees (other than the Section 16 Officers), the Company may enter into employment, severance, change in control or retention agreements that provide for severance, change in control or retention benefits provided to similarly situated employees under Company Benefit Plans in the ordinary course of business consistent with past practice, (v) other than those employees of the Company and its Subsidiaries who are formal participants, as of the date hereof, in the Company s CIC Policy, allow any additional employees of the Company or any of its Subsidiaries to participate in the Company s CIC Policy, except with respect to new-hires and promoted employees in the ordinary course of business consistent with past practice, (vi) establish, adopt, enter into, amend or terminate any collective bargaining agreement or Company Benefit Plan except as otherwise permitted by this Section 5.1(c) or any amendments or terminations in the ordinary course of business consistent with past practice that do not contravene the other covenants set forth in this clause (c) or, materially increase the cost to the Company, in the aggregate, of maintaining such Company Benefit Plan, (vii) take any action to accelerate any payment or benefit, or the funding of any payment or benefit, payable or to become payable to any of its directors, officers, employees or individual independent contractors, (viii) terminate the employment of any member of the Company Executive Team, other than for cause, or (ix) hire any employee or individual independent contractor having total annual cash compensation in excess of $300,000;

(d) make any change in financial accounting policies, principles, practices or procedures or any of its methods of reporting income, deductions or other material items for financial accounting purposes, except as required by GAAP, applicable Law or SEC policy;

(e) authorize or announce an intention to authorize, or enter into agreements providing for, any acquisitions of an equity interest in or a substantial portion of the assets of

any Person or any business or division thereof, in each case whether by merger, consolidation, business combination, acquisition of stock or assets, license or formation of a joint venture or otherwise, except for (i) such transactions for consideration (including assumption of liabilities) that does not exceed $50,000,000 in the aggregate or (ii) transactions between the Company and a wholly owned Company Subsidiary or between wholly owned Company Subsidiaries;

(f) amend the Company Governing Documents or permit any Significant Subsidiary of the Company to adopt any amendments to its governing documents;

(g) other than in accordance with the Rights Plan, issue, deliver, grant, sell, pledge, dispose of or encumber, or authorize the issuance, delivery, grant, sale, pledge, disposition or encumbrance of, any shares in its capital stock, voting securities or other equity interest in the Company or any Company Subsidiary or any securities convertible into or exchangeable for any such shares, voting securities or equity interest, or any rights, warrants or options to acquire any such shares in its capital stock, voting securities or equity interest or any phantom stock, phantom stock rights, stock appreciation rights or stock based performance units or take any action to cause to be exercisable any otherwise unexercisable Company Equity Award under any existing Company Equity Plan (except as otherwise required by the express terms of any Company Equity Award outstanding on the date hereof), other than (i) issuances of Company Shares in respect of any exercise of Company Stock Options or the vesting or settlement of Company Equity Awards outstanding on the date hereof and in accordance with their respective present terms or (ii) transactions between the Company and a wholly owned Company Subsidiary or between wholly owned Company Subsidiaries;

(h) directly or indirectly, purchase, redeem or otherwise acquire any shares in its capital or any rights, warrants or options to acquire any such shares in its capital, except for (i) acquisitions of Company Shares (and associated Company Rights) tendered by holders of Company Equity Awards in order to satisfy obligations to pay the exercise price and/or Tax withholding obligations with respect thereto, (ii) the acquisition by the Company of Company Equity Awards in connection with the forfeiture of such awards and (iii) transactions between the Company and a wholly owned Company Subsidiary or between wholly owned Company Subsidiaries;

(i) redeem, repurchase, prepay (other than prepayments of revolving loans in the ordinary course of business), defease, incur, assume, endorse, guarantee or otherwise become liable for or modify in any material respect the terms of any Indebtedness for borrowed money or issue or sell any debt securities or calls, options, warrants or other rights to acquire any debt securities (directly, contingently or otherwise), except for (i) any Indebtedness for borrowed money among the Company and its wholly owned Company Subsidiaries or among wholly owned Company Subsidiaries, (ii) Indebtedness for borrowed money incurred to replace, renew, extend, refinance or refund any existing Indebtedness for borrowed money of the Company or any of the Company Subsidiaries maturing on or prior to the six (6) month anniversary of the date of such refinancing, in each case in an amount not to exceed the

amount of the Indebtedness replaced, renewed, extended, refinanced or refunded and on terms that are no less favorable to the Company or such Company Subsidiary than the terms of the Indebtedness replaced, renewed, extended, refinanced or refunded, (iii) guarantees by the Company of Indebtedness for borrowed money of wholly owned Company Subsidiaries or guarantees by wholly owned Company Subsidiaries of Indebtedness for borrowed money of the Company or any wholly owned Company Subsidiary, which Indebtedness is incurred in compliance with this clause (i), (iv) transactions at the stated maturity of such Indebtedness and required amortization or mandatory prepayments and (v) Indebtedness for borrowed money not to exceed $50,000,000 in aggregate incurred by the Company or any of the Company Subsidiaries other than in accordance with clauses (i) through (iv), inclusive; *provided* that nothing contained herein shall prohibit the Company and the Company Subsidiaries from making guarantees or obtaining letters of credit or surety bonds for the benefit of commercial counterparties in the ordinary course of business;

(j) make any loans to any other Person, except for loans among the Company and its wholly owned Company Subsidiaries or among the Company s wholly owned Company Subsidiaries;

(k) sell, lease, license, transfer, exchange, swap or otherwise dispose of, or subject to any Lien (other than Company Permitted Liens), any of its material properties or assets (including shares of capital stock or other equity interests of the Company or any of the Company Subsidiaries), except (i) pursuant to existing agreements in effect prior to the execution of this Agreement, (ii) in the case of Liens, as required in connection with any Indebtedness permitted to be incurred pursuant to Section 5.1(ii)(i), (iii) sales of inventory, or dispositions of obsolete or worthless equipment, in each case, in the ordinary course of business, (iv) licenses of non-material Intellectual Property (A) in the ordinary course of business or (B) in connection with a compromise or settlement of any material claim, litigation, investigation or proceeding permitted by Section 5.1(ii)(l), (v) such transactions with neither a fair market value of the assets or properties nor an aggregate purchase price that exceeds $30,000,000 in the aggregate and (vi) for transactions among the Company and its wholly owned Company Subsidiaries or among wholly owned Company Subsidiaries;

(l) (x) compromise or settle any material claim, litigation, investigation or proceeding, in each case made or pending by or against the Company or any of the Company Subsidiaries (for the avoidance of doubt, including any compromise or settlement with respect to matters in which any of them is a plaintiff), or any of their employees, officers or directors in their capacities as such, other than the compromise or settlement of claims, litigation, investigations or proceedings that: (i) are for an amount (in excess of insurance proceeds not to exceed $25,000,000), individually or in the aggregate, $25,000,000, (ii) does not involve an admission of guilt or impose any injunctive relief or a material restriction on the Company and the Company Subsidiaries and (iii) does not provide for the license of any material Intellectual Property or (y) commence any material claim, litigation, investigation or proceeding, other than in the ordinary course of business;

(m) make or change any material Tax election, change any Tax accounting period for purposes of a material Tax or material method of Tax accounting, file any material

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amended Tax Return, settle or compromise any audit or proceeding relating to a material amount of Taxes, except in the ordinary course of business agree to an extension or waiver of the statute of limitations with respect to a material amount of Taxes, enter into any closing agreement within the meaning of Section 7121 of the Code (or any similar provision of state, local, or non-U.S. Law) with respect to any material Tax, surrender any right to claim a material Tax refund, or take any action that would require the filing of a gain recognition agreement (within the meaning of the Treasury Regulations promulgated under Section 367 of the Code) to avoid current recognition of a material amount of income or gain for U.S. federal income tax purposes;

(n) except for capital expenditures incurred in the ordinary course of business in accordance with the Company s budget plan provided to Parent prior to the execution of this Agreement, make any new capital expenditure or expenditures;

(o) except in the ordinary course of business or in connection with any transaction to the extent specifically permitted by any other subclause of this Section 5.1(ii), (i) enter into any Contract that would, if entered into prior to the date hereof, be a Company Material Contract, or (ii) materially modify, materially amend or terminate any Company Material Contract or waive, release or assign any material rights or claims thereunder; or

(p) agree, in writing or otherwise, to take any of the foregoing actions.

Section 5.2 Conduct of Business by Parent Pending the Closing. Parent agrees that between the date of this Agreement and the Effective Time or the time, if any, at which this Agreement is terminated pursuant to Section 8.1, except (a) as set forth in Section 5.2 of the Parent Disclosure Letter, (b) as specifically required by this Agreement, (c) as required by Law or (d) as consented to in writing by the Company (which consent shall not be unreasonably withheld, delayed or conditioned), Parent (i) shall and shall cause each Parent Subsidiary to, conduct its business in all material respects in the ordinary course of business consistent with past practice, including by using reasonable best efforts to preserve intact its and their present business organizations and to preserve its and their present relationships with Governmental Entities and with customers, suppliers and other Persons with whom it and they have material business relations; provided, however, that no action that is specifically permitted by any of clauses (a) through (i) of Section 5.2(ii) shall be deemed a breach of this clause (i), and (ii) agrees that between the date of this Agreement and the Effective Time or the date, if any, on which this Agreement is terminated pursuant to Section 8.1, Parent shall not, and shall not permit any Parent Subsidiary to:

(a) authorize or pay any dividends on or make any distribution with respect to its outstanding shares (whether in cash, assets, stock or other securities of Parent or Parent Subsidiaries), except dividends and distributions paid or made on a pro rata basis by Parent Subsidiaries in the ordinary course of business consistent with past practice or by a wholly owned Parent Subsidiary to Parent or another wholly owned Parent Subsidiary;

(b) split, combine, reduce or reclassify any of its issued or unissued shares, or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution

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for, its shares, except for any such transaction by a wholly owned Parent Subsidiary which remains a wholly owned Parent Subsidiary after consummation of such transaction;

(c) authorize or announce an intention to authorize, or enter into agreements providing for, any acquisitions of a substantial equity interest in or a substantial portion of the assets of any Person or any business or division thereof, in each case whether by merger, consolidation, combination, acquisition of stock or assets or formation of a joint venture or otherwise that, in any case, would reasonably be expected to prevent or materially delay or impede the consummation of the Transactions;

(d) amend the Parent Governing Documents or permit Merger Sub or any Significant Subsidiary of Parent to adopt any amendments to its governing documents;

(e) issue, deliver, grant, sell, pledge, dispose of or encumber, or authorize the issuance, delivery, grant, sale, pledge, disposition or encumbrance of, any shares, voting securities or other equity interest in the Parent or any Parent Subsidiary or any securities convertible into or exchangeable for any such shares, voting securities or equity interest, or any rights, warrants or options to acquire any such shares, voting securities or equity interest or any phantom stock, phantom stock rights, stock appreciation rights or stock based performance units, other than (i) issuances of Parent Shares in respect of any exercise of Parent stock options or the vesting or settlement of Parent Equity Awards, (ii) transactions between Parent and a wholly owned Parent Subsidiary or between wholly owned Parent Subsidiaries, (iii) issuances of Parent Equity Awards, (iv) other issuances of shares of Parent Stock for an amount not exceeding $100,000,000 in the aggregate and (v) other than in connection with the Financing; or

(f) directly or indirectly, purchase, redeem or otherwise acquire any shares in its capital or any rights, warrants or options to acquire any such shares in its capital, except for (i) acquisitions of Parent Shares tendered by holders of Parent Equity Awards in order to satisfy obligations to pay the exercise price and/or Tax withholding obligations with respect thereto (ii) the acquisition by the Parent of Parent Equity Awards in connection with the forfeiture of such awards, (iii) transactions between the Parent and a wholly owned Parent Subsidiary or between wholly owned Parent Subsidiaries and (iv) other acquisitions of shares of Parent Stock for an amount not exceeding $100,000,000 in the aggregate;

(g) make or change any material Tax election, change any Tax accounting period for purposes of a material Tax or material method of Tax accounting, file any material amended Tax Return, settle or compromise any audit or proceeding relating to a material amount of Taxes, except in the ordinary course of business, agree to an extension or waiver of the statute of limitations with respect to a material amount of Taxes, enter into any closing agreement within the meaning of Section 7121 of the Code (or any similar provision of state, local, or non-U.S. Law) with respect to any material Tax, or surrender any right to claim a material Tax refund;

(h) convene any meeting of the holders of Parent Stock for the purpose of revoking or varying the authority of the directors of Parent to allot Parent Stock; or

(i) agree, in writing or otherwise, to take any of the foregoing actions.

Section 5.3 Solicitation by the Company.

(a) From and after the date of this Agreement until the earlier of the Effective Time or the time, if any, at which this Agreement is terminated in accordance with Section 8.1, and except as otherwise specifically provided for in this Section 5.3, the Company agrees that it shall not (and that the Company Board of Directors shall not and that the Company shall cause each Company Subsidiary not to), and that it shall cause its officers and employees not to, and that it shall use its reasonable best efforts to cause its other Representatives not to, directly or indirectly: (i) solicit, initiate or knowingly encourage or knowingly facilitate (including by way of furnishing information), or engage in any discussions or negotiations regarding, any inquiry, proposal or offer (or amendment or modification of any proposal or offer), or the making, submission, modification or amendment or announcement of any inquiry, proposal or offer (including any inquiry, proposal or offer to its stockholders) which constitutes or would be reasonably expected to lead to a Company Competing Proposal, (ii) participate in any negotiations regarding, or furnish to any Person any nonpublic information relating to the Company or any Company Subsidiary in connection with any inquiry, proposal or offer which constitutes or would be reasonably expected to lead to a Company Competing Proposal, (iii) engage in discussions with any Person with respect to any inquiry, proposal or offer which constitutes or would be reasonably expected to lead to any Company Competing Proposal, (iv) except in the event the Company Board of Directors has determined in good faith after consultation with the Company s outside legal counsel that the failure to take such action would constitute a breach of the fiduciary duties of the members of the Company Board of Directors under applicable Delaware Law, waive, terminate, modify or release any Person (other than Parent, Merger Sub and their respective affiliates) from any provision of or grant any permission, waiver or request under, or fail to enforce, any standstill or similar agreement or obligation, (v) approve or recommend, propose publicly to approve or recommend, or fail to timely recommend against, any Company Competing Proposal, (vi) withdraw, change, amend, modify or qualify, or otherwise propose publicly to withdraw, change, amend, modify or qualify, in a manner adverse to Parent, the Company Board Recommendation, (vii) enter into any letter of intent or other document or agreement relating to, or any agreement or commitment providing for, any Company Competing Proposal, or (viii) resolve or agree to do any of the foregoing (any act described in clauses (v) and (vi) above, a Company Change of Recommendation). The Company shall immediately cease, and cause its directors, officers and employees to cease, and shall use its reasonable best efforts to cause its other Representatives to immediately cease, any and all existing discussions or negotiations with any parties (or provision of any nonpublic information to any parties) conducted heretofore with respect to any Company Competing Proposal or potential Company Competing Proposal. The Company shall, and shall cause its affiliates to, promptly cause (to the extent it has not already done so prior to the date of this Agreement) any Person that has executed a confidentiality or non-disclosure agreement in connection with any actual or potential Company Competing Proposal that remains in effect as of the date of this Agreement to return or destroy all confidential information in the possession of such person or its Representatives. The Company shall promptly following the

execution of this Agreement inform its Representatives of the Company s obligations under this Section 5.3. For purposes of this Section 5.3, the term Person means any Person or group, as defined in Section 13(d) of the Exchange Act, other than, with respect to the Company, Parent or any Parent Subsidiaries. The Company shall not (i) take any action to exempt any Person from the restrictions on business combinations or any similar provision contained in any applicable Takeover Statute or the Company Governing Documents or otherwise cause such restrictions not to apply or (ii) (x) terminate (or permit the termination of (except in accordance with its terms and not related to a Company Competing Proposal)), waive or amend the Rights Plan, (y) redeem any Company Rights under the Rights Plan or (z) take any action with respect to, or make any determination under, the Rights Plan that would interfere with Parent consummating the Transactions, in each case without the prior written consent of Parent, in each case prior to the termination of this Agreement. Notwithstanding anything to the contrary contained in this Agreement, the Company and the Company Subsidiaries and the Company s Representatives may in any event (A) seek to clarify and understand the terms and conditions of any Company Competing Proposal (or amended proposal) solely to determine whether such Company Competing Proposal constitutes or would reasonably be expected to lead to a Company Superior Proposal and (B) inform a Person that has made a Company Competing Proposal of the provisions of this Section 5.3, in each case, so long as the Company, the Company Subsidiaries and the Company s Representatives otherwise comply with this Section 5.3 in connection therewith.

(b) Notwithstanding the limitations set forth in Section 5.3(a), if the Company receives, prior to the Company Stockholder Approval being obtained, a bona fide, written Company Competing Proposal from any Person, which the Company Board of Directors determines in good faith after consultation with the Company s outside legal and financial advisors (i) constitutes a Company Superior Proposal or (ii) would reasonably be expected to result, after the taking of any of the actions referred to in either of clause (x) or (y) below, in a Company Superior Proposal, then in either event (if there has not been a material breach of the provisions of this Section 5.3 (1) with respect to such Company Competing Proposal or Person or (2) in a manner that otherwise related to such Company Competing Proposal or Person) the Company may take the following actions: (x) furnish nonpublic information to the Person making such Company Competing Proposal, if, and only if, prior to so furnishing such information, the Company receives from such Person an executed Acceptable Confidentiality Agreement and (y) engage in discussions or negotiations with such Person with respect to the Company Competing Proposal.

(c) The Company shall notify Parent promptly (but in no event later than twenty-four (24) hours) after receipt of any Company Competing Proposal, any proposals or inquiries that would reasonably be expected to lead to a Company Competing Proposal, or any inquiry or request for nonpublic information relating to the Company or any Company Subsidiary by any Person who has made or would reasonably be expected to make any Company Competing Proposal. Such notice shall be made orally and confirmed in writing, and shall indicate the identity of the Person making the Company Competing Proposal, inquiry or request or with whom the Company is engaging in discussions or negotiations, and the material terms and conditions of any such proposal, offer or Company Competing Proposal or the nature of the

information requested pursuant to such inquiry or request. In addition, the Company shall promptly (but in any event within twenty-four (24) hours) after the receipt thereof, provide to Parent copies of any written documentation material to understanding a Company Competing Proposal or potential Company Competing Proposal which is received by the Company from any Person (or from any Representatives of such Person) making such Company Competing Proposal or with whom discussions or negotiations would reasonably be expected to lead to a Company Competing Proposal. The Company shall keep Parent reasonably informed of the status and material terms and conditions (including any amendments or proposed amendments to such material terms or conditions) of any such Company Competing Proposal or potential Company Competing Proposal and keep Parent reasonably informed as to the nature of any information requested of the Company or any Company Subsidiary or any of their respective Representatives with respect thereto. The Company shall promptly (but in any event within twenty-four (24) hours) provide to Parent any material nonpublic information concerning the Company provided to any other Person in connection with any Company Competing Proposal that was not previously provided to Parent. Neither the Company nor any of its affiliates will enter into any agreement with any Person which prohibits the Company from providing any information to Parent in accordance with, or otherwise complying with, this Section 5.3.

(d) Notwithstanding anything in this Section 5.3 or Section 5.4 to the contrary, at any time prior to the receipt of the Company Stockholder Approval, the Company Board of Directors may make a Company Change of Recommendation (i) in response to a Company Intervening Event, or (ii) following receipt of a bona fide, written Company Competing Proposal, which the Company Board of Directors determines in good faith after consultation with the Company s outside legal and financial advisors is a Company Superior Proposal, in each case, if and only if, (x) with respect to clause (ii), neither the Company nor any of its Representatives solicited, encouraged or facilitated such Company Competing Proposal in material breach of, or is otherwise in material breach of, the provisions of this Section 5.3 and (y) with respect to each of clauses (i) and (ii), the Company Board of Directors has determined in good faith after consultation with the Company s outside legal counsel that the failure to take such action would constitute a breach of the fiduciary duties of the members of the Company Board of Directors under applicable Delaware Law and the Company first complies with Section 5.3(e).

(e) Prior to the Company taking any action permitted (i) under Section 5.3(d)(i), the Company shall provide Parent with four (4) business days prior written notice advising Parent it intends to effect a Company Change of Recommendation and specifying, in reasonable detail, the reasons therefor (including the material facts and circumstances related to the applicable Company Intervening Event), and during such four (4) business day period, (x) the Company shall negotiate, and cause its Representatives to negotiate, with Parent and its Representatives in good faith (to the extent Parent wishes to negotiate) to enable Parent to determine whether to propose revisions to the terms of this Agreement such that it would obviate the need for the Company Board of Directors to make a Company Change of Recommendation and (y) the Company shall consider in good faith any proposal by Parent to amend the terms and conditions of this Agreement in a manner that would obviate the need to effect a Company Change of Recommendation or (ii) under Section 5.3(d)(ii), the Company

shall provide Parent with four (4) business days prior written notice (it being understood and agreed that any material amendment to the applicable Company Competing Proposal shall require a new notice and an additional three (3) business day period) advising Parent that the Company Board of Directors intends to take such action and contemporaneously providing to Parent a copy of the Company Superior Proposal, a copy of any proposed agreements for such Company Superior Proposal (including any financing commitments related thereto) (or, in each case, if not provided in writing to the Company or any of its Representatives, a written summary of the terms thereof), and during such four (4) business day period (or subsequent three (3) business day period), (x) the Company shall negotiate, and cause its Representatives to negotiate, with Parent and its Representatives in good faith (to the extent Parent wishes to negotiate) to enable Parent to determine whether to propose revisions to the terms of this Agreement or any other agreement related to the Transactions such that such Company Competing Proposal would no longer constitute a Company Superior Proposal and (y) the Company shall consider in good faith any proposal by Parent to amend the terms and conditions of this Agreement or any other agreement related to the Transactions such that such Company Competing Proposal would no longer constitute a Company Superior Proposal.

(f) Nothing contained in this Agreement shall prohibit the Company or the Company Board of Directors from (i) disclosing to the Company s stockholders a position contemplated by Rules 14d-9 and 14e-2(a) promulgated under the Exchange Act or (ii) making any disclosure to its stockholders if the Company Board of Directors has reasonably determined in good faith after consultation with the Company s outside legal counsel that the failure to do so would constitute a breach of the fiduciary duties of the members of the Company Board of Directors under applicable Delaware Law; provided that this Section 5.3(f) shall not permit the Company Board of Directors to make a Company Change of Recommendation except in compliance with Section 5.3(d) and Section 5.3(e) or take any other action with respect to a Company Competing Proposal or inquiry, proposal or offer that constitutes or would reasonably be expected to constitute a Company Competing Proposal except to the extent such action is permitted by the other paragraphs of this Section 5.3.

(g) References in this Section 5.3 to the Company Board of Directors shall mean the Company Board of Directors or, to the extent applicable, a duly authorized committee thereof.

Section 5.4 Parent Change of Recommendation.

(a) From and after the date of this Agreement until the earlier of the Effective Time or the time, if any, at which this Agreement is terminated in accordance with Section 8.1, and except as otherwise specifically provided for in this Section 5.4, Parent agrees that it shall not (and that the Parent Board of Directors shall not) withdraw, change, amend, modify or qualify, or otherwise propose publicly to withdraw, change, amend, modify or qualify, in a manner adverse to the Company, the Parent Board Recommendation (each such withdrawal, change, amendment, modification or qualification, a Parent Change of Recommendation).

(b) Notwithstanding anything in this Section 5.4 or Section 5.5 to the contrary, at any time prior to the receipt of the Parent Shareholder Approval, the Parent Board of Directors may make a Parent Change of Recommendation in response to a Parent Intervening Event if the Parent Board of Directors has determined in good faith after consultation with Parent s outside legal counsel that the failure to take such action would constitute a breach of the duties of the members of the Parent Board of Directors under applicable Law and Parent complies with Section 5.4(c).

(c) Prior to Parent taking any action permitted under Section 5.4(b), Parent shall provide the Company with four (4) business days prior written notice advising the Company that it intends to effect a Parent Change of Recommendation and specifying, in reasonable detail, the reasons therefor (including the material facts and circumstances related to the applicable Parent Intervening Event), and during such four (4) business day period, (i) Parent shall negotiate, and cause its Representatives to negotiate, with the Company and its Representatives in good faith (to the extent the Company wishes to negotiate) to enable the Company to determine whether to propose revisions to the terms of this Agreement such that it would obviate the need for the Parent Board of Directors to make a Parent Change of Recommendation and (ii) Parent shall consider in good faith any proposal by the Company to amend the terms and conditions of this Agreement in a manner that would obviate the need to effect a Parent Change of Recommendation.

(d) Nothing contained in this Agreement shall prohibit Parent or the Parent Board of Directors from making any disclosure to its shareholders if the Parent Board of Directors has reasonably determined in good faith after consultation with Parent s outside legal counsel that the failure to do so would constitute a breach of the duties of the members of the Parent Board of Directors under applicable Law or that such disclosure is otherwise required under applicable Law; provided that this Section 5.4(d) shall not permit the Parent Board of Directors to make a Parent Change of Recommendation except in compliance with Section 5.4(b) and Section 5.4(c).

(e) References in this Section 5.4 to the Parent Board of Directors shall mean the Parent Board of Directors or, to the extent applicable, a duly authorized committee thereof.

Section 5.5 Preparation of the Form S-4 and the Joint Proxy Statement/Prospectus; Stockholders Meetings.

(a) As promptly as reasonably practicable following the date of this Agreement, (i) the Company and Parent shall jointly prepare and cause to be filed with the SEC the Joint Proxy Statement/Prospectus in preliminary form, and (ii) Parent shall prepare and cause to be filed with the SEC, the Form S-4 with respect to the Parent Stock issuable in the Merger, which will include the Joint Proxy Statement/Prospectus with respect to the Company Special Meeting and Parent Special Meeting. Each of the Company and Parent shall use its reasonable best efforts to (A) have the Form S-4 declared effective under the Securities Act as promptly as practicable after such filing, (B) ensure that the Form S-4 complies in all material respects with the applicable provisions of the Exchange Act or Securities Act, and (C) keep the Form S-4 effective for so long as necessary to complete the Merger. Each of the Company and

Parent shall furnish all information concerning itself, its affiliates and the holders of its shares to the other and provide such other assistance as may be reasonably requested in connection with the preparation, filing and distribution of the Form S-4 and Joint Proxy Statement/Prospectus. The Form S-4 and Joint Proxy Statement/Prospectus shall include all information reasonably requested by such other Party to be included therein. Each of the Company and Parent shall promptly notify the other upon the receipt of any comments from the SEC or any request from the SEC for amendments or supplements to the Form S-4 or Joint Proxy Statement/Prospectus or any other proxy or consent solicitation statement with respect to any meeting of the Company stockholders or Parent shareholders, and shall, as promptly as practicable after receipt thereof, provide the other with copies of all correspondence between it and its Representatives, on one hand, and the SEC, on the other hand, and all written comments with respect to the Joint Proxy Statement/Prospectus or the Form S-4 or any other proxy or consent solicitation statement with respect to any meeting of the Company stockholders or Parent shareholders received from the SEC and advise the other party or any oral comments with respect to the Joint Proxy Statement/Prospectus or the Form S-4 or any other proxy or consent solicitation statement with respect to any meeting of the Company stockholders received from the SEC. Each of the Company and Parent shall use its reasonable best efforts to respond as promptly as practicable to any comments from the SEC with respect to the Joint Proxy Statement/Prospectus, and Parent shall use its reasonable best efforts to respond as promptly as practicable to any comment from the SEC with respect to the Form S-4. Notwithstanding the foregoing, prior to filing the Form S-4 (or any amendment or supplement thereto) or mailing the Joint Proxy Statement/Prospectus (or any amendment or supplement thereto) or any other proxy or consent solicitation statement with respect to any meeting of the Company stockholders or Parent shareholders or responding to any comments of the SEC with respect thereto, each of the Company and Parent shall cooperate and provide the other a reasonable opportunity to review and comment on such document or response in advance (including the proposed final version of such document or response) and consider in good faith any comments provided by the Company or Parent or any of their respective Representatives with respect thereto. Parent shall advise the Company, promptly after it receives notice thereof, of the time of effectiveness of the Form S-4, the issuance of any stop order relating thereto or the suspension of the qualification of the Parent Stock issuable in connection with the Merger for offering or sale in any jurisdiction, and Parent shall use its reasonable best efforts to have any such stop order or suspension lifted, reversed or otherwise terminated. Parent shall also use its reasonable best efforts to take any other action required to be taken under the Securities Act, the Exchange Act, any applicable foreign or state securities or blue sky Laws and the rules and regulations thereunder in connection with the issuance of the Parent Stock in the Merger, and the Company shall furnish all information concerning the Company, the Company Subsidiaries and the holders of the Company Common Stock as may be reasonably requested in connection with any such actions.

(b) If, at any time prior to the receipt of the Company Stockholder Approval or the Parent Shareholder Approval, any information relating to the Company or Parent, respectively, or any of their respective affiliates, should be discovered by the Company or Parent which, in the reasonable judgment of the Company or Parent, respectively, should be set forth in an amendment of, or a supplement to, any of the Form S-4 or the Joint Proxy

Statement/Prospectus, so that any of such documents would not include any misstatement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Party which discovers such information shall promptly notify the other Parties, and the Company and Parent shall cooperate in the prompt filing with the SEC of any necessary amendment of, or supplement to, the Joint Proxy Statement/Prospectus or the Form S-4 and, to the extent required by Law, in disseminating the information contained in such amendment or supplement to stockholders of the Company and the shareholders of Parent. Nothing in this Section 5.5(b) shall limit the obligations of any Party under Section 5.5(a). For purposes of this Section 5.5, any information concerning or related to the Company, its affiliates or the Company Special Meeting will be deemed to have been provided by the Company, and any information concerning or related to Parent, its affiliates or the Parent Special Meeting will be deemed to have been provided by Parent.

(c) As promptly as practicable following the date of this Agreement, the Company shall, in accordance with applicable Law and the Company Governing Documents, establish a record date for, duly call, give notice of, convene and hold the Company Special Meeting. The Company shall use its reasonable best efforts to cause the Joint Proxy Statement/Prospectus to be mailed to the stockholders of the Company entitled to vote at the Company Special Meeting and to hold the Company Special Meeting as soon as practicable after the Form S-4 is declared effective under the Securities Act (or such later date as the Parties shall agree). The Company shall, through the Company Board of Directors, recommend to its stockholders that they give the Company Stockholder Approval, include such recommendation in the Joint Proxy Statement/Prospectus and solicit and use its reasonable best efforts to obtain the Company Stockholder Approval, except in each case to the extent that the Company Board of Directors shall have made a Company Change of Recommendation as permitted by Section 5.3. Notwithstanding the foregoing provisions of this Section 5.5(c), if, on a date for which the Company Special Meeting is scheduled, the Company has not received proxies representing a sufficient number of shares of Company Common Stock to obtain the Company Stockholder Approval, whether or not a quorum is present, the Company shall have the right to make one or more successive postponements or adjournments of the Company Special Meeting; provided that the Company Special Meeting is not postponed or adjourned to a date that is in the aggregate more than thirty (30) days after the date for which the Company Special Meeting was originally scheduled (other than, following consultation with Parent, any adjournments or postponements required by applicable Law, including adjournments or postponements to the extent required under applicable Law to ensure that any required supplement or amendment to the Joint Proxy Statement/Prospectus is provided or made available to the Company stockholders or to permit dissemination of information which is material to stockholders voting at the Company Special Meeting and to give the Company stockholders sufficient time to evaluate any such supplement or amendment or other information, provided that in no event shall the number of days by such the Company Special Meeting is adjourned or postponed exceed thirty (30) days in the aggregate, less the number of days by which the Company Special Meeting has been adjourned or postponed in order to obtain the Company Stockholder Approval). Once the Company has established a record date for the Company Special Meeting, the Company shall not change such record date or establish

a different record date for the Company Special Meeting without the prior written consent of Parent, unless, following consultation with Parent, required to do so by applicable Law or the Company Governing Documents. Without the prior written consent of Parent, the adoption of this Agreement shall be the only matter (other than matters of procedure and matters required by applicable Law to be voted on by the Company s stockholders in connection with the adoption of this Agreement) that the Company shall propose to be acted on by the stockholders of the Company at the Company Special Meeting.

(d) As promptly as practicable following the date of this Agreement, Parent shall, in accordance with applicable Law and the Parent Governing Documents, establish a record date for, duly call, give notice of, convene and hold the Parent Special Meeting. Parent shall use its reasonable best efforts to cause the Joint Proxy Statement/Prospectus to be mailed to the shareholders of Parent entitled to vote at the Parent Special Meeting and to hold the Parent Special Meeting as soon as practicable after the Form S-4 is declared effective under the Securities Act (or such later date as the Parties shall agree). Parent shall, through the Parent Board of Directors, recommend to its shareholders that they give the Parent Shareholder Approval, include such recommendations in the Joint Proxy Statement/Prospectus, and solicit and use its reasonable best efforts to obtain the Parent Shareholder Approval, except in each case to the extent that the Parent Board of Directors shall have made a Parent Change of Recommendation as permitted by Section 5.4. Notwithstanding the foregoing provisions of this Section 5.5(d), if, on a date for which the Parent Special Meeting is scheduled, Parent has not received proxies representing a sufficient number of shares of Parent Stock to obtain the Parent Shareholder Approval, whether or not a quorum is present, Parent shall have the right to make one or more successive postponements or adjournments of the Parent Special Meeting; provided that the Parent Special Meeting is not postponed or adjourned to a date that is in the aggregate more than thirty (30) days after the date for which the Parent Special Meeting was originally scheduled (other than, following consultation with the Company, any adjournments or postponements required by applicable Law, including adjournments or postponements to the extent reasonably necessary or advisable to ensure that any required supplement or amendment to the Joint Proxy Statement/Prospectus is provided or made available to the Parent shareholders or to permit dissemination of information which is material to stockholders voting at the Parent Special Meeting and to give the Parent shareholders sufficient time to evaluate any such supplement or amendment or other information, provided that in no event shall the number of days by which such Parent Special Meeting is adjourned or postponed exceed thirty (30) days in the aggregate, less the number of days by which the Parent Special Meeting has been adjourned or postponed in order to obtain the Parent Shareholder Approval). Once Parent has established a record date for the Parent Special Meeting, Parent shall not change such record date or establish a different record date for the Parent Special Meeting without the prior written consent of the Company, unless, following consultation with the Company, required to do so by applicable Law or the Parent Governing Documents. Without the prior written consent of Parent, the issuance of the Parent Stock in connection with the Merger shall be the only matter (other than matters of procedure and matters required by applicable Law to be voted on by the Parent s shareholders in connection with the approval of this Agreement and the Transactions) that Parent shall propose to be acted on by the shareholders of Parent at the Parent Special Meeting.

(e) The Company and Parent will use their respective reasonable best efforts to hold the Company Special Meeting and the Parent Special Meeting on the same date and as soon as reasonably practicable after the date of this Agreement.

Section 5.6 Consultation as to Certain Tax Matters. Except as set forth in Section 5.6 of the Company Disclosure Letter, prior to (a) consummating any transaction that (i) is described in clause (a), (b), (e), (g), (h), (i), (j) or (k) of Section 5.1(ii) and (ii) is not subject to Parent s consent right provided in Section 5.1(ii) on the basis that such transaction involves solely the Company and one or more Company Subsidiaries or solely Company Subsidiaries, or (b) altering any intercompany arrangements or agreements or the ownership structure among the Company and its wholly owned Subsidiaries or among the Company s wholly owned Subsidiaries, the Company shall consult with Parent reasonably prior to consummating any such transaction and shall not proceed with any such action or transaction described in clause (a) or (b) hereof without Parent s consent (not to be unreasonably conditioned, withheld or delayed) if such action or transaction would, without taking into account any action or transaction entered into by Parent or any of its Subsidiaries (including, after the Effective Time, the Company or any of its Subsidiaries), reasonably be expected to have adverse Tax consequences that, individually or in the aggregate, are material to the Company and the Company Subsidiaries or, after the Effective Time, to Parent and the Parent Subsidiaries.

ARTICLE VI.

ADDITIONAL AGREEMENTS

Section 6.1 Access; Confidentiality; Notice of Certain Events.

(a) From the date of this Agreement until the Effective Time or the date, if any, on which this Agreement is terminated pursuant to Section 8.1, to the extent permitted by applicable Law, each of the Company and Parent shall, and shall cause each of the Parent Subsidiaries and the Company Subsidiaries, respectively, to afford to the other Party and to the Representatives of such other Party reasonable access during normal business hours and upon reasonable advance notice to all of their respective properties, offices, books, contracts, commitments, personnel and records and, during such period, each of the Company and Parent shall, and shall cause each of the Company Subsidiaries and the Parent Subsidiaries, respectively, to, furnish reasonably promptly to the other Party all information (financial or otherwise) concerning its business, properties and personnel as such other Party may reasonably request. Notwithstanding the foregoing, neither the Company nor Parent shall be required by this Section 6.1 to provide the other Party or the Representatives of such other Party with access to or to disclose information (A) that such Party or its Representatives is prohibited from providing under the terms of a confidentiality agreement with a third party entered into prior to the date of this Agreement or entered into after the date of this Agreement in the ordinary course of business and not otherwise in breach of this Agreement (*provided*, *however*, that the withholding Party shall use its reasonable best efforts to obtain the required consent of such third party to such access or disclosure), (B) the disclosure of which would violate any applicable Law or legal duty (*provided*, *however*, that the withholding Party shall

use its reasonable best efforts to make appropriate substitute arrangements to permit reasonable disclosure not in violation of any such Law or duty) or (C) that is subject to any attorney-client, attorney work product or other legal privilege (*provided*, *however*, that the withholding Party shall use its reasonable best efforts to allow for such access or disclosure to the maximum extent that does not result in a loss of any such attorney-client, attorney work product or other legal privilege); *provided*, *however*, that such access and information shall be disclosed or granted, as applicable, to external counsel for Parent to the extent reasonably required for the purpose of complying with applicable Antitrust Laws or obtaining the applicable waiting period expirations or terminations, consents, clearances, waivers, licenses, registrations, permits, authorizations, orders or approvals under Antitrust Laws as contemplated by Section 6.2, in each case, subject to prior execution of a common interest or joint defense agreement in customary form. Each of the Company and Parent will use its commercially reasonable efforts to minimize any disruption to the businesses of the other Party that may result from the requests for access, data and information hereunder.

(b) Each of the Company and Parent will hold, and will cause its Representatives and affiliates to hold, any nonpublic information, including any information exchanged pursuant to this Section 6.1, in confidence to the extent required by and in accordance with the terms of the Confidentiality Agreement.

(c) No inspection by either Party or any of its respective Representatives shall affect or be deemed to modify or waive any of the representations and warranties of the other Party set forth in this Agreement.

(d) The Company shall give prompt notice to Parent, and Parent shall give prompt notice to the Company, (i) of any notice or other communication received by such Party from any Governmental Entity in connection with this Agreement, the Merger or other Transactions, or from any Person alleging that the consent of such Person is or may be required in connection with the Merger or the other Transactions, if the subject matter of such communication or the failure of such Party to obtain such consent could be material to the Company, the Surviving Corporation or Parent, (ii) of any legal proceeding commenced or, to any Party s knowledge, threatened against, such Party or any of its Subsidiaries or affiliates or otherwise relating to, involving or affecting such Party or any of its Subsidiaries or affiliates, in each case in connection with, arising from or otherwise relating to the Merger or any other Transaction, (iii) any notice or other communication received by any Party from any Person requisitioning the convening of a meeting of the shareholders of such Party and (iv) upon becoming aware of the occurrence or impending occurrence of any event or circumstance relating to it or any of the Company Subsidiaries or the Parent Subsidiaries, respectively, which would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect or a Parent Material Adverse Effect, as the case may be, or which would reasonably be expected to prevent or materially delay or impede the consummation of the Transactions; *provided*, *however*, that the delivery of any notice pursuant to this Section 6.1(d) shall not cure any breach of any representation or warranty requiring disclosure of such matter prior to the date of this Agreement or otherwise limit or affect the remedies available hereunder to any Party. The failure to deliver any such notice shall not affect any of

the conditions set forth in Article VII or give rise to any right to terminate under Article VIII, except for any such failure that constitutes a Willful Breach of this Agreement.

Section 6.2 Reasonable Best Efforts.

(a) Subject to the terms and conditions of this Agreement, each Party will use its reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under applicable Laws to consummate the Merger and the other Transactions as soon as practicable after the date hereof, including (i) preparing and filing, in consultation with the other Party and as promptly as practicable and advisable after the date hereof, all documentation to effect all necessary applications, notices, petitions, filings, and other documents and to use its reasonable best efforts to obtain as promptly as practicable all waiting period expirations or terminations, consents, clearances, waivers, licenses, orders, registrations, approvals, permits, and authorizations necessary or advisable to be obtained by such Party from any third party and/or any Governmental Entity in order to consummate the Merger or any of the other Transactions and (ii) using its reasonable best efforts to take all steps as may be necessary to obtain all such waiting period expirations or terminations, consents, clearances, waivers, licenses, registrations, permits, authorizations, orders and approvals. In furtherance and not in limitation of the foregoing, each Party agrees to make an appropriate filing of a Notification and Report Form pursuant to the HSR Act with respect to the Transactions as promptly as practicable, and in any event within ten (10) business days after the execution of this Agreement (unless a later date is mutually agreed between the Parties), and to supply as promptly as practicable and advisable any additional information and documentary material that may be requested pursuant to the HSR Act and to take all other actions necessary to cause the expiration or termination of the applicable waiting periods under the HSR Act as soon as practicable.

(b) Each of Parent and the Company shall, in connection with the efforts referenced in Section 6.2(a) to obtain all waiting period expirations or terminations, consents, clearances, waivers, licenses, orders, registrations, approvals, permits, and authorizations for the Transactions under the HSR Act or any other Antitrust Law, (i) cooperate in all respects and consult with each other in connection with any filing or submission and in connection with any investigation or other inquiry, including any proceeding initiated by a private party under any Antitrust Law, including by allowing the other Party to have a reasonable opportunity to review in advance and comment on drafts of filings and submissions; (ii) promptly inform the other Party of any communication received by such Party from, or given by such Party to, the Antitrust Division of the Department of Justice (the DOJ), the Federal Trade Commission (the FTC) or any other Governmental Entity with respect to any Antitrust Law, by promptly providing copies to the other Party of any such written communications, and of any material communication received or given in connection with any proceeding by a private party under any Antitrust Law, in each case regarding any of the Transactions *provided*, *however*, that materials may be redacted (A) to remove references concerning the valuation of Parent, Company or any of their Subsidiaries, (B) as necessary to comply with contractual arrangements, and (C) as necessary to address reasonable privilege or confidentiality concerns; and (iii) permit the other Party to review in advance any

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communication that it gives to, and consult with each other in advance of any meeting, substantive telephone call or conference with, the DOJ, the FTC or any other Governmental Entity with respect to the subject matter of this Section 6.2(b), or, in connection with any proceeding by a private party under any Antitrust Law, with any other Person (provided, however, that materials may be redacted (A) to remove references concerning the valuation of Parent, Company or any of their Subsidiaries, (B) as necessary to comply with contractual arrangements, and (C) as necessary to address reasonable privilege or confidentiality concerns), and to the extent permitted by the DOJ, the FTC or any other applicable Governmental Entity or other Person with respect to the subject matter of this Section 6.2(b), give the other Party the opportunity to attend and participate in any in-person meetings with the DOJ, the FTC or any other Governmental Entity or other Person with respect to the subject matter of this Section 6.2(b). Parent shall, on behalf of the Parties, control and lead all communications and strategy relating to the Antitrust Laws (provided that the Company is not constrained from complying with applicable Law), provided, further, that the Parties shall consult and cooperate with one another, and consider in good faith the views of one another, regarding the form and content of any analyses, appearances, presentations, memoranda, briefs, arguments, opinions and proposals made or submitted by or on behalf of either Party in connection with proceedings under or relating to any Antitrust Law prior to their submission. In furtherance and not in limitation of the foregoing, and notwithstanding anything to the contrary set forth in this Agreement (but subject to, and without limitation of, the immediately preceding sentence), Parent shall, and shall cause each of its Subsidiaries to, negotiate, effect and agree to any sale, divestiture, license, holding separate or other similar arrangement with respect to, or other disposition of or restriction on, any of their respective businesses, product lines, divisions or assets or interests therein, and take such action or actions that would in the aggregate have a similar effect, including, without limitation, agreeing to change or modify any course of conduct regarding their respective future operations or otherwise taking actions that would limit their respective freedom of action with respect to, or ability to retain, one or more of their respective businesses, product lines, divisions or assets or interests therein, in each case, solely to the minimum extent necessary so as to permit and cause the condition set forth in Section 7.1(d) to be satisfied by the Outside Date; provided, however, that notwithstanding anything in this Agreement to the contrary, in no event shall Parent or any Parent Subsidiary be required to consummate any such sale, divestiture, license, holding separate, other similar arrangement or disposition or accept any such restriction or take any such action or actions prior to the Closing. In furtherance of the immediately preceding sentence, Parent shall take any and all actions necessary in order to ensure that (x) no requirement for non-action, a waiver, consent or approval of the FTC, the DOJ, any State Attorney General or other Governmental Entity, in each case, with respect to any Antitrust Law, (y) no decree, judgment, injunction, temporary restraining order or any other order in any suit or proceeding with respect to any Antitrust Law, and (z) no other matter relating to any Antitrust Law, would preclude satisfaction of the condition set forth in Section 7.1(d) by the Outside Date. The Company shall agree if, but solely if, requested by Parent so as to permit and cause the condition set forth in Section 7.1(d) to be satisfied as promptly as practicable after the date of this Agreement (but in any event not later than the Outside Date), to effect and agree to any sale, divestiture, license, holding separate or other similar arrangement with respect to, or other disposition of or restriction on, any of its businesses,

product lines, divisions or assets or interests therein, and take such action or actions that would in the aggregate have a similar effect; provided, however, that notwithstanding anything in this Agreement to the contrary, any such sale, divestiture, license, holding separate, other similar arrangement, disposition, restriction or action or actions is expressly consented to in writing by Parent and is conditioned upon, and shall become effective only from and after, the Closing.

(c) Each of Parent and the Company shall use its reasonable best efforts to obtain the expiration or termination of all waiting periods and all consents, waivers, authorizations and approvals of all third parties, including Governmental Entities, necessary, proper or advisable for the consummation of the Transactions and to provide any notices to third parties required to be provided prior to the Effective Time; provided that, without the prior written consent of Parent, the Company shall not incur any significant expense or liability, enter into any significant new commitment or agreement or agree to any significant modification to any contractual arrangement to obtain such consents or certificates in each case, that would have a Company Material Adverse Effect.

Section 6.3 Publicity. So long as this Agreement is in effect, neither the Company nor Parent, nor any of their respective affiliates, shall issue or cause the publication of any press release or other public announcement with respect to the Merger or this Agreement without the prior consent of the other Party, unless such Party determines, after consultation with outside counsel, that it is required by applicable Law or by any listing agreement with or the listing rules of a national securities exchange or trading market to issue or cause the publication of any press release or other public announcement with respect to the Merger, this Agreement or the other Transactions, in which event such Party shall endeavor, on a basis reasonable under the circumstances, to provide a meaningful opportunity to the other Party to review and comment upon such press release or other announcement as far in advance as practicable and shall give due consideration to all reasonable additions, deletions or changes suggested thereto; provided, however, that (i) without limiting any of its obligations under Section 5.3, the Company shall not be required by this Section 6.3 to provide any such review or comment to Parent in connection with the receipt and existence of a Company Competing Proposal or a Company Change of Recommendation and matters related thereto and (ii) without limiting any of its obligations under Section 5.4, Parent shall not be required by this Section 6.3 to provide any such review or comment to the Company in connection with a Parent Change of Recommendation and matters related thereto; provided, further, each Party and their respective affiliates may make statements that substantially reiterate (and are not inconsistent with) previous press releases, public disclosures or public statements made by Parent and the Company in compliance with this Section 6.3.

Section 6.4 Directors and Officers Insurance and Indemnification. For not less than six (6) years from and after the Effective Time, Parent shall cause the Surviving Corporation to indemnify and hold harmless all past and present directors and officers of the Company and the Company Subsidiaries (collectively, the Indemnified Parties) against any costs or expenses (including advancing reasonable attorneys fees and expenses in advance of the final disposition of any actual or threatened claim, suit, proceeding or investigation to each

Indemnified Party to the fullest extent permitted by Law; provided such Indemnified Party agrees in advance to return any such funds to which a court of competent jurisdiction has determined in a final, nonappealable judgment such Indemnified Party is not ultimately entitled), judgments, fines, losses, claims, damages, liabilities and amounts paid in settlement in connection with any actual or threatened claim, action, investigation, suit or proceeding in respect of acts or omissions occurring or alleged to have occurred at or prior to the Effective

Time (including acts or omissions occurring in connection with the approval of this Agreement and the consummation of the Merger or any of the other Transactions), whether asserted or claimed prior to, at or after the Effective Time, in connection with such persons serving as an officer or director of the Company or any of the Company Subsidiaries or of any Person serving at the request of the Company or any of the Company Subsidiaries as a director, officer, employee or agent of another Person, to the fullest extent permitted by Law or provided pursuant to the Company Governing Documents or the organizational documents of any Company Subsidiary or any indemnification agreements, if any, in existence on the date of this Agreement. The Parties agree that for six years after the Effective Time all rights to elimination or limitation of liability, indemnification and advancement of expenses for acts or omissions occurring or alleged to have occurred at or prior to the Effective Time, whether asserted or claimed prior to, at or after the Effective Time, now existing in favor of the Indemnified Parties as provided in their respective certificate of incorporation or by-laws (or comparable organizational documents) or in any agreement shall survive the Merger and shall continue in full force and effect. For six years after the Effective Time, the Surviving Corporation shall cause to be maintained in effect the provisions in (i) the Company Governing Documents and the organizational documents of any Company Subsidiary and (ii) any other agreements of the Company and the Company Subsidiaries with any Indemnified Party, in each case, regarding elimination or limitation of liability, indemnification of officers, directors, employees and agents or other fiduciaries and advancement of expenses that are in existence on the date of this Agreement, and no such provision shall be amended, modified or repealed in any manner that would adversely affect the rights or protections thereunder of any such Indemnified Party in respect of acts or omissions occurring or alleged to have occurred at or prior to the Effective Time (including acts or omissions occurring in connection with the approval of this Agreement and the consummation of the Merger or any of the other Transactions) without the consent of such Indemnified Party. Parent shall cause the Surviving Corporation to provide, for an aggregate period of not less than six (6) years from the Effective Time, the Company s current directors and officers an insurance and indemnification policy that provides coverage for events occurring prior to the Effective Time (the D&O Insurance) that is no less favorable than the Company s existing policy as of the date of this Agreement or, if insurance coverage that is no less favorable is unavailable, the best available coverage; *provided*, *however*, that the Surviving Corporation shall not be required to pay an annual premium for the D&O Insurance in excess of three hundred percent (300%) of the last annual premium paid prior to the date of this Agreement or, if less, the cost of a policy providing coverage on the same terms as the Company s existing policy as of the date of this Agreement; *provided*, *further*, that the Company may prior to the Effective Time substitute therefor a single premium tail coverage with respect to D&O Insurance with an annual cost not in excess of three hundred percent (300%) of the last annual premium paid prior to the date of this Agreement. Notwithstanding

anything in this Section 6.4 to the contrary, if any Indemnified Party notifies Parent on or prior to the sixth anniversary of the Effective Time of a matter in respect of which such Person may seek indemnification pursuant to this Section 6.4, the provisions of this Section 6.4 that require the Surviving Corporation to indemnify and advance expenses shall continue in effect with respect to such matter until the final disposition of all claims, actions, investigations, suits and proceedings relating thereto. In the event Parent or the Surviving Corporation or any of their respective successors or assigns (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers all or substantially all of its properties and assets to any Person, then, and in each such case, proper provision shall be made so that the successors and assigns of Parent or the Surviving Corporation, as the case may be, shall assume the obligations set forth in this Section 6.4. The rights and obligations under this Section 6.4 shall survive consummation of the Merger and shall not be terminated or amended in a manner that is adverse to any Indemnified Party without the written consent of such Indemnified Party.

Section 6.5 Takeover Statutes. The Parties shall (a) take all action necessary so that no Takeover Statute or, in the case of the Company, any similar provision of the Company Governing Documents, is or becomes applicable to the Merger or any of the other Transactions and (b) if any such Takeover Statute or, in the case of the Company, any similar provision of the Company Governing Documents, is or becomes applicable to any of the foregoing, to take all action necessary so that the Merger and the other Transactions may be consummated as promptly as practicable on the terms contemplated by this Agreement and otherwise to eliminate or minimize the effect of such Takeover Statute on the Merger and the other Transactions.

Section 6.6 Obligations of Merger Sub. Parent shall take all action necessary to cause each of Merger Sub and the Surviving Corporation to perform their respective obligations under this Agreement and to cause Merger Sub to consummate the Transactions, including the Merger, upon the terms and subject to the conditions set forth in this Agreement.

Section 6.7 Employee Benefits Matters.

(a) Parent shall, or shall cause the Surviving Corporation to, assume, honor and fulfill all of the Company Benefit Plans in accordance with their terms as in effect immediately prior to the date of this Agreement or as subsequently amended as permitted pursuant to the terms of such Company Benefit Plans. Effective as of the Effective Time Parent shall provide, or shall cause the Surviving Corporation to provide, to each employee of the Company and/or its Subsidiaries who continues to be employed by the Parent or the Surviving Corporation or any Subsidiary thereof (the Continuing Employees), (i) for the one (1) year period immediately following the Effective Time, base salary (or wages) that is not less favorable than the base salary (or wages) provided by the Company immediately prior to the Effective Time, and (ii) from the Effective Time through December 31, 2015 (x) annual cash bonus opportunities and (y) employee benefits (excluding equity-based compensation) in the aggregate, that are, in each of (x) and (y), no less favorable than those provided by the Company immediately prior to the Effective Time. Effective as of the Effective Time and

thereafter, Parent shall provide, or shall cause the Surviving Corporation to provide, that periods of employment with the Company (including any current or former affiliate of the Company or any predecessor of the Company to the extent recognized by the Company) shall be taken into account for all purposes under all employee benefit plans maintained by Parent or an affiliate of Parent for the benefit of the Continuing Employees, including vacation or other paid-time-off plans or arrangements, 401(k), pension or other retirement plans and any severance or health or welfare plans (other than for purposes of determining any accrued benefit under any defined benefit pension plan or as would result in a duplication of benefits).

(b) Effective as of the Effective Time and thereafter, Parent shall, and shall cause the Surviving Corporation to, (i) ensure that no eligibility waiting periods, actively-at-work requirements or pre-existing condition limitations or exclusions shall apply with respect to the Continuing Employees under the applicable health and welfare benefits plan of Parent or any affiliate of Parent (except to the extent applicable under Company Benefit Plans immediately prior to the Effective Time), (ii) waive any and all evidence of insurability requirements with respect to such Continuing Employees to the extent such evidence of insurability requirements were not applicable to the Continuing Employees under the Company Benefit Plans immediately prior to the Effective Time, and (iii) credit each Continuing Employee with all deductible payments, out-of-pocket or other co-payments paid by such employee under the Company Benefit Plans prior to the Closing Date during the year in which the Closing occurs for the purpose of determining the extent to which any such employee has satisfied his or her deductible and whether he or she has reached the out-of-pocket maximum under any health benefit plan of Parent or an affiliate of Parent for such year. The Merger shall not affect any Continuing Employee s accrual of, or right to use, in accordance with Company policy as in effect immediately prior to the Effective Time, any personal, sick, vacation or other paid-time-off accrued but unused by such Continuing Employee immediately prior to the Effective Time.

(c) If requested by Parent in writing delivered to the Company not less than ten (10) business days before the Closing Date, the Company Board of Directors (or the appropriate committee thereof) shall adopt resolutions and take such corporate action as is necessary to terminate any 401(k) plans maintained by the Company or any of its Subsidiaries (collectively, the Company 401(k) Plans), effective as of the day prior to the Closing Date. Following the Effective Time and as soon as practicable following receipt of a favorable determination letters from the IRS on the termination of the Company 401(k) Plans, the assets thereof shall be distributed to the participants, and Parent or the Surviving Corporation shall, to the extent permitted by Parent s or the Surviving Corporation s applicable 401(k) plan (collectively, the Parent 401(k) Plan), permit the Continuing Employees who are then actively employed to make rollover contributions of eligible rollover distributions (within the meaning of Section 401(a)(31) of the Code, but not inclusive of loans), in the form of cash, in an amount equal to the full account balance (excluding loans) distributed to such Continuing Employees from the Company 401(k) Plans to the Parent 401(k) Plan.

(d) Nothing in this Agreement shall confer upon any Continuing Employee any right to continue in the employ or service of Parent, the Surviving Corporation or any affiliate

of Parent, or shall interfere with or restrict in any way the rights of Parent, the Surviving Corporation or any affiliate of Parent, which rights are hereby expressly reserved, to discharge or terminate the services of any Continuing Employee at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between Parent, the Surviving Corporation, the Company or any affiliate of Parent and the Continuing Employee or any severance, benefit or other applicable plan or program covering such Continuing Employee. Notwithstanding any provision in this Agreement to the contrary, nothing in this Section 6.7 shall (i) be deemed or construed to be an amendment or other modification of any Company Benefit Plan or employee benefit plan of Merger Sub, (ii) create any third party rights in any current or former service provider of the Company or its affiliates (or any beneficiaries or dependents thereof), or (iii) alter or limit the ability of the Surviving Corporation, Parent or any of their respective affiliates to amend, modify or terminate any Company Benefit Plan or other employee benefit, program, agreement or arrangement at any time assumed, established, sponsored or maintained by any of them.

(e) No later than thirty (30) business days following the date of this Agreement, the Company shall deliver to Parent a list of each disqualified individual (as defined in Section 280G of the Code) of the Company and its Subsidiaries and (i) the Company s reasonable, good faith estimate of the maximum amount (separately identifying single and double-trigger amounts and tax gross-up payments, if any) that could be paid to such disqualified individual as a result of any of the transactions contemplated by this Agreement (alone or in combination with any other event), (ii) the base amount (as defined in Section 280G(b)(3) of the Code) for each such disqualified individual and (iii) underlying documentation on which such calculations are based. Such information shall be updated and delivered to Parent not later than twenty (20) business days prior to the anticipated Closing Date.

(f) The Company shall provide Parent with a copy of any material written communications intended for broad-based and general distribution to any current or former employees of the Company or any of the Company Subsidiaries if such communications relate to any of the Transactions, and will provide Parent with a reasonable opportunity to review and comment on such communications prior to distribution.

Section 6.8 Rule 16b-3. Prior to the Effective Time, the Company and Parent shall, as applicable, take all such steps as may be reasonably necessary or advisable hereto to cause any dispositions of Company equity securities (including derivative securities) and acquisitions of Parent equity securities pursuant to the Transactions contemplated by this Agreement by each individual who is a director or officer of the Company subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to the Company to be exempt under Rule 16b-3 promulgated under the Exchange Act.

Section 6.9 Security Holder Litigation. Each Party shall provide the other Party prompt oral notice (but in any event within twenty-four (24) hours) of any litigation brought or threatened by any stockholder of that Party against such Party, any of its Subsidiaries and/or any of their respective directors or officers relating to the Merger, this Agreement or any of the Transactions. Unless, in the case of such litigation with respect to the Company, the

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Company Board of Directors has made a Company Change of Recommendation, the Company shall give Parent the opportunity to participate (at Parent s expense) in the defense, prosecution or settlement of any such litigation, and the Company shall not offer to settle any such litigation, nor shall any such settlement be agreed to without Parent s prior written consent. In the event of, and to the extent of, any conflict or overlap between the provisions of this Section 6.9 and Section 5.1 or Section 6.2, the provisions of this Section 6.9 shall control.

Section 6.10 Delisting. Each of the Parties agrees to cooperate with the other Parties in taking, or causing to be taken, all actions necessary to delist the Company Common Stock from the NYSE and terminate its registration under the Exchange Act, *provided* that such delisting and termination shall not be effective until after the Effective Time.

Section 6.11 Director Resignations. The Company shall use its reasonable best efforts to cause to be delivered to Parent resignations executed by each director of the Company in office as of immediately prior to the Effective Time and effective upon the Effective Time.

Section 6.12 Stock Exchange Listing. Parent shall use its reasonable best efforts to cause the shares of Parent Stock to be issued in the Merger to be approved for listing on the NYSE, subject to official notice of issuance, prior to the Effective Time.

Section 6.13 The Company s Financing Cooperation. The Company agrees to, and to cause its Subsidiaries to, use reasonable best efforts to provide such assistance (and to use reasonable best efforts to cause its and their respective personnel and advisors to provide such assistance) with respect to the Financing as is reasonably requested by Parent, including using reasonable best efforts with respect to: (i) participation in, and assistance with, the marketing efforts related to the Financing; (ii) delivery to Parent and its Financing Sources as promptly as reasonably practicable of the Financing Deliverables; (iii) furnishing the Parent and its Financing Sources with (A)(I) audited consolidated balance sheets and related statements of income and cash flows of the Company for the three most recently completed fiscal years ended at least sixty (60) days prior to the Closing Date, (II) unaudited consolidated balance sheets and related statements of income and cash flows of the Company for each subsequent fiscal quarter ended at least forty (40) days prior to the Closing Date (but excluding the fourth quarter of any fiscal year); and (III) as promptly as practical after requested by Parent, any additional audited and unaudited financial statements with respect to the businesses acquired by the Company required by Rule 3-05(b)(2) of Regulation S-X under the Securities Act as applicable to a registration statement filed with the SEC on Form S-1 by Parent (assuming the consummation of the Transactions); and (B) as promptly as practical after requested by Parent, all financial statements, financial data, audit reports and other information with respect to the Company and its Subsidiaries of the type required by Regulation S-X and Regulation S-K under the Securities Act and other accounting rules and regulations of the SEC as may reasonably be requested by Parent and of the type and form required in registration statements filed with the SEC on Form S-1 by Parent (assuming the consummation of the Transactions) (the information and documents in clauses (A) and (B), collectively, the Required Financial Information); (iv) cause its independent auditors to cooperate with the Financing consistent

with their customary practice, including by participating in a reasonable number of drafting sessions, providing customary comfort letters (including customary negative assurances) and customary assistance with the due diligence activities of Parent and the Financing Sources (including by participating in a reasonable number of accounting due diligence sessions), and customary consents to the inclusion of audit reports in any relevant marketing materials, registration statements and related government filings; (v) ensuring that the Financing benefits from the existing lending relationships of the Company and the Company Subsidiaries; (vi) assisting Parent and the Financing Sources in the preparation of (A) offering documents, prospectuses, registration statements, syndication documents and materials, including bank information memoranda (confidential and public), private placement memoranda, offering memoranda, lender and investor, presentations and similar documents for the Financing and (B) materials for rating agency presentations, and similar documents in connection with the Financing; (vii) executing and delivering customary definitive financing documents to the extent reasonably requested by Parent, including certificates, and other documents, to the extent reasonably requested by Parent and (viii) providing customary projected financial information relating only to the Company and the Company Subsidiaries as reasonably requested by Parent to permit Parent to prepare customary projected financial information relating to Parent (to be prepared on pro forma basis assuming the consummation of the Transactions) which are customarily required by financing sources for the syndication of credit facilities similar to those described in the Debt Commitment Letter; provided that the effectiveness of any definitive documentation executed by the Company or any Company Subsidiary shall be subject to the consummation of the Merger. The Company hereby consents to the use of all of its and its Subsidiaries logos in connection with the Financing, provided that such logos are used solely in a manner that is not intended to or reasonably likely to harm or disparage the Company or the Company Subsidiaries or the reputation or goodwill of the Company or any Company Subsidiary. Notwithstanding any other provision set forth herein or in any other agreement between the Company and Parent (or its affiliates), the Company agrees that Parent and its affiliates may share customary projections with respect to the Company and its business with the Financing Sources identified in the Debt Commitment Letter, and that Parent, its affiliates and such Financing Sources may share such information with potential Financing Sources in connection with any marketing efforts in connection with the Financing, provided that the recipients of such information agree to customary confidentiality arrangements. Notwithstanding anything to the contrary in this Agreement, none of the Company, any of its Subsidiaries or any of its or their respective directors or officers or other personnel shall be required by this Section 6.13 (1) to take any action or provide any assistance that unreasonably interferes with the ongoing operations of the Company and the Company Subsidiaries; (2) to pass resolutions or consents to approve or authorize the execution of the Financing or the Debt Financing Documents prior to the Effective Time (other than customary authorization and representation letters provided in connection with offering documents); or (3) to execute or deliver any certificate, document, instrument or agreement that is effective prior to the Closing or agree to any change or modification of any existing certificate, document, instrument or agreement that is effective prior to the Closing (other than a payoff letter with respect to the Credit Agreement). Parent shall (1) promptly upon request by the Company, reimburse the Company for all reasonable and documented out-of-pocket costs and expenses (including reasonable attorneys fees)

incurred by the Company or any Company Subsidiary in connection with providing the assistance contemplated by this Section 6.13 and (2) indemnify and hold harmless the Company and the Company Subsidiaries and its and their respective directors, officers, personnel and advisors from and against any and all liabilities, losses, damages, claims, costs, expenses (including attorneys fees), interest, awards, judgments and penalties suffered or incurred in connection with the Financing or any assistance or activities in connection therewith (other than (x) arising from fraud, intentional misrepresentation, misstatements or omissions on the part of the Company or any of its affiliates or (y) written historical information of the type prepared by the Company or any of its affiliates in the ordinary course of business that is provided by the Company or any of its affiliates).

Section 6.14 Parent s Financing Obligation.

(a) Parent shall take, or use its reasonable best efforts to cause to be taken, all actions and do, or use its reasonable best efforts to cause to be done, all things necessary to obtain the Financing on or prior to the Closing Date on the terms and conditions set forth in the Debt Commitment Letter, including: (a) maintaining in effect and enforcing the Debt Commitment Letter and complying with its obligations thereunder; *provided*, that the Debt Commitment Letter may be amended, supplemented, modified and replaced as permitted pursuant to this Section 6.14; (b) participation by senior management of Parent in, and assistance with, the preparation of rating agency presentations and meetings with rating agencies; (c) satisfying on a timely basis all conditions to the Financing (including the Financing Conditions) set forth in the Debt Commitment Letter that are within Parent s control; (d) negotiating, executing and delivering Debt Financing Documents that reflect the terms contained in the Debt Commitment Letter (including any market flex provisions related thereto); and (e) subject to Section 1.5, drawing the full amount of the Financing, in the event that the conditions set forth in Section 7.1 and Section 7.2, and the Financing Conditions, have been satisfied or upon funding would be satisfied. Parent shall give the Company prompt notice of any breach or threatened breach by any party to the Debt Commitment Letter of which Parent becomes aware. Without limiting Parent s other obligations under this Section 6.14, if a Financing Failure Event occurs Parent shall (i) immediately notify the Company of such Financing Failure Event and the reasons therefor, (ii) in consultation with the Company, use its reasonable best efforts to obtain alternative financing from alternative Financing Sources on terms (including conditionality, structure, covenants and pricing) not materially less beneficial to the Company and Parent, with lenders reasonably satisfactory to Parent, in an amount sufficient to consummate the Transactions, as promptly as practicable following the occurrence of such event, and (iii) obtain, and when obtained, provide the Company with a copy of, a new financing commitment that provides for such alternative financing. Parent shall not, without the Company s prior written consent, agree to any amendment or modification to, or any waiver of any provision or remedy under, the Debt Commitment Letter or any Debt Financing Document unless the terms and conditions thereof, as so amended, modified or waived, are in the aggregate at least as favorable to the Company and Parent as those contained therein prior to giving effect to such amendment, modification or waiver; *provided*, that Parent and Merger Sub may, without the Company s prior written consent, (x) enter into any amendment, replacement, supplement or

other modification to or waiver of any provision of the Debt Commitment Letter that would not reasonably be expected to prevent, materially delay or materially impede the timely consummation of the Financing or the Merger, (y) replace or amend the Debt Commitment Letter solely to add lenders, lead arrangers, bookrunners, syndication agents or similar entities that have not executed the Debt Commitment Letter as of the date hereof and (z) implement or exercise the flex provisions contained in one or more fee letters related to the Financing. Notwithstanding the foregoing, the parties hereto agree that the following would reasonably be expected to prevent, materially delay or materially impede the timely consummation of the Financing or the Merger: (i) any amendment, modification or waiver of the conditions to obtaining the Financing, unless such amendment, modification or waiver results in conditions that are in the aggregate substantially equivalent (or that are more favorable to the Company and Parent), (ii) any amendment, modification or waiver that reduces the amount of the Financing or (iii) any amendment, modification or waiver that materially adversely affects the ability of Parent or its affiliates to enforce their rights against the other parties to the Debt Commitment Letter. Parent shall keep the Company reasonably informed on a reasonably current basis of the status of its efforts to obtain the Financing.

(b) Notwithstanding any other provision in this Agreement, Parent shall have the right to substitute the proceeds of consummated equity or equity-linked offerings or debt offerings or other incurrences of debt (including unsecured notes) for all or any portion of the Financing by reducing commitments under the Debt Commitment Letter; provided, that to the extent any such debt has a scheduled special or mandatory redemption right, such right is not exercisable prior to the earlier of the consummation of the Transactions on the Closing Date, the termination of this Agreement or the Outside Date as applicable (for the avoidance of doubt as it may be extended pursuant to this Agreement). Further, Parent shall have the right to substitute commitments in respect of other debt financing for all or any portion of the Financing from the same and/or alternative bona fide third-party financing sources so long as (i) all conditions precedent to effectiveness of definitive documentation for such debt financing have been satisfied and the conditions precedent to funding of such debt financing are in the aggregate, in respect of certainty of funding, substantially equivalent to (or more favorable to the Company than) the Financing Conditions, and (ii) prior to funding of any loans thereunder, the commitments in respect of such debt financing are subject to restrictions on assignment which are in the aggregate substantially equivalent to or more favorable to the Company than the corresponding restrictions set forth in the Debt Commitment Letter (any such debt or equity financing which satisfies the foregoing clauses (i) and (ii), the Replacement Financing ; the definitive documentation for any such Replacement Financing, the Replacement Financing Documents). The representations, warranties, covenants and other restrictions of Parent and Merger Sub contained in this Agreement with respect to the Financing and the Debt Commitment Letter shall apply equally to any Replacement Financing and Replacement Financing Documents.

Section 6.15 Parent Board Representation. Parent shall take such actions as are necessary to cause two (2) individuals who are members of the Company Board of Directors as of immediately prior to the Effective Time to become members of the Parent Board of Directors immediately after the Effective Time. Any new members appointed to the Parent

Board of Directors in accordance with this Section 6.15 shall be selected by the Governance Committee of the Parent Board of Directors, after consulting with the Company, pursuant to the director nomination process set forth in Parent s proxy statement on Schedule 14A filed with the SEC on March 28, 2014, to serve on the Parent Board of Directors, initially, until the next annual meeting of Parent s shareholders in accordance with the Parent Governing Documents, and who shall also be nominated by the Parent Board of Directors for election (or re-election) to the Parent Board of Directors at the next annual meeting of Parent s shareholders in accordance with the Parent Governing Documents, to serve until the next subsequent annual meeting of the Parent s shareholders and until their respective successors are duly elected and qualify.

Section 6.16 Irish Stamp Duty. Parent shall seek confirmation from the Irish Revenue Commissioners that, on the basis that the Merger and the vesting in the holders of Company Shares of the Stock Consideration Portion of the Merger Consideration shall occur by operation of the DGCL, no Irish stamp duty shall apply on the issuance to the holders of Company Shares of the Stock Consideration Portion of the Merger Consideration pursuant to the Merger.

ARTICLE VII.

CONDITIONS TO CONSUMMATION OF THE MERGER

Section 7.1 Conditions to Each Party s Obligations to Effect the Merger. The respective obligations of each Party to effect the Merger shall be subject to the satisfaction at the Effective Time of each of the following conditions, any and all of which may be waived in whole or in part by Parent and the Company, as the case may be, to the extent permitted by applicable Law:

(a) Stockholder Approval. Each of the Company Stockholder Approval and the Parent Shareholder Approval shall have been obtained;

(b) Registration Statement. The Form S-4 shall have become effective in accordance with the provisions of the Securities Act and no stop order suspending the effectiveness of the Form S-4 shall have been issued by the SEC and remain in effect and no proceeding to that effect shall have been commenced or threatened unless subsequently withdrawn;

(c) Adverse Laws or Orders. No Adverse Law or Order shall have occurred;

(d) Required Antitrust Clearances. (i) All applicable waiting periods (or extensions thereof) relating to the Merger under the HSR Act and the Antitrust Laws of any of the Requisite Jurisdictions shall have expired or been terminated, and all pre-closing approvals or clearances reasonably required thereunder shall have been obtained, and (ii) no order, judgment or decree shall have been issued by, and no legal proceeding shall have been threatened in writing by or pending before, a Governmental Entity under any Antitrust Law of

the United States or any Requisite Jurisdiction, in each case, against the Company, Parent or Merger Sub that is reasonably likely to temporarily or permanently enjoin, restrain or prevent the consummation of the Merger; and

(e) Listing. The shares of Parent Stock to be issued in the Merger shall have been approved for listing on the NYSE, subject to official notice of issuance.

Section 7.2 Conditions to Obligations of Parent and Merger Sub. The obligations of Parent and Merger Sub to effect the Merger are also subject to the satisfaction (or waiver (in writing) by Parent) at the Effective Time of each of the following additional conditions:

(a) Representations and Warranties. (i) The representations and warranties of the Company set forth in Section 3.10(a) shall be true and correct in all respects, (ii) the representations and warranties of the Company set forth in Section 3.1, Section 3.2(a), Section 3.2(b), Section 3.2(c), Section 3.3(a), Section 3.19 and Section 3.22 (without giving effect to any qualification as to materiality or Company Material Adverse Effect contained therein) shall be true and correct in all material respects as of the date of this Agreement and as of the Closing as though made on and as of the Closing (except that representations and warranties that by their terms speak specifically as of the date of this Agreement or another date shall be true and correct in all material respects as of such date) and (iii) each of the other representations and warranties of the Company set forth in this Agreement shall be true and correct as of the date of this Agreement and as of the Closing as though made on and as of the Closing (except that representations and warranties that by their terms speak specifically as of the date of this Agreement or another date shall be true and correct as of such date), except, in the case of this clause (iii), where any failures of any such representations and warranties to be true and correct (without giving effect to any qualification as to materiality or Company Material Adverse Effect contained therein) would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect; and Parent shall have received a certificate signed on behalf of the Company by a duly authorized executive officer of the Company to the foregoing effect;

(b) Performance of Obligations of the Company. The Company shall have performed or complied in all material respects with the covenants and agreements required to be performed or complied with by it under this Agreement at or prior to the Effective Time; and Parent shall have received a certificate signed on behalf of the Company by a duly authorized executive officer of the Company to such effect; and

(c) No Company Material Adverse Effect. Since the date of this Agreement, no Company Material Adverse Effect shall have occurred and be continuing.

Section 7.3 Conditions to Obligations of the Company. The obligations of the Company to effect the Merger are also subject to the satisfaction (or waiver (in writing) by the Company) at the Effective Time of each of the following additional conditions:

(a) Representations and Warranties. (i) The representations and warranties of Parent set forth in Section 4.10(a) shall be true and correct in all respects, (ii) the

representations and warranties of Parent and Merger Sub set forth in Section 4.1, Section 4.2(a), Section 4.2(b), Section 4.2(c), Section 4.3(a), Section 4.19 and Section 4.22 (without giving effect to any qualification as to materiality or Parent Material Adverse Effect contained therein) shall be true and correct in all material respects as of the date of this Agreement and as of the Closing as though made on and as of the Closing (except that representations and warranties that by their terms speak specifically as of the date of this Agreement or another date shall be true and correct in all material respects as of such date) and (iii) each of the other representations and warranties of Parent and Merger Sub set forth in this Agreement shall be true and correct as of the date of this Agreement and as of the Closing as though made on and as of the Closing (except that representations and warranties that by their terms speak specifically as of the date of this Agreement or another date shall be true and correct as of such date), except, in the case of this clause (iii), where any failures of any such representations and warranties to be true and correct (without giving effect to any qualification as to materiality or Parent Material Adverse Effect contained therein) would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect; and the Company shall have received a certificate signed on behalf of Parent by a duly authorized executive officer of Parent to the foregoing effect;

(b) Performance of Obligations of Parent and Merger Sub. Parent and Merger Sub shall have performed or complied in all material respects with the covenants and agreements required to be performed or complied with by them under this Agreement at or prior to the Effective Time, and the Company shall have received a certificate signed on behalf of Parent by a duly authorized executive officer of Parent to such effect; and

(c) No Parent Material Adverse Effect. Since the date of this Agreement no Parent Material Adverse Effect shall have occurred and be continuing.

ARTICLE VIII.

TERMINATION

Section 8.1 Termination. This Agreement may be terminated and the Merger and the other Transactions may be abandoned at any time prior to the Effective Time as follows:

(a) by mutual written consent of Parent and the Company;

(b) by either Parent or the Company, prior to the Effective Time, if there has been a breach by the Company, on the one hand, or Parent or Merger Sub, on the other hand, of any representation, warranty, covenant or agreement set forth in this Agreement, which breach would result in the conditions in Section 7.2(a) or (b), in the case of a breach by the Company, or Section 7.3(a) or (b), in the case of a breach by Parent and Merger Sub, in each case, not being satisfied (and such breach is not curable prior to the Outside Date, or if curable prior to the Outside Date, has not been cured within the earlier of (i) thirty (30) calendar days after the receipt of notice thereof by the breaching Party from the non-breaching Party or (ii) three (3) business days before the Outside Date); provided, however, this Agreement may not be terminated pursuant to this Section 8.1(b) by any Party if such Party is then in material breach of any representation, warranty, covenant or agreement set forth in this Agreement;

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(c) by either Parent or the Company, if the Effective Time shall not have occurred by 5:00 p.m., Eastern Time, on September 30, 2015 (the Outside Date); provided that if on such date all of the conditions set forth in Article VII have been satisfied or waived (other than the conditions set forth in Section 7.1(d) and those conditions that by their nature can only be satisfied at the Closing), then the Outside Date shall be extended to 5:00 p.m. Eastern Time on the first anniversary of the date of this Agreement; provided, however, that the right to terminate this Agreement pursuant to this Section 8.1(c) shall not be available to any Party whose breach of any representation, warranty, covenant or agreement set forth in this Agreement has been the cause of, or resulted in the Effective Time not occurring prior to the Outside Date;

(d) by Parent, if, at any time prior to the receipt of the Company Stockholder Approval, the Company Board of Directors shall have effected a Company Change of Recommendation; provided that Parent s right to terminate this Agreement pursuant to this Section 8.1(d) shall expire at 5:00 p.m. (Eastern Time) on the twentieth (20th) business day following the date on which such Company Change of Recommendation occurs;

(e) by the Company, if, at any time prior to the receipt of the Parent Shareholder Approval, the Parent Board of Directors shall have effected a Parent Change of Recommendation; provided that the Company s right to terminate this Agreement pursuant to this Section 8.1(e) shall expire at 5:00 p.m. (Eastern Time) on the twentieth (20th) business day following the date on which such Parent Change of Recommendation occurs;

(f) by either the Company or Parent if a Governmental Entity of competent jurisdiction shall have issued a final, non-appealable order, injunction, decree, ruling or Law in each case permanently restraining, enjoining or otherwise prohibiting the consummation of the Merger;

(g) by either the Company or Parent, if the Company Stockholder Approval shall not have been obtained at the Company Special Meeting or at any adjournment or postponement thereof, in each case at which a vote on such approval was taken;

(h) by either Parent or the Company, if the Parent Shareholder Approval shall not have been obtained at the Parent Special Meeting or at any adjournment or postponement thereof, in each case at which a vote on such approval was taken; or

(i) by the Company, if, at any time prior to the receipt of the Company Stockholder Approval, the Company Board of Directors shall have (i) effected a Company Change of Recommendation in accordance with Section 5.3(d)(ii) in order to accept a Company Superior Proposal, (ii) entered into a Superior Proposal Acquisition Agreement with respect to such Company Superior Proposal concurrently with the termination of this Agreement in accordance with this Section 8.1(i) and (iii) paid the Company Termination Fee to Parent in accordance with Section 8.2(b)(ii).

Section 8.2 Effect of Termination.

(a) In the event of the termination of this Agreement as provided in Section 8.1, written notice thereof shall forthwith be given to the other Party or Parties specifying the provision hereof pursuant to which such termination is made, and this Agreement shall forthwith become null and void and there shall be no liability on the part of Parent, Merger Sub or the Company, except that the Confidentiality Agreement, this Section 8.2 and Section 9.3 through Section 9.13, Section 9.14(d) and Section 9.15 shall survive such termination; provided, however, that subject to Section 8.2(d), nothing herein shall relieve any Party from liability for a Willful Breach of its representations, warranties, covenants or agreements set forth in this Agreement prior to such termination (which the Parties acknowledge and agree shall not be limited to reimbursement of expenses or out-of pocket costs, and may, if proven by the relevant Party and awarded by the court, include the benefit of the bargain lost by (x) the Company or its stockholders (taking into consideration relevant matters, including the total amount payable to such stockholders under this Agreement and the time value of money), which shall be deemed in such event, if proven by the Company and awarded by the court, to be damages of the Company, or (y) Parent, taking into consideration relevant matters, including the time value of money, as applicable).

(b) Company Termination Fee.

(i) If (A) Parent or the Company terminates this Agreement pursuant to Section 8.1(c) or Section 8.1(g), (B) a Company Competing Proposal shall have been publicly disclosed and not publicly, irrevocably withdrawn prior to the date of termination (in the case of Section 8.1(c)) or prior to the date of the Company Special Meeting (in the case of Section 8.1(g)), and (C)(1) a Company Competing Proposal is consummated within twelve (12) months of such termination or (2) the Company enters into a definitive agreement providing for a Company Competing Proposal within twelve (12) months of such termination and such Company Competing Proposal is subsequently consummated, within one (1) business day after the date any such Company Competing Proposal is consummated the Company shall pay to Parent a fee of $2,100,000,000 in cash (the Company Termination Fee). Solely for purposes of this Section 8.2(b)(i), the term Company Competing Proposal shall have the meaning assigned to such term in Section 9.5, except that all references to 20% therein shall be deemed to be 40% and all references to 80% therein shall be deemed to be 60% .

(ii) If the Company terminates this Agreement pursuant to Section 8.1(i), concurrently with such termination, the Company shall pay or cause to be paid to Parent the Company Termination Fee.

(iii) If Parent terminates this Agreement pursuant to Section 8.1(d), within three (3) business days after such termination, the Company shall pay or cause to be paid to Parent the Company Termination Fee.

(iv) If Parent or the Company terminates this Agreement pursuant to Section 8.1(g), within three (3) business days after such termination the Company shall pay or cause to be paid to Parent the Parent Expenses, but not to exceed $680,000,000. As used herein, Parent Expenses shall mean all documented fees and expenses (including all fees and expenses of counsel, accountants, consultants, financial advisors, Financing Sources, investment bankers and other Representatives of Parent or its affiliates) incurred by Parent or on its behalf in connection with or related to the evaluation, authorization, preparation, negotiation, execution or performance of this Agreement or any other matter related to the Transactions, including the Financing.

(v) In the event any amount is payable pursuant to the preceding clauses (i), (ii), (iii) or (iv), such amount shall be paid by wire transfer of immediately available funds to an account designated in writing by Parent.

(vi) For the avoidance of doubt, in no event shall the Company be obligated to pay the Company Termination Fee on more than one occasion. In addition, in the event that the Company shall have paid the Parent Expenses pursuant to Section 8.2(b)(iv) and thereafter the Company Termination Fee shall be payable pursuant to Section 8.2(b)(i), the amount of Parent Expenses as paid shall be credited against, and shall thereby reduce, the amount of the Company Termination Fee.

(c) Parent Termination Fee.

(i) If the Company or Parent terminates this Agreement pursuant to (x) Section 8.1(c) (but only in the event that all of the conditions set forth in Article VII have been satisfied or waived (other than the conditions set forth in Section 7.1(d) or those conditions that by their nature can only be satisfied on the Closing Date)) or (y) Section 8.1(f) arising under the HSR Act or the Antitrust Laws of the Requisite Jurisdictions and the Company is not otherwise in material breach of this Agreement), within one (1) business day after such termination, Parent shall pay, or cause to be paid, to the Company a fee of $2,100,000,000 in cash (the Parent Termination Fee).

(ii) If the Company terminates this Agreement pursuant to Section 8.1(e), within three (3) business days after such termination, Parent shall pay or cause to be paid to the Company the Parent Termination Fee.

(iii) If the Company or Parent terminates this Agreement pursuant to Section 8.1(h), within three (3) business days after such termination, Parent shall pay or cause to be paid to the Company a fee of $1,300,000,000 in cash.

(iv) In the event any amount is payable pursuant to the preceding clauses (i), (ii) or (iii), such amount shall be paid by wire transfer of immediately available funds to an account designated in writing by the Company.

(v) For the avoidance of doubt, in no event shall Parent be obligated to pay the Parent Termination Fee on more than one occasion.

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(d) Each of the Parties acknowledges that the agreements contained in this Section 8.2 are an integral part of the Transactions and that (i) neither the Company Termination Fee nor any amount payable under Section 8.2(b)(iv) is a penalty, but rather is a reasonable amount that will compensate Parent and Merger Sub in the circumstances in which such payment is payable for the efforts and resources expended and opportunities foregone while negotiating this Agreement and in reliance on this Agreement and on the expectation of the consummation of the Transactions and (ii) neither the Parent Termination Fee nor any amount payable under Section 8.2(c)(iii) is a penalty, but rather is a reasonable amount that will compensate the Company in the circumstances in which such payment is payable for the efforts and resources expended and opportunities foregone while negotiating this Agreement and in reliance on this Agreement and on the expectation of the consummation of the Transactions, each of which amounts would otherwise be impossible to calculate with precision. In addition, if any Party fails to pay in a timely manner any amount due pursuant to Section 8.2(b) or Section 8.2(c), as applicable, then (i) such Party shall reimburse the other Party for all costs and expenses (including disbursements and fees of counsel) incurred in the collection of such overdue amount, including in connection with any related claims, actions or proceedings commenced and (ii) such Party shall pay to the other Party interest on the amount payable pursuant to Section 8.2(b) or Section 8.2(c) from and including the date payment of such amount was due to but excluding the date of actual payment at the prime rate set forth in The Wall Street Journal in effect on the date such payment was required to be made plus 2%. Notwithstanding anything to the contrary in this Agreement, except in the case of Willful Breach, (A) upon payment of the Company Termination Fee pursuant to this Section 8.2, none of the Company, any of its Subsidiaries or any of their respective former, current or future officers, directors, partners, stockholders, managers, members, affiliates or agents shall have any further liability or obligation relating to or arising out of this Agreement or the Transactions and (B) upon payment of the Parent Termination Fee pursuant to this Section 8.2, none of Parent, any of its Subsidiaries or any of their respective former, current or future officers, directors, partners, shareholders, managers, members, affiliates or agents shall have any further liability or obligation relating to or arising out of this Agreement or the Transactions.

ARTICLE IX.

MISCELLANEOUS

Section 9.1 Amendment and Modification; Waiver.

(a) Subject to applicable Law and except as otherwise provided in this Agreement, this Agreement may be amended, modified and supplemented, whether before or after receipt of the Company Stockholder Approval or the Parent Shareholder Approval, as applicable, by written agreement of the Parties (by action taken by their respective boards of directors); provided, however, that after the adoption of this Agreement by the stockholders of the Company or the approval of the issuance of shares of Parent Stock in connection with the Merger by the shareholders of Parent, as applicable, no amendment shall be made which by Law requires further approval by such stockholders without obtaining such further approval. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the Parties.

(b) At any time and from time to time prior to the Effective Time, either the Company, on the one hand, or any Parent Entity, on the other hand, may, to the extent legally allowed and except as otherwise set forth herein, (i) extend the time for the performance of any of the obligations or other acts of any Parent Entity or the Company, as applicable, (ii) waive any inaccuracies in the representations and warranties made to Parent or the Company, as applicable, contained herein or in any document delivered pursuant hereto, and (iii) waive compliance with any of the agreements or conditions for the benefit of any Parent Entity or the Company, as applicable, contained herein. Any agreement on the part of a Parent Entity or the Company to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of Parent or the Company, as applicable. Any delay in exercising any right under this Agreement shall not constitute a waiver of such right.

(c) Notwithstanding anything to the contrary contained herein, (i) Section 9.9(b) and Section 9.12 may not be amended, supplemented, waived or otherwise modified in a manner adverse to the Financing Sources and (ii) this Section 9.1(c), Section 9.11(a), Section 9.11(b) and Section 9.15 may not be amended, supplemented, waived or otherwise modified, nor, in the case of each of clauses (i) and (ii), may this Agreement be otherwise modified in a manner that in substance constitutes such a modification, in each case, without the prior written consent of the Financing Sources.

Section 9.2 Non-Survival of Representations and Warranties. None of the representations and warranties in this Agreement or in any schedule, instrument or other document delivered pursuant to this Agreement shall survive the Effective Time. This Section 9.2 shall not limit any covenant or agreement of the Parties which by its terms contemplates performance after the Effective Time.

Section 9.3 Expenses. Except as otherwise expressly provided in this Agreement, all Expenses incurred in connection with this Agreement and the Transactions shall be paid by the Party incurring such Expenses.

Section 9.4 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally (notice deemed given upon receipt), by facsimile (notice deemed given upon confirmation of receipt) or sent by a nationally recognized overnight courier service, such as Federal Express (notice deemed given upon receipt of proof of delivery), to the Parties at the following addresses (or at such other address for a Party as shall be specified by like notice):

if to Parent or Merger Sub, to:

Actavis plc

1 Grand Canal Square

Docklands

Dublin 2

Ireland

Attention: Chief Legal Officer and Secretary

Facsimile: +1 (862) 261-8043

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with a copy to (which shall not constitute notice):

Actavis plc

Morris Corporate Center III

400 Interspace Parkway

Parsippany, New Jersey 07054

Attention: Chief Legal Officer and Secretary

Facsimile: +1 (862) 261-8043

and

Cleary Gottlieb Steen & Hamilton LLP

One Liberty Plaza

New York, New York 10006

Attention: Victor I. Lewkow, Esq.

Paul J. Shim, Esq.

James E. Langston, Esq.

Facsimile: +1 (212) 225-3999

and

if to the Company, to:

Allergan, Inc.

2525 Dupont Drive

Irvine, California 92612

Attention: General Counsel and Assistant Secretary

Facsimile: +1 (714) 246-6987

with copies to (which shall not constitute notice):

Latham & Watkins LLP

650 Town Center Drive, 20th Floor

Costa Mesa, California 92625

Attention: Cary K. Hyden, Esq.

Paul D. Tosetti, Esq.

Michael A. Treska, Esq.

Facsimile: +1 (714) 755-8290

and

Wachtell, Lipton, Rosen & Katz

51 West 52nd Street

New York, New York 10019

Attention: David A. Katz, Esq.

Facsimile: +1 (212) 403-2000

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Section 9.5 Certain Definitions. For the purposes of this Agreement, the term:

Acceptable Confidentiality Agreement means a confidentiality agreement that contains terms that are no less favorable in the aggregate to the Company or Parent, as applicable, than those contained in the Confidentiality Agreement; provided, however, that an Acceptable Confidentiality Agreement shall not be required to contain standstill provisions.

Adverse Law or Order means (i) any statute, rule, regulation or other Law (other than any Antitrust Law) shall have been enacted or promulgated by any Governmental Entity of competent jurisdiction which prohibits or makes illegal the consummation of the Merger or (ii) there shall be in effect any order or injunction of any Governmental Entity of competent jurisdiction preventing the consummation of the Merger.

Antitrust Laws mean any antitrust, competition or trade regulation Laws that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or lessening competition through merger or acquisition, including the HSR Act.

Bribery Legislation means all and any of the following: the United States Foreign Corrupt Practices Act of 1977; the Organization For Economic Co-operation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and related implementing legislation; the relevant common law or legislation in England and Wales relating to bribery and/or corruption, including, the Public Bodies Corrupt Practices Act 1889; the Prevention of Corruption Act 1906 as supplemented by the Prevention of Corruption Act 1916 and the Anti-Terrorism, Crime and Security Act 2001; the Bribery Act 2010; the Proceeds of Crime Act 2002; and any anti-bribery or anti-corruption related provisions in criminal and anti-competition laws and/or anti-bribery, anti-corruption and/or anti-money laundering laws of any jurisdiction in which Parent or the Company operates.

business days has the meaning set forth in Rule 14d-1(g)(3) of the Exchange Act; provided, however, that a day on which banks in the City of New York are authorized or obligated by Law or executive order to close shall not be a business day .

2012 RSUs means the award of restricted stock units subject to performance-based vesting granted to the Chief Executive Officer under the 2011 Incentive Award Plan on February 17, 2012.

CERCLA means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, and any regulations promulgated thereunder.

CIC Policy means the Company s Change in Control Policy, effective as of April 28, 2010, as amended.

Code means the Internal Revenue Code of 1986, as amended.

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Company Bylaws means the bylaws of the Company, as amended and restated as of the date of this Agreement.

Company Certificate means the Certificate of Incorporation of the Company as amended, amended and restated and supplemented and in effect on the date hereof.

Company Competing Proposal means any proposal or offer made by a Person or group (other than a proposal or offer by Parent or any of its Subsidiaries) at any time, including any amendment or modification to any existing proposal or offer, which is structured to permit (i) such Person or group to acquire beneficial ownership of at least twenty percent (20%) of the assets of, equity interest in, or businesses of, the Company (whether pursuant to a merger, consolidation or other business combination, sale of shares of capital stock, sale of assets, tender offer or exchange offer or otherwise, including any single or multi-step transaction or series of related transactions), or (ii) a merger, consolidation, recapitalization or other transaction that results in the stockholders of the Company immediately preceding such transaction holding less than eighty percent (80%) of the equity interests of the surviving or resulting entity of such transaction, in each case other than the Merger.

Company Equity Plans means 2011 Incentive Award Plan, 2008 Incentive Award Plan, the 1989 Incentive Compensation Plan, the Allergan Irish Share Participation Scheme and Allergan, Inc. Deferred Directors Fee Program and the Allergan Pharmaceuticals (Ireland) Ltd., Inc. Savings Related Share Option Scheme (2000).

Company Executive Team means (i) the Section 16 Officers and (ii) the employees of the Company and/or its Subsidiaries who were granted an award of performance-based restricted stock units in the fourth quarter of calendar year 2014.

Company Governing Documents means the Company Bylaws and the Company Certificate.

Company Intervening Event means an Effect (a) that was not known to the Company Board of Directors, or the material consequences of which (based on facts known to members of the Company Board of Directors as of the date of this Agreement) were not reasonably foreseeable, as of the date of this Agreement and (b) that does not relate to any Company Competing Proposal.

Company Material Adverse Effect means any Effect that, individually or in the aggregate, has a material adverse effect on the assets, liabilities, condition (financial or otherwise), business or results of operations of the Company and the Company Subsidiaries, taken as a whole; *provided, however*, that no Effects to the extent resulting or arising from the following, either alone or in combination, shall be deemed to constitute a Company Material Adverse Effect or shall be taken into account when determining whether a Company Material Adverse Effect exists or has occurred or is reasonably likely to exist or occur: (a) any changes in general United States or global economic conditions, (b) conditions (or changes therein) in any industry or industries in which the Company operates, (c) general legal, tax, economic,

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political and/or regulatory conditions (or changes therein), including any changes affecting financial, credit or capital market conditions, (d) any change or prospective changes in GAAP or interpretation thereof, (e) any adoption, implementation, promulgation, repeal, modification, amendment, reinterpretation, change or proposal of any applicable Law of and by any Governmental Entity (including with respect to Taxes), (f) the execution and delivery of this Agreement or the consummation of the Transactions or compliance with the terms of this Agreement (other than compliance with Section 5.1 and it being understood that this clause (f) shall not apply with respect to any representation or warranty contained in this Agreement to the extent the purpose of such representation or warranty is to address the consequences resulting from the execution and delivery of this Agreement or the consummation of the Transactions or the compliance with the terms of this Agreement), (g) changes in the Company Common Stock price, in and of itself (it being understood that the Effects giving rise or contributing to such changes that are not otherwise excluded from the definition of a Company Material Adverse Effect may be taken into account), (h) any failure by the Company to meet any internal or published projections, estimates or expectations of the Company s revenue, earnings or other financial performance or results of operations for any period, in and of itself, or any failure by the Company to meet its internal budgets, plans or forecasts of its revenues, earnings or other financial performance or results of operations, in and of itself (it being understood that the Effects giving rise or contributing to such failure that are not otherwise excluded from the definition of a Company Material Adverse Effect may be taken into account), (i) Effects arising out of changes in geopolitical conditions, acts of terrorism or sabotage, war (whether or not declared), the commencement, continuation or escalation of a war, acts of armed hostility, weather conditions or other similar force majeure events, including any material worsening of such conditions threatened or existing as of the date of this Agreement, (j) the negotiation, pendency or public announcement of the Transactions, including any resulting litigation (other than compliance with Section 5.1 and it being understood that this clause (j) shall not apply with respect to any representation or warranty contained in this Agreement to the extent the purpose of such representation or warranty is to address the consequences resulting from the execution and delivery of this Agreement or the consummation of the Transactions or the compliance with the terms of this Agreement), (k) any action or failure to take any action that is expressly consented to or requested by Parent in writing, (l) any reduction in the credit rating of the Company or the Company Subsidiaries, in and of itself (it being understood that the Effects giving rise or contributing to such reduction that are not otherwise excluded from the definition of a Company Material Adverse Effect may be taken into account); (m) any change or prospective change by any Governmental Entity in reimbursement or payor rules or policies applicable to products or product candidates of the Company; or (n) Effects arising out of the items listed in Section 9.5(a) of the Company Disclosure Letter, except, in the case of clauses (a) - (e), (i) or (m), to the extent the Company and the Company Subsidiaries, taken as a whole, are disproportionately impacted thereby relative to other entities operating in the same industry or industries in which the Company and the Company Subsidiaries operate (in which case the incremental disproportionate impact or impacts may be taken into account in determining whether there has been a Company Material Adverse Effect).

Company Product means all products that are being researched, tested, developed, commercialized, manufactured, sold or distributed by the Company or any Company Subsidiary and all products with respect to which the Company or any Company Subsidiary has royalty rights.

Company Related Party means the Company, its Subsidiaries and their respective Representatives.

Company Special Meeting means the meeting of the holders of shares of Company Common Stock for the purpose of seeking the Company Stockholder Approval, including any postponement or adjournment thereof.

Company Stockholder Approval means the affirmative vote of the holders of a majority of the outstanding Company Common Stock entitled to vote upon the adoption of this Agreement at the Company Special Meeting.

Company Subsidiaries means the Subsidiaries of the Company.

Company Superior Proposal means a bona fide written Company Competing Proposal (with references to 20% and 80% being deemed to be replaced with references to 50%), which the Company Board of Directors determines in good faith after consultation with the Company s outside legal and financial advisors to be (a) more favorable to the stockholders of the Company from a financial point of view than the Merger, taking into account all relevant factors (including all the terms and conditions of such Company Competing Proposal and this Agreement (including any changes to the terms of this Agreement proposed by Parent in response to such Company Competing Proposal or otherwise)) and (b) reasonably capable of being completed as proposed on a timely basis, in the case of each of clauses (a) and (b), taking into account (i) all financial, legal, regulatory and other aspects of such Company Competing Proposal (including any termination fees, any expense reimbursement provisions, the conditions to the consummation of such Company Competing Proposal and whether such Company Competing Proposal is fully financed) and (ii) the identity of the Person making such Company Competing Proposal.

Compliant means, without giving effect to any supplements or updates other than supplements or updates that have been delivered to Parent prior to commencement of the applicable Marketing Period, (i) the Required Financial Information does not contain any untrue statement of a material fact or omit to state any material fact, in each case with respect to the Company or its Subsidiaries, required to be stated therein or necessary in order to make such Required Financial Information, in light of the circumstances under which the statements contained in the Required Financial Information are made, not misleading, (ii) all information necessary to constitute Required Financial Information that is Compliant throughout and on the first and last day of the Marketing Period has been delivered by the Company to Parent on the first day of the Marketing Period and (iii) the financial statements contained in the Required Financial Information are sufficient for the delivery of a customary accountants comfort letter under SAS 100 (including customary negative assurance) with respect to financial information regarding the Company and its Subsidiaries, and the Company s

independent registered accounting firm has delivered draft comfort letters in customary form and indicated that they are willing to deliver the comfort letters in customary form upon any pricing and closing of a securities offering during the Marketing Period.

Confidentiality Agreement means the Confidentiality Agreement, dated November 5, 2014, between Parent and the Company, as may be amended.

Continuing Service Providers mean all non-employee service providers of the Company or any Company Subsidiary who, at the Effective Time, continue their service with the Company or any Company Subsidiary, other than any such service providers who are ineligible to be included on a registration statement filed by Parent on Form S-8.

Contract means any written or oral agreement, contract, subcontract, settlement agreement, lease, sublease, binding understanding, note, option, bond, mortgage, indenture, trust document, loan or credit agreement, license, sublicense, insurance policy or other legally binding commitment or undertaking of any nature, as in effect as of the date hereof or as may hereinafter be in effect.

Credit Agreement means the Amended and Restated Credit Agreement, dated as of October 28, 2011, by and among the Company, the Eligible Subsidiaries referred to therein, the Lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, Citibank N.A., as syndication agent and Bank of America, N.A., as documentation agent.

Debt Commitment Letter means the debt commitment letter among Parent, JPMorgan Chase Bank, N.A., J.P. Morgan Securities LLC, Mizuho Bank, Ltd., Wells Fargo Bank, National Association and Wells Fargo Securities, LLC, dated as of the date hereof, as amended, supplemented or replaced in compliance with this Agreement or as required by Section 6.14 following a Financing Failure Event, pursuant to which the financial institutions party thereto have agreed, subject only to the conditions set forth therein, to provide or cause to be provided the debt financing set forth therein for the purposes of financing the Transactions.

Debt Financing Documents means the agreements, documents and certificates contemplated by the Financing, including (a) all credit agreements, loan documents, purchase agreements, underwriting agreements, indentures, debentures, notes and intercreditor agreements pursuant to which the Financing will be governed or contemplated by the Debt Commitment Letter; (b) officer, secretary, solvency and perfection certificates, legal opinions, corporate organizational documents, good standing certificates, Lien searches, and resolutions contemplated by the Debt Commitment Letter or requested by the Financing Sources; and (c) all documentation and other information required by bank regulatory authorities under applicable know-your-customer and anti-money laundering rules and regulations, including the USA Patriot Act.

DSOS means the Secretary of State of the State of Delaware.

Effect means any change, effect, development, circumstance, condition, state of facts, event or occurrence.

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Environmental Law means any and all applicable Laws which (a) regulate or relate to the protection or clean-up of the environment; the use, treatment, storage, transportation, handling, disposal or Release of Hazardous Substances, the preservation or protection of waterways, groundwater, drinking water, air, wildlife, plants or other natural resources; or the health and safety of persons or property, including protection of the health and safety of employees; or (b) impose liability or responsibility with respect to any of the foregoing, including the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601 et seq.), or any other Law of similar effect.

Environmental Liability means any obligations or liabilities (including any notices, claims, complaints, suits or other assertions of obligations or liabilities) that are: (a) related to the environment (including on-site or off-site contamination by Hazardous Substances of surface or subsurface soil or water); and (b) based upon (i) any provision of Environmental Laws or (ii) any order, consent, decree, writ, injunction or judgment issued or otherwise imposed by any Governmental Entity and includes: fines, penalties, judgments, awards, settlements, losses, damages, costs, fees (including attorneys and consultants fees), expenses and disbursements relating to environmental matters; defense and other responses to any administrative or judicial action (including notices, claims, complaints, suits and other assertions of liability) relating to environmental matters; and financial responsibility for (x) clean-up costs and injunctive relief, including any Removal, Remedial or Response actions, and (y) compliance or remedial measures under other Environmental Laws.

Environmental Permits means any material permit, license, authorization or approval required under applicable Environmental Laws.

ERISA means the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated and rulings issued thereunder.

ERISA Affiliate means, with respect to any entity, trade or business, any other entity, trade or business that is a member of a group described in Section 414(b), (c), (m) or (o) of the Code or Section 4001(b)(1) of ERISA that includes the first entity, trade or business, or that is a member of the same controlled group as the first entity, trade or business pursuant to Section 4001(a)(14) of ERISA.

Exchange Act means the United States Securities Exchange Act of 1934, as amended.

Expenses means all reasonable out-of-pocket expenses (including all fees and expenses of counsel, financing sources, accountants, investment bankers, experts and consultants to a Party and its affiliates) incurred by a Party or on its behalf in connection with or related to the authorization, preparation, negotiation, execution and performance of this Agreement, the preparation, printing, filing and mailing of the Joint Proxy Statement/Prospectus, the solicitation of equityholders and equityholder approvals, any filings with the SEC and all other matters related to the closing of the Merger and the other Transactions.

FCPA means the Foreign Corrupt Practices Act of 1977, as amended.

Financing means the debt financing incurred or intended to be incurred pursuant to the Debt Commitment Letter, including the offering or private placement of debt securities or borrowing of loans contemplated by the Debt Commitment Letter and any related engagement letter and including any credit facilities or capital markets debt financing or equity or equity-related offerings undertaken in replacement of all or any portion of such financing.

Financing Conditions means the conditions precedent set forth in Section 5 of the Debt Commitment Letter and in Annex III to the Debt Commitment Letter.

Financing Deliverables means the following: (a) a customary payoff letter relating to the repayment (or cash collateralization) on the Closing Date of outstanding obligations under the Credit Agreement, subject to receipt of the funds therefor from Parent; and (b) documentation and other information reasonably requested by the Financing Sources with respect to (i) at least one (1) business day before the Closing Date, applicable know-your-customer and anti-money laundering rules and regulations requested at least three (3) business days prior to the Closing Date and (ii) the U.S. Treasury Department s Office of Foreign Assets Control and the FCPA.

Financing Failure Event shall mean any of the following: (a) the commitments with respect to all or any portion of the Financing expiring or being terminated, (b) for any reason, all or any portion of the Financing becoming unavailable, or (c) a breach or repudiation by any party to the Debt Commitment Letter, in each case, other than as contemplated by the Debt Commitment Letter.

Financing Sources means the agents, arrangers, lenders and other entities that have committed to provide or arrange the Financing or other financings in connection with the Transactions, including the parties to the Debt Commitment Letter, any joinder agreements, indentures or credit agreements entered pursuant thereto or relating thereto, together with their respective affiliates and their and their respective affiliates current, former or future officers, directors, employees, partners, trustees, shareholders, equityholders, managers, members, limited partners, controlling persons, agents and representatives and respective successors and assigns of the foregoing Persons.

Government Official means (a) any official, officer, employee, or representative of, or any Person acting in an official capacity for or on behalf of, any Governmental Entity, (b) any candidate for political office, or (c) any political party or party official.

Governmental Entity means (a) any national, federal, state, county, municipal, local, or foreign government or any entity exercising executive, legislative, judicial, regulatory, taxing, or administrative functions of or pertaining to government, including any arbitral body, (b) any public international governmental organization, or (c) any agency, division, bureau, department, or other political subdivision of any government, entity or organization described in the foregoing clauses (a) or (b) of this definition.

Hazardous Substances means any pollutant, chemical, substance and any toxic, infectious, carcinogenic, reactive, corrosive, ignitable or flammable chemical, chemical

compound, hazardous substance, material or waste, whether solid, liquid or gas, that is subject to regulation, control or remediation under any Environmental Laws, including any quantity of petroleum product or byproduct, solvent, flammable or explosive material, radioactive material, asbestos, lead paint, polychlorinated biphenyls (or PCBs), dioxins, dibenzofurans, heavy metals, radon gas, mold, mold spores, and mycotoxins.

HSR Act means the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

Indebtedness means with respect to any Person,

(a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;

(b) all direct or contingent obligations of such Person arising under letters of credit (including standby and commercial), bankers acceptances, bank guarantees, surety bonds and similar instruments;

(c) net obligations of such Person under any interest rate, swap, currency swap, forward currency or interest rate contracts or other interest rate or currency hedging arrangements;

(d) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business);

(e) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness will have been assumed by such Person or is limited in recourse;

(f) all obligations of such Person as lessee under leases that have been or should be, in accordance with GAAP, recorded as capital leases;

(g) synthetic lease obligations;

(h) obligations outstanding under securitization facilities; and

(i) any guarantee (other than customary non-recourse carve-out or badboy guarantees) of any of the foregoing, whether or not evidenced by a note, mortgage, bond, indenture or similar instrument, *provided* that Indebtedness shall not include any performance guarantee or any other guarantee that is not a guarantee of other Indebtedness.

Intellectual Property means all rights in or to all U.S. or foreign: (a) inventions (whether or not patentable), patents and patent applications and any other governmental grant for the protection of inventions or industrial designs, (b) trademarks, service marks, trade dress, logos, brand names, trade names and corporate names, whether registered or unregistered, and the goodwill associated therewith, together with any registrations and

applications for registration thereof, (c) copyrights, whether registered or unregistered, and any registrations and applications for registration thereof, (d) trade secrets and confidential information, including know-how, concepts, methods, processes, designs, schematics, drawings, formulae, technical data, specifications, research and development information, technology, and business plans, (e) rights in databases and data collections (including knowledge databases, customer lists and customer databases), and (f) domain name registrations.

Key Product means, with respect to the Company, those products set forth on Section 9.5 of the Company Disclosure Letter, and, with respect to Parent, those products set forth on Section 9.5 of the Parent Disclosure Letter.

knowledge will be deemed to be, as the case may be, the actual knowledge of (a) the Persons listed in Section 9.5 of the Parent Disclosure Letter with respect to Parent or Merger Sub, or (b) the Persons listed in Section 9.5 of the Company Disclosure Letter with respect to the Company.

Law means any law, statute, code, rule, regulation, order, ordinance, judgment or decree or other pronouncement of any Governmental Entity having the effect of law.

Lien means any lien, pledge, hypothecation, mortgage, security interest, encumbrance, claim, option, right of first refusal, preemptive right, community property interest or restriction of any nature (including any restriction on the voting of any security, any restriction on the transfer of any security or other asset, or any restriction on the possession, exercise or transfer of any other attribute of ownership of any asset).

Marketing Period means the first period of fifteen (15) consecutive business days, commencing after the date hereof throughout which and on the first and last day of which (a) Parent shall have received the Required Financial Information and the Required Financial Information is Compliant and (b) the conditions set forth in Section 7.1 and Section 7.2 shall have been satisfied or waived (other than those conditions which by their terms cannot be satisfied until the Closing); provided that (1) the Marketing Period shall end on any earlier date that is the date on which the full proceeds to be provided to Parent by the Financing are made available to Parent to complete the Merger and (2) for purposes of the Marketing Period, such fifteen (15) consecutive business day period (x) shall exclude November 27, 2014, November 28, 2014 and July 3, 2015, (y) if such period has not ended on or before December 19, 2014, such period shall not commence before January 5, 2015 and (z) if such period has not ended on or before August 14, 2015, such period shall not commence before September 8, 2015. Notwithstanding the foregoing, the Marketing Period shall not commence and shall be deemed not to have commenced if, on or prior to the completion of such fifteen (15) consecutive business days, (i) the Company s independent registered accounting firm shall have withdrawn its authorization letter or audit opinion with respect to any financial statements contained in the Required Financial Information, in which case the Marketing Period shall not be deemed to commence until the time at which, as applicable, a new authorization letter or unqualified audit opinion is issued with respect to the consolidated

financial statements for the applicable periods by the Company s independent registered accounting firm or another independent registered accounting firm acceptable to Parent, (ii) the Company indicates its intent to restate any financial statements or material financial information included in the Required Financial Information or (iii) the Required Financial Information is not Compliant at any point throughout and on the first and last day of such period; then, in each case, a new fifteen (15) consecutive business day period thereafter shall commence upon the Company receiving updated Required Financial Information that is Compliant and the other conditions set forth in this definition of Marketing Period being met.

Notified Body means an entity licensed, authorized or approved by the applicable Governmental Entity to assess and certify the conformity of a medical device with the requirements of EU Directive 93/42/EEC concerning medical devices, as amended from time to time, and applicable harmonized standards.

NYSE means the New York Stock Exchange.

Parent Competing Proposal means any proposal or offer made by a Person or group (other than a proposal or offer by the Company or any of its Subsidiaries) at any time, including any amendment or modification to any existing proposal or offer, which is structured to permit such Person or group to acquire beneficial ownership of at least twenty percent (20%) of the assets of, equity interest in, or businesses of, Parent (whether pursuant to a merger, consolidation or other business combination, sale of shares of capital stock, sale of assets, tender offer or exchange offer or otherwise, including any single or multi-step transaction or series of related transactions), in each case other than the Merger.

Parent Entities means Parent and Merger Sub.

Parent Equity Award means any form of compensation (including deferred compensation) granted under a Parent Equity Plan that is or may be paid or settled in Parent Stock.

Parent Equity Plans means Parent s 2013 Incentive Award Plan and the WC Equity Incentive Plan.

Parent Governing Documents means (a) the Parent Articles of Association as amended and in effect on the date of this Agreement and (b) the Memorandum of Association of Parent, as amended and restated as of the date of this Agreement.

Parent Intervening Event means a material Effect relating to Parent that (a) was not known to or reasonably foreseeable by the Parent Board of Directors, or the material consequences of which (based on facts known or reasonably expected to be known to members of the Parent Board of Directors as of the date of this Agreement) were not reasonably foreseeable, as of the date of this Agreement and (b) does not relate to any Parent Competing Proposal.

Parent Material Adverse Effect means any Effect that, individually or in the aggregate, has a material adverse effect on the assets, liabilities, condition (financial or otherwise), business or results of operations of Parent and the Parent Subsidiaries, taken as a whole; provided, however, that no Effects to the extent resulting or arising from the following, either alone or in combination, shall be deemed to constitute a Parent Material Adverse Effect or shall be taken into account when determining whether a Parent Material Adverse Effect exists or has occurred or is reasonably likely to exist or occur: (a) any changes in general United States or global economic conditions, (b) conditions (or changes therein) in any industry or industries in which Parent operates, (c) general legal, tax, economic, political and/or regulatory conditions (or changes therein), including any changes affecting financial, credit or capital market conditions, (d) any change or prospective changes in GAAP or interpretation thereof, (e) any actual or prospective adoption, implementation, promulgation, repeal, modification, amendment, reinterpretation, change or proposal of any applicable Law of and by any Governmental Entity (including with respect to Taxes), (f) the execution and delivery of this Agreement or the consummation of the Transactions or compliance with the terms of this Agreement (other than compliance with Section 5.2 and it being understood that this clause (f) shall not apply with respect to any representation or warranty contained in this Agreement to the extent the purpose of such representation or warranty is to address the consequences resulting from the execution and delivery of this Agreement or the consummation of the Transactions or the compliance with the terms of this Agreement), (g) changes in the Parent Stock price, in and of itself (it being understood that the Effects giving rise or contributing to such changes that are not otherwise excluded from the definition of a Parent Material Adverse Effect may be taken into account), (h) any failure by Parent to meet any internal or published projections, estimates or expectations of Parent s revenue, earnings or other financial performance or results of operations for any period, in and of itself, or any failure by Parent to meet its internal budgets, plans or forecasts of its revenues, earnings or other financial performance or results of operations, in and of itself (it being understood that the Effects giving rise or contributing to such failure that are not otherwise excluded from the definition of a Parent Material Adverse Effect may be taken into account), (i) Effects arising out of changes in geopolitical conditions, acts of terrorism or sabotage, war (whether or not declared), the commencement, continuation or escalation of a war, acts of armed hostility, weather conditions or other similar force majeure events, including any material worsening of such conditions threatened or existing as of the date of this Agreement, (j) the negotiation, pendency or public announcement of the Transactions, including any resulting litigation (other than compliance with Section 5.2 and it being understood that this clause (j) shall not apply with respect to any representation or warranty contained in this Agreement to the extent the purpose of such representation or warranty is to address the consequences resulting from the execution and delivery of this Agreement or the consummation of the Transactions or the compliance with the terms of this Agreement), (k) any action or failure to take any action that is consented to or requested by the Company in writing, (l) any reduction in the credit rating of Parent or the Parent Subsidiaries, in and of itself (it being understood that the Effects giving rise or contributing to such reduction that are not otherwise excluded from the definition of a Parent Material Adverse Effect may be taken into account); or (m) any change or prospective change by any Governmental Entity in reimbursement or payor rules or policies applicable to products or product candidates of

Parent; except, in the case of clauses (a) - (e), (i) or (m), to the extent Parent and the Parent Subsidiaries, taken as a whole, are disproportionately impacted thereby relative to other entities operating in the same industry or industries in which Parent and Parent Subsidiaries operate (in which case the incremental disproportionate impact or impacts may be taken into account in determining whether there has been a Parent Material Adverse Effect).

Parent Product means all products that are being researched, tested, developed, commercialized, manufactured, sold or distributed by Parent or any Parent Subsidiary and all products with respect to which Parent or any Parent Subsidiary has royalty rights.

Parent Shareholder Approval means the affirmative vote of the holders of a majority of the votes cast by holders of outstanding shares of Parent Stock on the proposal to approve the issuance of Parent Stock as provided in this Agreement at the Parent Special Meeting.

Parent Special Meeting means the meeting of the holders of shares of Parent Stock for the purpose of seeking the Parent Shareholder Approval, including any postponement or adjournment thereof.

Parent Stock or Parent Shares means the ordinary shares of $0.0001 par value of Parent.

Parent Subsidiaries means the Subsidiaries of Parent.

Person means a natural person, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Entity or other entity or organization.

RCRA means the Resource Conservation and Recovery Act, as amended, and any regulations promulgated thereunder.

Release means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, placing, discarding, abandonment, or disposing into the environment (including the placing, discarding or abandonment of any barrel, container or other receptacle containing any Hazardous Substance or other material).

Removal, Remedial or Response actions include the types of activities covered by CERCLA, RCRA, and other comparable Environmental Laws, and whether such activities are those which might be taken by a Governmental Entity or those which a Governmental Entity or any other Person might seek to require of waste generators, handlers, distributors, processors, users, storers, treaters, owners, operators, transporters, recyclers, reusers, disposers, or other Persons under removal, remedial, or other response actions.

Representatives means, when used with respect to Parent, Merger Sub or the Company, the directors, officers, employees, consultants, financial advisors, accountants, legal counsel, investment bankers, and other agents, advisors and representatives of Parent or the Company, as applicable, and its respective Subsidiaries.

Requisite Jurisdictions shall mean the jurisdictions set forth in Section A and Section B of Section 7.1(d) of the Company Disclosure Letter, other than any jurisdiction that Parent has advised the Company in writing that it has determined to remove from Section B of Section 7.1(d) of the Company Disclosure Letter following consultation with the Company.

Sanctioned Country means any of Cuba, Iran, North Korea, Sudan, and Syria.

Sanctioned Person means any Person with whom dealings are restricted or prohibited under the Sanctions Laws of the United States, the United Kingdom, the European Union, or the United Nations, including (a) any Person identified in any list of sanctioned Persons maintained by (i) the United States Department of Treasury, Office of Foreign Assets Control, the United States Department of Commerce, Bureau of Industry and Security, or the United States Department of State; (ii) Her Majesty s Treasury of the United Kingdom; (iii) any committee of the United Nations Security Council; or (iv) the European Union; (b) any Person located, organized, or resident in, organized in, or a Governmental Entity or government instrumentality of, any Sanctioned Country and (c) any Person directly or indirectly 50% or more owned or controlled by, or acting for the benefit or on behalf of, a Person described in (a) or (b).

Sanctions Laws means all Laws concerning economic sanctions, including embargoes, export restrictions, the ability to make or receive international payments, the freezing or blocking of assets of targeted Persons, the ability to engage in transactions with specified persons or countries, or the ability to take an ownership interest in assets of specified Persons or located in a specified country, including any Laws threatening to impose economic sanctions on any person for engaging in proscribed behavior.

SEC means the United States Securities and Exchange Commission.

Section 16 Officers means the executive officers of the Company and/or its Subsidiaries that are subject to the reporting requirements of Section 16(a) of the Exchange Act.

Securities Act means the United States Securities Act of 1933, as amended.

Significant Subsidiary means any Subsidiary of the Company or Parent, as applicable, that is material or constitutes a significant subsidiary of the Company or Parent, as applicable, within the meaning of Rule 1-02 of Regulation S-X promulgated under the Securities Act.

Stock Award Exchange Ratio means the sum of the Stock Consideration Portion plus a fraction resulting from dividing the Cash Consideration Portion by the VWAP of Parent Stock.

Subsidiary or Subsidiaries means with respect to any Person, any corporation, limited liability company, partnership or other organization, whether incorporated or unincorporated, of which (a) at least a majority of the outstanding shares of capital stock of, or

other equity interests, having by their terms ordinary voting power to elect a majority of the board of directors or others performing similar functions with respect to such corporation or other organization is directly or indirectly owned or controlled by such Person or by any one or more of its Subsidiaries, or by such Person and one or more of its Subsidiaries or (b) with respect to a partnership, such Person or any other Subsidiary of such Person is a general partner of such partnership.

Superior Proposal Acquisition Agreement shall mean a written definitive acquisition agreement providing for a Company Superior Proposal entered into by and between the Company and the Person making a Company Superior Proposal.

Takeover Statutes mean any business combination, control share acquisition, fair price, moratorium or other tak or anti-takeover statute or similar Law.

Tax or Taxes means any and all taxes, levies, duties, tariffs, imposts and other similar charges and fees imposed by any Governmental Entity or domestic or foreign taxing authority, including, income, franchise, windfall or other profits, gross receipts, premiums, property, sales, use, net worth, capital stock, payroll, employment, social security, workers compensation, unemployment compensation, excise, withholding, ad valorem, stamp, transfer, value-added, gains tax and license, registration and documentation fees, severance, occupation, environmental, customs duties, disability, real property, personal property, registration, alternative or add-on minimum, or estimated tax, including any interest, penalty, additions to tax or additional amounts imposed with respect thereto, whether disputed or not.

Tax Return means any report, return, certificate, claim for refund, election, estimated tax filing or declaration required to be filed with any Governmental Entity or domestic or foreign taxing authority with respect to Taxes, including any schedule or attachment thereto, and including any amendments thereof.

VWAP of Parent Stock means the volume weighted average price of Parent Stock for a ten (10) trading day period, starting with the opening of trading on the eleventh (11th) trading day prior to the Closing Date to the closing of trading on the second to last trading day prior to the Closing Date, as reported by Bloomberg.

Willful Breach means with respect to any representation, warranty, agreement or covenant, an action or omission that the breaching party knows is or would constitute a breach, or would reasonably be expected to result in a breach, of such representation, warranty, agreement or covenant.

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Section 9.6 Terms Defined Elsewhere. The following terms are defined elsewhere in this Agreement, as indicated below:

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Cash Consideration Portion	Section 2.1(a)
Certificate of Merger	Section 1.3
Certificates	Section 2.2(b)
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Closing Date	Section 1.2
COBRA	Section 3.9(b)
Company	Preamble
Company 401(k) Plans	Section 6.7(c)
Company Benefit Plans	Section 3.9(a)
Company Board of Directors	Recitals
Company Board Recommendation	Recitals
Company Capitalization Date	Section 3.2(a)
Company Change of Recommendation	Section 5.3(a)
Company Common Stock	Recitals
Company Disclosure Letter	Article III
Company Equity Awards	Section 2.4(f)
Company Equity Schedule	Section 3.9(g)
Company Healthcare and Data Protection Laws	Section 3.13(b)
Company Leased Real Property	Section 3.17(b)
Company Material Contracts	Section 3.20(a)

Company Owned Real Property Section 3.17(a)

Company Permits Section 3.7(b)

Company Permitted Liens Section 3.17(a)

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Company Preferred Stock	Section 3.2(a)
Company Regulatory Agency	Section 3.13(a)
Company Regulatory Permits	Section 3.13(a)
Company Restricted Shares	Section 2.4(c)
Company Rights	Section 3.2(a)
Company RSUs	Section 2.4(b)
Company SEC Documents	Section 3.4(a)
Company Shares	Recitals
Company Stock Option	Section 2.4(a)
Company Termination Fee	Section 8.2(b)
Continuing Employees	Section 6.7(a)
D&O Insurance	Section 6.4
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Dissenting Shares	Section 2.3(a)
DOJ	Section 6.2(b)
Effective Time	Section 1.3
EMA	Section 3.13(e)
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HITECH Act	Section 3.13(b)
Indemnified Parties	Section 6.4
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Merger Consideration	Section 2.1(a)
Merger Sub	Preamble
Merger Sub Common Stock	Section 2.1(c)
Non-Employee Option Consideration	Section 2.2(a)
Option Consideration	Section 2.4(d)
Outside Date	Section 8.1(c)
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Parent 401(k) Plan	Section 6.7(c)
Parent Articles of Association	Section 4.1(a)
Parent Benefit Plans	Section 4.9(a)
Parent Board of Directors	Recitals
Parent Board Recommendation	Section 4.3(a)
Parent Capitalization Date	Section 4.2(a)
Parent Deferred Shares	Section 4.2(a)
Parent Disclosure Letter	Article IV
Parent Healthcare and Data Protection Laws	Section 4.13(b)
Parent Leased Real Property	Section 4.17(b)
Parent Material Contracts	Section 4.20(a)
Parent Owned Real Property	Section 4.17(a)
Parent Permits	Section 4.7(b)
Parent Permitted Lien	Section 4.17(a)

Parent Preferred Shares	Section 4.2(a)

Parent Regulatory Agency	Section 4.13(a)
Parent Regulatory Permits	Section 4.13(a)
Parent Restricted Shares	Section 2.4(c)
Parent RSUs	Section 2.4(b)
Parent SEC Documents	Section 4.4(a)
Parent Stock Option	Section 2.4(a)
Parent Termination Fee	Section 8.2(c)
Party	Preamble
PHSA	Section 3.13(a)
Replacement Financing	Section 6.14
Replacement Financing Documents	Section 6.14
Required Financial Information	Section 6.13
Rights Plan	Section 3.2(a)
Sarbanes-Oxley Act	Section 3.5
Section 262	Section 2.3(a)
Stock Consideration Portion	Section 2.1(a)
Surviving Corporation	Section 1.1
Transactions	Recitals

Section 9.7 Interpretation. When a reference is made in this Agreement to Sections, such reference shall be to a Section of this Agreement unless otherwise indicated. Whenever the words include , includes or including are used in this Agreement they shall be deemed to be followed by the words without limitation. As used in this Agreement, the term affiliates shall have the meaning set forth in Rule 12b-2 of the Exchange Act. The table of contents and headings set forth in this Agreement are for convenience of reference purposes only and shall not affect or be deemed to affect in any way the meaning or interpretation of this Agreement or any term or provision hereof. When reference is made herein to a Person, such reference shall be deemed to include all direct and indirect Subsidiaries of such Person unless otherwise indicated or the context otherwise requires. All references herein to the Subsidiaries of a Person shall be deemed to include all direct and indirect Subsidiaries of such Person unless otherwise indicated or the context otherwise requires. The Parties agree that they have been represented by counsel during the negotiation and execution of this Agreement and, therefore, waive the application of any Law, holding or

rule of construction providing that ambiguities in an agreement or other document will be construed against the party drafting such agreement or document. The words hereof , herein and hereunder and word of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, unless the context requires otherwise. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms. References in this Agreement to specific laws or to specific provisions of laws shall include all rules and regulations promulgated thereunder, and any statute defined or referred to herein or in any agreement or instrument referred to herein shall mean such statute as from time to time amended, modified or supplemented, including by succession of comparable successor statutes. The phrase ordinary course of business as used in this Agreement shall be deemed to mean the ordinary course of business consistent with past practice . The term dollars and character $ shall mean United States dollars.

Section 9.8 Counterparts. This Agreement may be executed manually or by facsimile by the Parties, in any number of counterparts, each of which shall be considered one and the same agreement and shall become effective when a counterpart hereof shall have been signed by each of the Parties and delivered to the other Parties. Delivery of an executed counterpart of a signature page to this Agreement by facsimile transmission or by e-mail of a .pdf attachment shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 9.9 Entire Agreement; Third-Party Beneficiaries.

(a) This Agreement (including the Company Disclosure Letter and the Parent Disclosure Letter) and the Confidentiality Agreement constitute the entire agreement among the Parties with respect to the subject matter hereof and thereof and supersede all other prior agreements (except that the Confidentiality Agreement shall be deemed amended hereby so that until the termination of this Agreement in accordance with Section 8.1 hereof, Parent and Merger Sub shall be permitted to take the actions contemplated by this Agreement) and understandings, both written and oral, among the Parties or any of them with respect to the subject matter hereof and thereof.

(b) Except as (i) provided in Section 6.4 (but only following the Effective Time) and (ii) for the right of the Company, on behalf of its stockholders, to pursue damages (including to the extent proven and awarded by the court, damages based on loss of the economic benefit of the Transactions to the Company s stockholders, it being acknowledged that the stockholders of the Company shall not have the right to assert any claim against Parent or otherwise enforce this Agreement) in the event of Parent s or Merger Sub s Willful Breach of this Agreement, neither this Agreement (including the Company Disclosure Letter and the Parent Disclosure Letter) nor the Confidentiality Agreement are intended to confer upon any Person other than the Parties any rights or remedies hereunder; *provided* that the Financing Sources shall be express third party beneficiaries of this Section 9.9(b) and Section 9.1(c), Section 9.11(a), Section 9.11(b), Section 9.12 and Section 9.15, and each of such Sections shall expressly inure to the benefit of the Financing Sources and the Financing Sources shall be entitled to rely on and enforce the provisions of such Sections.

Section 9.10 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by rule of Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the Merger is not affected in any manner adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the Merger are fulfilled to the extent possible.

Section 9.11 Governing Law; Jurisdiction.

(a) This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without giving effect to conflicts of laws principles that would result in the application of the Law of any other state. Notwithstanding anything herein to the contrary, the Company (on behalf of itself and each Company Related Party) and each of the other Parties hereto agrees that any claim, controversy or dispute of any kind or nature (whether based upon contract, tort or otherwise) against a Financing Source that is in any way related to this Agreement, the Merger or any of the other Transactions, including any dispute arising out of or relating in any way to the Financing, shall be governed by, and construed in accordance with, the laws of the State of New York without regard to conflict of law principles (other than Sections 5-1401 and 5-1402 of the New York General Obligations Law); *provided* that (i) the interpretation of the definition of Company Material Adverse Effect and whether or not a Company Material Adverse Effect has occurred, (ii) the determination of the accuracy of any Merger Agreement Representations (as defined in any commitment letter related to the Financing) and whether as a result of any inaccuracy thereof Parent, Merger Sub or their respective affiliates have the right to terminate its obligations under this Agreement, or to decline to consummate the Transactions pursuant to this Agreement and (iii) the determination of whether the Transactions have been consummated in accordance with the terms of this Agreement, in each case, shall be governed by, and construed and interpreted solely in accordance with, the laws of the State of Delaware without giving effect to conflicts of laws principles that would result in the application of the Law of any other state.

(b) Each of the Parties hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Court of Chancery of the State of Delaware, or, if (and only if) such court finds it lacks subject matter jurisdiction, the Superior Court of the State of Delaware (Complex Commercial Division) or, if subject matter jurisdiction over the matter that is the subject of the action or proceeding is vested exclusively in the federal courts of the United States of America, the federal court of the United States of America sitting in the district of Delaware, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the agreements delivered in connection herewith or the transactions contemplated hereby or thereby or for recognition or enforcement of any judgment relating thereto, and each of the Parties hereby irrevocably and unconditionally (i) agrees not to commence any such action or proceeding except in the Court of Chancery of the State of Delaware, or, if (and only if) such court finds it lacks subject

matter jurisdiction, the Superior Court of the State of Delaware (Complex Commercial Division) or, if subject matter jurisdiction over the matter that is the subject of the action or proceeding is vested exclusively in the federal courts of the United States of America, the federal court of the United States of America sitting in the district of Delaware, as applicable, and any appellate court from any thereof, (ii) agrees that any claim in respect of any such action or proceeding may be heard and determined in the Court of Chancery of the State of Delaware, or, if (and only if) such court finds it lacks subject matter jurisdiction, the Superior Court of the State of Delaware (Complex Commercial Division) or, if subject matter jurisdiction over the matter that is the subject of the action or proceeding is vested exclusively in the federal courts of the United States of America, the federal court of the United States of America sitting in the district of Delaware, as applicable, and any appellate court from any thereof, (iii) waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the jurisdiction or laying of venue of any such action or proceeding in such courts and (iv) waives, to the fullest extent permitted by Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in such courts. Each of the Parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law. Each Party to this Agreement irrevocably consents to service of process inside or outside the territorial jurisdiction of the courts referred to in this Section 9.11(b) in the manner provided for notices in Section 9.4. Nothing in this Agreement will affect the right of any Party to this Agreement to serve process in any other manner permitted by Law. Notwithstanding anything herein to the contrary, the Company (on behalf of itself and each Company Related Party) and each of the other Parties hereto (A) agrees that it will not bring or support any action, cause of action, claim, cross-claim or third-party claim of any kind or description, whether in law or in equity, whether in contract or in tort or otherwise, against the Financing Sources in any way relating to this Agreement, the Merger or any of the other Transactions, including any dispute arising out of or relating in any way to the Financing or the performance thereof or the transactions contemplated thereby, in any forum other than exclusively in the Supreme Court of the State of New York, County of New York, or, if under applicable Law exclusive jurisdiction is vested in the federal courts, the United States District Court for the Southern District of New York (and appellate courts thereof), (B) submits for itself and its property with respect to any such action to the exclusive jurisdiction of such courts, (C) agrees that service of process, summons, notice or document by registered mail addressed to it at its address provided in Section 9.4 shall be effective service of process against it for any such action brought in any such court, (D) waives and hereby irrevocably waives, to the fullest extent permitted by Law, any objection which it may now or hereafter have to the jurisdiction or laying of venue of, and the defense of an inconvenient forum to the maintenance of, any such action in any such court and (E) agrees that a final judgment in any such action shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law.

Section 9.12 Waiver of Jury Trial. EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT AND ANY OF THE AGREEMENTS

DELIVERED IN CONNECTION HEREWITH OR THE MERGER, THE FINANCING AND OTHER TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (INCLUDING ANY ACTION, PROCEEDING OR COUNTERCLAIM AGAINST ANY FINANCING SOURCE). EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE EITHER OF SUCH WAIVERS, (B) IT UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF SUCH WAIVERS, (C) IT MAKES SUCH WAIVERS VOLUNTARILY, AND (D) IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.12.

Section 9.13 Assignment. This Agreement shall not be assigned by any of the Parties (whether by operation of Law or otherwise) without the prior written consent of the other Parties, except Merger Sub may, prior to the mailing of the Joint Proxy Statement/Prospectus, assign, in their sole discretion and without the consent of any other party, any or all of its rights, interests and obligations hereunder to (i) Parent, (ii) Parent and one or more direct or indirect wholly owned Subsidiaries of Parent, or (iii) one or more direct or indirect wholly owned Subsidiaries of Parent; provided, that no such assignment shall be permitted without the prior written consent of the other Parties if such assignment could increase the risk that any of the conditions set forth in Article VII may not be timely satisfied, result in a breach of any of covenants and agreements set forth in this Agreement or adversely affect the Company; provided, further, that no such assignment shall relieve any Parent Entity of any obligation or liability under this Agreement. Subject to the preceding sentence, but without relieving any Party of any obligation hereunder, this Agreement will be binding upon, inure to the benefit of and be enforceable by the Parties and their respective successors and assigns.

Section 9.14 Enforcement; Remedies.

(a) Except as otherwise expressly provided herein, any and all remedies herein expressly conferred upon a Party will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by Law or equity upon such Party, and the exercise by a Party of any one remedy will not preclude the exercise of any other remedy.

(b) The Parties agree that irreparable injury will occur in the event that any of the provisions of this Agreement is not performed in accordance with its specific terms or is otherwise breached. It is agreed that prior to the termination of this Agreement pursuant to Article VIII, each Party shall be entitled to an injunction or injunctions to prevent or remedy any breaches or threatened breaches of this Agreement by any other Party, to a decree or order of specific performance to specifically enforce the terms and provisions of this Agreement and to any further equitable relief.

(c) The Parties rights in this Section 9.14 are an integral part of the Transactions and each Party hereby waives any objections to any remedy referred to in this Section 9.14 (including any objection on the basis that there is an adequate remedy at Law or that an award of such remedy is not an appropriate remedy for any reason at Law or equity). For the

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avoidance of doubt, each Party agrees that there is not an adequate remedy at Law for a breach of this Agreement by any Party. In the event any Party seeks any remedy referred to in this Section 9.14, such Party shall not be required to obtain, furnish, post or provide any bond or other security in connection with or as a condition to obtaining any such remedy.

(d) Notwithstanding anything in this Agreement to the contrary, in the event of a breach of this Agreement by Parent or Merger Sub, the Company s sole and exclusive remedy shall be to seek specific performance or other equitable remedies in accordance with this Section 9.14, unless specific performance or such other equitable remedies have been determined by a court of competent jurisdiction to be unavailable or an inappropriate remedy for such breach, in which case the Company may seek money damages for such breach in accordance with the terms of this Agreement.

Section 9.15 Liability of Financing Sources. Notwithstanding anything to the contrary contained herein, the Company (on behalf of itself and each Company Related Party (other than Parent and Merger Sub)) agrees that neither it nor any other Company Related Party nor any Company stockholder (other than Parent and Merger Sub) shall have any rights or claims against any Financing Source in connection with this Agreement, the Financing or the transactions contemplated hereby or thereby, and no Financing Source shall have any rights or claims against any Company Related Party (other than Parent and Merger Sub) in connection with this Agreement, the Financing or the transactions contemplated hereby or thereby, whether at law or equity, in contract, in tort or otherwise; *provided* that, following consummation of the Merger, the foregoing will not limit the rights of the parties to the Financing under the Debt Financing Documents.

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IN WITNESS WHEREOF, Parent, Merger Sub and the Company have caused this Agreement to be signed by their respective officers thereunto duly authorized as of the date first written above.

ACTAVIS PLC

By /s/ Brent L. Saunders

Name: Brent L. Saunders
Title: Chief Executive Officer and President

AVOCADO ACQUISITION INC.

By /s/ A. Robert D. Bailey

Name: A. Robert D. Bailey
Title: Director

ALLERGAN, INC.

By /s/ David E.I. Pyott

Name: David E.I. Pyott
Title: Chairman of the Board and

Chief Executive Officer

Annex B

November 15, 2014

The Board of Directors

Actavis plc

1 Grand Canal Square,

Docklands Dublin 2, Ireland

Members of the Board of Directors:

You have requested our opinion as to the fairness, from a financial point of view, to Actavis plc (the Company) of the consideration to be paid by the Company in the proposed merger (the Transaction) of a wholly-owned subsidiary of the Company with Allergan, Inc. (the Merger Partner). Pursuant to the Agreement and Plan of Merger (the Agreement), among the Company, Avocado Acquisition Inc. (Merger Sub) and the Merger Partner, Merger Sub will merge with and into the Merger Partner, and the Merger Partner will become a wholly-owned subsidiary of the Company, and each outstanding share of common stock, par value $0.01, of the Merger Partner (the Merger Partner Common Stock), other than shares of Merger Partner Common Stock owned by the Company, Merger Partner, Merger Sub or by any of their respective direct or indirect wholly owned subsidiaries and Dissenting Shares (as defined in the Agreement), will be converted into the right to receive consideration per share equal to $129.22 in cash (the Cash Consideration) and 0.3683 ordinary shares, par value $0.0001 per share (the Company Shares), of the Company (the Stock Consideration , and together with the Cash Consideration, the Consideration).

In connection with preparing our opinion, we have (i) reviewed a draft dated November 14, 2014 of the Agreement; (ii) reviewed certain publicly available business and financial information concerning the Merger Partner and the Company and the industries in which they operate; (iii) compared the proposed financial terms of the Transaction with the publicly available financial terms of certain transactions involving companies we deemed relevant and the consideration paid for such companies; (iv) compared the financial and operating performance of the Merger Partner and the Company with publicly available information concerning certain other companies we deemed relevant and reviewed the current and historical market prices of the Merger Partner Common Stock and the Company Shares and certain publicly traded securities of such other companies; (v) reviewed certain internal financial analyses and forecasts prepared by or at the direction of the managements of the Merger Partner and the Company relating to their respective businesses, and reviewed the estimated amount and timing of the cost savings and related expenses and synergies expected to result from the Transaction provided to us by the management of the Company (the Synergies); and (vi) performed such other financial studies and analyses and considered such other information as we deemed appropriate for the purposes of this opinion.

In addition, we have held discussions with certain members of the management of the Merger Partner and the Company with respect to certain aspects of the Transaction, and the past and current business

operations of the Merger Partner and the Company, the financial condition and future prospects and operations of the Merger Partner and the Company, the effects of the Transaction on the financial condition and future prospects of the Company, and certain other matters we believed necessary or appropriate to our inquiry.

In giving our opinion, we have relied upon and assumed the accuracy and completeness of all information that was publicly available or was furnished to or discussed with us by the Merger Partner and the Company or otherwise reviewed by or for us, and we have not independently verified (nor have we assumed responsibility or liability for independently verifying) any such information or its accuracy or completeness. We have not conducted or been provided with any valuation or appraisal of any assets or liabilities, nor have we evaluated the solvency of the Merger Partner or the Company under any state or federal laws relating to bankruptcy, insolvency or similar matters. In relying on financial analyses and forecasts provided to us or derived therefrom, including the Synergies, we have assumed that they have been reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by management as to the expected future results of operations and financial condition of the Merger Partner and the Company to which such analyses or forecasts relate. We express no view as to such analyses or forecasts (including the Synergies) or the assumptions on which they were based. We have also assumed that the Transaction and the other transactions contemplated by the Agreement will have the tax consequences described in discussions with, and materials furnished to us by, representatives of the Company, and will be consummated as described in the Agreement, and that the definitive Agreement will not differ in any material respects from the draft thereof furnished to us. We have also assumed that the representations and warranties made by the Company and the Merger Partner in the Agreement and the related agreements are and will be true and correct in all respects material to our analysis. We are not legal, regulatory or tax experts and have relied on the assessments made by the Company and its advisors with respect to such issues. We have further assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the Transaction will be obtained without any adverse effect on the Merger Partner or the Company or on the contemplated benefits of the Transaction.

Our opinion is necessarily based on economic, market and other conditions as in effect on, and the information made available to us as of, the date hereof. It should be understood that subsequent developments may affect this opinion and that we do not have any obligation to update, revise, or reaffirm this opinion. Our opinion is limited to the fairness, from a financial point of view, of the Consideration to be paid by the Company in the proposed Transaction and we express no opinion as to the fairness of the Consideration to the holders of any class of securities, creditors or other constituencies of the Company or as to the underlying decision by the Company to engage in the Transaction.

Furthermore, we express no opinion with respect to the amount or nature of any compensation to any officers, directors, or employees of any party to the Transaction, or any class of such persons relative to the Consideration to be paid by the Company in the Transaction or with respect to the fairness of any such compensation. We are expressing no opinion herein as to the price at which the Company Shares or the Merger Partner Common Stock will trade at any future time.

We have acted as financial advisor to the Company with respect to the proposed Transaction and will receive a fee from the Company for our services, a substantial portion of which will become payable only if the proposed Transaction is consummated. In addition, the Company has agreed to indemnify us for certain liabilities arising out of our engagement. During the two years preceding the date of this

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letter, we and our affiliates have had commercial or investment banking relationships with the Company and the Merger Partner for which we and such affiliates have received customary compensation. Such services during such period have included acting as financial advisor to the Company s subsidiary Forest Laboratories, Inc. on its sale to the Company in July 2014, acting as joint lead arranger on the Company s term loan facility in October 2013, acting as joint lead arranger and joint bookrunner on the Company s term loan facility in August 2013 and acting as joint bookrunner on the Merger Partner s high grade offering in March 2013. In addition, our commercial banking affiliate is an agent bank and a lender under outstanding credit facilities of the Company and the Merger Partner, for which it receives customary compensation or other financial benefits. We anticipate that we and our affiliates will arrange and/or provide financing to the Company in connection with the Transaction for customary compensation. In the ordinary course of our businesses, we and our affiliates may actively trade the debt and equity securities of the Company or the Merger Partner for our own account or for the accounts of customers and, accordingly, we may at any time hold long or short positions in such securities.

On the basis of and subject to the foregoing, it is our opinion as of the date hereof that the Consideration to be paid by the Company in the proposed Transaction is fair, from a financial point of view, to the Company.

The issuance of this opinion has been approved by a fairness opinion committee of J.P. Morgan Securities LLC. This letter is provided to the Board of Directors of the Company (in its capacity as such) in connection with and for the purposes of its evaluation of the Transaction. This opinion does not constitute a recommendation to any shareholder of the Company as to how such shareholder should vote or act with respect to the Transaction or any other matter. This opinion may not be disclosed, referred to, or communicated (in whole or in part) to any third party for any purpose whatsoever except with our prior written approval. This opinion may be reproduced in full in any proxy or information statement mailed to shareholders of the Company but may not otherwise be disclosed publicly in any manner without our prior written approval.

Very truly yours,

/s/ J.P. MORGAN SECURITIES LLC

J.P. MORGAN SECURITIES LLC

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Annex C

GLOBAL CORPORATE &

INVESTMENT BANKING

Merrill Lynch, Pierce, Fenner & Smith Incorporated

November 16, 2014

The Board of Directors

Allergan, Inc.

2525 Dupont Drive

Irvine, California 92612

Members of the Board of Directors:

We understand that Allergan, Inc. (Allergan) proposes to enter into an Agreement and Plan of Merger (the Agreement) by and among Actavis plc (Actavis), Avocado Acquisition Inc., an indirect wholly owned subsidiary of Actavis (Merger Sub), and Allergan, pursuant to which, among other things, Merger Sub will merge with and into Allergan (the Merger) and each outstanding share of the common stock, par value $0.01 per share, of Allergan (Allergan Common Stock) (other than shares of Allergan Common Stock owned by Allergan, Actavis or any of their respective direct or indirect wholly owned subsidiaries and Dissenting Shares (as defined in the Agreement)) will be converted into the right to receive (i) 0.3683 of an ordinary share, par value $0.0001 per share, of Actavis (Actavis Ordinary Shares) (such fraction of a share, the Share Consideration Portion) and (ii) $129.22 in cash, without interest (the Cash Consideration Portion , and together with the Share Consideration Portion, the Merger Consideration). The terms and conditions of the Merger are more fully set forth in the Agreement.

You have requested our opinion as to the fairness, from a financial point of view, to the holders of Allergan Common Stock of the Merger Consideration to be received by such holders in the Merger.

In connection with this opinion, we have, among other things:

(i) reviewed certain publicly available business and financial information relating to Allergan and Actavis;

(ii) reviewed certain internal financial and operating information with respect to the business, operations and prospects of Allergan furnished to or discussed with us by the management of Allergan, including certain financial forecasts relating to Allergan prepared by the management of Allergan

(such forecasts, Allergan Forecasts);

(iii) reviewed certain internal financial and operating information with respect to the business, operations and prospects of Actavis furnished to or discussed with us by the management of Actavis, including certain financial forecasts relating to Actavis prepared by the management of Actavis and approved by the management of Allergan (such forecasts, Actavis Forecasts);

(iv) reviewed certain estimates as to the amount and timing of cost savings (the Synergies) anticipated by the management of Actavis to result from the Merger and approved by management of Allergan;

(v) discussed the past and current business, operations, financial condition and prospects of Allergan with members of senior managements of Allergan and Actavis, and discussed the past and current business, operations, financial condition and prospects of Actavis with members of senior managements of Allergan and Actavis;

(vi) reviewed the potential pro forma financial impact of the Merger on the future financial performance of Actavis, including the potential effect on Actavis estimated non-GAAP earnings per share;

(vii) reviewed the trading histories for Allergan Common Stock and Actavis Ordinary Shares and a comparison of such trading histories with the trading histories of other companies we deemed relevant;

(viii) compared certain financial and stock market information of Allergan and Actavis with similar information of other companies we deemed relevant;

(ix) compared certain financial terms of the Merger to financial terms, to the extent publicly available, of other transactions we deemed relevant;

(x) reviewed a draft, dated November 16, 2014, of the Agreement (the Draft Agreement); and

(xi) performed such other analyses and studies and considered such other information and factors as we deemed appropriate.

In arriving at our opinion, we have assumed and relied upon, without independent verification, the accuracy and completeness of the financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with us and have relied upon the assurances of the managements of Allergan and Actavis that they are not aware of any facts or circumstances that would make such information or data inaccurate or misleading in any material respect. With respect to the Allergan Forecasts, we have been advised by Allergan, and have assumed, that they have been reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of Allergan as to the future financial performance of Allergan. With respect to the Actavis Forecasts and Synergies, we have been advised by Actavis, and have assumed, with the consent of Allergan, that they have been reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of Actavis as to the future financial performance of Actavis and other matters covered thereby and we have been directed by the management of Allergan to utilize the Actavis Forecasts and the Synergies for purposes of our analyses and opinion. We have not made or been provided with any independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Allergan or Actavis, nor have we made any physical inspection of the properties or assets of Allergan or Actavis. We have not evaluated the solvency or fair value of Allergan or Actavis under any state, federal or other laws relating to bankruptcy, insolvency or similar matters. We have assumed, at the direction of Allergan, that the Merger will be consummated in accordance with its terms, without waiver, modification

or amendment of any material term, condition or agreement and that, in the course of obtaining the necessary governmental, regulatory and other approvals, consents, releases and waivers for the Merger, no delay, limitation, restriction or condition, including any divestiture requirements or amendments or modifications, will be imposed that would have an adverse effect on Allergan, Actavis or the contemplated benefits of the Merger. We also have assumed, at the direction of Allergan, that the final executed Agreement will not differ in any material respect from the Draft Agreement reviewed by us.

We express no view or opinion as to any terms or other aspects of the Merger (other than the Merger Consideration to the extent expressly specified herein), including, without limitation, the form or structure of the Merger. As you are aware, we were not requested to, and we did not, solicit indications of interest or proposals from third parties regarding a possible acquisition of all or any part of Allergan. Our opinion is limited to the fairness, from a financial point of view, of the Merger Consideration to be received by holders of Allergan Common Stock and no opinion or view is expressed with respect to any consideration received in connection with the Merger by the holders of any class of securities, creditors or other constituencies of any party. In addition, no opinion or view is expressed with respect to the fairness (financial or otherwise) of the amount, nature or any other aspect of any compensation to any of the officers, directors or employees of any party to the Merger, or class of such persons, relative to the Merger Consideration. Furthermore, no opinion or view is expressed as to the relative merits of the Merger in comparison to other strategies or transactions that might be available to Allergan or in which Allergan might engage or as to the underlying business decision of Allergan to proceed with or effect the Merger. We are not expressing any opinion as to what the value of Actavis Ordinary Shares actually will be when issued or the prices at which Allergan Common Stock or Actavis Ordinary Shares will trade at any time, including following announcement or consummation of the Merger. In addition, we express no opinion or recommendation as to how any stockholder should vote or act in connection with the Merger or any related matter.

We have acted as financial advisor to Allergan in connection with its consideration of the offer to exchange commenced on June 18, 2014, by Valeant Pharmaceuticals International, Inc. for the shares of Allergan Common Stock, as amended (the Offer), and the Merger and have received and will continue to receive fees for our services in connection with our engagement, including quarterly advisor fees payable whether or not the Offer is withdrawn, a fee payable upon delivery of this opinion and a contingent fee payable upon consummation of the Merger. In addition, Allergan has agreed to reimburse our expenses and indemnify us against certain liabilities arising out of our engagement.

We and our affiliates comprise a full service securities firm and commercial bank engaged in securities, commodities and derivatives trading, foreign exchange and other brokerage activities, and principal investing as well as providing investment, corporate and private banking, asset and investment management, financing and financial advisory services and other commercial services and products to a wide range of companies, governments and individuals. In the ordinary course of our businesses, we and our affiliates may invest on a principal basis or on behalf of customers or manage funds that invest, make or hold long or short positions, finance positions or trade or otherwise effect transactions in equity, debt or other securities or financial instruments (including derivatives, bank loans or other obligations) of Allergan, Actavis and certain of their respective affiliates.

We and our affiliates in the past have provided, currently are providing, and in the future may provide, investment banking, commercial banking and other financial services to Allergan and certain of its affiliates and have received or in the future may receive compensation for the rendering of these services, including (i) having acted as financial advisor to Allergan in connection with an acquisition transaction, (ii) having acted as a book runner for a debt offering of Allergan, (iii) having acted or acting as documentation agent for, and lender under, certain credit facilities and letters of credit of Allergan and certain of its affiliates and (iv) having provided or providing certain treasury and management services and products to Allergan.

In addition, we and our affiliates in the past have provided, currently are providing, and in the future may provide, investment banking, commercial banking and other financial services to Actavis and its affiliates and have received or in the future may receive compensation for the rendering of these services, including (i) having acted as financial advisor to Actavis and/or certain of its affiliates in connection with various mergers and acquisitions transactions, (ii) having acted as a book runner on various debt offerings of Actavis and certain of its affiliates, (iii) having acted or acting as an administrative agent, co-lead arranger and book runner for, and/or a lender (including, in some cases a

letter of credit lender and swingline lender) under, various credit facilities of Actavis and/or certain of its affiliates and (iv) having provided or providing certain treasury and management services and products to Actavis and/or certain of its affiliates.

It is understood that this letter is for the benefit and use of the Board of Directors of Allergan (in its capacity as such) in connection with and for purposes of its evaluation of the Merger.

Our opinion is necessarily based on financial, economic, monetary, market and other conditions and circumstances as in effect on, and the information made available to us as of, the date hereof. It should be understood that subsequent developments may affect this opinion, and we do not have any obligation to update, revise, or reaffirm this opinion. The issuance of this opinion was approved by our Americas Fairness Opinion Review Committee.

Based upon and subject to the foregoing, including the various assumptions and limitations set forth herein, we are of the opinion on the date hereof that the Merger Consideration to be received in the Merger by holders of Allergan Common Stock is fair, from a financial point of view, to such holders.

Very truly yours,

/s/ MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

Annex D

November 16, 2014

Board of Directors

Allergan, Inc.

2525 Dupont Drive

Irvine, CA 92612

Lady and Gentlemen:

You have requested our opinion as to the fairness from a financial point of view to the holders (other than Actavis plc. (Actavis) and its affiliates) of the outstanding shares of common stock, par value $0.01 per share (the Shares), of Allergan, Inc. (the Company) of the Consideration (as defined below) to be paid to such holders pursuant to the Agreement and Plan of Merger, dated as of November 16, 2014 (the Agreement), by and among Actavis, Avocado Acquisition Inc., an indirect wholly owned subsidiary of Actavis (Merger Sub), and the Company. The Agreement provides that the Merger Sub will be merged with and into the Company and each outstanding Share (other than Shares held by the Company, Actavis, Merger Sub and any of their respective subsidiaries and Dissenting Shares (as defined in the Agreement)) will be converted into $129.22 in cash, without interest (the Cash Consideration) and 0.3683 ordinary shares, par value $0.0001 per share (Actavis Shares), of Actavis (the Stock Consideration ; together with the Cash Consideration, the Consideration).

Goldman, Sachs & Co. and its affiliates are engaged in advisory, underwriting and financing, principal investing, sales and trading, research, investment management and other financial and non-financial activities and services for various persons and entities. Goldman, Sachs & Co. and its affiliates and employees, and funds or other entities they manage or in which they invest or have other economic interests or with which they co-invest, may at any time purchase, sell, hold or vote long or short positions and investments in securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments of the Company, Actavis, any of their respective affiliates and third parties, or any currency or commodity that may be involved in the transaction contemplated by the Agreement (the Transaction). We have acted as financial advisor to the Company in connection with, and have participated in certain of the negotiations leading to, the Transaction. We expect to receive fees for our services in connection with our engagement, a substantial portion of which is contingent upon consummation of the Transaction, and the Company has agreed to reimburse certain of our expenses arising, and indemnify us against certain liabilities that may arise, out of our engagement. We have provided certain financial advisory and/or underwriting services to the Company and/or its affiliates from time to time for which our Investment Banking Division has received, and may receive, compensation, including having acted as financial advisor to the Company in its acquisition of MAP Pharmaceuticals, Inc. in March 2013; as joint book-running manager with respect to a public offering of the Company s 1.350% Notes due 2018 (aggregate principal amount $250,000,000) and 2.800% Notes due 2023 (aggregate principal amount $350,000,000) in March 2013; as financial advisor to the Company with respect to the sale of the Company s obesity intervention business in December 2013; and as financial advisor to the Company with respect to the pending unsolicited offer by Valeant Pharmaceuticals International, Inc., AGMS Inc., Pershing Square Capital Management, L.P. and PS Fund 1, LLC to acquire the Company and other matters since June 2014. We may also in the future provide investment banking services to the Company, Actavis, and their respective affiliates for which our Investment Banking Division may receive compensation.

In connection with this opinion, we have reviewed, among other things, the Agreement; annual reports to stockholders of the Company and Annual Reports on Form 10-K of the Company for the five fiscal years ended December 31, 2013; the annual report to shareholders of Actavis and the Annual Report on Form 10-K of Actavis for the fiscal year ended December 31, 2013; the annual report to stockholders of Actavis, Inc. and the Annual Report on Form 10-K of Actavis, Inc. for the fiscal year ended December 31, 2012; Actavis registration statement on Form S-4, filed with the Securities and Exchange Commission on May 2, 2014 (File No. 333-194781);

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certain interim reports to stockholders of the Company and Actavis, Inc., certain interim reports to shareholders of Actavis, and Quarterly Reports on Form 10-Q of the Company, Actavis and Actavis, Inc.; certain other communications from the Company to its stockholders and from Actavis to its shareholders; certain publicly available research analyst reports for the Company and Actavis; and certain internal financial analyses and forecasts for the Company prepared by its management and for Actavis prepared by its management, in each case, as approved for our use by the Company (the Forecasts), including certain operating synergies projected by the managements of the Company and Actavis to result from the Transaction, as approved for our use by the Company (the Synergies). We have also held discussions with members of the senior managements of the Company and Actavis regarding their assessment of the strategic rationale for, and the potential benefits of, the Transaction and the past and current business operations, financial condition and future prospects of the Company and Actavis; reviewed the reported price and trading activity for the Shares and the Actavis Shares; compared certain financial and stock market information for the Company and Actavis with similar information for certain other companies the securities of which are publicly traded; reviewed the financial terms of certain recent business combinations in the pharmaceutical industry; and performed such other studies and analyses, and considered such other factors, as we deemed appropriate.

For purposes of rendering this opinion, we have, with your consent, relied upon and assumed the accuracy and completeness of all of the financial, legal, regulatory, tax, accounting and other information provided to, discussed with or reviewed by, us, without assuming any responsibility for independent verification thereof. In that regard, we have assumed with your consent that the Forecasts, including the Synergies, have been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of the Company. We have not made an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or other off-balance-sheet assets and liabilities) of the Company, Actavis or any of their respective subsidiaries and we have not been furnished with any such evaluation or appraisal. We have assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the Transaction will be obtained without any adverse effect on the Company or Actavis or on the expected benefits of the Transaction in any way meaningful to our analysis. We have assumed that the Transaction will be consummated on the terms set forth in the Agreement, without the waiver or modification of any term or condition the effect of which would be in any way meaningful to our analysis.

Our opinion does not address the underlying business decision of the Company to engage in the Transaction, or the relative merits of the Transaction as compared to any strategic alternatives that may be available to the Company; nor does it address any legal, regulatory, tax or accounting matters. We were not requested to solicit, and did not solicit, interest from other parties with respect to an acquisition of, or other business combination with, the Company or any other alternative transaction. This opinion addresses only the fairness from a financial point of view to the holders (other than Actavis and its affiliates) of Shares, as of the date hereof, of the Consideration to be paid to such holders pursuant to the Agreement. We do not express any view on, and our opinion does not address, any other term or aspect of the Agreement or Transaction or any term or aspect of any other agreement or instrument contemplated by the Agreement or entered into or amended in connection with the Transaction, including, the fairness of the Transaction to, or any consideration received in connection therewith by, the holders of any other class of securities, creditors, or other constituencies of the Company; nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of the Company, or class of such persons, in connection with the Transaction, whether relative to the Consideration to be paid to the holders (other than Actavis and its affiliates) pursuant to the Agreement or otherwise. We are not expressing any opinion as to the prices at which the Actavis Shares will trade at any time or as to the impact of the Transaction on the solvency or viability of the Company or Actavis or the ability of the Company, or Actavis to pay their respective obligations when they come due.

Our opinion is necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to us as of, the date hereof and we assume no responsibility for updating, revising or reaffirming this opinion based on circumstances, developments or events occurring after the date hereof. Our advisory services and the opinion expressed herein are provided for the information and assistance of the Board of Directors of the Company in

connection with its consideration of the Transaction and such opinion does not constitute a recommendation as to how any holder of Shares should vote with respect to such Transaction or any other matter. This opinion has been approved by a fairness committee of Goldman, Sachs & Co.

Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the Consideration to be paid to the holders (other than Actavis and its affiliates) of Shares pursuant to the Agreement is fair from a financial point of view to such holders.

Very truly yours,

/s/ GOLDMAN, SACHS & CO.

GOLDMAN, SACHS & CO.

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Annex E

Section 262 of the General Corporation Law of the State of Delaware

§ 262. Appraisal rights.

(a) Any stockholder of a corporation of this State who holds shares of stock on the date of the making of a demand pursuant to subsection (d) of this section with respect to such shares, who continuously holds such shares through the effective date of the merger or consolidation, who has otherwise complied with subsection (d) of this section and who has neither voted in favor of the merger or consolidation nor consented thereto in writing pursuant to § 228 of this title shall be entitled to an appraisal by the Court of Chancery of the fair value of the stockholder s shares of stock under the circumstances described in subsections (b) and (c) of this section. As used in this section, the word stockholder means a holder of record of stock in a corporation; the words stock and share mean and include what is ordinarily meant by those words; and the words depository receipt mean a receipt or other instrument issued by a depository representing an interest in 1 or more shares, or fractions thereof, solely of stock of a corporation, which stock is deposited with the depository.

(b) Appraisal rights shall be available for the shares of any class or series of stock of a constituent corporation in a merger or consolidation to be effected pursuant to § 251 (other than a merger effected pursuant to § 251(g) of this title and, subject to paragraph (b)(3) of this section, § 251(h) of this title), § 252, § 254, § 255, § 256, § 257, § 258, § 263 or § 264 of this title:

(1) Provided, however, that, except as expressly provided in § 363(b) of this title, no appraisal rights under this section shall be available for the shares of any class or series of stock, which stock, or depository receipts in respect thereof, at the record date fixed to determine the stockholders entitled to receive notice of the meeting of stockholders to act upon the agreement of merger or consolidation, were either: (i) listed on a national securities exchange or (ii) held of record by more than 2,000 holders; and further provided that no appraisal rights shall be available for any shares of stock of the constituent corporation surviving a merger if the merger did not require for its approval the vote of the stockholders of the surviving corporation as provided in § 251(f) of this title.

(2) Notwithstanding paragraph (b)(1) of this section, appraisal rights under this section shall be available for the shares of any class or series of stock of a constituent corporation if the holders thereof are required by the terms of an agreement of merger or consolidation pursuant to §§ 251, 252, 254, 255, 256, 257, 258, 263 and 264 of this title to accept for such stock anything except:

a. Shares of stock of the corporation surviving or resulting from such merger or consolidation, or depository receipts in respect thereof;

b. Shares of stock of any other corporation, or depository receipts in respect thereof, which shares of stock (or depository receipts in respect thereof) or depository receipts at the effective date of the merger or consolidation will be either listed on a national securities exchange or held of record by more than 2,000 holders;

c. Cash in lieu of fractional shares or fractional depository receipts described in the foregoing paragraphs (b)(2)a. and b. of this section; or

d. Any combination of the shares of stock, depository receipts and cash in lieu of fractional shares or fractional depository receipts described in the foregoing paragraphs (b)(2)a., b. and c. of this section.

(3) In the event all of the stock of a subsidiary Delaware corporation party to a merger effected under § 251(h), § 253 or § 267 of this title is not owned by the parent immediately prior to the merger, appraisal rights shall be available for the shares of the subsidiary Delaware corporation.

(4) In the event of an amendment to a corporation s certificate of incorporation contemplated by § 363(a) of this title, appraisal rights shall be available as contemplated by § 363(b) of this title, and the procedures of this section, including those set forth in subsections (d) and (e) of this section, shall apply as nearly as practicable, with the word amendment substituted for the words merger or consolidation, and the word corporation substituted for the words constituent corporation and/or surviving or resulting corporation.

(c) Any corporation may provide in its certificate of incorporation that appraisal rights under this section shall be available for the shares of any class or series of its stock as a result of an amendment to its certificate of incorporation, any merger or consolidation in which the corporation is a constituent corporation or the sale of all or substantially all of the assets of the corporation. If the certificate of incorporation contains such a provision, the procedures of this section, including those set forth in subsections (d) and (e) of this section, shall apply as nearly as is practicable.

(d) Appraisal rights shall be perfected as follows:

(1) If a proposed merger or consolidation for which appraisal rights are provided under this section is to be submitted for approval at a meeting of stockholders, the corporation, not less than 20 days prior to the meeting, shall notify each of its stockholders who was such on the record date for notice of such meeting (or such members who received notice in accordance with § 255(c) of this title) with respect to shares for which appraisal rights are available pursuant to subsection (b) or (c) of this section that appraisal rights are available for any or all of the shares of the constituent corporations, and shall include in such notice a copy of this section and, if 1 of the constituent corporations is a nonstock corporation, a copy of § 114 of this title. Each stockholder electing to demand the appraisal of such stockholder s shares shall deliver to the corporation, before the taking of the vote on the merger or consolidation, a written demand for appraisal of such stockholder s shares. Such demand will be sufficient if it reasonably informs the corporation of the identity of the stockholder and that the stockholder intends thereby to demand the appraisal of such stockholder s shares. A proxy or vote against the merger or consolidation shall not constitute such a demand. A stockholder electing to take such action must do so by a separate written demand as herein provided. Within 10 days after the effective date of such merger or consolidation, the surviving or resulting corporation shall notify each stockholder of each constituent corporation who has complied with this subsection and has not voted in favor of or consented to the merger or consolidation of the date that the merger or consolidation has become effective; or

(2) If the merger or consolidation was approved pursuant to § 228, § 251(h), § 253, or § 267 of this title, then either a constituent corporation before the effective date of the merger or consolidation or the surviving or resulting corporation within 10 days thereafter shall notify each of the holders of any class or series of stock of such constituent corporation who are entitled to appraisal rights of the approval of the merger or consolidation and that appraisal rights are available for any or all shares of such class or series of stock of such constituent corporation, and shall include in such notice a copy of this section and, if 1 of the constituent corporations is a nonstock corporation, a copy of § 114 of this title. Such notice may, and, if given on or after the effective date of the merger or consolidation, shall, also notify such stockholders of the effective date of the merger or consolidation. Any stockholder entitled to appraisal rights may, within 20 days after the date of mailing of such notice or, in the case of a merger approved pursuant to § 251(h) of this title, within the later of the consummation of the tender or exchange offer contemplated by § 251(h) of this title and 20 days after the date of mailing of such notice, demand in writing from the surviving or resulting corporation the appraisal of such holder s shares. Such demand will be sufficient if it reasonably informs the corporation of the identity of the stockholder and that the stockholder intends thereby to demand the appraisal of such holder s shares. If such notice did not notify stockholders of the effective date of the merger or consolidation, either (i) each such constituent corporation shall send a second notice before the effective date of the merger or consolidation notifying each of the holders of any class or series of stock of such constituent corporation that are entitled to appraisal rights of the effective date of the merger or consolidation or (ii) the surviving or resulting corporation shall send such a second notice to all such holders on or within 10 days after such effective date; provided, however, that if such second notice

is sent more than 20 days following the sending of the first notice or, in the case of a merger approved pursuant to

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§ 251(h) of this title, later than the later of the consummation of the tender or exchange offer contemplated by § 251(h) of this title and 20 days following the sending of the first notice, such second notice need only be sent to each stockholder who is entitled to appraisal rights and who has demanded appraisal of such holder s shares in accordance with this subsection. An affidavit of the secretary or assistant secretary or of the transfer agent of the corporation that is required to give either notice that such notice has been given shall, in the absence of fraud, be prima facie evidence of the facts stated therein. For purposes of determining the stockholders entitled to receive either notice, each constituent corporation may fix, in advance, a record date that shall be not more than 10 days prior to the date the notice is given, provided, that if the notice is given on or after the effective date of the merger or consolidation, the record date shall be such effective date. If no record date is fixed and the notice is given prior to the effective date, the record date shall be the close of business on the day next preceding the day on which the notice is given.

(e) Within 120 days after the effective date of the merger or consolidation, the surviving or resulting corporation or any stockholder who has complied with subsections (a) and (d) of this section hereof and who is otherwise entitled to appraisal rights, may commence an appraisal proceeding by filing a petition in the Court of Chancery demanding a determination of the value of the stock of all such stockholders. Notwithstanding the foregoing, at any time within 60 days after the effective date of the merger or consolidation, any stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party shall have the right to withdraw such stockholder s demand for appraisal and to accept the terms offered upon the merger or consolidation. Within 120 days after the effective date of the merger or consolidation, any stockholder who has complied with the requirements of subsections (a) and (d) of this section hereof, upon written request, shall be entitled to receive from the corporation surviving the merger or resulting from the consolidation a statement setting forth the aggregate number of shares not voted in favor of the merger or consolidation and with respect to which demands for appraisal have been received and the aggregate number of holders of such shares. Such written statement shall be mailed to the stockholder within 10 days after such stockholder s written request for such a statement is received by the surviving or resulting corporation or within 10 days after expiration of the period for delivery of demands for appraisal under subsection (d) of this section hereof, whichever is later. Notwithstanding subsection (a) of this section, a person who is the beneficial owner of shares of such stock held either in a voting trust or by a nominee on behalf of such person may, in such person s own name, file a petition or request from the corporation the statement described in this subsection.

(f) Upon the filing of any such petition by a stockholder, service of a copy thereof shall be made upon the surviving or resulting corporation, which shall within 20 days after such service file in the office of the Register in Chancery in which the petition was filed a duly verified list containing the names and addresses of all stockholders who have demanded payment for their shares and with whom agreements as to the value of their shares have not been reached by the surviving or resulting corporation. If the petition shall be filed by the surviving or resulting corporation, the petition shall be accompanied by such a duly verified list. The Register in Chancery, if so ordered by the Court, shall give notice of the time and place fixed for the hearing of such petition by registered or certified mail to the surviving or resulting corporation and to the stockholders shown on the list at the addresses therein stated. Such notice shall also be given by 1 or more publications at least 1 week before the day of the hearing, in a newspaper of general circulation published in the City of Wilmington, Delaware or such publication as the Court deems advisable. The forms of the notices by mail and by publication shall be approved by the Court, and the costs thereof shall be borne by the surviving or resulting corporation.

(g) At the hearing on such petition, the Court shall determine the stockholders who have complied with this section and who have become entitled to appraisal rights. The Court may require the stockholders who have demanded an appraisal for their shares and who hold stock represented by certificates to submit their certificates of stock to the Register in Chancery for notation thereon of the pendency of the appraisal proceedings; and if any stockholder fails to comply with such direction, the Court may dismiss the proceedings as to such stockholder.

(h) After the Court determines the stockholders entitled to an appraisal, the appraisal proceeding shall be conducted in accordance with the rules of the Court of Chancery, including any rules specifically governing

appraisal proceedings. Through such proceeding the Court shall determine the fair value of the shares exclusive of any element of value arising from the accomplishment or expectation of the merger or consolidation, together with interest, if any, to be paid upon the amount determined to be the fair value. In determining such fair value, the Court shall take into account all relevant factors. Unless the Court in its discretion determines otherwise for good cause shown, interest from the effective date of the merger through the date of payment of the judgment shall be compounded quarterly and shall accrue at 5% over the Federal Reserve discount rate (including any surcharge) as established from time to time during the period between the effective date of the merger and the date of payment of the judgment. Upon application by the surviving or resulting corporation or by any stockholder entitled to participate in the appraisal proceeding, the Court may, in its discretion, proceed to trial upon the appraisal prior to the final determination of the stockholders entitled to an appraisal. Any stockholder whose name appears on the list filed by the surviving or resulting corporation pursuant to subsection (f) of this section and who has submitted such stockholder s certificates of stock to the Register in Chancery, if such is required, may participate fully in all proceedings until it is finally determined that such stockholder is not entitled to appraisal rights under this section.

(i) The Court shall direct the payment of the fair value of the shares, together with interest, if any, by the surviving or resulting corporation to the stockholders entitled thereto. Payment shall be so made to each such stockholder, in the case of holders of uncertificated stock forthwith, and the case of holders of shares represented by certificates upon the surrender to the corporation of the certificates representing such stock. The Court s decree may be enforced as other decrees in the Court of Chancery may be enforced, whether such surviving or resulting corporation be a corporation of this State or of any state.

(j) The costs of the proceeding may be determined by the Court and taxed upon the parties as the Court deems equitable in the circumstances. Upon application of a stockholder, the Court may order all or a portion of the expenses incurred by any stockholder in connection with the appraisal proceeding, including, without limitation, reasonable attorney s fees and the fees and expenses of experts, to be charged pro rata against the value of all the shares entitled to an appraisal.

(k) From and after the effective date of the merger or consolidation, no stockholder who has demanded appraisal rights as provided in subsection (d) of this section shall be entitled to vote such stock for any purpose or to receive payment of dividends or other distributions on the stock (except dividends or other distributions payable to stockholders of record at a date which is prior to the effective date of the merger or consolidation); provided, however, that if no petition for an appraisal shall be filed within the time provided in subsection (e) of this section, or if such stockholder shall deliver to the surviving or resulting corporation a written withdrawal of such stockholder s demand for an appraisal and an acceptance of the merger or consolidation, either within 60 days after the effective date of the merger or consolidation as provided in subsection (e) of this section or thereafter with the written approval of the corporation, then the right of such stockholder to an appraisal shall cease. Notwithstanding the foregoing, no appraisal proceeding in the Court of Chancery shall be dismissed as to any stockholder without the approval of the Court, and such approval may be conditioned upon such terms as the Court deems just; provided, however that this provision shall not affect the right of any stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party to withdraw such stockholder s demand for appraisal and to accept the terms offered upon the merger or consolidation within 60 days after the effective date of the merger or consolidation, as set forth in subsection (e) of this section.

(l) The shares of the surviving or resulting corporation to which the shares of such objecting stockholders would have been converted had they assented to the merger or consolidation shall have the status of authorized and unissued shares of the surviving or resulting corporation.

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Annex F

List of Relevant Territories for the Purposes of Irish Dividend Withholding Tax

1. Albania
2. Armenia
3. Australia
4. Austria
5. Bahrain
6. Belarus
7. Belgium
8. Bosnia & Herzegovina
9. Botswana
10. Bulgaria
11. Canada
12. Chile
13. China
14. Croatia
15. Cyprus
16. Czech Republic
17. Denmark
18. Egypt
19. Estonia
20. Ethiopia
21. Finland

37. Luxembourg
38. Macedonia
39. Malaysia
40. Malta
41. Mexico
42. Moldova
43. Montenegro
44. Morocco
45. Netherlands
46. New Zealand
47. Norway
48. Pakistan
49. Panama
50. Poland
51. Portugal
52. Qatar
53. Romania
54. Russia
55. Saudi Arabia
56. Serbia
57. Singapore

22. France
23. Georgia
24. Germany
25. Greece
26. Hong Kong
27. Hungary
28. Iceland
29. India
30. Israel
31. Italy
32. Japan
33. Korea
34. Kuwait
35. Latvia
36. Lithuania

58. Slovak Republic
59. Slovenia
60. South Africa
61. Spain
62. Sweden
63. Switzerland
64. Thailand
65. Turkey
66. Ukraine
67. United Arab Emirates
68. United Kingdom
69. USA
70. Uzbekistan
71. Vietnam
72. Zambia

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. Indemnification of Directors and Officers

Pursuant to the Actavis articles of association, subject to the provisions of, and so far as may be permitted by the Companies Acts, every director, or other officer of Actavis (other than an auditor) shall be indemnified out of the assets of Actavis against all costs, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or in relation thereto including any liability incurred by him in defending civil or criminal proceedings which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of Actavis and in which judgment is given in his favor (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him or her by the court.

Actavis has entered into deeds of indemnification (the Deeds of Indemnification) with certain directors and officers of Actavis. The Deeds of Indemnification provide indemnification to such directors and officers to the fullest extent permitted by the laws of Ireland, and in accordance with Actavis Memorandum and Articles of Association, for all expenses actually and reasonably incurred in any action or proceeding in which the officer or director is or may be involved in by reason of the fact that he or she is or was a Actavis officer or director, on the terms and conditions set forth in the Deeds of Indemnification. Further, Actavis agrees to advance expenses incurred in defense of these proceedings, on the terms and conditions set forth in the Deeds of Indemnification. The Deeds of Indemnification also provide procedures for requesting and obtaining indemnification and advancement of expenses.

Actavis W.C. Holding Inc. (U.S. Holdco), an indirectly wholly owned subsidiary of Actavis, entered into indemnification agreements (the Holdco Indemnification Agreements) with certain directors and executive officers of Actavis. The Holdco Indemnification Agreements provide indemnification to such directors and officers to the fullest extent permitted by the DGCL, and in accordance with U.S. Holdco s Bylaws, for all expenses actually and reasonably incurred in any action or proceeding in which the director or officer is or may be involved by reason of the fact that he or she is or was a U.S. Holdco director or officer, on the terms and conditions set forth in the Holdco Indemnification Agreements. Further, U.S. Holdco agrees to advance expenses incurred in defense of these proceedings, on the terms and conditions set forth in the Holdco Indemnification Agreements. The Holdco Indemnification Agreements also provide procedures for requesting and obtaining indemnification and advancement of expenses.

The foregoing summaries are qualified in their entirety by the actual terms and provisions of such arrangements.

Item 21. Exhibits and Financial Statement Schedules

(a) The exhibits listed below in the Exhibit Index are filed as part of, or are incorporated by reference in, this joint proxy/registration statement.

Exhibit Number	Exhibit Description

2.1	Merger Agreement, dated as of November 16, 2014, by and among Actavis, Allergan and Merger Sub (included as Annex A to this joint proxy statement/prospectus that is a part of this registration statement)
3.1	Certificate of Incorporation of Actavis (incorporated by reference to Exhibit 3.1 of Actavis Current Report on Form 8-K filed on October 2, 2013)
3.2	Amended and Restated Memorandum and Articles of Association of Actavis (incorporated by reference to Exhibit 3.2 of Actavis Current Report on Form 8-K filed on October 2, 2013)

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Exhibit Number	Exhibit Description
5.1	Form of Opinion of Arthur Cox regarding the validity of Actavis ordinary shares
23.1	Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm for Actavis
23.2	Consent of KPMG ehf., independent auditors for Actavis Pharma Holding 4 ehf. and Actavis S.à r.l.
23.3	Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm for Warner Chilcott plc
23.4	Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm for Aptalis
23.5	Consent of BDO USA, LLP, independent registered public accounting firm for Forest
23.6	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm of Allergan
23.7	Consent of Arthur Cox (included in Exhibit 5.1)
24.1	Powers of Attorney*
99.1	Actavis Pharma Holding 4 ehf. and Actavis S.à r.l. Audited Combined Financial Statements as of and for the years ended December 31, 2011 and 2010 (incorporated by reference to Exhibit 99.1 to Watson Pharmaceuticals, Inc. s Current Report on Form 8-K filed on September 27, 2012)
99.2	Warner Chilcott plc Audited financial statements (incorporated by reference to Warner Chilcott plc s Annual Report on Form 10-K filed on February 22, 2013)
99.3	Warner Chilcott plc Unaudited financial statements (incorporated by reference to Exhibit 99.1 to Actavis Current Report on Form 8-K filed on March 25, 2014)
99.4	Aptalis Holdings Inc. Audited financial statements (incorporated by reference to Exhibit 99.4 to Actavis Current Report on Form 8-K filed on March 25, 2014)
99.5	Aptalis Holdings Inc. Unaudited financial statements (incorporated by reference to Exhibit 99.5 to Actavis Current Report on Form 8-K filed on March 25, 2014)
99.6	Warner Chilcott Limited Management s Discussion and Analysis and Risk Factors (incorporated by reference to Warner Chilcott Limited s Registration Statement on Form S-4, effective as of October 15, 2014)
99.7	Forest Laboratories, Inc. Audited consolidated balance sheets for March 31, 2014 and March 31, 2013, and the audited related consolidated statements of operations, comprehensive income (loss), stockholders equity, and cash flows for each of the years ended March 31, 2014, March 31, 2013 and March 31, 2012 (incorporated by reference to Forest s Annual Report on Form 10-K filed on May 30, 2014)
99.8	Consent of J.P. Morgan Securities LLC
99.9	Consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated
99.10	Consent of Goldman, Sachs & Co.
99.11	List of Relevant Territories for the Purposes of Irish Dividend Withholding Tax (included as Annex F to the joint proxy statement/prospectus that is a part of this registration statement)
99.12	Proxy Voting Card of Actavis
99.13	Proxy Voting Card of Allergan

* Previously filed

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Item 22. Undertakings

The undersigned registrant hereby undertakes:

(a) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(1) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933.

(2) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement.

(3) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(b) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(d) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness; provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(e) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities: The undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

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Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.
(f) For purposes of determining any liability under the Securities Act of 1933, each filing of the registrant s annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan s annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(g) That prior to any public reoffering of the securities registered hereunder through use of a prospectus which is a part of this registration statement, by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c), the issuer undertakes that such reoffering prospectus will contain the information called for by the applicable registration form with respect to reofferings by persons who may be deemed underwriters, in addition to the information called for by the other Items of the applicable for.

(h) That every prospectus (1) that is filed pursuant to paragraph (g) immediately preceding, or (2) that purports to meet the requirements of Section 10(a)(3) of the Securities Act of 1933 and is used in connection with an offering of securities subject to Rule 415, will be filed as a part of an amendment to the registration statement and will not be used until such amendment is effective, and that, for purposes of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(i) To respond to requests for information that is incorporated by reference into the prospectus pursuant to Items 4, 10(b), 11, or 13 of this Form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(j) To supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

(k) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this Amendment No. 1 to the registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Parsippany, State of New Jersey, on January 26, 2015.

ACTAVIS PLC

By: /s/ A. Robert D. Bailey
Name: A. Robert D. Bailey
Title: Authorized Representative

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 1 to the registration statement has been signed by the following persons in the capacities indicated below on January 26, 2015.

Signature	Title
* Paul M. Bisaro	Executive Chairman, Director
* Brent L. Saunders	Chief Executive Officer, President, Director (Principal Executive Officer)
* Maria Teresa Hilado	Chief Financial Officer (Principal Financial Officer)
* James D Arecca	Chief Accounting Officer (Principal Accounting Officer)
* Nesli Basgoz, M.D.	Director
* James H. Bloem	Director
*	Director

Christopher W. Bodine

*

Director

Christopher J. Coughlin

*

Director

Tamar D. Howson

*

Director

John A. King, Ph.D.

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Signature	Title
* Catherine M. Klema	Director
* Jiri Michal	Director
* Patrick J. O Sullivan	Director
* Ronald R. Taylor	Director
* Andrew L. Turner	Director
* Fred G. Weiss	Director

*By	/s/ A. Robert D. Bailey
Name:	A. Robert D. Bailey
Title:	Attorney-in-Fact