Allergan plc
Form 10-K
February 26, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2015

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission File Number	Exact name of registrant as specified in its charter, principal office and address and telephone number	State of incorporation or organization	I.R.S. Employer Identification No.
001-36867	Allergan plc Clonshaugh Business and Technology Park Coolock, Dublin, D17 E400, Ireland (862) 261-7000	Ireland	98-1114402
001-36887	Warner Chilcott Limited Cannon’s Court 22 Victoria Street	Bermuda	98-0496358

Hamilton HM 12

Bermuda

(441) 295-2244

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Allergan plc Ordinary Shares, $0.0001 par value	New York Stock Exchange
Allergan plc 5.500% Mandatory Convertible Preferred Shares, Series A, par value of $0.0001	New York Stock Exchange
Actavis Funding SCS $500,000,000 Floating Rate Notes due 2016*	New York Stock Exchange

*Notes issued by Actavis Funding SCS and guaranteed by Warner Chilcott Limited

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Allergan plc	Yes	x	No	o
Warner Chilcott Limited	Yes	x	No	¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Allergan plc	Yes	¨	No	x
Warner Chilcott Limited	Yes	¨	No	x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:

Allergan plc	Yes	x	No	¨
Warner Chilcott Limited	Yes	x	No	¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Allergan plc	Yes	x	No	¨
Warner Chilcott Limited	Yes	x	No	¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Allergan plc	¨
Warner Chilcott Limited	x

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. (Check one):

Allergan plc	Large accelerated filer	x	Accelerated filer	o
	Non-accelerated filer (Do not check if a smaller reporting company)	o	Smaller reporting company	o
Warner Chilcott Limited	Large accelerated filer	o	Accelerated filer	o
	Non-accelerated filer (Do not check if a smaller reporting company)	x	Smaller reporting company	o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Allergan plc	Yes	¨	No	x
Warner Chilcott Limited	Yes	¨	No	x

The aggregate market value of the voting and non-voting stock held by non-affiliates of Allergan plc as of June 30, 2015, based upon the last sale price reported for such date on the New York Stock Exchange, was $119.0 billion. The calculation of the aggregate market value of voting and non-voting stock excludes Class A ordinary shares of Allergan plc held by executive officers, directors, and stockholders that the registrant concluded were affiliates of Allergan plc on that date.

Number of shares of Allergan plc's Ordinary Shares outstanding on February 15, 2016: 394,687,384

This Annual Report on Form 10-K is a combined report being filed separately by two different registrants: Allergan plc and Warner Chilcott Limited. Warner Chilcott Limited is an indirect wholly owned subsidiary of Allergan plc. The information in this Annual Report on Form 10-K is equally applicable to Allergan plc and Warner Chilcott Limited, except where otherwise indicated. Warner Chilcott Limited meets the conditions set forth in General Instruction H(1)(a) and (b) of Form 10-K and, to the extent applicable, is therefore filing this form with a reduced disclosure format.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information required by Part III of this Annual Report on Form 10-K ("Annual Report") is incorporated by reference from the Allergan plc proxy statement to be filed pursuant to Regulation 14A with respect to the Registrant's Annual Meeting of Shareholders to be held on or about May 5, 2016.

ALLERGAN PLC

WARNER CHILCOTT LIMITED

TABLE OF CONTENTS

FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2015

ITEM 1. BUSINESS

Explanatory Note

This Annual Report on Form 10-K is a combined annual report being filed separately by two registrants: Allergan plc and its indirect wholly-owned subsidiary, Warner Chilcott Limited. Each registrant hereto is filing on its own behalf all the information contained in this annual report that relates to such registrant. Each registrant hereto is not filing any information that does not relate to such registrant, and therefore makes no representations as to any such information.

Company History

Allergan plc (formerly known as Actavis plc) was incorporated in Ireland on May 16, 2013 as a private limited company and re-registered effective September 20, 2013 as a public limited company. It was established for the purpose of facilitating the business combination between Actavis, Inc. and Warner Chilcott plc ("Warner Chilcott"). On October 1, 2013, pursuant to the transaction agreement dated May 19, 2013 among Actavis, Inc., Warner Chilcott, Allergan plc, Actavis Ireland Holding Limited, Actavis W.C. Holding LLC (now known as Actavis W.C. Holding Inc.) and Actavis W.C. Holding 2 LLC (now known as Actavis W.C. Holding 2 Inc.) ("MergerSub"), (i) the Company acquired Warner Chilcott (the "Warner Chilcott Acquisition") pursuant to a scheme of arrangement under Section 201, and a capital reduction under Sections 72 and 74, of the Irish Companies Act of 1963 where each Warner Chilcott ordinary share was converted into 0.160 of an Allergan plc ordinary share (the "Company Ordinary Shares"), or $5,833.9 million in equity consideration, and (ii) MergerSub merged with and into Actavis, Inc., with Actavis, Inc. as the surviving corporation in the merger (the "Merger" and, together with the Warner Chilcott Acquisition, the "Transactions"). Following the consummation of the Transactions, Actavis, Inc. and Warner Chilcott became wholly-owned subsidiaries of Allergan plc. Each of Actavis, Inc.'s common shares was converted into one Company Ordinary Share. Effective October 1, 2013, through a series of related-party transactions, Allergan plc contributed its indirect subsidiaries, including Actavis, Inc., to Warner Chilcott Limited.

On March 17, 2015, the Company acquired Allergan, Inc. ("Legacy Allergan") for approximately $77.0 billion including outstanding indebtedness assumed of $2.2 billion, cash consideration of $40.1 billion and equity consideration of $34.7 billion, which includes outstanding equity awards (the "Allergan Acquisition"). Under the terms of the agreement, Legacy Allergan shareholders received 111.2 million of the Company's ordinary shares, 7.0 million of the Company's non-qualified stock options and 0.5 million of the Company's share units. The addition of Legacy Allergan's therapeutic franchises in ophthalmology, neurosciences and medical aesthetics/dermatology/plastic surgery complements the Company's existing central nervous system, gastroenterology, women's health and urology franchises. The combined company benefits from Legacy Allergan's global brand equity and consumer awareness of key products, including Botox® and Restasis®. The transaction expanded our presence and market and product reach across many international markets, with strengthened commercial positions across Canada, Europe, Southeast Asia and other high-value growth markets, including China, India, the Middle East and Latin America.

In connection with the Allergan Acquisition, the Company changed its name from Actavis plc to Allergan plc. Actavis plc's ordinary shares were traded on the NYSE under the symbol "ACT" until the opening of trading on June 15, 2015, at which time Actavis plc changed its corporate name to "Allergan plc" and changed its ticker symbol to "AGN." Pursuant to Rule 12g-3(c) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), Allergan plc is the successor issuer to Actavis plc's ordinary shares and Actavis plc's mandatory convertible preferred shares, both of which are deemed to be registered under Section 12(b) of the Exchange Act, and Allergan plc is subject to the informational requirements of the Exchange Act, and the rules and regulations promulgated thereunder.

References throughout to "we," "our," "us," the "Company" or "Allergan" refer to financial information and transactions of Watson Pharmaceuticals, Inc. prior to January 23, 2013, Actavis, Inc. from January 23, 2013 until October 1, 2013 and Allergan plc and Warner Chilcott Limited subsequent to October 1, 2013.

References throughout to “Ordinary Shares” refer to Actavis, Inc.’s Class A common shares, par value $0.0033 per share, prior to the consummation of the Transactions and to Allergan plc’s ordinary shares, par value $0.0001 per share, since the consummation of the Transactions.

On July 26, 2015, Allergan plc entered into a master purchase agreement (the “Teva Agreement”), under which Teva Pharmaceutical Industries Ltd. (“Teva”) agreed to acquire the Company’s global generic pharmaceuticals business and certain other assets (the “Teva Transaction”). Under the Teva Agreement, upon the closing of the Teva Transaction, we will receive $33.75 billion in cash and 100.3 million Teva ordinary shares (or American Depository Shares with respect thereto), which approximates $6.75 billion in Teva stock using the then-current stock price at the time the Teva Transaction was announced, in exchange for which Teva will acquire our global generics business, including the United States (“U.S.”) and international generic commercial units, our third-party supplier Medis, our global generic manufacturing operations, our global generic R&D unit, our international over-the-counter (OTC) commercial unit (excluding OTC eye care products) and some established international brands. We continue to work toward

satisfying all conditions in order to close by the end of the first quarter of 2016; however, it is possible that closing could slip beyond the end of the first quarter. As a result of the transaction, and in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") number 2014-08 "Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity," the Company is accounting for the assets and liabilities to be divested as held for sale. Further, the financial results of the business held for sale have been reclassified to discontinued operations for all periods presented in our consolidated financial statements.

On November 23, 2015, the Company announced that it entered into a definitive merger agreement (the "Pfizer Agreement") under which Pfizer Inc. ("Pfizer"), a global innovative biopharmaceutical company, and Allergan plc will merge in a stock and cash transaction (the "Pfizer Transaction"), which attributes a $160.0 billion enterprise valuation using the then-current stock price at the time the Pfizer Transaction was announced. Company shareholders will receive 11.3 shares of the combined company ordinary shares for each of their existing Allergan shares and Pfizer stockholders will receive in respect of each share of Pfizer common stock held by them, at their election and subject to certain proration procedures described in the Pfizer Agreement, either one share of the combined company or an amount in cash equal to the volume weighted average price per share of Pfizer common stock on the New York Stock Exchange ("NYSE") on the trading day immediately preceding the date of the consummation of the Pfizer Transaction. The Pfizer Transaction is anticipated to close in the second half of 2016.

Except where otherwise indicated, and excluding certain insignificant cash and non-cash transactions at the Allergan plc level, the consolidated financial statements and disclosures are for two separate registrants, Allergan plc and Warner Chilcott Limited. The results of Warner Chilcott Limited are consolidated into the results of Allergan plc. Due to the deminimis activity between Allergan plc and Warner Chilcott Limited, references throughout this document relate to both Allergan plc and Warner Chilcott Limited. Refer to "Note 3 —Reconciliation of Warner Chilcott Limited results to Allergan plc results" in the accompanying "Notes to the Consolidated Financial Statements" in this document for a summary of the details on the differences between Allergan plc and Warner Chilcott Limited.

This discussion contains forward-looking statements that are subject to known and unknown risks, uncertainties and other factors that may cause our actual results to differ materially from those expressed or implied by such forward-looking statements. These risks, uncertainties and other factors include, among others, those identified under "Risk Factors" in this Annual Report and in other reports we have filed with the U.S. Securities and Exchange Commission ("SEC").

Business Overview

Allergan plc is a global specialty pharmaceutical company engaged in the development, manufacturing, marketing, and distribution of brand name pharmaceutical products ("brand", "branded" or "specialty brand"), medical aesthetics, biosimilar and over-the-counter ("OTC") pharmaceutical products. The Company has operations in more than 100 countries. Warner Chilcott Limited is an indirect wholly-owned subsidiary of Allergan plc and has the same principal business activities. As a result of the Allergan Acquisition which closed on March 17, 2015, the Company expanded its franchises to include ophthalmology, neurosciences and medical aesthetics/dermatology/plastic surgery, which complements the Company's existing central nervous system, gastroenterology, women's health and urology franchises. The combined company benefits significantly from Legacy Allergan's global brand equity and consumer awareness of key products, including Botox® and Restasis®. The Allergan Acquisition expanded our presence and market and product reach across many international markets, with strengthened commercial positions across Canada, Europe, Southeast Asia and other high-value growth markets, including China, India, the Middle East and Latin America.

The results of our discontinued operations includes the results of our generic product development, manufacturing and distribution of off-patent pharmaceutical products, established international brands marketed similar to generic

products and out-licensed generic pharmaceutical products primarily in Europe through our Medis third-party business.

Allergan plc's principal executive offices are located at Clonshaugh Business and Technology Park, Coolock, Dublin, Ireland and our administrative headquarters are located at Morris Corporate Center III, 400 Interpace Parkway, Parsippany, NJ 07054. Our Internet website address is www.allergan.com. We do not intend this website address to be an active link or to otherwise incorporate by reference the contents of the website into this report. Our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and all amendments thereto, are available free of charge on our Internet website. These reports are posted on our website as soon as reasonably practicable after such reports are electronically filed with the SEC. The public may read and copy any materials that we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington DC 20549 or electronically through the SEC website (www.sec.gov). The information contained on the SEC's website is not incorporated by reference into this Form 10-K and should not be considered to be part of this Form 10-K. Information may be obtained regarding the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Within the Investors section of our website, we provide information concerning corporate governance, including our Corporate Governance Guidelines, Board Committee Charters and Composition,

Code of Conduct and other information. Refer to “ITEM 1A. RISK FACTORS-CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS” in this document.

Business Development

2015 Significant Business Developments

The following are the material transactions that were completed in the year ended December 31, 2015.

Acquisitions

AqueSys

On October 16, 2015, the Company acquired AqueSys, Inc. (“AqueSys”), a private, clinical-stage medical device company focused on developing ocular implants that reduce intraocular pressure (“IOP”) associated with glaucoma, in an all-cash transaction. Under the terms of the agreement, the Company acquired AqueSys for an acquisition accounting purchase price of $298.9 million, including $193.5 million for the estimated fair value of contingent consideration relating to the regulatory approval and commercialization milestone payments. The Company acquired AqueSys for the lead development program, including XEN45, a soft shunt that is implanted in the sub conjunctival space in the eye through a minimally invasive procedure with a single use, pre-loaded proprietary injector (the “AqueSys Acquisition”).

Northwood Medical Innovation

On October 1, 2015, the Company acquired Northwood Medical Innovation Ltd., developer of innovative implant technology, earFold™, which is being accounted for as a business acquisition. earFold™ is a medical device for the correction of prominent ears, with or without asymmetry, in patients aged 7 years and older. earFold™ received a Conformité Européene (“CE”) mark in April 2015, and has been made available by Northwood Medical Innovation Ltd to trained and accredited plastic surgeons, otolaryngologists (Ear, Nose and Throat) and maxillo-facial surgeons, primarily in the United Kingdom (“UK”). The Company acquired Northwood Medical Innovation Ltd. for acquisition accounting purchase price consideration of $25.5 million (the “Northwood Acquisition”), including $15.0 million of contingent consideration.

Kythera

On October 1, 2015, the Company acquired Kythera Biopharmaceuticals (“Kythera”), for $75 per share, or an acquisition accounting purchase price of $2,089.5 million (the “Kythera Acquisition”). Kythera was focused on the discovery, development and commercialization of novel prescription aesthetic products. Kythera’s lead product, Kybella® injection, is the first and only United States Food and Drug Administration (“FDA”) approved, non-surgical treatment for moderate to severe submental fullness, commonly referred to as double chin.

Oculeve

On August 10, 2015, the Company acquired Oculeve, Inc. (“Oculeve”), a development-stage medical device company focused on developing novel treatments for dry eye disease. Under the terms of the agreement, Allergan acquired Oculeve for an acquisition accounting purchase price of $134.5 million (the “Oculeve Acquisition”), including $90.0 million for the estimated fair value of contingent consideration of which the Company may owe up to $300.0 million in future payments. The Company acquired Oculeve and its lead product candidate OD-01, an intranasal neurostimulation device, as well as other dry eye products in development.

Auden Mckenzie

On May 29, 2015 the Company acquired Auden Mckenzie Holdings Limited ("Auden"), a company specializing in the development, licensing and marketing of niche generic medicines and proprietary brands in the United Kingdom ("UK") and across Europe for approximately 323.7 million British Pounds, or $495.9 million (the "Auden Acquisition"). The assets and liabilities acquired, as well as the results of operations for the acquired Auden business are part of the assets being divested in the Teva Transaction and are included as a component of income from discontinued operations. In addition the acquired financial position is included in assets and liabilities held for sale.

Allergan

On March 17, 2015, the Company completed the Allergan Acquisition. The addition of Legacy Allergan's therapeutic franchises in ophthalmology, neurosciences and medical aesthetics/dermatology/plastic surgery complements the Company's existing central nervous system, gastroenterology, women's health and urology franchises. The combined company benefited from Legacy Allergan's global brand equity and consumer awareness of key products, including Botox® and Restasis®. The transaction also expanded our presence and market and product reach across many international markets, with strengthened commercial positions across Canada, Europe, Southeast Asia and other high-value growth markets, including China, India, the Middle East and Latin America.

Licenses and Asset Acquisitions

Mimetogen

On November 4, 2015, the Company entered into an exclusive licensing agreement with Mimetogen Pharmaceuticals ("Mimetogen"), a clinical stage biotechnology company, to develop and commercialize tavilermide (MIM-D3), a topical formulation of a novel small molecule TrkA agonist for the treatment of dry eye disease, in exchange for an upfront payment of $50.0 million to Mimetogen, which is included as a component of research and development ("R&D") expenses in the year ended December 31, 2015. Mimetogen will be entitled to receive potential milestones based on achieving regulatory approval and predefined labeling of the product. In addition, Mimetogen is entitled to receive one-time annual sales based milestone payments based on multiple pre-defined annual net sales thresholds which may or may not be achieved, and tiered royalties based on net sales to third parties of the licensed products (the "Mimetogen Transaction"). The Company concluded based on the stage of development of the assets, the lack of acquired employees and manufacturing as well as certain other inputs and processes that the transaction did not qualify as a business.

Almirall

On October 27, 2015, the Company and Ironwood Pharmaceuticals, Inc. announced that Allergan has acquired rights to Constella® (linaclotide) in the European Union, Switzerland, Turkey and the Commonwealth of Independent States from Almirall, S.A. and has also reacquired rights to Linzess® (linaclotide) in Mexico from Almirall for €60.0 million. The consideration was accounted for as an asset acquisition and included as a component of intangible assets. The Company concluded based on the lack of acquired employees and the lack of certain other inputs and processes that the transaction did not qualify as a business.

Naurex

On August 28, 2015, the Company acquired certain products in early stage development of Naurex, Inc. ("Naurex") in an all-cash transaction of $571.7 million (the "Naurex Transaction"), plus future contingent payments up to $1,150.0 million, which was accounted for as an asset acquisition. The Company recognized the upfront consideration of $571.7 million as a component of R&D expenses in the year ended December 31, 2015. The Company concluded based on the stage of development of the assets, the lack of acquired employees and manufacturing as well as certain other inputs and processes that the transaction did not qualify as a business. The Naurex Transaction expands our pipeline with Naurex's two leading product candidates GLYX-13 and NRX-1074, two compounds that utilize NMDA modulation as a potential new approach to the treatment of Major Depressive Disorder ("MDD"), a disease that can lead to suicidality among the most severe patients.

Migraine License

On August 17, 2015, the Company entered into an agreement with Merck & Co. (“Merck”) under which the Company acquired the exclusive worldwide rights to Merck’s early development stage investigational small molecule oral calcitonin gene-related peptide receptor antagonists, which are being developed for the treatment and prevention of migraines (the “Merck Transaction”). The transaction is being accounted for as an asset acquisition. The Company acquired these rights for an upfront charge of $250.0 million which was recognized as a component of R&D expenses in the year ended December 31, 2015. The Company concluded based on the stage of development of the assets, the lack of acquired employees and manufacturing as well as certain other inputs and processes that the transaction did not qualify as a business. The Company paid $125.0 million in the year ended December 31, 2015 and the remaining $125.0 million is payable on April 30, 2016. Additionally, Merck is owed contingent payments based on commercial and development milestones of up to $965.0 million as well as royalties.

Divestitures

Respiratory Business

As part of the Forest Acquisition (defined below), we acquired certain assets that comprised Legacy Forest's branded respiratory business in the U.S. and Canada (the "Respiratory Business"). During the year ended December 31, 2014, we held for sale respiratory assets of $734.0 million, including allocated goodwill to this unit of $309.1 million. On March 2, 2015, the Company sold the Respiratory Business to AstraZeneca plc ("AstraZeneca") for consideration of $600.0 million upon closing, additional funds to be received for the sale of certain of our inventory to AstraZeneca and low single-digit royalties above a certain revenue threshold. AstraZeneca also paid Allergan an additional $100.0 million and Allergan has agreed to a number of contractual consents and approvals, including certain amendments to the ongoing collaboration agreements between AstraZeneca and Allergan (the "Respiratory Sale"). As a result of the final terms of the agreement, in the year ended December 31, 2015, the Company recognized an incremental charge in cost of sales (including the acquisition accounting fair value mark-up of inventory) relating to inventory that will not be sold to AstraZeneca of $35.3 million. The Company recognized a loss in other (expense) income, net for the sale of the business of $5.3 million in the year ended December 31, 2015.

Pharmatech

As part of the Forest Acquisition, the Company acquired certain manufacturing plants and contract manufacturing agreements within the business known as Aptalis Pharmaceutical Technologies ("Pharmatech"). In accordance with acquisition accounting, the assets were fair valued on July 1, 2014 as assets held in use, including market participant synergies anticipated under the concept of "highest and best use." During the fourth quarter of 2014, the decision was made to hold these assets for sale as one complete unit, without integrating the unit and realizing anticipated synergies. During the year ended December 31, 2014, the Company recognized an impairment on assets held for sale of $189.9 million (the "Pharmatech Transaction") which included a portion of goodwill allocated to this business unit. In the year ended 2015, the Company completed the divestiture of the Pharmatech business and there was no material impact to the Company's results of operations.

2014 Significant Business Developments

The following are the material transactions that were completed in the year ended December 31, 2014.

Acquisitions

Durata Therapeutics

On November 17, 2014, we completed our tender offer to purchase all of the outstanding shares of Durata Therapeutics, Inc. ("Durata"), an innovative pharmaceutical company focused on the development and commercialization of novel therapeutics for patients with infectious diseases and acute illnesses (the "Durata Acquisition"). Allergan purchased all outstanding shares of Durata, which were valued at approximately $724.5 million, including the assumption of debt, as well as one contingent value right ("CVR") per share, entitling the holder to receive additional cash payments of up to $5.00 per CVR if certain regulatory or commercial milestones related to Durata's lead product Dalvance® are achieved. The CVR had an acquisition date fair value of $49.0 million. We accounted for the acquisition as a business combination requiring that the assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date. On March 2, 2015, the Company announced that the European Commission has granted Allergan's subsidiary Durata Therapeutics International B.V., marketing authorization for Xydalba™ (dalbavancin) for the treatment of acute bacterial skin and skin structure infections (ABSSSI) in adults. The approval triggered the first CVR payment. The difference between the fair value of the CVR

on the date of acquisition of $24.5 million and the payment made of $30.9 million, or $6.4 million, was recorded as an operating expense in the year ended December 31, 2015. In January 2016, the Company received approval from the FDA for an expanded label which will include a single dose of Dalvance®, which triggers a second CVR payment in the year ending December 31, 2016.

Furiex

On July 2, 2014, the Company acquired Furiex Pharmaceuticals, Inc. ("Furiex") in an all-cash transaction (the "Furiex Acquisition") valued at $1,156.2 million (including the assumption of debt) and up to approximately $360.0 million in a CVR payable based on which controlled substance schedule designation that eluxadoline, Furiex's lead product, receive following approval, which had an acquisition accounting fair value of $88.0 million on the date of acquisition (included in the value of $1,156.2 million). In the second quarter of 2015, the Company received approval from the FDA of the eluxadoline product, Viberzi®. Viberzi® is a first-in-class, locally-acting mu opioid receptor agonist and delta opioid receptor antagonist for treating symptoms of diarrhea-predominant irritable bowel syndrome (IBS-d), a condition that affects approximately 28 million patients in the United States and Europe. In

connection with the close of the Furiex Acquisition, the Company further announced that it closed the transaction related to the sale of Furiex's royalties on Alogliptin and Priligy® to Royalty Pharma for $408.6 million in cash consideration.

Contingent Consideration

In the year ended December 31, 2015, the Company received a schedule IV ("C-IV") designation from the Drug Enforcement Agency ("DEA") for Viberzi® and recognized an expense of $29.8 million as a component of R&D expense. This expense represents the difference between the final CVR payment amount of $118.5 million, or $10 for each CVR outstanding, versus the probability-weighted CVR fair value initially established in acquisition accounting, adjusted for accretion. This amount was paid as of December 31, 2015.

Forest Laboratories

On July 1, 2014, the Company acquired Forest Laboratories, Inc. ("Legacy Forest") for $30.9 billion including outstanding indebtedness assumed of $3.3 billion, equity consideration of $20.6 billion, which includes outstanding equity awards, and cash consideration of $7.1 billion (the "Forest Acquisition"). Under the terms of the transaction, Legacy Forest shareholders received 89.8 million Allergan plc (formerly Actavis plc) ordinary shares, 6.1 million Allergan plc non-qualified stock options and 1.1 million Allergan plc share units. Legacy Forest was a leading, fully integrated, specialty pharmaceutical company largely focused on the United States market. Legacy Forest marketed a portfolio of branded drug products and developed new medicines to treat patients suffering from diseases principally in the following therapeutic areas: central nervous system, cardiovascular, gastrointestinal, respiratory, anti-infective, and cystic fibrosis.

Silom Medical Company

On April 1, 2014, the Company acquired Silom Medical Company ("Silom"), a privately held generic pharmaceutical company focused on developing and marketing therapies in Thailand, for consideration of approximately $103.0 million in cash (the "Silom Acquisition"). The Silom Acquisition expanded the Company's position in the Thai generic pharmaceutical market, with leading positions in the ophthalmic and respiratory therapeutic categories and a strong cardiovascular franchise. We accounted for the acquisition as a business combination requiring that the assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date. The assets and liabilities acquired, as well as the results of operations for the acquired Silom business are part of the assets being divested in the Teva Transaction and are included as a component of income from discontinued operations. In addition the acquired financial position is included in assets and liabilities held for sale.

Divestitures

Corona Facility

During the year ended December 31, 2014, we held for sale assets in our Corona, California manufacturing facility. As a result, the Company recognized an impairment charge as a component of discontinued operations of $20.0 million in the year ended December 31, 2014, including a write-off of property, plant and equipment, net, due to the integration of Warner Chilcott of $5.8 million. The Company completed the sale of these assets during the year ended December 31, 2015 with no material impact to the Company's results of operations.

2013 Significant Business Developments

The following are the material transactions that were completed in the year ended December 31, 2013.

Acquisitions

Warner Chilcott

On October 1, 2013, the Company acquired of Warner Chilcott plc (“Warner Chilcott”) in a stock for stock transaction for a value, including the assumption of debt, of $9.2 billion (the “Warner Chilcott Acquisition”). Warner Chilcott was a leading specialty pharmaceutical company focused on the women’s healthcare, gastroenterology, urology and dermatology segments of the branded pharmaceuticals market, primarily in North America.

Medicines360

On June 10, 2013, we entered into an exclusive license agreement with Medicines360 to market, sell and distribute Medicines360 LNG20 intrauterine device ("LNG20") in the U.S. and in Canada for a payment of approximately $52.3 million. According to the terms of the agreement, we are also required to pay Medicines360 certain regulatory and sales based milestone payments totaling up to nearly $125.0 million plus royalties. Medicines360 retained the rights to market the product in the U.S. public sector, including family planning clinics that provide services to low-income women. LNG20 is currently marketed as Liletta® and was originally developed by Uteron Pharma Operations SPRL in Belgium (now a subsidiary of the Company). We accounted for the acquisition as a business combination requiring that the assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date.

Acquisition of Uteron Pharma, S.A.

On January 23, 2013, the Company completed the acquisition of Uteron Pharma, S.A. for approximately $142.0 million in cash, plus assumption of debt and other liabilities of $7.7 million and up to $155.0 million in potential future milestone payments (the "Uteron Acquisition"). The acquisition expanded the Company's specialty brand pipeline of women's health products including two potential near term commercial opportunities in contraception and infertility, and one oral contraceptive project projected to launch by 2018 at the time of the acquisition. Several additional products that were then in earlier stages of development were also acquired in the Uteron Acquisition. We accounted for the acquisition as a business combination requiring that the assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date.

At June 30, 2014, after an identified triggering event, the acquired in-process research and development ("IPR&D") intangible asset related to Estelle, a novel natural estrogen-based 28 day cycle oral contraceptive for the prevention of pregnancy, of $13.1 million was deemed to be fully impaired. Consequently, the $22.8 million contingent liability related to Estelle was written off, resulting in a net gain of $9.7 million as a component of R&D expense. At June 30, 2014, after an identified triggering event, the acquired IPR&D intangible asset related to Colvir, a treatment of premalignant Human Papilloma Virus (HPV) lesions of the uterine, of $2.0 million was deemed to be fully impaired. Consequently the $1.5 million contingent liability was also written off, resulting in a net loss of $0.5 million.

Divestitures

Western European Assets

During the year ended December 31, 2013, we held for sale our then current generic commercial infrastructure in France, Italy, Spain, Portugal, Belgium, Germany and the Netherlands, including products, marketing authorizations and dossier license rights. On January 17, 2014, we announced our intention to enter into an agreement with Aurobindo Pharma Limited ("Aurobindo") to sell these businesses. On April 1, 2014, the Company completed the sale of the assets in Western Europe.

In connection with the sale of our Western European assets, we entered into a supply agreement whereby the Company will supply product to Aurobindo over a period of five years. In the second quarter of 2014, we allocated the fair value of the consideration for the sale of the Western European assets of $65.0 million to each element of the agreement, including the supply of product.

As a result of the transactions, we recognized as a component of discontinued operations, income / (loss) on the net assets held for sale of $3.4 million and $(34.3) million in the years ended December 31, 2014 and 2013, respectively. In addition, the Company recognized a loss on the disposal of the assets in the year ended December 31, 2014 of $20.9 million and deferred revenue of $10.1 million to be recognized over the course of the supply agreement as a

component of discontinued operations.

Business Description

Prescription pharmaceutical products in the United States generally are marketed as either generic or brand pharmaceuticals. Results in continuing operations in the United States are primarily due to brand pharmaceuticals. Branded pharmaceutical products are marketed under brand names through programs that are designed to generate physician and consumer loyalty. The Company markets aesthetic products in the U.S. and internationally through programs designed to generate physician loyalty. Through our Anda Distribution segment, we distribute pharmaceutical products that have been commercialized by us and others, to independent pharmacies, pharmacy chains, pharmacy buying groups and physicians' offices.

Generic pharmaceutical products, which we account for in discontinued operations, are bioequivalents of, or in cases of protein-based biologic therapies, biosimilar to, their respective brand products and provide a cost-efficient alternative to branded products.

As a result of the differences between the types of products we market and/or distribute and the methods by which we distribute these products, we operate and manage our business in four distinct operating segments: US Brands, US Medical Aesthetics, International Brands and Anda Distribution. The operating segments are organized as follows:

- The US Brands segment includes sales and expenses relating to branded products within the United States, including certain Botox® therapies.
- The US Medical Aesthetics segment includes sales and expenses relating to aesthetics and dermatology products within the United States, including certain Botox® therapies.
- The International Brands segment includes sales and expenses relating to products sold outside of the United States.
- The Anda Distribution segment includes distribution of generic and branded pharmaceutical products manufactured by third parties, as well as by the Company, primarily to independent pharmacies, pharmacy chains, pharmacy buying groups and physicians' offices. The Anda Distribution segment operating results exclude sales of products developed, acquired, or licensed by the US Brands, US Medical Aesthetics and International Brands segments. As the generics business is now reported within discontinued operations, the Anda Distribution segment includes revenues and expenses related to Company manufactured generics products sold through Anda Distribution.

Business Strategy

We apply three key strategies to achieve growth for our US Brands, US Medical Aesthetics and International Brands businesses: (i) internal development of differentiated and high-demand products, (ii) establishment of strategic alliances and collaborations and (iii) acquisition of products and companies that complement our current business. Our Anda Distribution business distributes products for approximately 340 suppliers and is focused on providing next-day delivery and responsive service to its customers. Our Anda Distribution business distributes a number of branded products in the United States. Growth in our Anda Distribution business will be largely dependent upon customer expansion, FDA approval of new generic products in the U.S. and expansion of our base of suppliers.

Based upon business conditions, our financial strength and other factors, we regularly reexamine our business strategies and may change them at any time. Refer to "ITEM 1A. RISK FACTORS — Risks Related to Our Business" in this document.

US Brands

Newly developed pharmaceutical products normally are patented or have market exclusivity and, as a result, are generally offered by a single provider when first introduced to the market. We market a number of branded products to physicians, hospitals, and other markets that we serve. These patented and off-patent trademarked products are brand pharmaceutical products. In March 2015, as a result of the Allergan Acquisition, we began promoting a number of additional branded products including, but not limited to Alphagan® /Combigan® , Botox®, Lumigan® /Ganfort® and Restasis®. In July 2014, as a result of the Forest Acquisition, we began promoting a number of additional branded products including, but not limited to Bystolic®, Canasa®, Carafate®, Fetzima®, Linzess®, Namenda®, Namenda XR®, Saphris®, Teflaro® and Viibryd®. In October 2013, as a result of the Warner Chilcott Acquisition, we began promoting a number of brand products, including, but not limited to, Actonel®, Asacol® HD, Atelvia®, Delzicol®, Estrace® Cream, Enablex®, Lo Loestrin® Fe and Minastrin® 24 Fe.

Net revenues in our US Brands segment were $9,134.3 million, $4,511.2 million, and $1,001.2 million, or approximately 60.6%, 66.9% and 38.5% of our total net revenues in the years ended December 31, 2015, 2014, and 2013, respectively.

US Brands Strategy

We market our brand products through our active sales professionals in the United States. Our sales and marketing efforts focus on general and specialty physicians who specialize in the diagnosis and treatment of particular medical conditions. Each group offers products to satisfy the unique needs of these physicians. We believe this focused sales and marketing approach enables us to foster close professional relationships with specialty physicians, as well as cover the primary care physicians who also prescribe in selected therapeutic areas. We believe that the current structure of sales professionals is very adaptable to the additional products we plan to add to our brand portfolio.

We have maintained an ongoing effort to enhance efficiencies and reduce costs in our manufacturing operations.

US Brands Product Portfolio

As of December 31, 2015, our portfolio of branded pharmaceutical products within the US Brands segment includes the following key promoted products:

Product	Active Ingredient	Therapeutic Classification
Alphagan®/Combigan®	Brimonidine tartrate	Selective alpha$_2$ agonist
Asacol®/Delzicol®	Mesalamine	Ulcerative colitis
Botox®	Onabotulimtoxin	Acetylcholine release inhibitor
Bystolic®	Nebivolol	Hypertension
Carafate®/Sulcrate®	Sucralfate	Ulcerative colitis
Dalvance®	Dalbavancin	Acute bacterial skin infections
Estrace® Cream	Estradiol	Hormone therapy
Linzess®/Constella®	Linaclotide	Irritable bowel syndrome
Lo Loestrin® Fe	Ethinyl estradiol and norethindrone	Oral contraceptive
Lumigan®/Ganfort®	Bimatoprost	Prostaglandin analogue
Minastrin® 24 Fe	Ethinyl estradiol and norethindrone	Oral contraceptive
Namenda XR®	Memantine HCl	Dementia
Namzaric®	Memantine HCl	Dementia
Restasis®	Cyclosporine	Topical immunomodulator
Saphris®	Asenapine	Schizophrenia, bipolar mania
Teflaro®	Ceftaroline fosamil	Acute bacterial skin infections, community-acquired bacterial pneumonia
Viberzi®	Eluxadoline	Irritable bowel syndrome
Viibryd®/Fetzima®	Vilazodone HCl/Levomilnacipran	Major depressive disorders
Zenpep®	Pancrelipase	Exocrine pancreatic insufficiency

US Medical Aesthetics

Our US Medical Aesthetics business offers a wide range of silicone gel and saline breast implant options as well as a comprehensive, science-based facial aesthetic portfolio. Net revenues in our US Medical Aesthetics segment were $1,513.9 million, or approximately 10.0% of our total net revenues in the year ended December 31, 2015. The US Medical Aesthetics segment is primarily attributable to the Allergan Acquisition. As such, there are no comparable sales for the years ended December 31, 2014 and 2013.

US Medical Aesthetics Strategy

Our US Medical Aesthetics business is focused on maintaining a leading position within the U.S. market. We market our products through our active sales professionals in the United States. Our sales and marketing efforts focus on specialty physicians and surgeons who specialize in aesthetics. We believe this focused sales and marketing approach enables us to foster close professional relationships with specialty physicians.

US Medical Aesthetics Product Portfolio

As of December 31, 2015, our portfolio of products within the US Medical Aesthetics segment includes the following key promoted products:

Product	Active Ingredient	Therapeutic Classification
Aczone®	Dapzone	Acne
Botox®	Botulinum toxin	Musculoskeletal agent
Breast Implants	Silicone	Reconstructive plastic surgery
Juvederm®/Voluma®	Hyaluronic acid	Nasolabial folds

International Brands

Our International Brands segment offers a wide array of branded and aesthetics products outside of the United States, primarily attributable to products acquired in the Allergan Acquisition. Net revenues in our International Brands segment were $2,187.3 million,

$203.5 million, and $40.2 million, or approximately 14.5%, 3.0% and 1.5% of our total net revenues in the years ended December 31, 2015, 2014, and 2013, respectively.

International Brands Strategy

Our International Brands business is focused on maintaining a leading position by offering a consistent and reliable supply of quality brand and aesthetic products. We have maintained an ongoing effort to enhance efficiencies and reduce costs in our manufacturing operations.

International Brands Product Portfolio

Our International Brands segment offers a wide array of branded and aesthetics products outside of the United States, primarily attributable to products acquired in the Allergan Acquisition.

As of December 31, 2015, our portfolio of products within the International Brands segment includes the following key promoted products:

Product	Active Ingredient	Therapeutic Classification
Alphagan®/Combigan®	Brimonidine tartrate	Selective alpha$_2$ agonist
Breast Implants	Silicone	Reconstructive plastic surgery
Botox®	Botulinum toxin	Musculoskeletal agent
Juvederm®/Voluma®	Hyaluronic acid	Nasolabial folds
Lumigan®/Ganfort®	Bimatoprost	Prostaglandin analogue

Anda Distribution Segment

Our Anda Distribution segment distributes brand pharmaceutical products manufactured by third parties, as well as by Allergan, primarily to independent pharmacies, pharmacy chains, pharmacy buying groups and physicians' offices. Sales are principally generated through our national accounts relationships, an in-house telemarketing staff and through internally developed ordering systems. Additionally, we sell to members of buying groups, which are independent pharmacies that join together to enhance their buying power. We believe that we are able to effectively compete in the distribution market, and therefore optimize our market share, based on three critical elements: (i) competitive pricing, (ii) high levels of inventory for approximately 13,200 SKUs for responsive customer service that includes, among other things, next day delivery to the entire U.S., and (iii) well-established telemarketing relationships with our customers, supplemented by our electronic ordering capabilities. While we purchase most of the SKUs in our Anda Distribution operations from third party manufacturers, we also distribute our own products and our collaborative partners' products.

Revenue growth in our distribution operations will in part be dependent on the launch of new products, offset by the overall level of net price and unit declines on existing distributed products, and will be subject to changes in market share.

Research and Development

We devote significant resources to the R&D of brand products, biosimilars and proprietary drug delivery technologies. R&D activities are expensed as incurred and consist of self-funded R&D costs, the costs associated with work

performed under collaborative R&D agreements, regulatory fees, and license milestone payments, if any. R&D expenses include the following key components ($ in millions):

	Years Ended December 31,		
	2015	2014	2013
Brand expenditures	$2,353.7	$605.7	$191.3
Medical expenditures	4.8	-	-
Total R&D	$2,358.5	$605.7	$191.3

Our R&D strategy focuses on the following product development areas:

- the application of proprietary drug-delivery technology for new product development in specialty areas;
- the acquisition of mid-to-late development-stage brand drugs and biosimilars; and

- the development of sustained-release, semi-solid, liquid, oral transmucosal, transdermal, gel, injectable, and other drug delivery technologies and the application of these technologies to proprietary drug forms.

As of December 31, 2015, we conducted the majority of our branded drug delivery R&D activities in Irvine, California. We are presently developing a number of products through a combination of internal and collaborative programs.

Included within discontinued operations is the impact of R&D expenditures for our generic product portfolio. As of December 31, 2015, we had more than 200 ANDAs on file in the United States relating to our generic portfolio. Refer to the "Government Regulation and Regulatory Matters" section below for a description of our process for obtaining FDA approval for our products.

As of December 31, 2015, we are developing a number of branded products, some of which utilize novel drug delivery systems, through a combination of internal and collaborative programs including the following:

Product	Therapeutic Area	Indication	Expected Launch Year	Phase
Restasis MDPF	Eye Care	Dry Eye	2016	Registration
XEN45	Eye Care	Glaucoma	2017	III
Sarecycline	Dermatology	Severe Acne	2018	III
Esmya	Woman's healthcare	Uterine Fibroids	2018	III
Bimatoprost SR	Eye Care	Glaucoma	2018	III
Tavilermide	Eye Care	Dry Eye	2019	III
Relamorelin**	Gastrointestinal	Gastroparesis	2020	II
Ubrogepant	Neurology	Acute Migraine	2020	II
Abicipar	Eye Care	Age Related Macular Degeneration	2020	III
Rapastinel	Psychiatry	Depression	2021	II

** As part of our agreement with Rhythm Health, Inc.

We also have a number of products in development as part of our life-cycle management strategy for our existing product portfolio.

Financial Information About Segments and Geographic Areas

The Company evaluates segment performance based on segment contribution. Segment contribution represents net revenues less cost of sales (excluding amortization and impairment of acquired intangibles including product rights), selling and marketing expenses, and select general and administrative expenses. The Company does not evaluate the following items at the segment level:

- Revenues and operating expenses within cost of sales (excluding amortization and impairment of acquired intangibles including product rights), selling and marketing expenses, and general and administrative expenses that result from the impact of corporate initiatives. Corporate initiatives primarily include integration, restructuring, acquisition and other shared costs.

.

General and administrative expenses that result from shared infrastructure, including certain expenses located within the United States.

- Total assets including capital expenditures.
- Other select revenues and operating expenses including R&D expenses, amortization, goodwill impairments, IPR&D impairments and asset sales and impairments, net as not all such information has been accounted for at the segment level, or such information has not been used by all segments.

Customers

In our US Brands, US Medical Aesthetics and International Brands operations, we sell our brand pharmaceutical products primarily to drug wholesalers, retailers and distributors, including national retail drug and food store chains, hospitals, clinics, mail order retailers, government agencies and managed healthcare providers such as health maintenance organizations and other institutions. In our Anda Distribution business, we distribute brand pharmaceutical products to independent pharmacies, alternate care providers (hospitals, nursing homes and mail order pharmacies), pharmacy chains, physicians' offices and buying groups.

Sales to certain of our customers accounted for 10% or more of our annual revenues during the past three years. The following table illustrates customers and the respective percentage of revenues which they comprised in each of the last three years:

Customer	2015	2014	2013
McKesson Corporation	24 %	22 %	11 %
Cardinal Health, Inc.	18 %	16 %	10 %
AmerisourceBergen Corporation	17 %	17 %	6 %

Our significant customers comprise a large part of the distribution network for pharmaceutical products in North America. As a result, a small number of large wholesaler distributors and large drug store chains control a significant share of the market. Our Anda Distribution business competes directly with our large wholesaler customers with respect to the distribution of generic products.

The loss of any of these customers could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Competition

The pharmaceutical industry is highly competitive. In our US Brands, US Medical Aesthetics and International Brands businesses, we compete with different companies depending upon product categories, and within each product category, upon dosage strengths and drug delivery systems. Such competitors include the major brand name manufacturers of pharmaceutical products. In addition to product development, other competitive factors in the pharmaceutical industry include product quality, price, reputation, service and access to proprietary and technical information. It is possible that developments by others will make our products or technologies noncompetitive or obsolete.

Competing in the brand product business requires us to identify and bring to market new products embodying technological innovations. Successful marketing of brand products depends primarily on the ability to communicate their effectiveness, safety and value to healthcare professionals in private practice, group practices and receive formulary status from managed care organizations. We anticipate that our brand product offerings will support our existing areas of therapeutic focus. Based upon business conditions and other factors, we regularly reevaluate our business strategies and may from time to time reallocate our resources from one therapeutic area to another, withdraw from a therapeutic area or add an additional therapeutic area in order to maximize our overall growth opportunities. Our competitors in brand products include major brand name manufacturers of pharmaceuticals. Many of our competitors have been in business for a longer period of time, have a greater number of products on the market and have greater financial and other resources than we do. If we directly compete with them for certain contracted business, such as the Pharmacy Benefit Manager business, or for the same markets and/or products, their financial strength could prevent us from capturing a meaningful share of those markets.

In our Anda Distribution segment, we compete with a number of large wholesalers and other distributors of pharmaceuticals, including McKesson Corporation, AmerisourceBergen Corporation and Cardinal Health, Inc., which distribute both branded and generic pharmaceutical products to their customers. These same companies are significant customers of our US Brands and US Medical Aesthetics businesses. As generic products generally have higher gross margins than branded products for a pharmaceutical distribution business, each of the large wholesalers, on an increasing basis, are offering pricing incentives on branded products if the customers purchase a majority of their

generic pharmaceutical products from the primary wholesaler. As we do not offer as broad a portfolio of branded products to our customers as some of our competitors, we are at times competitively disadvantaged. Increased competition in the generic industry as a whole may result in increased price erosion in the pursuit of market share. Refer to “ITEM 1A. RISK FACTORS — Risks Related to Our Business — Our Anda Distribution operations compete directly with significant customers of our generic and branded businesses” in this document.

As a result of the Teva Transaction, the Company’s global generics business is classified as discontinued operations. Our discontinued operations actively competes in the generic pharmaceutical industry. Revenues and gross profit derived from the sales of generic pharmaceutical products tend to follow a pattern based on certain regulatory and competitive factors. As patents and regulatory exclusivity for brand name products expire or are successfully challenged, the first off-patent manufacturer to receive regulatory approval for generic equivalents of such products is generally able to achieve significant market penetration. As competing off-patent manufacturers receive regulatory approvals on similar products, market share, revenues and gross profit typically decline, in some cases dramatically. Accordingly, the level of market share, revenues and gross profit attributable to a particular generic product normally is related to the number of competitors in that product’s market, pricing and the timing of that product’s regulatory approval and launch, in relation to competing approvals and launches. We face competition from other generic drug manufacturers and from brand name companies in the generic market. Many of these companies seek to participate in sales of generic products by, among

other things, collaborating with other generic pharmaceutical companies or by marketing their own generic equivalent to their brand products as “Authorized Generics”.

Manufacturing, Suppliers and Materials

As of December 31, 2015, we manufactured many of our own finished products at our plants including major manufacturing sites in:

Location	State / Country
Guarulhos	Brazil
Dupnitsa*	Bulgaria
San Jose	California
San Jose	Costa Rica
Davie*	Florida
Pringy	France
Weiderstadt	Germany
Athens*	Greece
Hafnarfjordur*	Iceland
Ambernath*	India
Goa*	India
Dublin	Ireland
Westport	Ireland
Nerviano*	Italy
Birzebbugia*	Malta
Zetjun*	Malta
Elizabeth*	New Jersey
Coleraine*	Northern Ireland
Cincinnati	Ohio
Fajardo*	Puerto Rico
Manati*	Puerto Rico
Waco	Texas
Barnstable*	UK
Salt Lake City*	Utah

* Facilities are included in the assets being divested as part of the Teva Transaction.

We have implemented several cost reduction initiatives, which included the transfer of several solid dosage products from our Corona, California facility to other facilities throughout our manufacturing network and the ongoing implementation of an operational excellence initiative at certain of our manufacturing facilities. Our manufacturing facilities also include additional plants supporting local markets and alternative dosage forms.

We have development and manufacturing capabilities for raw material and active pharmaceutical ingredients (“API”) and intermediate ingredients to support our R&D internal product development efforts in our San Jose, California, Coleraine, Northern Ireland and Ambernath, India facilities. Our Ambernath, India facility also manufactures API for third parties.

Our manufacturing operations are subject to extensive regulatory oversight and could be interrupted at any time. Refer to Legal Matters in “NOTE 25 — Commitments and Contingencies” in the accompanying “Notes to Consolidated Financial Statements” in this document.

In addition, we are dependent on third parties for the supply of the raw materials necessary to develop and manufacture our products, including the API and inactive pharmaceutical ingredients used in many of our products. We are required to identify the supplier(s) of all the raw materials for our products in the drug applications that we file with the FDA. If raw materials for a particular product become unavailable from an approved supplier specified in a drug application, we would be required to qualify a substitute supplier with the FDA, which would likely interrupt manufacturing of the affected product. To the extent practicable, we attempt to identify more than one supplier in each drug application. However, some raw materials are available only from a single source and, in many of our drug applications, only one supplier of raw materials has been identified, even in instances where multiple sources exist.

Furthermore, we obtain a significant portion of our raw materials from foreign suppliers. Arrangements with international raw material suppliers are subject to, among other things, FDA regulation, customs clearance, various import duties, foreign currency risk and other government clearances. Acts of governments outside the U.S. may affect the price or availability of raw materials needed for the development or manufacture of our products. In addition, any changes in patent laws in jurisdictions outside the U.S. may make it increasingly difficult to obtain raw materials for R&D prior to the expiration of the applicable U.S. or foreign patents. Refer to "ITEM 1A. RISK FACTORS — Risks Related to Our Business — If we are unable to obtain sufficient supplies from key manufacturing sites or suppliers that in some cases may be the only source of finished products or raw materials, our ability to deliver our products to the market may be impeded" in this document. Refer to "ITEM 1A — RISK FACTORS — Risks Relating to Investing in the Pharmaceutical Industry — The supply of APIs into Europe may be negatively affected by recent regulations promulgated by the European Union" in this document.

Patents and Proprietary Rights

We believe patent protection of our proprietary products is important to our products. Our success with our branded products will depend, in part, on our ability to obtain, and successfully defend if challenged, patent or other proprietary protection for such products. We currently have a number of U.S. and foreign patents issued or pending. However, the issuance of a patent is not conclusive as to its validity or as to the enforceable scope of the claims of the patent. Accordingly, our patents may not prevent other companies from developing similar or functionally equivalent products or from successfully challenging the validity of our patents. If our patent applications are not approved or, even if approved, if such patents are circumvented or not upheld in a court of law, or administrative proceedings, including oppositions, re-examinations or inter parties review ("IPR"), our ability to competitively market our patented products and technologies may be significantly reduced. Also, such patents may or may not provide competitive advantages for their respective products or they may be challenged or circumvented by competitors, in which case our ability to commercially market these products may be diminished. From time to time, we may need to obtain licenses to patents and other proprietary rights held by third parties to develop, manufacture and market our products. If we are unable to timely obtain these licenses on commercially reasonable terms, our ability to commercially market such products may be inhibited or prevented. Patents covering our Namenda® IR, Estrace® Cream, Actonel® (certain indications), Androderm®, Femhrt®, INFed® and Carafate® products have expired and we have no further patent protection on these products.

We also rely on trade secrets and proprietary know-how that we seek to protect, in part, through confidentiality agreements with our partners, customers, employees and consultants. It is possible that these agreements will be breached or will not be enforceable in every instance, and we will not have adequate remedies for any such breach. It is also possible that our trade secrets will otherwise become known or independently developed by competitors.

We may find it necessary to initiate litigation to enforce our patent rights, to protect our trade secrets or know-how or to determine the scope and validity of the proprietary rights of others. Litigation concerning patents, trademarks, copyrights and proprietary technologies can often be protracted and expensive and, as with litigation generally, the outcome is inherently uncertain.

Pharmaceutical companies with brand products are suing companies that produce off-patent forms of their brand name products for alleged patent infringement or other violations of intellectual property rights which may delay or prevent the entry of such a generic product into the market. For instance, when our global generics business files an ANDA in the U.S. seeking approval of a generic equivalent to a branded drug, we may certify under the Drug Price Competition and Patent Restoration Act of 1984 (the "Hatch-Waxman Act") to the FDA that we do not intend to market our generic drug until any patent listed by the FDA as covering the brand drug has expired, in which case, the ANDA will be approved by the FDA no earlier than the expiration or final finding of invalidity of such patent(s). On the other hand, we could certify that we believe the patent or patents listed as covering the brand drug are invalid and/or will not be

infringed by the manufacture, sale or use of our generic form of the brand drug. In that case, we are required to notify the brand product holder or the patent holder that such patent is invalid or is not infringed. If the patent holder sues us for patent infringement within 45 days from receipt of the notice, the FDA is then prevented from approving our ANDA for 30 months after receipt of the notice unless the lawsuit is resolved in our favor in less time or a shorter period is deemed appropriate by a court.

Litigation alleging infringement of patents, copyrights or other intellectual property rights may be costly and time consuming. Refer to “ITEM 1A. RISK FACTORS — Risks Related to Our Business — Third parties may claim that we infringe their proprietary rights and may prevent us from manufacturing and selling some of our products” and Legal Matters in “NOTE 25 — Commitments and Contingencies” in the accompanying “Notes to Consolidated Financial Statements” in this document.

Government Regulation and Regulatory Matters

The following discussion focuses on key markets to the Company's overall business.

United States

All pharmaceutical manufacturers, including Allergan, are subject to extensive, complex and evolving regulation by the federal government, principally the FDA, and to a lesser extent, by the U.S. Drug Enforcement Administration ("DEA"), Occupational Safety and Health Administration and state government agencies, as well as by various regulatory agencies in foreign countries where our products or product candidates are being manufactured and/or marketed. The Federal Food, Drug and Cosmetic Act, the Controlled Substances Act and other federal statutes and regulations govern or influence the testing, manufacturing, packing, labeling, storing, record keeping, safety, approval, advertising, promotion, sale and distribution of our products. In our international markets, the approval, manufacture and sale of pharmaceutical products is similar to the United States with some variations dependent upon local market dynamics.

FDA approval is required before any dosage form of any new drug, including an off-patent equivalent of a previously approved drug, can be marketed. The process for obtaining governmental approval to manufacture and market pharmaceutical products is rigorous, time-consuming and costly, and the extent to which it may be affected by legislative and regulatory developments cannot be predicted. We are dependent on receiving FDA and other governmental approvals prior to manufacturing, marketing and shipping new products. Refer to "ITEM 1A. RISK FACTORS — Risks Related to Our Business — If we are unable to successfully develop or commercialize new products, our operating results will suffer" and "— Extensive industry regulation has had, and will continue to have, a significant impact on our business, especially our product development, manufacturing and distribution capabilities" in this document.

All applications for FDA approval must contain information relating to product formulation, raw material suppliers, stability, manufacturing processes, packaging, labeling and quality control. There are generally two types of applications for FDA approval that would be applicable to our new products:

- NDA. We file a New Drug Application ("NDA") when we seek approval for drugs with active ingredients and/or with dosage strengths, dosage forms, delivery systems or pharmacokinetic profiles that have not been previously approved by the FDA. Generally, NDAs are filed for newly developed brand products or for a new dosage form of previously approved drugs.
- ANDA. We file an ANDA when we seek approval for off-patent or generic equivalents of a previously approved drug.

For innovative or non-generic new drugs, an FDA-approved NDA is required before the drug may be marketed in the United States. The NDA must contain data to demonstrate that the drug is safe and effective for its intended uses and that it will be manufactured to appropriate quality standards. In order to demonstrate safety and effectiveness, an NDA generally must include or reference pre-clinical studies and clinical data from controlled trials in humans. For a new chemical entity, this generally means that lengthy, uncertain and rigorous pre-clinical and clinical testing must be conducted. For compounds that have a record of prior or current use, it may be possible to utilize existing data or medical literature and limited new testing to support an NDA. Any pre-clinical testing that we wish to rely upon for FDA action must comply with the FDA's good laboratory practice and other requirements. Clinical testing in human subjects must be conducted in accordance with the FDA's good clinical practice and other requirements. In order to initiate a clinical trial, the sponsor must submit an Investigational New Drug Application ("IND") to the FDA or meet one of the narrow exemptions that exist from the IND requirement.

The FDA can, and does, reject NDAs, require additional clinical trials, or grant approvals on a restricted basis only, even when product candidates performed well in clinical trials. In addition, the FDA may approve an NDA subject to post-approval studies or monitoring requirements, or require that other risk management measures be utilized in connection with the product. There are also requirements to conduct pediatric trials for all new NDAs and supplements to NDAs, unless a waiver or deferral applies.

Similarly, FDA approval of an ANDA is required before we may begin marketing an off-patent or generic equivalent of a drug that has been approved under an NDA, or a previously unapproved dosage form of a drug that has been approved under an NDA. The ANDA approval process generally differs from the NDA approval process in that it does not typically require new preclinical and clinical studies; instead, it relies on the clinical studies establishing safety and efficacy conducted for the previously approved NDA drug. The ANDA process, however, typically requires data to show that the ANDA drug is bioequivalent to the previously approved drug. “Bioequivalence” compares the bioavailability of one drug product with another and, when established, indicates whether the rate and extent of absorption of a generic drug in the body are substantially equivalent to the previously approved drug. “Bioavailability” establishes the rate and extent of absorption, as determined by the time dependent concentrations of a drug product in the bloodstream or body needed to produce a therapeutic effect. The ANDA drug development and approval process generally takes

three to four years, which is less time than the NDA drug development and approval process since the ANDA process does not require new clinical trials establishing the safety and efficacy of the drug product.

Supplemental NDAs or ANDAs are required for, among other things, approval to transfer certain products from one manufacturing site to another or to change an API supplier, and may be under review for a year or more. In addition, certain products may only be approved for transfer once new bioequivalency studies are conducted or other requirements are satisfied.

To obtain FDA approval of both NDAs and ANDAs, our manufacturing procedures and operations must conform to FDA quality system and control requirements generally referred to as current Good Manufacturing Practices ("cGMP"), as defined in Title 21 of the U.S. Code of Federal Regulations. These regulations encompass all aspects of the production process from receipt and qualification of components to distribution procedures for finished products. They are evolving standards; thus, we must continue to expend substantial time, money and effort in all production and quality control areas to maintain compliance. The evolving and complex nature of regulatory requirements, the broad authority and discretion of the FDA, and the generally high level of regulatory oversight results in the continuing possibility that we may be adversely affected by regulatory actions despite our efforts to maintain compliance with regulatory requirements.

We are subject to the periodic inspection of our facilities, procedures and operations and/or the testing of our products by the FDA, the DEA and other authorities, which conduct periodic inspections to assess compliance with applicable regulations. In addition, in connection with its review of our applications for new products, the FDA conducts pre-approval and post-approval reviews and plant inspections to determine whether our systems and processes comply with cGMP and other FDA regulations. Among other things, the FDA may withhold approval of NDAs, ANDAs or other product applications of a facility if deficiencies are found at that facility. Vendors that supply finished products or components to us that we use to manufacture, package and label products are subject to similar regulation and periodic inspections.

Following such inspections, the FDA may issue notices on Form 483 and Warning Letters that could cause us to modify certain activities identified during the inspection. A Form 483 notice is generally issued at the conclusion of an FDA inspection and lists conditions the FDA investigators believe may violate cGMP or other FDA regulations. FDA guidelines specify that a Warning Letter be issued only for violations of "regulatory significance" for which the failure to adequately and promptly achieve correction may be expected to result in an enforcement action.

Failure to comply with FDA and other governmental regulations can result in fines, unanticipated compliance expenditures, recall or seizure of products, total or partial suspension of production and/or distribution, suspension of the FDA's review of NDAs, ANDAs or other product application enforcement actions, injunctions and criminal prosecution. Under certain circumstances, the FDA also has the authority to revoke previously granted drug approvals. Although we have internal compliance programs, if these programs do not meet regulatory agency standards or if our compliance is deemed deficient in any significant way, it could have a material adverse effect on us. Refer to "ITEM 1A. RISK FACTORS — Risks Related to Our Business — Extensive industry regulation has had, and will continue to have, a significant impact on our business, especially our product development, manufacturing and distribution capabilities." in this document. The Generic Drug Enforcement Act of 1992 established penalties for wrongdoing in connection with the development or submission of an ANDA. Under this Act, the FDA has the authority to permanently or temporarily bar companies or individuals from submitting or assisting in the submission of an ANDA, and to temporarily deny approval to and suspend applications to market generic drugs. The FDA may also suspend the distribution of all drugs approved or developed in connection with certain wrongful conduct and/or withdraw approval of an ANDA and seek civil penalties. The FDA can also significantly delay the approval of any pending NDA, ANDA or other regulatory submissions under the Fraud, Untrue Statements of Material Facts, Bribery and Illegal Gratuities Policy Act.

U.S. government reimbursement programs include Medicare, Medicaid, TriCare, and State Pharmacy Assistance Programs established according to statute, government regulations and policy. Federal law requires that all pharmaceutical manufacturers, as a condition of having their products receive federal reimbursement under Medicaid, must pay rebates to state Medicaid programs on units of their pharmaceuticals that are dispensed to Medicaid beneficiaries. With enactment of the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act (collectively, the "ACA"), the required per-unit rebate for products marketed under ANDAs increased from 11% of the Average Manufacturer Price ("AMP") to 13%. Additionally, for products marketed under NDAs, the manufacturers rebate increased from 15.1% to 23.1% of the average manufacturer price, or the difference between the average manufacturer price and the lowest net sales price to a non-government customer during a specified period. In some states, supplemental rebates are required as a condition of including the manufacturer's drug on the state's Preferred Drug List.

The ACA also made substantial changes to reimbursement when seniors reach the Medicare Part D coverage gap "donut hole." By 2020, Medicare beneficiaries will pay 25% of drug costs when they reach the coverage threshold — the same percentage they were responsible for before they reached that threshold.

The Affordable Care Act prescribed that the coverage gap phase of the Medicare Part D benefit be closed such that by 2020, beneficiaries will pay co-insurance of 25% (or co-payment equivalents) of the cost of prescription drugs dispensed to them under their applicable Medicare Part D plans, until they reach the catastrophic phase of the Medicare Part D benefit. As such, the coverage gap or "donut hole" will be effectively closed beginning in the 2020 plan year. The cost of closing the donut hole is being borne in part by brand drug companies as well as Medicare Part D plan sponsors and the federal government. Beginning in 2011, brand drug manufacturers were required to provide a 50% discount on their drugs. Additionally, beginning in 2013, the government/Medicare Part D plan sponsors began providing additional subsidies for brand name drugs bought by seniors who enter the coverage gap. The government/sponsor share started at 2.5%, but will increase to 25% by 2020. At that point, the combined industry discounts and government subsidies will add up to 75% of brand-name drug costs. In addition, the federal government/Medicare Part D plan sponsors subsidize generic drug costs in the coverage gap. In 2015, subsidies on generic drugs were 35% and such subsidies will increase to 75% of generic drug costs in 2020 when the "donut hole" will be completely closed through these subsidies.

The Deficit Reduction Act of 2005 ("DRA") mandated a number of changes in the Medicaid program, including the use of AMP as the basis for reimbursement to pharmaceutical companies that dispense generic drugs under the Medicaid program. Three health care reform bills passed in 2010 significantly changed the definition of AMP, effective October 1, 2010. These legislative changes were part of the ACA and the FAA Air Transportation Modernization & Safety Improvement Act (the "Transportation Bill"). The impact of this legislation was that there were increases in Medicaid reimbursement to pharmacies for generics. These changes became effective on October 1, 2010.

On November 9, 2010, the Center for Medicare and Medicaid Services ("CMS") issued a final rule withdrawing and amending regulations that have governed the calculation of AMP and the establishment of federal upper limits since October 2007. The regulations were withdrawn to mandate AMP calculation under the revised drug rebate statute. The withdrawal required manufacturers to base October 2010 and subsequent months' AMPs on the statutory language until official guidance is issued.

In the absence of regulatory guidance governing the AMP calculation, CMS had instructed pharmaceutical manufacturers to base their AMP calculations on the definitions set forth in the statute, as amended by the ACA, the Health Care and Education Reconciliation Act, and the Transportation Bill. On January 27, 2012, CMS issued proposed rules on Medicaid pharmacy reimbursement using the AMP model. Allergan had adopted policies and procedures to ensure that we are calculating and reporting AMP in a manner that is consistent with the text and intent of the statute and the proposed rules. On January 21, 2016, CMS issued final rules on such reimbursement; the final rule will take effect in April 2016, with select portions taking effect April 1, 2017. Allergan is in the process of determining how the final rule will change these mechanisms in order to comply with the final rule and will timely implement any required changes.

In addition, in connection with the commercialization of our products, we have obtained authorization to receive reimbursement at varying levels for the cost of certain products and related treatments from government authorities and private health insurers and other organizations, such as Health Maintenance Organizations ("HMOs") and Managed Care Organizations ("MCOs").

Federal, state, local and foreign laws of general applicability, such as laws regulating working conditions, also govern us. In addition, we are subject, as are all manufacturers generally, to numerous and increasingly stringent federal, state and local environmental laws and regulations concerning, among other things, the generation, handling, storage, transportation, treatment and disposal of toxic and hazardous substances and the discharge of pollutants into the air and water. Environmental permits and controls are required for some of our operations, and these permits are subject to modification, renewal and revocation by the issuing authorities. Our environmental capital expenditures and costs for environmental compliance may increase in the future as a result of changes in environmental laws and regulations

or increased manufacturing activities at any of our facilities. We could be adversely affected by any failure to comply with environmental laws, including the costs of undertaking a clean-up at a site to which our wastes were transported.

As part of the Medicare Prescription Drug and Modernization Act of 2003 ("MMA"), companies are required to file with the U.S. Federal Trade Commission ("FTC") and the Department of Justice certain types of agreements entered into between brand and generic pharmaceutical companies related to the manufacture, marketing and sale of generic versions of brand drugs. This requirement could affect the manner in which drug manufacturers resolve intellectual property litigation and other disputes with competitor pharmaceutical companies, and could result generally in an increase in private-party litigation against pharmaceutical companies. The impact of this requirement, and the potential private-party lawsuits associated with arrangements between brand name and generic drug manufacturers, is uncertain and could adversely affect our business. For example, in January 2009, the FTC and the State of California filed a lawsuit against us alleging that our settlement with Solvay related to our ANDA for a generic version of Androgel® is unlawful. Beginning in February 2009, several private parties purporting to represent various classes of plaintiffs filed similar lawsuits. Those lawsuits, as well as additional suits challenging the validity of our settlements related to Asacol®, Namenda® and Loestrin® 24 and generic versions of Actos®, Cipro®, and Lidoderm®, remain pending. Refer to Legal Matters in "NOTE 25 — Commitments and Contingencies" in the accompanying "Notes to Consolidated Financial Statements" in this document.

Additionally, we may in the future, and have in the past, received requests for information, sometimes in the form of civil investigative demands or subpoenas, from the FTC and the European Competition Commission, and are subject to ongoing FTC and European Competition Commission investigations. Two of our Arrow Group subsidiaries are the subject of a European Competition Commission Statement of Objection related to their 2002 and 2003 settlements of patent litigation related to citalopram. Any adverse outcome of these or other investigations or actions could have a material adverse effect on our business, results of operations, financial condition and cash flows. Refer to "ITEM 1A. RISK FACTORS — Risks Related to Our Business—Federal regulation of arrangements between manufacturers of brand and generic products could adversely affect our business." Also refer to Legal Matters in "NOTE 25 — Commitments and Contingencies" in the accompanying "Notes to Consolidated Financial Statements" in this document.

Our Anda Distribution operations and our customers are also subject to various regulatory requirements, including requirements from the DEA, FDA, and state boards of pharmacy and city and county health regulators, among others. These include licensing, registration, recordkeeping, security and reporting requirements. For example, the DEA requires our Anda Distribution business to monitor customer orders of DEA Scheduled Drugs and to report suspicious orders to the DEA. Any determination by the DEA that we have failed to comply with applicable laws and regulations could result in the DEA suspending, terminating or refusing to renew Anda Distribution's license to distribute Scheduled Drugs. Additionally, numerous states and the federal government have begun to enforce anti-counterfeit drug pedigree laws which require the tracking of all transactions involving prescription drugs beginning with the manufacturer, through the supply chain, and down to the pharmacy or other health care provider dispensing or administering prescription drug products. For example, the Florida Department of Health enforces drug pedigree requirements for distribution of prescription drugs in the State of Florida. Pursuant to Florida law and regulations, wholesalers and distributors, including our subsidiary, Anda, are required to maintain records documenting the chain of custody of prescription drug products they distribute beginning with the purchase of such products from the manufacturer. These entities are required to provide documentation of the prior transaction(s) to their customers in Florida, including pharmacies and other health care entities. Several other states have proposed or enacted legislation to implement similar or more stringent drug pedigree requirements. In addition, federal law requires that a "non-authorized distributor of record" must provide a drug pedigree documenting the prior purchase of a prescription drug from the manufacturer or from an "authorized distributor of record." In cases where the wholesaler or distributor selling the drug product is not deemed an "authorized distributor of record," it would need to maintain such records. Refer to "ITEM 1A. RISK FACTORS — Risks Related to Our Business — Extensive industry regulation has had, and will continue to have, a significant impact on our business, especially our product development, manufacturing and distribution capabilities" in this document.

European Union

We encounter similar regulatory and legislative issues in most other countries. Pharmaceutical manufacturers are regulated in the European Union (the "EU") by the European Medicines Agency (the "EMA"). All manufacturers are required to submit medicinal products, including generic versions of previously approved products and new strengths, dosages and formulations of previously approved products, to the EMA and its member states for review and marketing authorization before such products are placed on the market in the EU.

Marketing authorizations are granted to applicants after the relevant health authority issues a positive assessment of quality, safety and efficacy of the product. In order to receive such assessment, applicants must submit applications, which must contain the results of pre-clinical tests, pharmaceutical tests, and clinical trials with respect to original products, or originator data with respect to the generic versions of previously approved products. All of these tests or trials must be conducted in accordance within European regulations and must allow the reviewing body to evaluate the quality, safety and efficacy of the medicinal product.

In addition to obtaining marketing authorization for each product, all member states require that a manufacturer's facilities obtain approval from the national authority. The EU has a code of good manufacturing practices that each manufacturer must follow and comply with. Regulatory authorities in the EU may conduct inspections of the manufacturing facilities to review procedures, operating systems and personnel qualifications. Refer to "ITEM 1A. — RISK FACTORS — Risks Related to Our Business — The supply of APIs into Europe may be negatively affected by recent regulations promulgated by the European Union" in this document.

In the EU, member states regulate the pricing of pharmaceutical products, and in some cases, the formulation and dosing of products. This regulation is handled by individual member state national health services. These individual regulatory bodies can result in considerable price differences and product availability among member states. The implementation of tendering systems for the pricing of pharmaceuticals in several countries generally impacts drug pricing for generics; generally "tendering" refers to a system that requires bids to be submitted to the government by competing manufacturers to be the exclusive, or one of a few, supplier(s) of a product in a particular country.

Further, faced with major budget constraints, many European countries have resorted to price cuts that affect both innovative and generic pharmaceuticals although in some countries it has disproportionately affected generic products. Refer to "ITEM 1A. RISK FACTORS — Risks Related to Our Business—Global economic conditions could harm us" in this document. In addition, some EU

countries such as France and Spain, recently had to address statements and rumors claiming that generics are not as safe and effective as reference drugs, which may undermine efforts to increase generic utilization rates.

Canada

In Canada, pharmaceutical manufacturers are regulated by the Therapeutic Products Directorate (the "TPD") which derives its authority from the Canadian federal government under the Food and Drugs Act and the Controlled Drug and Substances Act. The TPD evaluates and monitors the safety, effectiveness and quality of pharmaceutical products. Products are officially approved for marketing in Canada following receipt of a market authorization, or "Notice of Compliance" (an "NOC"), which is subject to the Food and Drug Regulations. Issuance of an NOC for generic drug products is also subject to the Patented Medicines (Notice of Compliance) Regulations (the "NOC Regulations") under the Patent Act.

The NOC Regulations allow branded drug marketers to list patents relating to the medicinal ingredient, formulation, dosage form or the use of the medicinal ingredient in their branded drug on a patent register maintained by Health Canada. In its abbreviated new drug submission, a generic applicant must address each patent listed against the reference product by making at least one statutory allowed allegation (for example, alleging that the patent is invalid or would not be infringed). If the generic applicant alleges invalidity or non-infringement, it must provide the branded manufacturer with an explanation of its allegations. Upon receipt of the explanation, the branded manufacturer may apply to the Federal Court of Canada for an Order prohibiting Health Canada from issuing an NOC for the generic. Health Canada may not issue a NOC until the earlier of the determination of the application by the court after a hearing on the allegations, or the expiration of 24 months from the commencement of the application.

Facilities, procedures, operations and/or testing of products are subject to periodic inspection by Health Canada and the Health Products and Food Branch Inspectorate. In addition, Health Canada conducts pre-approval and post-approval reviews and plant inspections to determine whether our systems are in compliance with the good manufacturing practices in Canada, Drug Establishment Licensing requirements and other provisions of the NOC Regulations. Competitors are subject to similar regulations and inspections.

Each Canadian province also provides a comprehensive public drug program, which controls drug pricing and reimbursement and is responsible for ensuring eligible patients receive drugs through public funding. The provinces and territories in Canada operate drug benefit programs through which eligible recipients receive drugs through public funding; these drugs are listed on provincial or territorial Drug Benefit Formularies ("Formularies"). Eligible recipients include seniors, persons on social assistance, low-income earners, and those with certain specified conditions or diseases. Formulary listings are also used by private payors to reimburse generic products. To be listed in a Formulary, drug products must have been issued a NOC and must comply with each jurisdiction's individual review process. Currently, Canada's provinces are looking at national competitive bidding processes/tendering of drugs, which may affect the sustainability of the industry and the supply of pharmaceuticals.

Finally, Canada has reached a trade agreement in principle with the European Union ("CETA") in which it has agreed to implement patent term extensions and certain procedural amendments to the NOC Regulations. Canada is further involved in trade negotiations with ten Pacific countries including the United States (the "Trans Pacific Partnership"), which could lead to further changes to Canada's intellectual property framework, which could delay generic competition.

Environmental Matters

We are subject to federal, state, and local environmental laws and regulations in the United States and abroad. We believe that our operations comply in all material respects with applicable environmental laws and regulations in each

jurisdiction where we have a business presence , and we periodically audit our manufacturing and R&D facilities for compliance with all federal, state and local environmental laws and regulations. Although we continue to make capital expenditures for environmental protection, we do not anticipate any significant expenditure in order to comply with such laws and regulations that would have a material impact on our earnings or competitive position. We are not aware of any pending litigation or significant financial obligations arising from current or past environmental practices that are likely to have a material adverse effect on our financial position. We cannot assure you, however, that environmental problems relating to facilities owned or operated by us will not develop in the future, and we cannot predict whether any such problems, if they were to develop, could require significant expenditures on our part. In addition, we are unable to predict what legislation or regulations may be adopted or enacted in the future with respect to environmental protection and waste disposal. Refer to “ITEM 1A. RISK FACTORS — Risks Related to Our Business — Our business will continue to expose us to risks of environmental liabilities” in this document.

Seasonality

Consistent with the United States pharmaceutical industry, our business experiences seasonality with the first quarter of each year typically being the lowest revenue quarter for branded products. In addition, our aesthetics products, including our breast

aesthetics and Botox® cosmetic indications have tended to be marginally higher during the second and fourth quarters, presumably in advance of the summer vacation and holiday seasons. Fluctuations of our sales are also impacted by the effect of promotions, which cause non-seasonal variability in sales trends.

Backlog

As a result of the extent of our supply chain, backlog of orders is not material to our business.

Employees

As of December 31, 2015, we had approximately 31,200 employees. Of our employees, approximately 3,700 were engaged in R&D, 12,800 in manufacturing, 5,785 in quality assurance and quality control, 6,550 in sales, marketing and distribution, and 2,365 in administration. Of the approximately 31,200 employees as of December 31, 2015, approximately 14,900 are expected to transfer to Teva as part of the Teva Transaction.

ITEM 1A. RISK FACTORS

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Any statements made in this report that are not statements of historical fact or that refer to estimated or anticipated future events are forward looking statements. We have based our forward looking statements on management's beliefs and assumptions based on information available to our management at the time these statements are made. Such forward looking statements reflect our current perspective of our business, future performance, existing trends and information as of the date of this filing. These include, but are not limited to, our beliefs about future revenue and expense levels and growth rates, prospects related to our strategic initiatives and business strategies, including the integration of, and synergies associated with, strategic acquisitions, express or implied assumptions about government regulatory action or inaction, anticipated product approvals and launches, business initiatives and product development activities, assessments related to clinical trial results, product performance and competitive environment, and anticipated financial performance. Without limiting the generality of the foregoing, words such as "may," "will," "expect," "believe," "anticipate," "plan," "intend," "could," "would," "should," "estimate," "continue," or "pursue," or the neg variations thereof or comparable terminology, are intended to identify forward looking statements. The statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. We caution the reader that these statements are based on certain assumptions, risks and uncertainties, many of which are beyond our control. In addition, certain important factors may affect our actual operating results and could cause such results to differ materially from those expressed or implied by forward looking statements. We believe the risks and uncertainties discussed under the section entitled "Risks Related to Our Business," and other risks and uncertainties detailed herein and from time to time in our SEC filings, may cause our actual results to vary materially from those anticipated in any forward looking statement.

We disclaim any obligation to publicly update any forward looking statements, whether as a result of new information, future events or otherwise, except as required by law. This discussion is provided as permitted by the Private Securities Litigation Reform Act of 1995.

We operate in a rapidly changing environment that involves a number of risks and uncertainties, some of which are beyond our control. The following discussion highlights some of these risks and speaks as of the date of this document, including the assets held for sale. These and other risks could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Risks Related to Our Business

If we are unable to successfully develop or commercialize new products, our operating results will suffer.

Our future results of operations depend to a significant extent upon our ability to successfully develop and commercialize new products in a timely manner. There are numerous difficulties in developing and commercializing new products, including:

- developing, testing and manufacturing products in compliance with regulatory standards in a timely manner;
- receiving requisite regulatory approvals for such products in a timely manner, or at all;
- the availability, on commercially reasonable terms, of raw materials, including API and other key ingredients;
- preclusion from commercialization by the proprietary rights of others;
- developing products that are economical to manufacture and commercialize;
- time consuming and costly nature of developing and commercializing new products;
- costly legal actions brought by our competitors, that may delay or prevent the development and commercialization of new products;
- experiencing delays as a result of limited resources at the FDA or other regulatory agencies;

- changing review and approval policies and standards at the FDA and other regulatory agencies;
- completion of numerous other regulatory approvals in international markets; and
- commercializing generic products may be substantially delayed by the listing with the FDA of patents that have the effect of potentially delaying approval of a generic product by up to 30 months.

As a result of these and other difficulties, products currently in development by us may or may not receive timely regulatory approvals, or approvals at all, necessary for marketing by us or other third party partners. This risk particularly exists with respect to

the development of proprietary products because of the uncertainties, higher costs and lengthy time frames associated with R&D of such products and the inherent unproven market acceptance of such products. Our operating results and financial condition may fluctuate as the amount we spend to research and develop, promote, acquire or license new products, technologies and businesses changes. Additionally, we face heightened risks in connection with our development of extended release or controlled release generic products because of the technical difficulties and regulatory requirements related to such products. Additionally, with respect to generic products for which we are the first applicant to request approval on the basis that an innovator patent is invalid or not infringed (a Paragraph IV filing), our ability to obtain 180 days of generic market exclusivity may be contingent on our ability to obtain FDA approval or tentative approval within 30 months of the FDA's acceptance of our application for filing. We therefore risk forfeiting such market exclusivity if we are unable to obtain such approval or tentative approval on a timely basis. If any of our products or the products of our third party partners are not approved in a timely manner or, when acquired or developed and approved, cannot be successfully manufactured or commercialized in a timely manner, our operating results could be adversely affected. We cannot guarantee that any investment we make in developing products will be recouped, even if we are successful in commercializing those products. Refer to "Our branded pharmaceutical expenditures may not result in commercially successful products."

Our operating results and financial condition may fluctuate.

Our operating results and financial condition may fluctuate from quarter to quarter and year to year for a number of reasons. As a result, we believe that period to period comparisons of our results of operations are not necessarily meaningful, and these comparisons should not be relied upon as an indication of future performance. In particular, as a pharmaceutical company that manufactures and sells branded and generic products, the development and launch of new competitive products by ourselves may result in fluctuations in our financial performance, particularly as we work to balance our product offerings in light of our recent and future growth via acquisitions. Our operating results and financial condition are also subject to fluctuation from all of the risks described throughout this section. These fluctuations may adversely affect our results of operations and financial conditions.

If we do not successfully integrate newly acquired businesses into our business operations, our business could be adversely affected.

We will need to successfully integrate the operations of recently and pending acquired businesses, including Kythera and Auden Mckenzie as well as our pending business combination with Pfizer, with our business operations. As a result of these and other recent and any other future or pending acquisitions, we have undergone substantial changes in a short period of time and our business has changed and broadened in size and the scope of products we offer. Integrating the operations of multiple new businesses with that of our own is a complex, costly and time consuming process, which requires significant management attention and resources to integrate the business practice and operations. The integration process may disrupt the businesses and, if implemented ineffectively, would preclude realization of the full benefits expected by us. Our failure to meet the challenges involved in integrating the businesses in order to realize the anticipated benefits of the acquisitions could cause an interruption of, or a loss of momentum in, our activities and could adversely affect our results of operations. Prior to each acquisition, the acquired business operated independently, with its own business, corporate culture, locations, employees and systems. There may be substantial difficulties, costs and delays involved in any integration of other businesses with that of our own. These may include:

- distracting management from day to day operations;
- potential incompatibility of corporate cultures;
- an inability to achieve synergies as planned;
- risks associated with the assumption of contingent or other liabilities of acquisition targets;
- adverse effects on existing business relationships with suppliers or customers;

- inheriting and uncovering previously unknown issues, problems and costs from the acquired company;
- delays between our expenditures to acquire new products, technologies or businesses and the generation of revenues from those acquired products, technologies or businesses;
- realization of assets and settlement of liabilities at amounts equal to estimated fair value as of the acquisition date of any acquisition or disposition;
- revenue recognition related to licensing agreements and/or strategic collaborations;
- costs and delays in implementing common systems and procedures (including technology, compliance programs, financial systems, distribution and general business operations, among others); and
- increased difficulties in managing our business due to the addition of international locations.

These risks may be heightened in cases where the majority of the former businesses' operations, employees and customers are located outside of the United States. Any one or all of these factors may increase operating costs or lower anticipated financial performance. Many of these factors are also outside of our control. In addition, dispositions of certain key products, technologies and other rights may affect our business operations.

In addition, even if the operations of the businesses are integrated successfully, we may not realize the full benefits of the acquisition, including the synergies, cost savings or sales or growth opportunities that we expect. These benefits may not be achieved within the anticipated time frame, or at all. Additional unanticipated costs may be incurred in the integration of the businesses. All of these factors could cause a reduction to our earnings per share, decrease or delay the expected accretive effect of the transaction, and negatively impact the price of our ordinary shares.

The failure to integrate the business operations of the acquired business successfully would have a material adverse effect on our business, financial condition and results of operations. Refer to "Pfizer and Allergan may fail to realize all of the anticipated benefits of the Pfizer Transaction or those benefits may take longer to realize than expected. The combined company may also encounter significant difficulties in integrating the two businesses."

Our substantial debt and other financial obligations could impair our financial condition and our ability to fulfill our debt obligations. Any refinancing of this substantial debt could be at significantly higher interest rates.

Our substantial indebtedness and other financial obligations could:

- impair our ability to obtain financing or additional debt in the future for working capital, capital expenditures, acquisitions or general corporate purposes;
- impair our ability to access capital and credit markets on terms that are favorable to us;
- have a material adverse effect on us if we fail to comply with financial and affirmative and restrictive covenants in our debt agreements and an event of default occurs as a result of a failure that is not cured or waived;
- require us to dedicate a substantial portion of our cash flow for interest payments on our indebtedness and other financial obligations, thereby reducing the availability of our cash flow to fund working capital and capital expenditures;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; and
- place us at a competitive disadvantage compared to our competitors that have proportionally less debt.

Additionally, certain of our financing agreements may contain cross default or other similar provisions whereby a default under one financing agreement could result in a default under our other financing agreements.

If we are unable to meet our debt service obligations and other financial obligations, we could be forced to restructure or refinance our indebtedness and other financial transactions, seek additional equity capital or sell our assets. We might then be unable to obtain such financing or capital or sell our assets on satisfactory terms, if at all. Any refinancing of our indebtedness could be at significantly higher interest rates, and/or incur significant transaction fees. Refer to "Liquidity and Capital Resources –Floating Rate Notes," "Liquidity and Capital Resources – Fixed Rate Notes" and "Liquidity and Capital Resources – Term Loan Indebtedness" for a detailed discussion of our outstanding indebtedness.

Any acquisitions of businesses, technologies, or products or other significant transactions could adversely affect our relationships with employees, vendors or key customers.

We regularly review potential acquisitions of technologies, products and businesses complementary to our business. Acquisitions typically entail many risks and could result in difficulties in integrating operations, personnel, technologies and products. Refer to "If we do not successfully integrate newly acquired businesses into our business operations our business could be adversely affected." In connection with acquisitions, we could experience disruption

in our business, technology and information systems, financial systems, vendors customer or employee base, including diversion of management's attention from our continuing operations, among others. Refer to "Certain aspects of our operations are highly dependent on third party service providers." There is also a risk that key employees of companies that we acquire or key employees necessary to successfully commercialize technologies and products that we acquire may seek employment elsewhere, including with our competitors. Furthermore, there may be overlap between our products or customers and the companies that we acquire that may create conflicts in relationships or other commitments detrimental to the integrated businesses.

We are subject to U.S. federal and state healthcare fraud and abuse and health information privacy and security laws, and the failure to comply with such laws may adversely affect our business.

In the United States, many of our products are reimbursed under federal and state health care programs such as Medicaid, Medicare, TriCare, and/or state pharmaceutical assistance programs, and as a result, certain federal and state healthcare laws and regulations pertaining to fraud and abuse and patients' rights are and will be applicable to our business. We could be subject to healthcare fraud and abuse and patient privacy regulation by both the federal government and the states in which we conduct our business. The laws that may affect our ability to operate include, but are not limited to: (i) the U.S. Anti Kickback Statute, which constrains our marketing practices, educational programs, pricing policies and relationships with healthcare providers or other entities, by prohibiting, among other things, soliciting, receiving, offering or paying remuneration, directly or indirectly, to induce, or in return for, either the referral of an individual or the purchase or recommendation of an item or service reimbursable under a federal healthcare program, such as the Medicare and Medicaid programs; (ii) federal civil and criminal false claims laws and civil monetary penalty laws, which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment from Medicare, Medicaid or other third party payers that are false or fraudulent; (iii) the U.S. Health Insurance Portability and Accountability Act of 1996, ("HIPAA"), which among other things created new federal criminal statutes that prohibit executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters, and HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, and its implementing regulations, which imposes certain requirements relating to the privacy, security and transmission of individually identifiable health information and places restrictions on the use of such information for marketing communications; (iv) the U.S. Physician Payments Sunshine Act, which among other things, requires manufacturers of drugs, devices, biologics and medical supplies for which payment is available under a federal healthcare program to report annually information related to "payments or other transfers of value" made to physicians and teaching hospitals, and ownership and investment interests held by certain healthcare professionals and their immediate family members; and (v) state and foreign law equivalents of each of the above U.S. laws, such as anti kickback and false claims laws which may apply to items or services reimbursed by any third party payer, including commercial insurers, and state and foreign laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts. Violations of the fraud and abuse laws may result in severe penalties against the responsible employees and Allergan, including jail sentences, large fines, and the exclusion of our products from reimbursement under federal and state programs. Defense of litigation claims and government investigations can be costly, time consuming, and distract management, and it is possible that Allergan could incur judgments or enter into settlements that would require us to change the way we operate our business. We are committed to conducting the sales and marketing of our products in compliance with the healthcare fraud and abuse laws, but certain applicable laws may impose liability even in the absence of specific intent to defraud. Furthermore, should there be ambiguity, a governmental authority may take a position contrary to a position we have taken, or should an employee violate these laws without our knowledge, a governmental authority may impose civil and/or criminal sanctions.

For example, in December 2009, we learned that numerous pharmaceutical companies, including certain of our subsidiaries, were named as defendants in a federal qui tam action pending in the United States District Court for the District of Massachusetts alleging that the defendants falsely reported to the United States that certain pharmaceutical products were eligible for Medicaid reimbursement and thereby allegedly caused false claims for payment to be made through the Medicaid program. A similar action was filed by the State of Louisiana in August 2013 and additional lawsuits are possible. Any adverse outcome in these actions, or the imposition of penalties or sanctions for failing to comply with the fraud and abuse laws, could adversely affect us and may have a material adverse effect on our business, results of operations, financial condition and cash flows. Some of the statutes and regulations that govern our activities, such as federal and state anti kickback and false claims laws, are broad in scope, and while exemptions and safe harbors protecting certain common activities exist, they are often narrowly drawn. While we manage our

business activities to comply with these statutory provisions, due to their breadth, complexity and, in certain cases, uncertainty of application, it is possible that our activities could be subject to challenge by various government agencies. In particular, the FDA, the U.S. Department of Justice and other agencies have increased their enforcement activities with respect to the sales, marketing, research and similar activities of pharmaceutical companies in recent years, and many pharmaceutical companies have been subject to government investigations related to these practices. A determination that we are in violation of these and/or other government regulations and legal requirements may result in civil damages and penalties, criminal fines and prosecution, administrative remedies, the recall of products, the total or partial suspension of manufacture and/or distribution, seizure of products, injunctions, whistleblower lawsuits, failure to obtain approval of pending product applications, withdrawal of existing product approvals, exclusion from participation in government healthcare programs and other sanctions.

Beginning in February 2012, Warner Chilcott, along with several then current and former employees in its sales organization and certain third parties, received subpoenas from the United States Attorney for the District of Massachusetts. The subpoena Warner Chilcott received sought information and documentation relating to a wide range of matters, including sales and marketing activities, payments to people who are in a position to recommend drugs, medical education, consultancies, prior authorization processes, clinical trials, off label promotion and employee training (including with respect to laws and regulations concerning off label

information and physician remuneration), in each case relating to a number of our current products. In addition, Forest and Allergan are also currently responding to subpoenas seeking information relating to its sales and marketing activities, including payments to people who are in a position to recommend drugs and off label promotion and the Company is defending litigations based on similar allegations. Refer to Legal Matters in "NOTE 25 — Commitments and Contingencies" in the accompanying "Notes to Consolidated Financial Statements" for more information. We cannot predict or determine the impact of these inquiries on our future financial condition or results of operations. These investigations and any other threatened or actual government enforcement action could also generate adverse publicity and require that we devote substantial resources that could be used productively on other aspects of our business.

In connection with a settlement of certain claims brought by the U.S. government, legacy Allergan operated under a Corporate Integrity Agreement ("CIA") with the Office of Inspector General of Health and Human Services ("OIG") that required the Company to maintain legacy Allergan's corporate compliance program and to undertake a set of defined corporate integrity obligations until August 30, 2015, including performing internal reviews and monitoring procedures and engaging an independent review organization to test and report on our compliance with compliance policies and procedures. The Company presented the final annual report to the Audit & Compliance Committee of the Board of Directors at the October 2015 Board of Directors meeting. The Company has submitted its final annual report to the OIG and is awaiting the final acknowledgement and close out letter from the OIG.

Any of these types of investigations or enforcement actions could affect our ability to commercially distribute our products and could materially and adversely affect our business, financial condition, results of operations and cash flows.

If generic products that compete with any of our branded pharmaceutical products are approved and sold, sales of our products will be adversely affected.

At the close of the pending sale of our generics business and certain other assets to Teva, specialty branded products and aesthetics will comprise the majority of our total revenues. Generic equivalents for branded pharmaceutical products are typically sold at lower costs than the branded products. After the introduction of a competing generic product, a significant percentage of the prescriptions previously written for the branded product are often written for the generic version. In addition, legislation enacted in most U.S. states and Canadian provinces allows or, in some instances mandates, that a pharmacist dispense an available generic equivalent when filling a prescription for a branded product, in the absence of specific instructions from the prescribing physician. Pursuant to the provisions of the Hatch Waxman Act, manufacturers of branded products often bring lawsuits to enforce their patent rights against generic products released prior to the expiration of branded products' patents, but it is possible for generic manufacturers to offer generic products while such litigation is pending. Refer to "If we are unable to adequately protect our technology or enforce our patents, our business could suffer." As a result, branded products typically experience a significant loss in revenues following the introduction of a competing generic product, even if subject to an existing patent. Our branded pharmaceutical products are or may become subject to competition from generic equivalents because there is no proprietary protection for some of the branded pharmaceutical products we sell, because our patent protection expires or because our patent protection is not sufficiently broad or enforceable. In addition, we may not be successful in our efforts to extend the proprietary protection afforded our branded products through the development and commercialization of proprietary product improvements and new and enhanced dosage forms.

Our Actonel® products no longer have patent protection in Canada or the Western European countries in which we sell these products, and Asacol® is not protected by a patent in the United Kingdom. Our Actonel® once a month product lost U.S. patent protection in June 2014 (including a 6 month pediatric extension of regulatory exclusivity) and generic versions of our Loestrin® 24 Fe product entered the market in January 2014 pursuant to settlement agreements previously entered into. In addition, other products such as Namenda® (IR), Estrace® Cream, Asacol® 400 mg,

Femhrt® and Carafate® are not protected by patents in the United States where we sell these products. Generic equivalents are currently available in Canada and Western Europe for Actonel® and in the United States for certain versions of our Femhrt® products, Femcon® Fe and certain other less significant products.

During the next few years, additional products of ours including some of our large revenue drivers, like Bystolic®, Linzess®, Namenda XR® and Viibryd®, will lose patent protection or likely become subject to generic competition. Generic versions of our Asacol® HD 800 mg product may enter the market as early as mid 2016 or earlier pursuant to an agreement previously entered into and generic versions of our Enablex® product may enter the market as early as March 2016 pursuant to settlement agreements previously entered into. Some of our products may also become subject to generic competition prior to the expiration of patent protection in the event a generic competitor elects to launch its generic equivalent product "at risk." Competition from generic equivalents could result in a material impairment of our intangible assets or the acceleration of amortization on our non impaired intangible assets and may have a material adverse impact on our revenues, financial condition, results of operations and cash flows.

Our branded pharmaceutical expenditures may not result in commercially successful products.

Developing and commercializing branded pharmaceutical products is generally more costly than generic products. In the future, and particularly following the sale of our generics business and certain other assets to Teva, we anticipate continuing and increasing our product development expenditures for our US Brands, US Medical Aesthetics and International Brands business segment. In order to grow and achieve success in our business, we must continually identify, develop, acquire and license new products that we can ultimately market. There are many difficulties and uncertainties inherent in pharmaceutical research and development, and there is a high rate of failure inherent in new drug discovery and development. Failure can occur at any point in the process, including late in the process after substantial investment. New product candidates that appear promising in development may fail to reach the market or may have only limited commercial success because of efficacy or safety concerns, inability to obtain necessary regulatory approvals and payer reimbursement, limited scope of approved uses, difficulty or excessive costs to manufacture, or infringement of the patents or intellectual property rights of others. Products that do reach the market may ultimately be subject to recalls or other suspensions in sales. Delays and uncertainties in the FDA approval process and the approval processes in other countries can result in delays in product launches and lost market opportunity. Because there is a high rate of failure inherent in the research and development process of new products, there is a significant risk that funds invested by the Company in research and development will not generate financial returns. The Company cannot be certain when or whether any of its products currently under development will be approved or launched or whether, once launched, such products will be commercially successful.

We may be required to spend several years and incur substantial expense in completing certain clinical trials. The length of time, number of trial sites and patients required for clinical trials vary substantially, and we may have difficulty finding a sufficient number of sites and subjects to participate in our trials. Delays in planned clinical trials can result in increased development costs, delays in regulatory approvals and delays in product candidates reaching the market. We rely on independent third party clinical investigators to recruit subjects and conduct clinical trials in accordance with applicable study protocols and laws and regulations. If regulatory authorities determine that we have not complied with regulations in the R&D of a product candidate, they may refuse to accept trial data from the site, not approve the product candidate, and we would not be able to market and sell it. If we are not able to market and sell our products or product candidates after significant expenditures to develop and test them, our business and results of operations could be materially and adversely affected.

We currently have products in various stages of development, including new hormonal contraceptive therapy, dermatology and infectious disease products, among others. Such clinical trials are costly and may not result in successful outcomes. The results of preclinical studies and early clinical studies may not be predictive of the results of later stage clinical studies. Product candidates that have shown promising results in early stage clinical studies may still suffer significant setbacks in subsequent clinical studies. There is a high rate of failure for products proceeding through clinical studies, and product candidates in later stages of clinical studies may fail to show the desired safety and efficacy traits despite having progressed through preclinical studies and initial clinical studies. Clinical studies may not proceed as planned or be completed on schedule, if at all. The rate of completion of clinical trials is significantly dependent upon a number of factors, including the rate of patient enrollment. We may not be able to attract a sufficient number of sites or enroll a sufficient number of patients in a timely manner in order to complete clinical trials. Moreover, nonclinical and clinical data are often susceptible to varying interpretations and analyses, and our data may not provide adequate efficacy and safety information to obtain regulatory approval of our candidates. We cannot be sure that our business expenditures, including but not limited to our expenditures related to our Esmya™ product, products acquired in the Warner Chilcott Acquisition, the Forest Acquisition and the Allergan Acquisition, or products of our third party partners, among others, will result in the successful discovery, development or launch of brand products that will prove to be commercially successful or will improve the long term profitability of our business. If such business expenditures do not result in successful discovery, development or launch of commercially successful brand products our results of operations and financial condition could be materially

adversely affected.

Our investments in biosimilar products may not result in products that are approved by the FDA or other ex- U.S. regulatory authorities and, even if approved by such authorities, may not result in commercially successful products.

In 2011, we entered into a collaboration agreement with Amgen Inc. to develop and commercialize, on a worldwide basis, biosimilar versions of Herceptin®, Avastin®, Rituxan/Mab Thera®, and Erbitux® (the "Amgen Collaboration Agreement"). Under the agreement, we will be required to invest up to $209.4 million (as of December 31, 2015) in furtherance of the development and regulatory approval of such products, and such amount is subject to change or adjustment as specified in the agreement. Although Amgen, our development partner, has substantial expertise and experience in the development of biological products, significant uncertainty remains concerning the regulatory pathway in the United States and in other countries to obtain regulatory approval of biosimilar products, and the commercial pathway to successfully market and sell such products. In the United States, an abbreviated pathway for approval of biosimilar products was established by the Biologics Price Competition and Innovation Act of 2009, or BPCIA, enacted on March 23, 2010, as part of the ACA. The BPCIA established this abbreviated pathway under section 351(k) of the Public Health Services Act, or PHSA. Subsequent to the enactment of the BPCIA, the FDA issued draft guidance regarding the demonstration of biosimilarity as well as the submission and review of biosimilar applications.

The BPCIA prohibits the FDA from accepting an application for a biosimilar candidate to a reference product within four years of the reference product's licensure by the FDA. In addition, the BPCIA provides innovative biologics with twelve years of exclusivity from the data of their licensure, during which time the FDA cannot approve any application for a biosimilar candidate to the reference product. Additionally, biosimilar products will likely be subject to extensive patent clearances and/or patent infringement litigation, which could delay or prevent the commercial launch of a product for many years. Further, our collaboration with Amgen may not result in products that meet the requirements established by the FDA or other ex U.S. regulatory authorities. If our collaboration does result in biosimilar products that obtain FDA or other ex U.S. regulatory authority approval, such product(s) may not be commercially successful and/or may not generate profits in amounts that are sufficient to offset the amount invested to obtain such approvals. Market success of biosimilar products will depend on demonstrating to patients, physicians and payors that such products are safe and efficacious compared to other existing products yet offer a more competitive price or other benefit over existing therapies. If our collaboration with Amgen does not result in the development and timely approval of biosimilar products or if such products, once developed and approved, are not commercially successful, our results of operations, financial condition and cash flows could be materially adversely affected.

We expect to face increasing competition from biosimilar products in the future, particularly if foreign governments adopt more permissive approval frameworks and competitors begin to obtain broader marketing approval for biosimilar products. A growing number of companies have announced their intentions to develop biosimilar versions of existing biotechnology products. We are unable to predict the precise impact of the pending introduction of biosimilar products on our products, and additional competition could have a material adverse effect on our business and results of operations.

If we are unsuccessful in our joint ventures and other collaborations, our operating results could suffer.

We have made substantial investments in joint ventures and other collaborations, including our collaboration agreements with Amgen and Sanofi, and may use these and other methods to develop or commercialize products in the future. These arrangements typically involve other pharmaceutical companies as partners that may be competitors of ours in certain markets. In many instances, we will not control these joint ventures or collaborations or the commercial exploitation of the licensed products, and cannot assure you that these ventures will be profitable. Joint venture agreements may place limitations or restrictions on marketing our products. Any such marketing restrictions could affect future revenues and have a material adverse effect on our operations. Our results of operations may suffer if existing joint venture or collaboration partners withdraw, or if these products are not timely developed, approved or successfully commercialized and we cannot guarantee the successful outcome of such efforts, nor that they will result in any intellectual property rights or products that inure to our benefit.

If we are unable to adequately protect our technology or enforce our patents, our business could suffer.

Our success with the brand products that we develop will depend, in part, on our ability to obtain patent protection for these products. We currently have a number of U.S. and foreign patents issued and pending. However, issuance of a patent is not conclusive evidence of its validity or enforceability. We cannot be sure that we will receive patents for any of our pending patent applications or any patent applications we may file in the future, or that our issued patents will be upheld if challenged. If our current and future patent applications are not approved or, if approved, our patents are not upheld in a court of law if challenged, it may reduce our ability to competitively utilize our patented products. Also, such patents may or may not provide competitive advantages for their respective products or they may be challenged or circumvented by our competitors, in which case our ability to commercially market these products may be diminished. Patent disputes may be lengthy and a potential violator of our patents may bring a potentially infringing product to market during the dispute, subjecting us to competition and damages due to infringement of the competitor product. For example, patents covering our Androderm®, Asacol® 400 mg product,

Actonel® once a week product, INFed® products and our Carafate® product have expired and we have no further patent protection on these products. During the next five years, additional products acquired pursuant to the Warner Chilcott Acquisition, the Forest Acquisition, and the Allergan Acquisition will lose patent protection or likely become subject to generic competition, including Bystolic®, Linzess®, Namenda XR®, Viibryd®, Aczone®, Minastrin®, Delzicol®, Rapaflo®, Enablex® and Canasa®. Therefore, it is possible that a competitor may launch a generic version of any of these products at any time, which would result in a significant decline in that product's revenue and profit.

Generic versions of our Loestrin® 24 Fe product entered the market in January 2014 pursuant to settlement agreements previously entered into; generic versions of our Asacol® HD 800 mg product may enter the market as early mid-2016 or earlier pursuant to an agreement previously entered into; our immediate release Namenda® product lost U.S. patent protection in 2015; generic versions of our Minastrin® product may enter the market as early as March 2017 pursuant to settlement agreements previously entered into; generic versions of our Canasa® product may enter the market as early as December 2018 pursuant to a settlement agreement previously entered into; and generic versions of our Enablex® product may enter the market as early as March 2016 pursuant to settlement agreements previously entered into. Some of our products may also become subject to generic competition prior to the expiration of patent protection in the event a generic competitor elects to launch its generic equivalent product "at risk."

Generic competitors to our branded products may also challenge the validity or enforceability of the patents protecting our products or otherwise seek to circumvent them. Forest also recently brought actions against certain manufacturers of generic drugs for infringement of several patents covering our Savella®, Saphris®, Namenda® XR, Namzaric®, Canasa®, Viibryd®, Teflaro®, and Delzicol® products. We believe that ANDAs were filed before the patents covering Canasa® were listed in the Orange Book, which generally means that ANDAs are not subject to the 30 month stay of the approval under the Hatch Waxman Act. Allergan recently brought actions against manufacturers of generic drugs for infringement of several patents covering our Acular LS®, Combigan®, Lastacaft®, Latisse®, and Restasis® products. While we intend to vigorously defend these and other patents and pursue our legal rights, we can offer no assurance as to when the pending or any future litigation will be decided, whether such lawsuits will be successful or that a generic equivalent of one or more of our products will not be approved and enter the market. In addition, patents covering our branded pharmaceutical products may be challenged in proceedings other than court proceedings, including inter partes review (IPR) at the patent and trademark office. In 2011, Congress amended the patent laws and created a new way to challenge the validity of patents: the inter partes review. IPR proceedings take place in the Patent Office and have both advantages and disadvantages when compared to district court proceedings. Although IPR proceedings are limited to certain types of invalidity challenges, the Patent Office applies different standards that make it easier for challengers to invalidate patents. Moreover, IPR proceedings generally take no more than 18 months, which means it is much faster than challenging a patent's validity in a district court proceeding. In addition, an IPR challenge can be mounted even after a patent has been upheld in court.

In addition to patent protection, our business relies on our protection of other intellectual property rights, trade secrets, and other proprietary technologies. We rely on trademark, copyright, and patent law, trade secret protection, and confidentiality and/or license agreements with our employees, customers, partners and others to protect our proprietary rights. The protection of our proprietary technology may require the expenditure of significant financial and managerial resources. We may not be able to discover or determine the extent of any unauthorized use of our proprietary rights, and we may not be able to prevent third parties from misappropriating or infringing upon our proprietary rights.

We rely on certain information, processes, and know how that are not protected by patents or other intellectual property rights. We seek to protect this information through trade secret or confidentiality agreements, as well as through other measures. These measures may not provide adequate protection for our unpatented technology.

If we are unable to adequately protect our technology, trade secrets or proprietary know how, or enforce our intellectual property rights, our results of operations, financial condition and cash flows could suffer.

Our branded pharmaceutical products will face increased competition with generic products, including, for a period of time, our own.

As a result of our recent acquisitions, we have expanded our branded pharmaceutical products, and we face increased competition from generic pharmaceutical manufacturers, including in some circumstances, us. Because the regulatory approval process in the United States and European Union exempts generic products from costly and time-consuming clinical trials to demonstrate their safety and efficacy and rely instead on the safety and efficacy of prior products, manufacturers of generic products can invest far less in research and development. As a result, our branded products will face intense price competition from generic forms of the product once market exclusivity has expired. Upon the expiration of market exclusivity, we may lose the majority of our revenues of that product in a very short period of time.

In addition, our branded products may conflict with our existing generic products. Because the revenues from branded products and generic products are derived using contradictory strategies, investments made in one sector may conflict with the other. For example, we now own Loestrin® / Loestrin® Fe as both a branded product and a generic product,

which may directly or indirectly compete as sales of one product will inherently reduce sales of the other and decrease overall revenues. We may face the same pressures for multiple products. The expansion of our branded pharmaceutical products may result in increased competition from generic manufacturers and our own generics business.

If pharmaceutical companies are successful in limiting the use of generics through their legislative, regulatory and other efforts, our sales of generic products may suffer.

Many pharmaceutical companies increasingly have used state and federal legislative and regulatory means to delay generic competition. These efforts have included:

- making changes to the formulation of the brand product and arguing that potential generic competitors must demonstrate bioequivalency or comparable abuse-resistance to the reformulated brand product;
- pursuing new patents for existing products which may be granted just before the expiration of earlier patents, which could extend patent protection for additional years or otherwise delay the launch of generics;

- selling the brand product as an Authorized Generic, either by the brand company directly, through an affiliate or by a marketing partner;
- using the Citizen Petition process (e.g., under 21 C.F.R. s. 10.30) to request amendments to FDA standards or otherwise delay generic drug approvals;
- seeking changes to U.S. Pharmacopeia, an organization which publishes industry recognized compendia of drug standards;
- attempting to use the legislative and regulatory process to have drugs reclassified or rescheduled;
- using the legislative and regulatory process to set definitions of abuse deterrent formulations to protect brand company patents and profits;
- attaching patent extension amendments to non-related federal legislation;
- engaging in state-by-state initiatives to enact legislation that restricts the substitution of some generic drugs, which could have an impact on products that we are developing;
- entering into agreements with pharmacy benefit management companies which have the effect of blocking the dispensing of generic products; and
- seeking patents on methods of manufacturing certain API.

If pharmaceutical companies or other third parties are successful in limiting the use of generic products through these or other means, our sales of generic products may decline. If we experience a material decline in generic product sales, our results of operations, financial condition and cash flows will suffer.

If competitors are successful in limiting competition for certain generic products through their legislative, regulatory and litigation efforts, our sales of certain generic products may suffer.

Certain of our competitors have challenged our ability to distribute Authorized Generics during the competitors' 180-day period of ANDA exclusivity under the Hatch-Waxman Act. Under the challenged arrangements, we have obtained rights to market and distribute under a brand manufacturer's new drug application "NDA" a generic alternative of the brand product. Some of our competitors have challenged the propriety of these arrangements by filing Citizen Petitions with the FDA, initiating lawsuits alleging violation of the antitrust and consumer protection laws, and seeking legislative intervention. For example, legislation has been introduced in the U.S. Senate that would prohibit the marketing of Authorized Generics during the 180-day period of ANDA exclusivity under the Hatch-Waxman Act. If distribution of Authorized Generic versions of brand products is otherwise restricted or found unlawful, our results of operations, financial condition and cash flows could be materially adversely affected.

From time to time we may need to rely on licenses to proprietary technologies, which may be difficult or expensive to obtain.

We may need to obtain licenses to patents and other proprietary rights held by third parties to develop, manufacture and market products. If we are unable to timely obtain these licenses on commercially reasonable terms, our ability to commercially market our products may be inhibited or prevented, which could have a material adverse effect on our business, results of operations, financial condition and cash flows. For example, because we license significant intellectual property with respect to certain of our products, including Namenda XR®, Linzess® and Viibryd®, any loss or suspension of our rights to licensed intellectual property could materially adversely affect our business, financial condition, cash flows and results of operations.

Third parties may claim that we infringe their proprietary rights and may prevent us from manufacturing and selling some of our products.

The manufacture, use and sale of new products that are the subject of conflicting patent rights have been the subject of substantial litigation in the pharmaceutical industry. These lawsuits relate to the validity, enforceability and infringement of patents or proprietary rights of third parties. We may have to defend ourselves against charges that

we violated patents or proprietary rights of third parties. This is especially true in the case of generic products on which the patent covering the brand product is expiring, an area where infringement litigation is prevalent, and in the case of new brand products where a competitor has obtained patents for similar products. Litigation may be costly, unpredictable, time consuming, often involves complex legal, scientific and factual questions, and could divert the attention of our management and technical personnel. In addition, if it is determined that we infringe the rights of others, we could lose our right to develop, manufacture or market products, product launches could be delayed or we could be required to pay monetary damages or royalties to license proprietary rights from third parties. For example, we are currently engaged in litigation with Endo Pharmaceuticals Inc. concerning whether our generic version of the original (now discontinued) formulation of

Opana ER infringes U.S. Patent Nos. 8,309,122, 8,329,216, 8,808,737, and 8,871,779, and we continue to market our generic product. We are also engaged in litigation with Teva Pharmaceuticals USA, Inc. and Mayne Pharma International Pty Ltd. ("Mayne") concerning whether our manufacture and sale of Namenda XR, which we acquired in the Forest Acquisition, infringes U.S. Patent No. 6,194,000.

Further, in August 2012, Bayer Pharma AG (together with its affiliates, "Bayer") filed a complaint against Warner Chilcott alleging that its manufacture, use, offer for sale, and/or sale of Lo Loestrin® Fe infringes Bayer's U.S. Patent No. 5,980,940. In the complaint, Bayer seeks injunctive relief and unspecified monetary damages for the alleged infringement. In December 2012, Bayer amended the complaint to add a claim seeking to invalidate the Company's U.S. Patent No. 7,704,984, which covers the Lo Loestrin® Fe product. On April 21, 2015, the District Court granted summary judgment in favor of Warner Chilcott and the case is now on appeal. Although the parties to patent and intellectual property disputes in the pharmaceutical industry have often settled their disputes through licensing or similar arrangements, the costs associated with these arrangements may be substantial and could include ongoing royalties. Refer to Legal Matters in "NOTE 25 — Commitments and Contingencies" in the accompanying "Notes to Consolidated Financial Statements". Furthermore, we cannot be certain that the necessary licenses would be available to us on commercially reasonable terms, or at all. As a result, an adverse determination in a judicial or administrative proceeding or failure to obtain necessary licenses could result in substantial monetary damage awards and could prevent us from manufacturing and selling a number of our products, which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Certain aspects of our operations are highly dependent upon third party service providers.

We rely on suppliers, vendors and other third party service providers to research, develop, manufacture, commercialize, promote and sell our products. Reliance on third party manufacturers reduces our oversight and control of the manufacturing process. Some of these third party providers are subject to legal and regulatory requirements, privacy and security risks, and market risks of their own. The failure of a critical third party service provider to meet its obligations could have a material adverse impact on our operations and results. If any third party service providers have violated or are alleged to have violated any laws or regulations during the performance of their obligations to us, it is possible that we could suffer financial and reputation harm or other negative outcomes, including possible legal consequences.

In particular, product deliveries within our Anda Distribution business are highly dependent on overnight delivery services to deliver our products in a timely and reliable manner, typically by overnight service. Our Anda Distribution business ships a substantial portion of products via one courier's air and ground delivery service. If the courier terminates our contract or if we cannot renew the contract on favorable terms or enter into a contract with an equally reliable overnight courier to perform and offer the same service level at similar or more favorable rates, our business, results of operations, financial condition and cash flows could be materially adversely affected.

Our Anda Distribution operations compete directly with significant customers of our generic and brand businesses.

In our Anda Distribution business, we compete with McKesson Corporation ("McKesson"), AmerisourceBergen Corporation ("AmerisourceBergen") and Cardinal Health, Inc. ("Cardinal"). These companies are significant customers of our business in the United States. Our activities related to our Anda Distribution business, as well as the acquisition of other businesses that compete with our customers, may result in the disruption of our business, which could harm relationships with our current customers, employees or suppliers, and could adversely affect our expenses, pricing, third party relationships and revenues. Further, a loss of a significant customer of our US Brands, US Medical Aesthetics, International Brands and North American Generics businesses, could have a material adverse effect on our business, results of operations, financial condition and cash flows.

If we are unable to obtain sufficient supplies from key manufacturing sites or suppliers that in some cases may be the only source of finished products or raw materials, our ability to deliver our products to the market may be impeded.

We are required to identify the supplier(s) of all the raw materials for our products in our applications with the FDA and other regulatory agencies in the U.S. To the extent practicable, we attempt to identify more than one supplier in each drug application. However, some products and raw materials are available only from a single source and, in many of our drug applications, only one supplier of products and raw materials or site of manufacture has been identified, even in instances where multiple sources exist. Some of these products have historically or may in the future account for a significant portion of our revenues, such as our products Botox®, breast aesthetics and our Juvederm® dermal filler family of products, Namenda®, INFed®, metoprolol succinate extended release tablets, methylphenidate hydrochloride extended release tablets, and a significant number of our oral contraceptive and controlled substance products. In addition, certain manufacturing facilities in Ireland are the exclusive qualified manufacturing facilities for finished dosage forms of many of our products, including our products, Namenda®, Bystolic® and Savella®. Any failure by us to forecast demand for, or to maintain an adequate supply of, the raw material and finished product could result in an

interruption in the supply of certain products and a decline in sales of that product. In addition, if our suppliers are unable to meet our manufacturing requirements, we may not be able to produce a sufficient amount of materials or products in a timely manner, which could cause a decline in our sales. We expect to continue to rely on our third party manufacturing partners, including Teva after completion of the sale of our generics business, such as Ortho McNeil Janssen Pharmaceuticals, Inc. for methylphenidate ER, Contract Pharmaceuticals Limited Canada ("CPL") for Estrace® Cream and Norwich Pharmaceuticals Inc. ("NPI") for Actonel® and Atelvia®. GlaxoSmithKline plc ("GSK") currently manufactures our Asacol® 400 mg product sold in the United Kingdom. CPL, which manufactures our Estrace® Cream product, recently closed its manufacturing facility in Buffalo, New York and transferred its operations at that location to its facilities in Mississauga, Canada. Such transfers are subject to regulatory approvals, and the failure to obtain such approvals in a timely manner may delay production at the new facility and result in an interruption in our product supply. From time to time, certain of our manufacturing sites or outside suppliers have experienced regulatory or supply related difficulties that have inhibited their ability to deliver products and raw materials to us, causing supply delays or interruptions. The availability and prices of raw materials and supplies are subject to volatility and are influenced by worldwide economic conditions, speculative action, world supply and demand balances, inventory levels, availability of substitute materials, currency exchange rates, anticipated or perceived shortages, product contamination, among other factors. To the extent any difficulties experienced by our manufacturing sites or suppliers cannot be resolved or extensions of our key supply agreements cannot be negotiated within a reasonable time and on commercially reasonable terms, or if raw materials for a particular product become unavailable from an approved supplier and we are required to qualify a new supplier with the FDA or other regulatory agency, or if we are unable to do so, our profit margins and market share for the affected product could decrease or be eliminated, as well as delay our development and sales and marketing efforts. Such outcomes could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Our manufacturing sites outside of the United States and our arrangements with foreign suppliers are subject to certain additional risks, including the availability of government clearances, export duties, political instability, war, acts of terrorism, currency fluctuations and restrictions on the transfer of funds. For example, we obtain a significant portion of our raw materials from foreign suppliers. Arrangements with international raw material suppliers are subject to, among other things, FDA and foreign regulatory body regulation, customs clearances, various import duties and other government clearances, as well as potential shipping delays due to inclement weather, political instability, strikes or other matters outside of our control. Acts of governments outside the U.S. may affect the price or availability of raw materials needed for the development or manufacture of our products. In addition, recent changes in patent laws in jurisdictions outside the U.S. may make it increasingly difficult to obtain raw materials for R&D prior to the expiration of the applicable U.S. or foreign patents.

Our generic business' policies regarding returns, allowances and chargebacks, and marketing programs adopted by wholesalers, may reduce our revenues in future fiscal periods.

Consistent with generic industry practice we have liberal return policies and have been willing to give customers post sale inventory allowances. Under these arrangements, from time to time, we may give our customers credits on our generic products that our customers hold in inventory after we have decreased the market prices of the same generic products. Therefore, if new competitors enter the marketplace and significantly lower the prices of any of their competing products, we may reduce the price of our product. As a result, we may be obligated to provide significant credits to our customers who are then holding inventories of such products, which could reduce sales revenue and gross margin for the period the credit is provided. Like our competitors, we also give credits for chargebacks to wholesale customers that have contracts with us for their sales to hospitals, group purchasing organizations, pharmacies or other retail customers. A chargeback represents an amount payable in the future to a wholesaler for the difference between the invoice price paid to us by our wholesale customer for a particular product and the negotiated price that the wholesaler's customer pays for that product. Although we establish reserves based on our prior experience and our best estimates of the impact that these policies may have in subsequent periods, we

cannot ensure that our reserves are adequate or that actual product returns, allowances and chargebacks will not exceed our estimates, which could have a material adverse effect on our results of operations, financial condition, cash flows and the market price of our stock.

Investigations of the calculation of average wholesale prices may adversely affect our business.

Many government and third party payers, including Medicare, Medicaid, Health Maintenance Organization ("HMOs") and Managed Care Organization ("MCOs"), have historically reimbursed doctors, pharmacies and others for the purchase of certain prescription drugs based on a drug's average wholesale price ("AWP") or wholesale acquisition cost ("WAC"). In the past several years, state and federal government agencies have conducted ongoing investigations of manufacturers' reporting practices with respect to AWP and WAC, in which they have suggested that reporting of inflated AWP's or WAC's has led to excessive payments for prescription drugs. For example, beginning in July 2002, we and certain of our subsidiaries, as well as numerous other pharmaceutical companies, were named as defendants in various state and federal court actions alleging improper or fraudulent practices related to the reporting of AWP and/or WAC of certain products, and other improper acts, in order to increase prices and market shares. Similarly, Forest is a defendant in three pending state actions alleging that manufacturers' reporting of AWP did not correspond to actual provider costs of prescription drugs. In December 2015, Forest and other company subsidiaries were named as defendants in a private

class action litigation in Pennsylvania based on similar allegations. Additional actions are possible. These actions, if successful, could adversely affect us and may have a material adverse effect on our business, results of operations, financial condition and cash flows.

The design, development, manufacture and sale of our products involves the risk of product liability claims by consumers and other third parties, and insurance against such potential claims is expensive and may be difficult to obtain.

The design, development, manufacture and sale of our products involve an inherent risk of product liability claims and the associated adverse publicity. For example, Forest is subject to approximately 200 legal actions asserting product liability claims relating to the use of Celexa® or Lexapro. These cases include claims that Celexa® or Lexapro caused various birth defects. While we believe there is no merit to these cases, litigation is inherently subject to uncertainties and we may be required to expend substantial amounts in the defense or resolution of certain of these matters. We regularly monitor the use of our products for trends or increases in reports of adverse events or product complaints, and regularly report such matters to the FDA. In some, but not all cases, an increase in adverse event reports may be an indication that there has been a change in a product's specifications or efficacy. Such changes could lead to a recall of the product in question or, in some cases, increases in product liability claims related to the product in question. If the coverage limits for product liability insurance policies are not adequate or if certain of our products are excluded from coverage, a claim brought against us, whether covered by insurance or not, could have a material adverse effect on our business, results of operations, financial condition and cash flows. We also rely on self insurance to cover product liability claims, and these claims may exceed amounts we have reserved under our self insurance program.

We are also subject to a variety of other types of claims, proceedings, investigations and litigation initiated by government agencies or third parties. These include compliance matters, product regulation or safety, taxes, employee benefit plans, employment discrimination, health and safety, environmental, antitrust, customs, import/export, government contract compliance, financial controls or reporting, intellectual property, allegations of misrepresentation, false claims or false statements, commercial claims, claims regarding promotion of our products and services, or other similar matters. For example, consumer groups and certain plaintiffs have alleged that certain uses of Botox®, including off-label uses, have caused patient injuries and death and have further failed to adequately warn patients of the risks relating to Botox® use. From time to time reports related to the quality and safety of breast implant devices are published, including reports that have suggested a possible association between anaplastic large cell lymphoma and breast implants, as well as negative reports from regulatory authorities in Europe related to a breast implant manufacturer that is not affiliated with the Company. In addition, government investigations related to the use of products, but not the efficacy themselves, may cause reputational harm to the Company. Negative publicity-whether accurate or inaccurate-about the efficacy, safety or side effects of our products or product categories, whether involving us or a competitor, could materially reduce market acceptance to our products, cause consumers to seek alternatives to our products, result in product withdrawals and cause our stock price to decline. Negative publicity could also result in an increased number of product liability claims, whether or not these claims have a basis in scientific fact. Any such claims, proceedings, investigations or litigation, regardless of the merits, might result in substantial costs, restrictions on product use or sales, or otherwise injure our business.

The loss of our key personnel could cause our business to suffer.

The success of our present and future operations will depend, to a significant extent, upon the experience, abilities and continued services of key personnel. For example, although we have other senior management personnel, a significant loss of the services of Brent Saunders, our Chief Executive Officer, or Paul Bisaro, our Executive Chairman, or other senior executive officers without having or hiring a suitable successor, could cause our business to suffer. We cannot assure you that we will be able to attract and retain key personnel. We have entered into employment agreements with many of our senior executive officers but such agreements do not guarantee that our

senior executive officers will remain employed by us for a significant period of time, or at all. We do not carry key employee life insurance on any of our officers.

Significant balances of intangible assets, including product rights and goodwill acquired, are subject to impairment testing and may result in impairment charges, which will adversely affect our results of operations and financial condition.

A significant amount of our total assets is related to acquired intangibles and goodwill. As of December 31, 2015, the carrying value of our product rights and other intangible assets was $67,931.7 million and the carrying value of our goodwill was $46,551.5 million.

Our product rights are stated at cost, less accumulated amortization. We determine original fair value and amortization periods for product rights based on our assessment of various factors impacting estimated useful lives and cash flows of the acquired products. Such factors include the product's position in its life cycle, the existence or absence of like products in the market, various other competitive and regulatory issues and contractual terms. Significant adverse changes to any of these factors would require us to perform an impairment test on the affected asset and, if evidence of impairment exists, we would be required to take an impairment

charge with respect to the asset. For assets that are not impaired, the Company may adjust the remaining useful lives. Such a charge could have a material adverse effect on our results of operations and financial condition.

Our other significant intangible assets include acquired core technology and customer relationships, which are intangible assets with definite lives, our Anda trade name and acquired IPR&D intangible products, acquired in recent business acquisitions, which are intangible assets with indefinite lives.

Our acquired core technology and customer relationship intangible assets are stated at cost, less accumulated amortization. We determined the original fair value of our other intangible assets by performing a discounted cash flow analysis, which is based on our assessment of various factors. Such factors include existing operating margins, the number of existing and potential competitors, product pricing patterns, product market share analysis, product approval and launch dates, the effects of competition, customer attrition rates, consolidation within the industry and generic product lifecycle estimates. Our other intangible assets with definite lives are tested for impairment when there are significant changes to any of these factors. If evidence of impairment exists, we would be required to take an impairment charge with respect to the impaired asset. Such a charge could have a material adverse effect on our results of operations and financial condition.

Goodwill, our Anda trade name intangible asset and our IPR&D intangible assets are tested for impairment annually, or when events occur or circumstances change that could potentially reduce the fair value of the reporting unit or intangible asset. Impairment testing compares the fair value of the reporting unit or intangible asset to its carrying amount. A goodwill, trade name or IPR&D impairment, if any, would be recorded in operating income and could have a material adverse effect on our results of operations and financial condition. For example, in 2013 the Company recognized a goodwill impairment charge of $647.5 million within discontinued operations.

We may need to raise additional funds in the future which may not be available on acceptable terms or at all.

We may consider issuing additional debt or equity securities in the future to fund potential acquisitions or investments, to refinance existing debt, or for general corporate purposes. If we issue equity, convertible preferred equity or convertible debt securities to raise additional funds, our existing shareholders may experience dilution, and the new equity or debt securities may have rights, preferences and privileges senior to those of our existing shareholders. If we incur additional debt, it may increase our leverage relative to our earnings or to our equity capitalization, requiring us to pay additional interest expenses and potentially lowering our credit ratings. We may not be able to market such issuances on favorable terms, or at all, in which case, we may not be able to develop or enhance our products, execute our business plan, take advantage of future opportunities, or respond to competitive pressures or unanticipated customer requirements.

Our business could suffer as a result of manufacturing difficulties or delays.

The manufacture of certain of our products and product candidates, particularly our controlled release products, transdermal products, injectable products, and our oral contraceptive products, is more difficult than the manufacture of immediate release products. Successful manufacturing of these types of products requires precise manufacturing process controls, API that conforms to very tight tolerances for specific characteristics and equipment that operates consistently within narrow performance ranges. Manufacturing complexity, testing requirements, and safety and security processes combine to increase the overall difficulty of manufacturing these products and resolving manufacturing problems that we may encounter.

Our manufacturing and other processes utilize sophisticated equipment, which sometimes require a significant amount of time to obtain and install. Our business could suffer if certain manufacturing or other equipment, or a portion or all of our facilities were to become inoperable for a period of time. This could occur for various reasons, including

catastrophic events such as earthquake, monsoon, hurricane or explosion, unexpected equipment failures or delays in obtaining components or replacements thereof, contamination by microorganisms or viruses, labor disputes or shortages, contractual disputes with our suppliers and contract manufacturers, as well as construction delays or defects and other events, both within and outside of our control. We manufacture certain products, including Botox®, breast aesthetics and our Juvederm® dermal filler family of products, at a single facility or a single site. Therefore, a significant disruptive event, including a fire or natural disaster, at certain manufacturing facilities or sites could materially and adversely affect our business and results of operations. In the event of a disruption, we may need to build or locate replacement facilities as well as seek and obtain the necessary regulatory approvals for these facilities. Interruption of our efficient manufacture and supply of products may cause delays in shipments and supply constraints. Our inability to timely manufacture any of our significant products could have a material adverse effect on our results of operations, financial condition and cash flows.

Our manufacturing processes and those of our third party contract manufacturers must undergo a potentially lengthy FDA or other regulatory approval process and are subject to continued review by the FDA and other regulatory authorities. It can take longer than five years to build, validate and license a new manufacturing plant and it can take longer than three years to qualify and license a

new contract manufacturer. If regulatory authorities determine that we or our third party contract manufacturers or certain of our third party service providers have violated regulations or if they restrict, suspend or revoke our prior approvals, they could prohibit us from manufacturing our products or conducting clinical trials or selling our marketed products until we or the affected third party contract manufacturers or third party service providers comply, or indefinitely. Because our third party contract manufacturers and certain of our third party service providers are subject to the FDA and foreign regulatory authorities, alternative qualified third party contract manufacturers and third party service providers may not be available on a timely basis or at all. If we or our third party contract manufacturers or third party service providers cease or interrupt production or if our third party contract manufacturers and third party service providers fail to supply materials, products or services to us, we may experience delayed shipments, supply constraints, stock outs and/or recalls of our products.

Our business will continue to expose us to risks of environmental liabilities.

Our product and API development programs, manufacturing processes and distribution logistics involve the controlled use of hazardous materials, chemicals and toxic compounds in our owned and leased facilities. As a result, we are subject to numerous and increasingly stringent federal, state and local environmental laws and regulations concerning, among other things, the generation, handling, storage, transportation, treatment and disposal of toxic and hazardous materials and the discharge of pollutants into the air and water. Our programs and processes expose us to risks that an accidental contamination could result in (i) our noncompliance with such environmental laws and regulations and (ii) regulatory enforcement actions or claims for personal injury and property damage against us. If an accident or environmental discharge occurs, or if we discover contamination caused by prior operations, including by prior owners and operators of properties we acquire, we could be liable for cleanup obligations, damages and fines. The substantial unexpected costs we may incur could have a material and adverse effect on our business, results of operations, financial condition, and cash flows. In addition, environmental permits and controls are required for some of our operations, and these permits are subject to modification, renewal and revocation by the issuing authorities. Any modification, revocation or non renewal of our environmental permits could have a material adverse effect on our ongoing operations, business and financial condition. Our environmental capital expenditures and costs for environmental compliance may increase in the future as a result of changes in environmental laws and regulations or increased development or manufacturing activities at any of our facilities.

Global economic conditions could harm us.

Recent global market and economic conditions have been unprecedented and challenging with tighter credit conditions and recession in most major economies during recent years. Continued concerns about the systemic impact of potential long term and wide spread recession, energy costs, geopolitical issues particularly in areas in which we operate, the availability and cost of credit, and the global real estate markets have contributed to increased market volatility and diminished expectations for western and emerging economies. These conditions, combined with volatile oil prices, declining business and consumer confidence and increased unemployment, have contributed to volatility of unprecedented levels.

As a result of these market conditions, the cost and availability of credit has been and may continue to be adversely affected by illiquid credit markets and wider credit spreads. Concern about the stability of the markets generally and the strength of counterparties specifically has led many lenders and institutional investors to reduce, and in some cases, cease to provide credit to businesses and consumers. These factors have resulted in a decrease in spending by businesses and consumers alike, and a corresponding decrease in global infrastructure spending. Continued turbulence in the U.S. and international markets and economies and prolonged declines in business consumer spending may adversely affect our liquidity and financial condition, and the liquidity and financial condition of our customers, including our ability to refinance maturing liabilities and access the capital markets to meet liquidity needs.

Global efforts towards health care cost containment continue to exert pressure on product pricing and market access. In many international markets, government mandated pricing actions have reduced prices of generic and patented drugs.

Global economic conditions could adversely affect the ability of third party distributors, partners, manufacturers and suppliers to obtain liquidity required to buy inventory or raw materials and to perform their obligations under agreements with us, which could disrupt our operations.

In particular, some countries within emerging markets may be especially vulnerable to periods of global financial instability or may have very limited resources to spend on healthcare or may be or will be in the future subject to economic sanctions, and our business in these countries may be disproportionately affected by economic changes. In addition, many of these countries have currencies that fluctuate substantially and if such currencies devalue and the Company cannot offset the devaluations, the Company's financial performance within such countries could be adversely affected.

Our foreign operations may become less attractive if political and diplomatic relations between the United States and any country where we conduct business operations deteriorates.

The relationship between the United States and the foreign countries where we conduct business operations may weaken over time. Changes in the state of the relations between any such country and the United States are difficult to predict and could adversely affect our future operations. This could lead to a decline in our profitability. Any meaningful deterioration of the political, economic and diplomatic relations between the United States and the relevant country could have a material adverse effect on our operations.

Our global operations, particularly following our acquisitions of of AqueSys, Northwood Medical Innovation, Kythera, Oculeve, Auden Mckenzie and Legacy Allergan and our pending business combination with Pfizer, expose us to risks and challenges associated with conducting business internationally.

We operate on a global basis with offices or activities in Europe, Africa, Asia, South America, Australia and North America. We face several risks inherent in conducting business internationally, including compliance with international and U.S. laws and regulations that apply to our international operations. These laws and regulations include data privacy requirements, labor relations laws, tax laws, competition regulations, import and trade restrictions, economic sanctions, export requirements, U.S. laws such as the Foreign Corrupt Practices Act, the UK Bribery Act 2010 and other local laws that prohibit corrupt payments to governmental officials or certain payments or remunerations to customers. Given the high level of complexity of these laws there is a risk that some provisions may be breached by us, for example through fraudulent or negligent behavior of individual employees, our failure to comply with certain formal documentation requirements, or otherwise. Violations of these laws and regulations could result in fines, criminal sanctions against us, our officers or our employees, requirements to obtain export licenses, cessation of business activities in sanctioned countries, implementation of compliance programs, and prohibitions on the conduct of our business. Any such violations could include prohibitions on our ability to offer our products in one or more countries and could materially damage our reputation, our brand, our international expansion efforts, our ability to attract and retain employees, our business and our operating results. Our success depends, in part, on our ability to anticipate these risks and manage these challenges. Further, certain of our employees, including employees located in certain jurisdictions in Canada, Europe and Asia, are represented by collective bargaining or other labor agreements or arrangements that provide bargaining or other rights to employees. Such employment rights require us to expend greater time and expense in making changes to employees' terms of employment or carrying out staff reductions. In addition, any national or other labor disputes in these regions could result in a work stoppage or strike by our employees that could delay or interrupt our ability to supply products and conduct operations. Due to the nature of these collective bargaining agreements, we will have no control over such work stoppages or strikes by such employees, and a strike may occur even if the employees do not have any grievances against us. Any interruption in manufacturing or operations could interfere with our business and could have a material adverse effect on our revenues.

In addition to the foregoing, engaging in international business inherently involves a number of other difficulties and risks, including:

- longer payment cycles and difficulties in enforcing agreements and collecting receivables through certain foreign legal systems;
- political and economic instability or sanctions in areas in which we operate;
- potentially adverse tax consequences, tariffs, customs charges, bureaucratic requirements and other trade barriers;
- regulations related to customs and import/export matters (including sanctions);
- tax issues, such as tax law changes and variations in tax laws;
- challenges in collecting accounts receivable from customers in the jurisdictions in which we operate;
-

complying with laws, rules and regulations relating to the manufacturing, marketing, distribution and sale of pharmaceutical products in the jurisdictions in which we do or will operate;

- operating under regulations in jurisdictions related to obtaining eligibility for government or private payor reimbursement for our products at the wholesale/retail level;
- competition from local, regional and international competitors;
- difficulties and costs of staffing and managing foreign operations, including cultural and language differences and additional employment regulations, union workforce negotiations and potential disputes in the jurisdictions in which we operate;
- difficulties associated with compliance with a variety of laws and regulations governing international trade, including the Foreign Corrupt Practices Act;

- difficulties protecting or procuring intellectual property rights; and
- fluctuations in foreign currency exchange rates.

These factors or any combination of these factors could have a material adverse effect on our results of operations and financial condition.

We have exposure to tax liabilities.

As a multinational corporation, we are subject to income taxes as well as non income based taxes in various jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes and other tax liabilities. We are subject to costs and other potential outcomes from tax audits. The Company believes that its accrual for tax contingencies is adequate for all open years based on past experience, interpretations of tax law, and judgments about potential actions by tax authorities; however, due to the complexity of tax contingencies, the ultimate resolution of any tax matters may result in payments greater or less than amounts accrued.

Changes in tax laws or tax rulings may have a significantly adverse impact on our effective tax rate. Proposals by the current U.S. administration for fundamental U.S. international tax reform, including without limitation provisions that would limit the ability of U.S. multinationals to deduct interest on related party debt, if enacted, could have a significant adverse impact on our effective tax rate. Many countries in Europe, as well as a number of other countries and organizations, have recently proposed or recommended changes to existing tax laws which could impact our future tax obligations. The Organization for Economic Cooperation and Development has been working on a Base Erosion and Profit Sharing Project, and is expected to continue to issue, guidelines and proposals that may change various aspects of the existing framework under which our tax obligations are determined in many of the countries in which we do business. The European Commission has conducted investigations in multiple countries focusing on whether local country tax rulings or tax legislation provides preferential tax treatment that violates European Union state aid rules. If the Company's effective tax rates were to increase, or if the ultimate determination of the Company's taxes owed is for an amount in excess of amounts previously accrued, the Company's operating results, cash flows, and financial condition could be adversely affected.

We would be adversely affected if, either based on current law or in the event of a change in law, the Internal Revenue Service did not agree that Allergan plc is a foreign corporation for U.S. federal tax purposes. In addition, future changes to international tax laws not specifically related to inversions could adversely affect us.

Allergan plc believes that, under current law, it is treated as a foreign corporation for U.S. federal tax purposes, because it is an Irish incorporated entity. However, the IRS may assert that Allergan plc should be treated as a U.S. corporation for U.S. federal tax purposes pursuant to Section 7874. Under Section 7874, a corporation created or organized outside the United States (i.e., a foreign corporation) will be treated as a U.S. corporation for U.S. federal tax purposes when (i) the foreign corporation directly or indirectly acquires substantially all of the assets held directly or indirectly by a U.S. corporation (including the indirect acquisition of assets of the U.S. corporation by acquiring all the outstanding shares of the U.S. corporation), (ii) the shareholders of the acquired U.S. corporation hold at least 80% (by either vote or value) of the shares of the foreign acquiring corporation after the acquisition by reason of holding shares in the U.S. acquired corporation (including the receipt of the foreign corporation's shares in exchange for the U.S. corporation's shares), and (iii) the foreign corporation's "expanded affiliated group" does not have substantial business activities in the foreign corporation's country of organization or incorporation relative to such expanded affiliated group's worldwide activities. For purposes of Section 7874, multiple acquisitions of U.S. corporations by a foreign corporation, if treated as part of a plan or series of related transactions, may be treated as a single acquisition. If multiple acquisitions of U.S. corporations are treated as a single acquisition, all shareholders of the acquired U.S. corporations would be aggregated for purposes of the test set forth above concerning such shareholders

holding at least 80% (by either vote or value) of the shares of the foreign acquiring corporation after the acquisitions by reason of holding shares in the acquired U.S. corporations.

Allergan believes that the test set forth above to treat Allergan as a foreign corporation was satisfied in connection with the acquisition of Actavis, Inc., a Nevada corporation, and Warner Chilcott plc, a company incorporated under the laws of Ireland (the "Warner Chilcott Transaction") on October 1, 2013. However, the law and Treasury regulations promulgated under Section 7874 are relatively new and somewhat unclear, and thus it cannot be assured that the IRS will agree that the ownership requirements to treat Allergan as a foreign corporation were met. Moreover, even if such ownership requirements were met in the Warner Chilcott Transaction and the subsequent acquisition of all of the common stock of Forest Laboratories, Inc., a company incorporated under the laws of the State of Delaware (the "Forest Transaction"), the IRS may assert that, even though the Merger is a separate transaction from the Warner Chilcott Transaction and the Forest Transaction, the Merger should be integrated with the Warner Chilcott Transaction and the Forest Transaction as a single transaction. In the event the IRS were to prevail with such assertion, Allergan

would be treated as a U.S. corporation for U.S. federal tax purposes and significant adverse tax consequences would result for Allergan.

In addition, changes to the inversion rules in Section 7874 or the U.S. Treasury Regulations promulgated thereunder or other IRS guidance could adversely affect Allergan plc's status as a foreign corporation for U.S. federal tax purposes, and any such changes could have prospective or retroactive application to Allergan, Allergan Inc., their respective stockholders, shareholders and affiliates, and/or the Allergan Acquisition. For example, in March 2014, the President of the United States proposed legislation that would amend the anti inversion rules. In September 2014 and November 2015, the U.S. Treasury and the IRS issued additional guidance stating that they intend to issue regulations that will address certain inversion transactions.

Even if Allergan is respected as a foreign corporation for U.S. federal tax purposes, Allergan might be adversely impacted by recent proposals that have aimed to make other changes in the taxation of multinational corporations. For example, the Organisation for Economic Co operation and Development has released proposals to create an agreed set of international rules for fighting base erosion and profit shifting. As a result, the tax laws in the United States, Ireland, and other countries in which we and our affiliates do business could change on a prospective or retroactive basis, and any such changes could adversely affect Allergan and its affiliates (including Legacy Allergan and its affiliates).

Moreover, U.S. and foreign tax authorities may carefully scrutinize companies that result from cross border business combination, such as Allergan plc, which may lead such authorities to assert that Allergan plc owes additional taxes.

Foreign currency fluctuations could adversely affect our business and financial results.

We do business and generate sales in numerous countries outside the United States. The Company has also entered and will continue to enter into acquisition, licensing, borrowing, hedging or other financial transactions that may give rise to currency and interest rate exposure. As such, foreign currency fluctuations may affect the costs that we incur in such international operations. Some of our operating expenses are incurred in non U.S. dollar currencies. The appreciation of non U.S. dollar currencies in those countries where we have operations against the U.S. dollar could increase our costs and could harm our results of operations and financial condition.

We have incurred and will continue to incur significant transaction, integration and restructuring costs in connection with recent transactions, including our acquisitions of AqueSys, Northwood Medical Innovations, Kythera, Oculeve, Auden Mckenzie and Legacy Allergan, the pending sale of our generics business and certain other assets to Teva and our pending business combination with Pfizer.

We have incurred significant transaction costs related to our acquisitions of Kythera and Legacy Allergan, the pending sale of our generics business and certain other assets to Teva and our pending business combination with Pfizer and will continue to incur significant transaction costs related to past acquisitions and pending transactions with Teva and Pfizer. In addition, we will incur integration costs and restructuring costs as we integrate the businesses. While Allergan has assumed that a certain level of transaction and coordination expenses will be incurred, there are a number of factors beyond Allergan's control that could affect the total amount or the timing of these transaction and coordination expenses. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately. Although we expect that the realization of benefits and efficiencies related to the integration of the businesses may offset these transaction costs, integration costs and restructuring costs over time, no assurances can be made that this net benefit will be achieved in the near term, or at all. The failure to realize the expected benefits and efficiencies related to the integration of the businesses could adversely affect our financial condition and results of operations.

In addition, as a result of acquiring businesses, technologies or products, or entering into other significant transactions, we may experience significant charges to earnings for merger and related expenses. These costs may include substantial fees for investment bankers, attorneys, accountants, advisors, consultants and severance and other closure costs associated with regulator mandated divestitures and the elimination of duplicate or discontinued products, operations and facilities. Charges that we may incur in connection with acquisitions could adversely affect our results of operations for particular quarterly or annual periods.

Substantial amounts of our information concerning our products, customers, employees and ongoing business are stored digitally and are subject to threats of theft, tampering, or other intrusion.

We collect and maintain information in digital form that is necessary to conduct our business, and we are increasingly dependent upon information technology systems, infrastructure and data. This digital information includes, but is not limited to, confidential and proprietary information as well as personal information regarding our customers and employees. Data maintained in digital form is subject to the risk of intrusion, tampering, and theft. Cyber attacks are increasing in frequency, sophistication and intensity. Cyber attacks could include the deployment of harmful malware, denial of service attacks, worms, social engineering and other means

to affect service reliability and threaten data confidentiality, integrity and availability. We have established physical, electronic, and organizational measures to safeguard and secure our systems to prevent a data compromise, and rely on commercially available systems, software, tools, and monitoring to provide security for the processing, transmission and storage of digital information. However, the development and maintenance of these systems is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become increasingly more sophisticated. Despite our efforts, the possibility of a future data compromise cannot be eliminated entirely, and risks associated with intrusion, tampering, and theft remain. Data privacy or security breaches by employees or others may pose a risk that data, including intellectual property or personal information, may be exposed to unauthorized individuals or to the public. In addition, we provide confidential, proprietary and personal information to third parties when it is necessary to pursue our business objectives. While we obtain assurances that these third parties will protect this information and, where appropriate, monitor the protections employed by these third parties, there is a risk the confidentiality of data held by third parties may be compromised. If our data systems are compromised, our business operations may be impaired, we may lose profitable opportunities or the value of those opportunities may be diminished, and we may lose revenue as a result of unlicensed use of our intellectual property. If personal information of our customers or employees is misappropriated, our reputation with our customers and employees may be injured resulting in loss of business and/or morale, and we may incur costs to remediate possible injury to our customers and employees or be required to pay fines or take other action with respect to judicial or regulatory actions arising out of such incidents.

A failure of our internal control over financial reporting could materially impact our business or share price.

The Company’s management is responsible for establishing and maintaining adequate internal control over financial reporting. An internal control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all internal control systems, internal control over financial reporting may not prevent or detect misstatements. Any failure to maintain an effective system of internal control over financial reporting could limit our ability to report our financial results accurately and timely or to detect and prevent fraud, and could expose us to litigation or adversely affect the market price of the Allergan plc Ordinary Shares.

In the year ended December 31, 2013, management concluded that there was a material weakness in internal controls over financial reporting as it did not design or maintain effective internal controls with respect to segregation of duties and related information technology general controls regarding user access and change management activities. Specifically, the controls were not designed to provide reasonable assurance that incompatible access within the system, including the ability to record transactions, was appropriately segregated, impacting the validity, accuracy and completeness of all key accounts and disclosures. The locations impacted were principally related to the international entities acquired as part of the Actavis Group in 2012. The Company has remediated the material weaknesses as of December 31, 2014.

Extensive industry regulation has had, and will continue to have, a significant impact on our business, especially our product development, manufacturing and distribution capabilities.

All pharmaceutical companies, including Allergan, are subject to extensive, complex, costly and evolving government regulation. For the U.S., this is principally administered by the FDA, but is also administered by the Drug Enforcement Agency “DEA” and state government agencies, as well as by varying regulatory agencies in foreign countries where products or product candidates are being manufactured and/or marketed. The Federal Food, Drug and Cosmetic Act, the Controlled Substances Act and other federal statutes and regulations, and similar foreign statutes and regulations, govern or influence the development, testing, manufacturing, packing, labeling, storing, record keeping, safety, approval, advertising, promotion, sale, distribution and import/ export of our products. Foreign

regulatory authorities impose similar requirements focused on drug safety and effectiveness. Obtaining and maintaining regulatory approval has been and will continue to be increasingly difficult, time consuming and costly. In addition, changes in applicable federal, state and foreign laws and regulations or the implementation of new laws and regulations could affect our ability to obtain or maintain approval of our products and could have a material adverse effect on the Company's business.

Once regulatory approval has been obtained, agencies continue to have substantial authority to require additional testing, perform inspections, change product labeling or mandate withdrawals of our products. Failure to comply with applicable regulatory requirements may subject us to administrative or judicially imposed sanctions. These sanctions may include, among others, untitled letters, warning letters, fines, civil penalties, criminal penalties, injunctions, debarment, product seizure or detention, product recalls and total or partial suspension of production, sale and promotion. In addition, we may voluntarily elect to recall or restrict the use of a product. Any recall or restriction could divert managerial and financial resources and might harm our reputation.

Under these statutes and regulations, we are subject to periodic inspection of our facilities, procedures and operations and/or the testing of our products by the FDA and similar ex U.S. authorities, the DEA and other authorities, which conduct periodic inspections to confirm that we are in compliance with all applicable requirements. In addition, the FDA and foreign regulatory agencies conduct pre approval and post approval reviews and plant inspections to determine whether our systems and processes are in compliance with cGMP and other regulations. Following such inspections, the FDA or other agency may issue observations, notices, citations and/or warning letters that could cause us to modify certain activities identified during the inspection. FDA guidelines specify that a warning letter is issued only for violations of "regulatory significance" for which the failure to adequately and promptly achieve correction may be expected to result in an enforcement action. We are also required to report adverse events associated with our products to the FDA and other regulatory authorities. Unexpected or serious health or safety concerns could result in product liability claims, labeling changes, recalls, market withdrawals or other regulatory actions, including withdrawal of product approvals. Adverse events and safety concerns can arise as our product candidates are evaluated in clinical trials or as our marketed products are used in clinical practice. We are required to communicate to regulatory agencies adverse events reported to us regarding our products.

Our manufacturing facility in Corona, California is currently subject to a consent decree of permanent injunction. We cannot assure that the FDA will determine we have adequately corrected deficiencies at our Corona manufacturing site, that subsequent FDA inspections at any of our manufacturing sites will not result in additional inspectional observations at such sites, that approval of any of the pending or subsequently submitted NDAs, ANDAs or supplements to such applications by Allergan plc or our subsidiaries will be granted or that the FDA will not seek to impose additional sanctions against Allergan plc or any of its subsidiaries. The range of possible sanctions includes, among others, FDA issuance of adverse publicity, product recalls or seizures, fines, total or partial suspension of production and/or distribution, suspension of the FDA's review of product applications, enforcement actions, injunctions, and civil or criminal prosecution. Any such sanctions, if imposed, could have a material adverse effect on our business, operating results, financial condition and cash flows. Under certain circumstances, the FDA also has the authority to revoke previously granted drug approvals. Similar sanctions as detailed above may be available to the FDA under a consent decree, depending upon the actual terms of such decree. Although we have instituted internal compliance programs, if these programs do not meet regulatory agency standards or if compliance is deemed deficient in any significant way, it could materially harm our business. Certain of our vendors are subject to similar regulation and periodic inspections and may be operating under consent decrees.

In order to market our products in the United States and other jurisdictions, we must obtain separate regulatory approvals and comply with numerous and varying regulatory requirements. The process for obtaining governmental approval to manufacture and market pharmaceutical products is rigorous, time consuming, uncertain and costly, and we cannot predict the extent to which we may be affected by legislative and regulatory developments. We are dependent on receiving FDA and other governmental or third party approvals prior to manufacturing, marketing and shipping our products. There is always the chance that we will not obtain FDA or other necessary approvals, or that the rate, timing and cost of obtaining such approvals, will adversely affect our product introduction plans or results of operations. Additionally, any regulatory approvals we receive may be subject to limitations on the approved indicated uses for which the product may be marketed or to the conditions of approval or may contain requirements for potentially costly additional clinical trials and surveillance to monitor the safety and efficacy of the product. We may only market or promote our products for their approved indications, and our labeling, promotional activities and advertising are subject to extensive regulation and oversight. We carry inventories of certain product(s) in anticipation of launch, and if such product(s) are not subsequently launched, we may be required to write off the related inventory.

Our Anda Distribution operations and our customers are subject to various regulatory requirements, including requirements of the DEA, FDA, state boards of pharmacy and city and county health regulators, among others. These include licensing, registration, recordkeeping, security and reporting requirements. The DEA requires our Anda

Distribution business to monitor customer orders of DEA Scheduled Drugs and to report suspicious orders to the DEA. Any determination by the DEA that we have failed to comply with applicable laws and regulations could result in DEA suspending, terminating or refusing to renew Anda Distribution's license to distribute Scheduled Drugs. Additionally, although physicians may prescribe FDA approved products for an "off label" indication, we are permitted to market our products only for the indications for which they have been approved. Some of our products are prescribed off label and the FDA, the U.S. Department of Justice, the U.S. Attorney or other regulatory authorities could take enforcement actions if they conclude that we or our distributors have engaged in off label marketing. In addition, historically a number of states and the federal government have enforced licensing and anti-counterfeit drug pedigree laws which require the tracking of all transactions involving prescription drugs beginning with the manufacturer, through the supply chain, and down to the pharmacy or other health care provider dispensing or administering prescription drug products. Therefore, manufacturers and wholesale distributors, including our subsidiary, ANDA Pharmaceuticals, have been required to maintain records documenting the chain of custody on distribution of prescription drugs. On November 27, 2013, the federal government enacted the Drug Quality and Security Act (DQSA) amending federal requirements in regard to the licensing and tracking of prescription drugs. Certain provisions in the new law related to licensing and track and trace specifically preempted prior state laws related to drug pedigrees that are inconsistent, more stringent, or in addition to the federal law. Specifically, Title II of the DQSA, also known as the Drug Supply Chain Security Act ("DSCSA"), provides for creation of an electronic, interoperable system to identify and trace certain prescription drugs as they are distributed in the United States. These amendments include new requirements on licensing, tracking and tracing and other operations

applicable to manufacturers and wholesale distributors of prescription drug products. The full requirements of the DSCSA will be phased in over a ten year period; however, in January 2015, specific product tracing requirements for manufacturers, wholesalers, repackagers and dispensers (e.g., pharmacies) of prescription drugs became effective. Also, as of January 2015, the DSCSA required manufacturers and wholesale distributors to implement systems to identify potential "suspect" or "illegitimate" product, and take appropriate action. The DSCSA also addresses product tracing using unique product identifiers on packaging, and requirements for standardized numerical identifiers which will take effect in the future.

In addition to government agencies that promulgate regulations and guidelines directly applicable to us, other professional societies, practice management groups, insurance carriers, physicians, private health or science foundations and organizations involved in various diseases from time to time may also publish guidelines or recommendations to healthcare providers, administrators and payers, and patient communities. For example, the treatment practices of physicians that currently prescribe our products may change. Recommendations by government agencies or other groups and organizations may relate to such matters as usage, dosage, route of administration and use of related therapies, as well as reimbursement of our products by government and private payers. Any recommendations or guidelines that result in decreased use, dosage or reimbursement of our products could materially and adversely affect our product sales, business and operating results.

The supply of APIs into Europe may be negatively affected by recent regulations promulgated by the European Union.

As of July 2, 2013, all API's imported into the EU must be certified as complying with the good manufacturing practice ("GMP") standards established by the EU, as stipulated by the International Conference for Harmonization. These new regulations place the certification requirement on the regulatory bodies of the exporting countries. Accordingly, as of July 2, 2013, the national regulatory authorities of each exporting country must: (i) insure that all manufacturing plants within their borders that export API into the EU comply with EU manufacturing standards and; (ii) for each API exported, present a written document confirming that the exporting plant conforms to EU manufacturing standards. The imposition of this responsibility on the governments of the nations exporting API may cause a shortage of API necessary to manufacture our products, as certain governments may not be willing or able to comply with the regulation in a timely fashion, or at all. A shortage in API may cause us to have to cease manufacture of certain products, or to incur costs and delays to qualify other suppliers to substitute for those API manufacturers unable to export. This could adversely affect the Company and could have a material adverse effect on our business, results of operations, financial condition and cash flow.

Federal regulation of arrangements between manufacturers of brand and generic products could adversely affect our business.

As part of the Medicare Prescription Drug and Modernization Act of 2003 (the "MMA") companies are required to file with the FTC and the Department of Justice certain types of agreements entered into between brand and generic pharmaceutical companies related to the manufacture, marketing and sale of generic versions of brand drugs. This requirement, as well as new legislation pending in the U.S. Congress related to settlements between brand and generic drug manufacturers, could affect the manner in which generic drug manufacturers resolve intellectual property litigation and other disputes with brand pharmaceutical companies and could result generally in an increase in private party litigation against pharmaceutical companies or additional investigations or proceedings by the FTC or other governmental authorities. The impact of this requirement, the pending legislation and the potential private party lawsuits associated with arrangements between brand name and generic drug manufacturers, is uncertain and could adversely affect our business. For example, on April 5, 2013, two putative class actions were filed against Actavis, Inc. and certain affiliates alleging that Watson Pharmaceuticals, Inc.'s 2009 patent lawsuit settlement with Warner Chilcott related to Loestrin® 24 Fe (norethindrone acetate/ethinyl estradiol tablets and ferrous fumarate tablets,

"Loestrin® 24") is unlawful. The complaints, both asserted on behalf of putative classes of end payors, generally allege that Watson and another generic manufacturer improperly delayed launching generic versions of Loestrin® 24 in exchange for substantial payments from Warner Chilcott, which at the time was an unrelated company, in violation of federal and state antitrust and consumer protection laws. Further, in January 2009, the FTC and the State of California filed a lawsuit against us alleging that our settlement with Solvay related to our ANDA for a generic version of Androgel® is unlawful. Numerous private parties purporting to represent various classes of plaintiffs filed similar lawsuits. Similar lawsuits have been filed against us challenging the lawfulness of our settlements related to Asacol® and Namenda® and generic versions of Actos®, Androgel®, Cipro®, and Lidoderm®. We have also received requests for information and Statements of Objection in connection with investigations into settlements and other arrangements between competing pharmaceutical companies by the Federal Trade Commission and the European Competition Commission. In the past, we have also received requests for information and Statements of Objection in connection with investigations into settlements and other arrangements between competing pharmaceutical companies by the Federal Trade Commission and the European Competition Commission. In May 2014, Forest received a Civil Investigatory Demand from the FTC requesting information about Forest's agreements with ANDA filers for Bystolic®. Any adverse outcome of these actions or investigations, or actions or investigations related to other settlements we have entered into, could have a material adverse effect on our business, results of operations, financial condition and cash flows. Refer to Legal Matters in "NOTE 25 — Commitments and Contingencies" in the accompanying "Notes to Consolidated Financial Statements".

Healthcare reform and a reduction in the coverage and reimbursement levels by governmental authorities, HMOs, MCOs or other third party payers may adversely affect our business.

Demand for our products depends in part on the extent to which coverage and reimbursement is available from third party payers, such as the Medicare and Medicaid programs and private payors. In order to commercialize our products, we have obtained from government authorities and private health insurers and other organizations, such as HMOs and MCOs, recognition for coverage and reimbursement at varying levels for the cost of certain of our products and related treatments. Third party payers increasingly challenge pricing of pharmaceutical products. Further, the trend toward managed healthcare in the U.S., the growth of organizations such as HMOs and MCOs and legislative proposals to reform healthcare and government insurance programs create uncertainties regarding the future levels of coverage and reimbursement for pharmaceutical products. Such cost containment measures and healthcare reform could reduce reimbursement of our pharmaceutical products, resulting in lower prices and a reduction in the product demand. This could affect our ability to sell our products and could have a material adverse effect on our business, results of operations, financial condition and cash flows.

There have been changes in reimbursement for pharmaceuticals under various government programs, including Medicaid, and there is uncertainty surrounding implementation of legislation and regulatory changes relating to reimbursement for pharmaceuticals under Medicaid and other government programs such as Medicare and Tricare. Reimbursement changes under such government programs may impact demand for our products and may negatively affect the price. In addition, any reimbursement granted may not be maintained or limits on reimbursement available from third party payers may reduce demand for, or negatively affect the price of, those products. Additionally, various legislative and regulatory initiatives in states, including proposed modifications to reimbursements and rebates, product pedigree and tracking, pharmaceutical waste “take back” initiatives, and therapeutic category generic substitution carve out legislation may also have a negative impact on the Company. We maintain a full time government affairs department in Washington, DC, which is responsible for coordinating state and federal legislative activities, and places a major emphasis in terms of management time and resources to ensure a fair and balanced legislative and regulatory arena.

There is additional uncertainty surrounding the insurance coverage mandate that goes into effect in the U.S. in 2015 and 2016. Employers may seek to reduce costs by reducing or eliminating employer group healthcare plans or transferring a greater portion of healthcare costs to their employees. Job losses or other economic hardships may also result in reduced levels of coverage for some individuals, potentially resulting in lower levels of healthcare coverage for themselves or their families. These economic conditions may affect patients’ ability to afford health care as a result of increased co pay or deductible obligations, greater cost sensitivity to existing co pay or deductible obligations, lost healthcare insurance coverage or for other reasons. We believe such conditions have led and could continue to lead to changes in patient behavior and spending patterns that negatively affect usage of certain of our products, including some patients delaying treatment, rationing prescription medications, leaving prescriptions unfilled, reducing the frequency of visits to healthcare facilities, utilizing alternative therapies, or foregoing healthcare insurance coverage. Such changes may result in reduced demand for our products, which could materially and adversely affect the sales of our products, our business and results of operations.

The pharmaceutical industry is highly competitive and our future revenue growth and profitability are dependent on our timely development and launches of new products ahead of our competitors.

We face strong competition in all of our businesses. The intensely competitive environment requires an ongoing, extensive search for technological innovations and the ability to market products effectively, including the ability to communicate the effectiveness, safety and value of brand products to healthcare professionals in private practice, group practices and MCOs. Our competitors vary depending upon product categories, and within each product category, upon dosage strengths and drug delivery systems. Based on total assets, annual revenues, and market

capitalization, we are smaller than certain of our national and international competitors in the brand and distribution product arenas. Most of our competitors have been in business for a longer period of time than us, have a greater number of products on the market and have greater financial and other resources than we do. Furthermore, recent trends in this industry are toward further market consolidation of large drug companies into a smaller number of very large entities, further concentrating financial, technical and market strength and increasing competitive pressure in the industry. If we directly compete with them for the same markets and/or products, their financial strength could prevent us from capturing a profitable share of those markets. It is possible that developments by our competitors will make our products or technologies noncompetitive or obsolete. In addition, competitive forces may result in changes to the mix of products that we sell during a given time period or lower demand for our products than expected.

Some of our competitors have technical, competitive or other advantages over us for the development of technologies and processes. We face increased competition from new infection prevention, sterile processing, contamination control, surgical support, cleaning consumables, gastrointestinal endoscopy accessories, contract sterilization, and other products and services entering the market. These advantages may make it difficult for us to compete with them to successfully discover, develop and market new products and for our current products to compete with new products that these competitors may bring to market. As a result, our

products may compete against products that have lower prices, equivalent or superior performance, a better safety profile, are easier to administer, achieve earlier entry into the market or that are otherwise competitive with our products.

Revenues and gross profit derived from the sales of generic pharmaceutical products tend to follow a pattern based on certain regulatory and competitive factors. As patents for brand name products and related exclusivity periods expire, the first generic manufacturer to receive regulatory approval for generic equivalents of such products is generally able to achieve significant market penetration. Therefore, our ability to increase or maintain revenues and profitability in our generics business is largely dependent on our success in challenging patents and developing non infringing formulations of proprietary products. As competing manufacturers receive regulatory approvals on similar products or as brand manufacturers launch generic versions of such products (for which no separate regulatory approval is required), market share, revenues and gross profit typically decline, in some cases dramatically. Accordingly, the level of market share, revenue and gross profit attributable to a particular generic product normally is related to the number of competitors in that product's market and the timing of that product's regulatory approval and launch, in relation to competing approvals and launches. Consequently, we must continue to develop and introduce new products in a timely and cost effective manner to maintain our revenues and gross margins. We may have fewer opportunities to launch significant generic products in the future, as the number and size of proprietary products that are subject to patent challenges is expected to decrease in the next several years compared to historical levels. Additionally, as new competitors enter the market, there may be increased pricing pressure on certain products, which would result in lower gross margins. This is particularly true in the case of certain Asian and other overseas generic competitors, who may be able to produce products at costs lower than the costs of domestic manufacturers. If we experience substantial competition from Asian or other overseas generic competitors with lower production costs, our profit margins will suffer.

We also face strong competition in our Anda Distribution business, where we compete with a number of large wholesalers and other distributors of pharmaceuticals, including McKesson, AmerisourceBergen and Cardinal, which market both brand and generic pharmaceutical products to their customers. These companies are significant customers of our US Brands, US Medical Aesthetics and International Brands businesses. As generic products generally have higher gross margins for distributors, each of the large wholesalers, on an increasing basis, are offering pricing incentives on brand products if the customers purchase a large portion of their generic pharmaceutical products from the primary wholesaler. As Anda does not offer a full line of brand products to our customers, we have been at times competitively disadvantaged and must compete with these wholesalers based upon our very competitive pricing for generic products, greater service levels and our well established telemarketing relationships with our customers, supplemented by our electronic ordering capabilities. The large wholesalers have historically not used telemarketers to sell to their customers, but recently have begun to do so. Additionally, generic manufacturers are increasingly marketing their products directly to smaller chains and thus increasingly bypassing wholesalers and distributors. Increased competition in the generic industry as a whole may result in increased price erosion in the pursuit of market share.

Sales of our products may continue to be adversely affected by the continuing consolidation of our distribution network and the concentration of our customer base.

Our principal customers in our brand and generic pharmaceutical operations are wholesale drug distributors and major retail drug store chains. These customers comprise a significant part of the distribution network for pharmaceutical products in the U.S. This distribution network is continuing to undergo significant consolidation marked by mergers and acquisitions among wholesale distributors and the growth of large retail drug store chains. As a result, a small number of large wholesale distributors and large chain drug stores control a significant share of the market. We expect that consolidation of drug wholesalers and retailers will increase pricing and other competitive pressures on drug manufacturers, including the Company.

The loss of any of these customers could have a material adverse effect on our business, results of operations, financial condition and cash flows. In addition, none of our customers are party to any long term supply agreements with us, and thus are able to change suppliers freely should they wish to do so.

Developments after a product reaches the market may adversely affect sales of our products.

Even after regulatory approval, certain developments may decrease demand for our products, including the following:

- the re review of products that are already marketed;
- new scientific information and evolution of scientific theories;
- the recall or loss of marketing approval of products that are already marketed;
- changing government standards or public expectations regarding safety, efficacy or labeling changes; and
- greater scrutiny in advertising and promotion.

In the past, clinical trials and post marketing surveillance of certain marketed drugs of the Company and of competitors within the industry have raised concerns that have led to recalls, withdrawals or adverse labeling of marketed products. If previously unknown side effects are discovered or if there is an increase in negative publicity regarding known side effects of any of our products, it could significantly reduce demand for the product or require us to take actions that could negatively affect sales, including removing the product from the market, restricting its distribution or applying for labeling changes.

In addition, certain health authorities, regulators and agencies have increased their focus on safety when assessing the balance of benefits and risks of drugs. Some health authorities appear to have become more cautious when making decisions about approvability of new products and are re reviewing select products that are already marketed, adding further to the uncertainties in the regulatory processes. There is also greater regulatory scrutiny, especially in the U.S., on advertising and promotion and, in particular, direct to consumer advertising.

We are incorporated in Ireland, and Irish law differs from the laws in effect in the United States and may afford less protection to, or otherwise adversely affect, our shareholders.

Our shareholders may have more difficulty protecting their interests than would shareholders of a corporation incorporated in a jurisdiction of the United States. As an Irish company, we are governed by the Irish Companies Act 2014 (the "Companies Act"). The Companies Act and other relevant aspects of Irish law differ in some material respects from laws generally applicable to U.S. corporations and shareholders, including the provisions relating to interested directors, mergers, amalgamations and acquisitions, takeovers, shareholder lawsuits and indemnification of directors. For example, under Irish law, the duties of directors and officers of a company are generally owed to the company only. As a result, shareholders of Irish companies do not have the right to bring an action against the directors or officers of a company, except in limited circumstances. In addition, depending on the circumstances, you may be subject to different or additional tax consequences under Irish law as a result of your acquisition, ownership and/or disposition of our ordinary shares, including, but not limited to, Irish stamp duty, dividend withholding tax and capital acquisitions tax.

As a result of different shareholder voting requirements in Ireland relative to laws in effect in certain states in the United States, we may have less flexibility with respect to certain aspects of capital management than companies organized in the United States.

Under Irish law, our authorized share capital can be increased by an ordinary resolution of our shareholders and the directors may issue new ordinary or preferred shares up to a maximum amount equal to the authorized but unissued share capital, without shareholder approval, once authorized to do so by our articles of association or by an ordinary resolution of our shareholders. Additionally, subject to specified exceptions, Irish law grants statutory preemption rights to existing shareholders where shares are being issued for cash consideration but allows shareholders to disapply such statutory preemption rights either in our articles of association or by way of special resolution. Such disapplication can either be generally applicable or be in respect of a particular allotment of shares. Accordingly, our articles of association contain, as permitted by Irish company law, provisions authorizing the board to issue new shares, and to disapply statutory preemption rights. The authorization of the directors to issue shares and the disapplication of statutory preemption rights must both be renewed by the shareholders at least every five years, and we cannot provide any assurance that these authorizations will always be approved, which could limit our ability to issue equity and thereby adversely affect the holders of our securities.

We are an Irish company and it may be difficult for you to enforce judgments against us or certain of our officers and directors.

We are incorporated in Ireland and a substantial portion of our assets are located in jurisdictions outside the United States. In addition, some of our officers and directors reside outside the United States, and some or all of their respective assets are or may be located in jurisdictions outside of the United States. Therefore, it may be difficult for investors to effect service of process against us or such officers or directors or to enforce against us or them judgments of U.S. courts predicated upon civil liability provisions of the U.S. federal securities laws.

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:

- the judgment must be for a definite sum;
- the judgment must be final and conclusive; and
- 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 judgment. Further, an

Irish court may stay proceedings if concurrent proceedings are being brought elsewhere. Judgments of U.S. courts of liabilities predicated upon U.S. federal securities laws may not be enforced by Irish courts if deemed to be contrary to public policy in Ireland.

A transfer of Company Ordinary Shares, other than by means of the transfer of book entry interests in the Depository Trust Company ("DTC"), may be subject to Irish stamp duty, as may a transfer of preference shares.

Transfers of Company Ordinary Shares effected by means of the transfer of book entry interests in DTC will not be subject to Irish stamp duty. However, if you hold your Company Ordinary Shares directly rather than beneficially through DTC, any transfer of your Company Ordinary Shares could be subject to Irish stamp duty (currently at the rate of 1% of the higher of the price paid or the market value of the shares acquired). Payment of Irish stamp duty is generally a legal obligation of the transferee. Transfers of preference shares may also be subject to Irish stamp duty at the same rate. The potential for stamp duty could adversely affect the price of your shares.

In certain limited circumstances, dividends we pay may be subject to Irish dividend withholding tax.

While we do not currently contemplate paying dividends upon our ordinary shares, in certain limited circumstances, dividend withholding tax (currently at a rate of 20%) may arise in respect of dividends, if any, paid on our ordinary shares or our preference shares. A number of exemptions from dividend withholding tax exist such that shareholders resident in the U.S. and shareholders resident in certain countries may be entitled to exemptions from dividend withholding tax.

Shareholders resident in the U.S. that hold their shares through DTC will not be subject to dividend withholding tax provided the addresses of the beneficial owners of such shares in the records of the brokers holding such shares are recorded as being in the U.S. (and such brokers have further transmitted the relevant information to a qualifying intermediary appointed by us). Similarly, shareholders resident in the U.S. that hold their shares outside of DTC will not be subject to dividend withholding tax if, in the case of former Actavis, Inc. shareholders, they provide a IRS Form 6166 to our transfer agent to confirm their U.S. residence and claim an exemption, or, in the case of former Warner Chilcott shareholders, such shareholders previously filed valid dividend withholding tax forms with Warner Chilcott or its transfer agent in respect of their Warner Chilcott shareholdings (provided these forms still remain valid). All new U.S. resident shareholders in Allergan plc that hold their shares outside of DTC and shareholders resident in certain other countries (irrespective of whether they hold their shares through DTC or outside DTC) will not be subject to dividend withholding tax provided the beneficial owners of such shares have furnished completed and valid dividend withholding tax forms or an IRS Form 6166, as appropriate, to our transfer agent or their brokers (and such brokers have further transmitted the relevant information to our transfer agent). However, other shareholders may be subject to dividend withholding tax, which could adversely affect the price of your shares.

Dividends received by Irish residents and certain other shareholders may be subject to Irish income tax.

Shareholders entitled to an exemption from Irish dividend withholding tax on dividends received from us will not be subject to Irish income tax in respect of those dividends, unless they have some connection with Ireland other than their shareholding in us (for example, they are resident in Ireland). Shareholders who are not resident nor ordinarily resident in Ireland but who are not entitled to an exemption from Irish dividend withholding tax will generally have no further liability to Irish income tax on those dividends which suffer dividend withholding tax.

Company Ordinary Shares received by means of a gift or inheritance could be subject to Irish capital acquisitions tax.

Irish capital acquisitions tax ("CAT") could apply to a gift or inheritance of Company Ordinary Shares or our preference shares. irrespective of the place of residence, ordinary residence or domicile of the parties. This is because Company Ordinary Shares and preference shares are regarded as property situated in Ireland. The person who receives the gift or inheritance has primary liability for CAT. Gifts and inheritances passing between spouses are exempt from CAT. Children have a tax-free threshold of €280,000 (with effect from 14 October 2015) in respect of taxable gifts or inheritances received from their parents. Certain other tax-free thresholds may also apply.

Risks Related to the Pending Sale of our Generics Business to Teva Pharmaceutical Industries Ltd

There are risks and uncertainties associated with the pending sale of our generics business.

There are a number of risks and uncertainties associated with the pending sale of our generics business and certain other assets to Teva, including, among other things, the potential failure of a condition to closing, including the condition related to obtaining required regulatory approvals, which gives rise to the termination of the master purchase agreement executed between us and Teva.

Either party has the right to terminate the master purchase agreement if the closing has not occurred by July 26, 2016, subject to extension in certain circumstances. To the extent that the current market price of our ordinary shares reflects an assumption that the transaction with Teva will be consummated in the timeframe and manner currently anticipated, and that a portion of the sale proceeds will be used to pay down debt, any delay in closing or failure to close, or in a mix of debt paydown different than assumed by investors, could result in a decline in the market price of our ordinary shares. Similarly, any delay in closing or failure to close could result in damage to our relationships with customers, suppliers and employees and have an adverse effect on our business. Pending the completion of the transaction with Teva, the attention of our management may be directed toward the transaction and related matters, and their focus may be diverted from the day to day business operations of our company, including from other opportunities that might otherwise be beneficial to us. We have agreed to indemnify Teva and its affiliates against certain losses suffered as a result of our breach of representations and warranties and our other obligations in the master purchase agreement. Any event that results in a right for Teva to seek indemnity from us could result in a substantial payment from us to Teva and could adversely affect our results of operations. If we successfully complete the sale of our generics business, our revenues will decrease accordingly and our business will be subject to concentration of risks that affect our retained businesses, including our branded business. Refer to "Pfizer and Allergan may fail to realize all of the anticipated benefits of the Pfizer Transaction or those benefits may take longer to realize than expected. The combined company may also encounter significant difficulties in integrating the two businesses."

Risks Related to the Pfizer Transaction

Because the market price of Allergan ordinary shares and shares of Pfizer common stock will fluctuate, Allergan shareholders cannot be sure of the value of the combined company ordinary shares they will receive in the Allergan share split, as applicable.

Immediately prior to the consummation of the Pfizer Transaction, Allergan shareholders will receive 11.3 combined company ordinary shares for each of their Allergan ordinary shares. The exact value of the transaction consideration to Allergan shareholders will therefore depend in part on the prices per share of Pfizer common stock at the consummation of the Pfizer Transaction. These prices will not be known at the time of the Allergan extraordinary general meeting ("EGM") called to approve the stock split and other matters related to the Pfizer Transaction and may be greater than, less than or the same as the prices at the time of entry into the Pfizer Agreement. Assuming that each combined company ordinary share will have a value equal to the closing price of a share of Pfizer common stock on the NYSE on such date, the implied value of the 11.3 combined company ordinary shares to Allergan shareholders was approximately $160.0 billion using the then-current stock price at the time the Pfizer Transaction was announced. The market prices of Pfizer common stock and Allergan ordinary shares are subject to general price fluctuations in the market for publicly traded equity securities and have experienced volatility in the past. Stock price changes may result from a variety of factors, including general market and economic conditions, changes in the respective businesses, operations and prospects of Pfizer and Allergan, and an evolving regulatory landscape. Market assessments of the benefits of the Pfizer Transaction and the likelihood that the Pfizer Transaction will be consummated, as well as general and industry specific market and economic conditions, may also impact market prices of Pfizer common stock and Allergan ordinary shares. Many of these factors are beyond Allergan's control. You should obtain current market price quotations for Pfizer common stock and for Allergan ordinary shares; however, as noted above, the prices at the effective time may be greater than, the same as or less than such price quotations.

Because the share split ratio is fixed, the number of combined company ordinary shares to be received by holders of Allergan ordinary shares in the Allergan share split, will not change between now and the time the Pfizer Transaction is consummated to reflect changes in the trading prices of Pfizer common stock or Allergan ordinary shares, share repurchases or other factors.

The exact value of the transaction consideration to Allergan shareholders will depend in part on the prices per share of Pfizer common stock and/or Allergan ordinary shares at the consummation of the Pfizer Transaction. The Pfizer Agreement does not provide for any adjustment to share split ratio as a result of changes in the trading prices of Pfizer common stock or Allergan ordinary shares.

The market price for combined company ordinary shares following the consummation of the Pfizer Transaction may be affected by factors different from those that historically have affected or currently affect Pfizer common stock and Allergan ordinary shares.

Allergan's businesses differ from those of Pfizer, and vice versa, and accordingly the results of operations of the combined company will be affected by some factors that are different from those currently affecting the results of operations of Allergan, while other risks to Allergan, including those related to International Brands and US Brands segments may become more concentrated in the combined company.

Changes to tax laws and regulations may jeopardize or delay the Pfizer Transaction.

Each of Pfizer and Allergan may terminate the Pfizer Agreement if, following the date of the Pfizer Agreement, there has been an adverse change in law that, in the opinion of tax counsel, would cause the combined company to be treated as a U.S. domestic

corporation for U.S. federal income tax purposes (an "adverse tax law change"). In addition, each of the Pfizer board of directors and the Allergan board of directors may change its recommendation in response to any effect that occurs after the date of the Pfizer Agreement, including any actual or proposed change in or issuance or interpretation of applicable law (whether or not yet approved or effective), if such board of directors has concluded in good faith (after consultation with its financial advisors and outside legal counsel) that the failure to take such action would be inconsistent with the directors' fiduciary duties under applicable law. In the event of such a change of recommendation, the other party may terminate the Pfizer Agreement. Accordingly, any changes in applicable tax laws or regulations could jeopardize or delay the Pfizer Transaction.

Pfizer and Allergan must obtain required stockholder or shareholder approvals and governmental and regulatory approvals to consummate the Pfizer Transaction, which, if delayed or not granted or granted with unacceptable conditions, may prevent, delay or impair the consummation of the Pfizer Transaction, result in additional expenditures of money and resources and/or reduce the anticipated benefits of the Pfizer Transaction.

The closing conditions to the Pfizer Transaction include, among others, the receipt of required approvals from the Pfizer stockholders and the Allergan shareholders, clearance of the Pfizer Transaction by certain governmental and regulatory authorities, including the expiration or termination of applicable waiting periods under the HSR Act and other filings or approvals as may be required pursuant to the antitrust and competition laws of certain foreign countries. The governmental agencies with which the parties will make these filings and seek certain of these approvals and consents have broad discretion in administering the governing regulations. Pfizer and Allergan can provide no assurance that all required approvals and consents will be obtained. Moreover, as a condition to their approval of the transaction, certain governmental agencies may impose requirements, limitations or costs or require divestitures or place restrictions on the conduct of the business of the combined company after the closing of the Pfizer Transaction. These requirements, limitations, costs, divestitures or restrictions could jeopardize or delay the effective time or reduce the anticipated benefits of the transaction. Further, no assurance can be given that the required stockholder and shareholder approvals will be obtained or that the required closing conditions will be satisfied, and, if all required consents and approvals are obtained and the closing conditions are satisfied, no assurance can be given as to the terms, conditions and timing of the approvals or clearances. Finally, the closing of the Pfizer Transaction is subject to the closing of the Teva Transaction, which itself is subject to certain closing conditions, including receipt of governmental and regulatory approvals, and no assurance can be given that the closing of this transaction will occur on a timely basis or at all. If Pfizer and Allergan agree to any requirements, limitations, costs, divestitures or restrictions in order to obtain any approvals or clearances required to consummate the transaction, these requirements, limitations, costs, divestitures or restrictions could adversely affect the integration of the two companies' operations and/or reduce the anticipated benefits of the Pfizer Transaction. This could result in a material adverse effect on the business and results of operations of the combined company.

The Pfizer Agreement may be terminated in accordance with its terms and the Pfizer Transaction may not be consummated.

The Pfizer Agreement contains a number of conditions that must be fulfilled to close the Pfizer Transaction. Those conditions include: the approval of the Pfizer Transaction proposal by the Pfizer stockholders; the approval by the Allergan shareholders of the issuance of Allergan ordinary shares to the stockholders of Pfizer and certain other proposals related to the Pfizer transaction as required by the Pfizer Agreement (the "Allergan required proposals"; the consummation of the Allergan share split; receipt of the requisite regulatory and antitrust approvals, including clearance under the HSR Act; the absence of orders prohibiting the closing of the Pfizer Transaction; the effectiveness of the registration statement registering the Allergan ordinary shares to be issued to Pfizer stockholders and the joint proxy statement/prospectus wherein Allergan shareholders and Pfizer stockholders can vote to approve the Pfizer Transaction; the approval of an Irish prospectus, if required by Irish Prospectus Law; the approval for listing on the NYSE of the Allergan ordinary shares to be issued to Pfizer stockholders; the continued accuracy of the

representations and warranties of both parties, subject to specified materiality standards; the performance by both parties of their covenants and agreements under the Pfizer Agreement in all material respects; and the closing of the Teva Transaction. These conditions to the closing of the Pfizer Transaction may not be fulfilled and, accordingly, the Pfizer Transaction may not be consummated. In addition, if the Pfizer Transaction is not consummated by October 31, 2016 (subject to extension to March 31, 2017 if the only conditions not satisfied or waived (other than those conditions that by their nature are to be satisfied at the closing of the Pfizer Transaction, which conditions are capable of being satisfied) are conditions relating to the Pfizer stockholder and Allergan shareholder approvals, occurrence of the Allergan share split, certain required regulatory filings and clearances, effectiveness of the registration statement, listing on the NYSE of the Allergan ordinary shares and approval of an Irish prospectus), either Pfizer or Allergan may terminate the Pfizer Agreement. In addition, Pfizer or Allergan may elect to terminate the Pfizer Agreement in certain other circumstances, including by Pfizer, if, prior to receipt of approval of the Allergan required proposals, the Allergan board of directors makes a change of recommendation, by Allergan, if, prior to receipt of approval of the Pfizer merger proposal, the Pfizer board of directors makes a change of recommendation, and by either Pfizer or Allergan, if, following the date of the Pfizer Agreement, there has been an adverse tax law change. The parties can also mutually decide to terminate the Pfizer Agreement at any time prior to the consummation of the Pfizer Transaction.

The Pfizer Agreement contains provisions that restrict the ability of the Allergan board of directors to pursue alternatives to the Pfizer Transaction and to change its recommendation that Allergan shareholders vote for the approval of the Allergan proposals. In specified circumstances Pfizer may be entitled to receive a termination fee of up to $3.5 billion.

Under the Pfizer Agreement, Allergan is generally prohibited from soliciting, initiating or knowingly encouraging, or negotiating regarding or furnishing information in furtherance of, any inquiry, proposal or offer which constitutes or would reasonably be expected to lead to a competing proposal. In addition, Allergan may not terminate the Pfizer Agreement to enter into any agreement with respect to a superior proposal. If the Allergan board of directors (after consultation with Allergan's financial advisors and legal counsel) effects a change of recommendation in response to a superior proposal and the Pfizer board of directors confirms (after consultation with Pfizer's financial advisors and legal counsel) that it does not intend to change its recommendation, Pfizer may be entitled to terminate the Pfizer Agreement and receive a termination fee of $3.5 billion. If a competing proposal for Allergan is made public after the date of the Pfizer Agreement, the Pfizer Agreement is terminated as a result of the Allergan shareholders' subsequent failure to approve the Allergan required proposals at the Allergan EGM and Allergan consummates a transaction with respect to a competing proposal within 12 months of termination of the Pfizer Agreement or enters into a definitive agreement with respect to a competing proposal within 12 months of termination of the Pfizer Agreement which is later consummated, Pfizer may be entitled to receive a termination fee of $3.5 billion. These provisions could discourage a third party that may have an interest in acquiring all or a significant part of Allergan from considering or proposing an acquisition, even if such third party were prepared to enter into a transaction that would be more favorable to Allergan and its shareholders than the Pfizer Transaction and the other transactions contemplated by the Pfizer Transaction. Additionally, Pfizer may be entitled to receive a termination fee of $1.5 billion upon termination of the Pfizer Agreement by Pfizer or Allergan due to the failure of the Allergan shareholders to approve the Allergan required proposals at the Allergan EGM, or a termination fee of $3.0 billion or $3.5 billion if Pfizer terminates the Pfizer Agreement because the Allergan board of directors has made a change of recommendation (other than in response to a superior proposal) on or prior to March 1, 2016, or after March 1, 2016, respectively, in each case if the Pfizer board of directors has not made a change of recommendation.

While the Pfizer Transaction is pending, Pfizer and Allergan will be subject to contractual restrictions and business uncertainties that could adversely affect their businesses and operations. These uncertainties could also adversely affect the combined company following the consummation of the Pfizer Transaction.

Uncertainty about the effect of the Pfizer Transaction on employees, customers and suppliers may have an adverse effect on Pfizer and Allergan. These uncertainties may impair Pfizer's and Allergan's ability to attract, retain and motivate key personnel until the Pfizer Transaction is consummated and for a period of time thereafter, and could cause customers, suppliers and others who deal with Pfizer and Allergan to seek to change existing business relationships with Pfizer and/or Allergan. Employee retention may be challenging during the pendency of the Pfizer Transaction, as certain employees may experience uncertainty about their future roles. If key employees depart because of issues related to the uncertainty and difficulty of integration or a desire not to remain with the businesses, the business of the combined company following the Pfizer Transaction could be seriously harmed.

In addition, the Pfizer Agreement restricts Allergan and Pfizer from taking specified actions until the Pfizer Transaction occurs without the consent of the other party. These restrictions may prevent Allergan or Pfizer from pursuing attractive business opportunities that may arise prior to the consummation of the Pfizer Transaction.

Allergan shareholders will have a reduced ownership and voting interest after the Pfizer Transaction and will exercise less influence over management.

Allergan shareholders currently have the right to vote in the election of the Allergan board of directors and on other matters affecting Allergan. Upon the consummation of the Pfizer Transaction, each Allergan shareholder will become a shareholder of the combined company with a percentage ownership of the combined company that is smaller than such shareholder's prior percentage ownership of Allergan. It is currently expected that the former shareholders of Allergan as a group will receive shares in the Pfizer Transaction constituting approximately 44% of the outstanding combined company ordinary shares immediately following the effective time on a fully diluted basis. Because of this, Allergan shareholders will have less influence on the management and policies of the combined company than they now have on the management and policies of Allergan.

Following the Pfizer Transaction, the composition of the combined company board of directors will be different than the composition of the current Allergan board of directors.

Upon consummation of the Pfizer Transaction, the composition of the board of directors of the combined company will be different than the current Allergan board of directors. The Allergan board of directors currently consists of 12 directors. Upon the consummation of the Pfizer Transaction, the board of directors of the combined company will consist of 15 members, 11 of whom will be the 11 directors serving on the Pfizer board of directors prior to the closing of the Pfizer Transaction and four of whom will be

directors serving on the Allergan board of directors prior to the closing of the Pfizer Transaction, including Paul M. Bisaro, Allergan's current Executive Chairman, and Brenton L. Saunders, Allergan's current Chief Executive Officer and President, and two other Allergan directors to be mutually agreed between Pfizer and Allergan. This new composition of the board of directors of the combined company may affect the future decisions of the combined company.

Failure to consummate the Pfizer Transaction could negatively impact Allergan and its future operations.

If the Pfizer Transaction is not consummated for any reason, Allergan may be subjected to a number of material risks. The price of Allergan ordinary shares may decline to the extent that its current market price reflect a market assumption that the Pfizer Transaction will be consummated. In addition, some costs related to the Pfizer Transaction must be paid by Allergan whether or not the Pfizer Transaction is consummated. Furthermore, Allergan may experience negative reactions from its shareholders, customers and employees.

Risks Related to the Business of the Combined Company

Pfizer and Allergan may fail to realize all of the anticipated benefits of the Pfizer Transaction or those benefits may take longer to realize than expected. The combined company may also encounter significant difficulties in integrating the two businesses.

The ability of Pfizer and Allergan to realize the anticipated benefits of the Pfizer Transaction will depend, to a large extent, on the combined company's ability to integrate the two businesses. The combination of two independent businesses is a complex, costly and time-consuming process. As a result, Pfizer and Allergan will be required to devote significant management attention and resources to integrating their business practices and operations. The integration process may disrupt the businesses and, if the planned integration is implemented ineffectively, the combined company may not realize the full expected benefits of the Pfizer Transaction. The failure to meet the challenges involved in integrating the two businesses and to realize the anticipated benefits of the Pfizer Transaction could cause an interruption of, or a loss of momentum in, the activities of the combined company and could adversely affect the results of operations of the combined company.

In addition, the overall integration of the businesses may result in material unanticipated problems, expenses, liabilities, competitive responses, loss of customer and other business relationships and diversion of management attention. The difficulties of combining the operations of the companies include, among others:

- the diversion of management attention to integration matters
- difficulties in integrating operations and systems
- challenges in conforming standards, controls, procedures and accounting and other policies, business cultures and compensation structures between the two companies
- difficulties in the assimilating employees and in attracting and retaining key personnel
- challenges in keeping existing customers and obtaining new customers
- difficulties in achieving anticipated cost savings, synergies, accretion targets, business opportunities and growth prospects from the combination
- difficulties in managing the expanded operations of a significantly larger and more complex company and in coordinating a geographically dispersed organization and
- potential unknown liabilities, adverse consequences and unforeseen increased expenses associated with the Pfizer Transaction, including possible adverse tax consequences to the combined company's group pursuant to the rules under Section 7874 ("Section 7874") of the Code, as a result of the Pfizer Transaction or otherwise.

Many of these factors are outside of the control of Pfizer and Allergan and/or will be outside the control of the combined company, and any one of them could result in increased costs, decreased expected revenues and diversion

of management time and energy, which could materially impact the business, financial condition and results of operations of the combined company. In addition, even if the operations of the businesses of Pfizer and Allergan are integrated successfully, the full benefits of the Pfizer Transaction may not be realized, including, among others, the synergies, cost savings or sales or growth opportunities that are expected. These benefits may not be achieved within the anticipated time frame, or at all. Further, additional unanticipated costs may be incurred in the integration of the businesses of Pfizer and Allergan. All of these factors could cause dilution to the earnings per share of the combined company, decrease or delay the projected accretive effect of the Pfizer Transaction, and negatively impact the price of the combined company ordinary shares. As a result, it cannot be assured that the combination of Pfizer and Allergan will result in the realization of the full benefits anticipated from the transaction within the anticipated time frames or at all.

In addition, although the combined company is expected under current law, to be treated as a foreign corporation for U.S. federal income tax purposes, the IRS may not agree with this treatment. Even if treated as a foreign corporation, certain adverse tax consequences may apply to the combined company that could erode some of the synergies expected from the combination. Similarly, future changes in tax law could affect the combined company's status as a foreign corporation for U.S. federal income tax purposes or could otherwise materially and adversely affect some of the synergies expected from the combination. Any such changes in law or treatment by the IRS could have prospective or retroactive application, and may even if enacted or asserted after the merger is consummated. Moreover, various U.S. federal and state legislative and other proposals that would deny governmental contracts to U.S. companies (and subsidiaries of U.S. companies) that move (or have moved) their corporate location abroad may affect the combined company if adopted. Any such changes in law or treatment by the IRS or other governmental agencies could have a material adverse effect on the anticipated results of the combined company.

Pfizer and Allergan will incur direct and indirect costs as a result of the Pfizer Transaction.

Pfizer and Allergan will incur substantial expenses in connection with and as a result of completing the Pfizer Transaction, and over a period of time following the consummation of the Pfizer Transaction, the combined company also expects to incur substantial expenses in connection with integrating and coordinating the businesses, operations, policies and procedures of Pfizer and Allergan. A portion of the transaction costs related to the Pfizer Transaction will be incurred regardless of whether the Pfizer Transaction is consummated. While Pfizer and Allergan have assumed that a certain level of transaction expenses will be incurred, factors beyond Pfizer's and Allergan's control could affect the total amount or the timing of these expenses. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately. These expenses may exceed the costs historically borne by Pfizer and Allergan. These costs could adversely affect the financial condition and results of operations of Pfizer and Allergan prior to the Pfizer Transaction and of the combined company following the Pfizer Transaction.

The Pfizer Transaction may not be accretive and may cause dilution to the earnings per share of the combined company, which may negatively affect the market price of the combined company ordinary shares.

As a result of the Pfizer Transaction and the Allergan share split, it is currently estimated that the combined company will issue or reserve for issuance additional ordinary shares. The issuance of these new shares could have the effect of depressing the market price of the combined company ordinary shares.

In addition, Pfizer or Allergan (or the combined company after the Pfizer Transaction) could encounter other transaction-related costs, such as the failure to realize all of the benefits anticipated in the Pfizer Transaction, which could cause dilution to the combined company's earnings per share or decrease or delay the expected accretive effect of the Pfizer Transaction and cause a decrease in the market price of the combined company ordinary shares.

Finally, Pfizer's and Allergan's expectations regarding the timing and amount of accretion following the consummation of the Pfizer Transaction reflect the impact of anticipated share repurchases by Pfizer. The actual timing and size of any such share repurchases will depend on actual and expected financial results, as well as assessments at the time regarding capital allocation alternatives. Reduced or delayed share repurchase activity may result in less accretion.

The tax rate that will apply to the combined company is uncertain and may vary from expectations.

There can be no assurance that the Pfizer Transaction will improve the combined company's ability to maintain any particular worldwide effective corporate tax rate. Pfizer and Allergan cannot give any assurance as to what the combined company's effective tax rate will be after the Pfizer Transaction because of, among other things, uncertainty regarding the tax laws (including future changes to such tax laws and interpretations thereof) of the jurisdictions in which the combined company and its affiliates will operate. The combined company's actual effective tax rate may

vary from Pfizer's and Allergan's expectations, and such variance may be material. Additionally, tax laws or their implementation and applicable tax authority practices in any particular jurisdiction could change in the future, possibly on a retroactive basis, and any such change could have an adverse impact on the combined company and its affiliates.

Legislative or other governmental action in the U.S. could adversely affect the combined company's business.

Various U.S. federal and state legislative and other proposals that would deny governmental contracts to U.S. companies (and subsidiaries of U.S. companies) that move (or have moved) their corporate location abroad may affect Pfizer, Allergan or the combined company if adopted. The likelihood that any such proposals might be adopted, the nature of the regulations that might be promulgated, or the effect such adoptions and increased regulatory scrutiny might have on Pfizer's, Allergan's or the combined company's business cannot be predicted.

ITEM 1B. UNRESOLVED STAFF COMMENTS

There are no unresolved staff comments.

ITEM 2. PROPERTIES

We conduct our operations using a combination of owned and leased properties.

Our owned and leased properties consist of facilities used for R&D, manufacturing, distribution (including warehousing and storage), sales and marketing and administrative functions. The following table provides a summary of locations for our significant owned and leased properties, and unless indicated as being divested, relate to our US Brands, US Medical Aesthetics, International Brands and Anda segments as of December 31, 2015:

Location	Primary Use	Leased / Owned
Ambernath, India*	Manufacturing, R&D, Administration	Both
Athens, Greece*	Manufacturing	Both
Bangalore, India*	R&D	Leased
Barnstaple, UK*	Manufacturing, Administration	Both
Birzebbuga, Malta*	Manufacturing, Distribution, Administration	Leased
Bucharest, Romania*	Manufacturing, Distribution, Administration, R&D	Both
Cincinnati, OH, USA	Manufacturing	Owned
Coleraine, Northern Ireland*	Manufacturing	Both
Corona, CA, USA*	Manufacturing	Owned
Copiague, NY, USA*	Manufacturing	Owned
Davie, FL, USA*	Manufacturing, Distribution, R&D, Administration	Both
Dublin, Ireland	Manufacturing, R&D, Administration	Owned
Dupnitsa, Bulgaria*	Manufacturing	Owned
Elizabeth, NJ, USA*	Manufacturing, R&D, Administration	Owned
Fajardo, Puerto Rico*	Manufacturing	Both
Fall Rivers, MA, USA	Manufacturing	Owned
Gentofte, Denmark*	Administration	Leased
Goa, India*	Manufacturing	Leased
Grace-Hollogne, Belgium*	Manufacturing	Leased
Groveport, OH, USA	ANDA Distribution	Leased
Guarulhos, Brazil	Manufacturing	Owned
Hafnarfjordur, Iceland*	Manufacturing, Warehousing, Distribution, Administration	Both
Irvine, California, USA	R&D, Administration	Both
Jakarta, Indonesia*	Manufacturing	Leased
Jersey City, NJ, USA	Administration	Leased
Larne, Ireland	Manufacturing, R&D	Owned
London, UK	Administration	Leased
Manati, Puerto Rico*	Distribution, Administration, Manufacturing	Owned
Marlow, UK	Administration	Leased
Moscow, Russia*	Administration	Leased
Mumbai, India*	R&D, Administration	Leased
Nerviano, Italy*	Manufacturing, R&D	Both
North Brunswick, NJ, USA*	R&D	Leased
Olive Branch, MS, USA*	Distribution, Administration (ANDA Distribution)	Leased
Paris, France*	Administration	Leased
Parsippany, NJ, USA*	Administration	Leased
Pringy, France	Manufacturing	Owned
Rockaway, NJ, USA	Administration	Leased
San Jose, CA, USA	Manufacturing	Owned
San Jose, Costa Rica	Manufacturing	Owned

Salt Lake City, UT, USA*	Manufacturing, Distribution, R&D	Leased
Singapore City, Singapore*	Manufacturing, Administration, R&D	Leased
Troyan, Bulgaria*	Manufacturing	Owned
Waco, Texas, USA	Manufacturing	Owned
Weiterstadt, Germany	Manufacturing	Owned
Weston, FL, USA	Administration, R&D (ANDA Distribution)	Leased
Westport, Ireland	Manufacturing, Administration, R&D	Owned
Zejtun, Malta*	Manufacturing, Distribution, Administration, R&D	Leased
Zug, Switzerland*	Administration	Leased

* Facilities are included in the assets being divested as part of the Teva transaction.

Our leased properties are subject to various lease terms and expirations.

We believe that we have sufficient facilities to conduct our operations during 2016. However, we continue to evaluate the purchase or lease of additional properties, or the consolidation of existing properties, as our business requires.

ITEM 3. LEGAL PROCEEDINGS

For information regarding legal proceedings, refer to Legal Matters in “NOTE 25 — Commitments and Contingencies” in the accompanying “Notes to Consolidated Financial Statements” in this Annual Report.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market for Registrant's Common Equity

Allergan plc Ordinary Shares traded on the New York Stock Exchange under the symbol "ACT" until close of business on June 15, 2015, at which time the symbol was changed to "AGN." The following table sets forth the quarterly high and low closing share trading price information for the periods indicated:

Year ended December 31, 2015:	High	Low
First	$317.72	$253.00
Second	$315.00	$279.74
Third	$340.34	$245.32
Fourth	$322.68	$237.50
Year ended December 31, 2014:		
First	$230.77	$166.38
Second	$226.23	$184.71
Third	$249.94	$201.91
Fourth	$272.75	$208.64

As of February 15, 2016, there were approximately 3,664 registered holders of Allergan plc's Ordinary Shares.

We have not paid any cash dividends on common stock or ordinary shares since our initial public offering in February 1993. The Company pays a quarterly dividend on shares of its mandatory convertible preferred shares. The Company may pay dividends in the future on certain types of equity instruments. Warner Chilcott is a wholly-owned subsidiary of Allergan and has no publicly traded equity securities.

Issuer Purchases of Equity Securities

During the quarter ended December 31, 2015, we repurchased 31,920 of Allergan plc's Ordinary Shares to satisfy tax withholding obligations in connection with the vesting of restricted stock issued to employees as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of	Approximate Dollar Value of Shares that May Yet Be

			Publicly Announced Program	Purchased Under the Program
October 1 - 31, 2015	14,803	$297.02	-	-
November 1 - 30, 2015	2,328	$320.20	-	-
December 1 - 31, 2015	14,789	$321.15	-	-
October 1 – December 31, 2015	31,920	$309.89	-	-

Recent Sale of Unregistered Securities; Uses of Proceeds from Registered Securities

None.

Securities Authorized for Issuance Under Equity Compensation Plans

For information regarding securities authorized for issuance under equity compensation plans, refer to "ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS" and "NOTE 20 — Stockholders' Equity" in the accompanying "Notes to Consolidated Financial Statements" in this Annual Report.

Performance Graph

The information in this section of the Annual Report pertaining to Allergan plc's performance relative to our peers is being furnished but not filed with the SEC, and as such, the information is neither subject to Regulation 14A or 14C or to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended.

The following graph compares the cumulative 5-year total return of holders of Allergan plc's Ordinary Shares (formerly Class A common shares of Actavis plc.) with the cumulative total returns of the S&P 500 index and the Dow Jones US Pharmaceuticals index. The graph tracks the performance of a $100 investment in our Ordinary Shares and in each of the indexes (with reinvestment of all dividends, if any) on December 31, 2010 with relative performance tracked through December 31, 2015.

Notwithstanding anything to the contrary set forth in our previous filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, which might incorporate future filings made by us under those statutes, the following graph will not be deemed incorporated by reference into any future filings made by us under those statutes.

	12/10	12/11	12/12	12/13	12/14	12/15
Allergan plc	100.00	116.82	166.51	325.27	498.37	605.03
S&P 500	100.00	102.11	118.45	156.82	178.29	180.75
Dow Jones US Pharmaceuticals	100.00	118.64	135.14	180.98	219.72	233.36

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth our selected historical consolidated financial data. The selected consolidated financial data as of December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013 presented in this table have been derived from our audited consolidated financial statements and related notes included elsewhere in this Annual Report. The selected consolidated financial data as of December 31, 2013, 2012 and 2011 and for the years ended December 31, 2012 and 2011 presented in this table are derived from our audited consolidated financial statements, as revised for discontinued operations accounting, and related notes which are not included in this Annual Report.

The selected consolidated financial data set forth below should be read in conjunction with, and is qualified by reference to, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Notes to the Consolidated Financial Statements included elsewhere in this Annual Report and in our previously filed Annual Reports on Form 10-K, as amended by Form 8-K, where applicable.

ALLERGAN PLC

FINANCIAL HIGHLIGHTS

($ in millions, except per share amounts)

	Years Ended December 31,				
	2015[1][2][3]	2014[1][6]	2013[1][7]	2012[1]	2011[1]
Operating Highlights:					
Net revenues	$15,071.0	$ 6,738.9	$2,602.5	$1,651.4	$4,584.4
Net (loss) from continuing operations, net of tax	(2,868.3)	(2,407.1)	(467.5)	(240.9)	**
Net income/(loss) attributable to ordinary shareholders	3,683.2	(1,630.5)	(750.4)	97.3	260.9
Basic earnings/(loss) per share from continuing operations	$(8.44)	$ (10.96)	$(3.29)	$(1.92)	**
Diluted earnings/(loss) per share from continuing operations	$(8.44)	$ (10.96)	$(3.29)	$(1.92)	**
Basic earnings/(loss) per share	$10.01	$ (7.42)	$(5.27)	$0.77	**
Diluted earnings/(loss) per share	$10.01	$ (7.42)	$(5.27)	$0.76	$2.06
Weighted average shares outstanding:					
Basic	367.8	219.7	142.3	125.8	124.5
Diluted	367.8	219.7	142.3	128.4	126.5

	At December 31,				
	2015[1][2][3]	2014[1][4][5][6]	2013[1][7]	2012[1]	2011[1]
Balance Sheet Highlights:					
Total assets	$135,840.7	$ 52,758.0	$22,725.9	$14,114.8	$6,698.3
Total debt and capital leases	42,726.2	15,531.1	9,052.0	6,433.3	1,033.0
Total equity	76,589.3	28,335.5	9,537.1	3,856.4	3,562.5

** Refer to note (1) below.

(1)

On July 26, 2015 we entered into the Teva Agreement, under which Teva agreed to acquire our global generic pharmaceuticals business and certain other assets. As a result of the transaction, the Company is accounting for the assets and liabilities to be divested as held for sale. Further, the financial results of the business held for sale have been reclassified to discontinued operations for all periods presented in our consolidated financial statements, except for the year ended December 31, 2011. Substantially all of our results of operations for 2011 relate to the generics business being divested to Teva. Results of continuing operations for the year ended December 31, 2011 are de minimis and; therefore, the results presented are the combined business.

(2) On October 1, 2015, Allergan plc completed the Kythera Acquisition. The acquisition increased the Company's intangible assets.

(3) On March 17, 2015, Allergan plc completed the acquisition of Legacy Allergan. Legacy Allergan was a leading, fully integrated, specialty pharmaceutical company that specialized in ophthalmology, neurosciences and medical/aesthetics/dermatology/plastic surgery. Beginning March 17, 2015, the following items were included in our operating results:

- total revenues and related cost of sales for Legacy Allergan products;
- selling, general and administrative expenses and research and development expenses;

- amortization expense for intangible assets acquired;
- impairment losses on select assets; and
- increased interest expense from the senior secured notes assumed and the indebtedness incurred.

(4) On November 17, 2014, Allergan plc completed the Durata Acquisition. The acquisition had the impact of increasing the Company's intangible assets and lowering working capital.

(5) On July 2, 2014, the Company completed the Furiex Acquisition. The acquisition had the impact of increasing the Company's intangible assets and lowering working capital.

(6) On July 1, 2014, the Company completed the Forest Acquisition. Forest was a leading, fully integrated, specialty pharmaceutical company largely focused on the United States market. Forest marketed a portfolio of branded drug products and developed new medicines to treat patients suffering from diseases principally in the following therapeutic areas: central nervous system, cardiovascular, gastrointestinal, respiratory, anti-infective, and cystic fibrosis. Beginning July 1, 2014, the following items were included in our operating results:

- total revenues and related cost of sales for Forest products;
- selling, general and administrative expenses and research and development expenses;
- amortization expense for intangible assets acquired;
- impairment losses on select assets; and
- increased interest expense from the senior secured notes assumed and the indebtedness incurred.

(7) On October 1, 2013, we completed the Warner Chilcott Acquisition. Warner Chilcott was a leading specialty pharmaceutical company focused on women's healthcare, gastroenterology, urology and dermatology segments of the branded pharmaceuticals market, primarily in North America. Beginning October 1, 2013, the following items were included in our operating results:

- total revenues and related cost of sales for Warner Chilcott products;
- selling, general and administrative expenses and research and development expenses;
- amortization expense for intangible assets acquired; and
- increased interest expense from the senior secured notes assumed and the $2.0 billion aggregate term loan indebtedness assumed, and subsequently refinanced, in connection with the Warner Chilcott Acquisition.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion contains forward-looking statements that are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied by such forward-looking statements. We discuss such risks, uncertainties and other factors throughout this report and specifically under the caption "Cautionary Note Regarding Forward-Looking Statements" under "ITEM 1A. RISK FACTORS" in this document. In addition, the following discussion of financial condition and results of operations should be read in conjunction with the Consolidated Financial Statements and Notes thereto included elsewhere in this document.

In prior periods, our consolidated financial statements present the accounts of Actavis, Inc., and all of its wholly-owned subsidiaries. On May 16, 2013, Actavis plc (formally known as Actavis Limited) was incorporated in Ireland as a private limited company and re-registered effective September 20, 2013 as a public limited company. It was established for the purpose of facilitating the business combination between Actavis, Inc. and Warner Chilcott. On October 1, 2013, Actavis plc became the successor registrant of Actavis, Inc. and Warner Chilcott in connection with the consummation of certain transactions further described elsewhere in this document. In addition, on October 1, 2013, the shares of Actavis plc began trading on the NYSE under the symbol "ACT," the same symbol under which Actavis, Inc.'s shares previously traded. On March 17, 2015, Actavis, plc completed the acquisition of Allergan, Inc. On June 15, 2015, Actavis plc changed its name to Allergan plc and began trading on the NYSE under the symbol "AGN". References throughout to "ordinary shares" refer to Actavis, Inc.'s Class A common shares, par value $0.0033 per share, prior to the consummation of the Transactions and to our ordinary shares, par value $0.0001 per share, since the consummation of the Transactions. The results of Warner Chilcott Limited are consolidated into the results of Allergan. Due to the deminimis activity between Allergan and Warner Chilcott Limited, references throughout this section relate to both Allergan and Warner Chilcott.

EXECUTIVE SUMMARY

Overview

Allergan plc is a global specialty pharmaceutical company engaged in the development, manufacturing, marketing, and distribution of brand name, medical aesthetics, generic, branded generic, biosimilar and over-the-counter OTC pharmaceutical products. The Company has operations in more than 100 countries. Warner Chilcott Limited is an indirect wholly-owned subsidiary of Allergan plc and has the same principal business activities. As a result of the Allergan Acquisition which closed on March 17, 2015, the Company expanded its franchises to include ophthalmology, neurosciences and medical aesthetics/dermatology/plastic surgery, which complements the Company's existing central nervous system, gastroenterology, women's health and urology franchises. The combined company benefits from Legacy Allergan's global brand equity and consumer awareness of key products, including Botox® and Restasis®. The Allergan Acquisition also expanded our presence and market and product reach across many international markets, with strengthened commercial positions across Canada, Europe, Southeast Asia and other high-value growth markets, including China, India, the Middle East and Latin America.

We have supported our business with a significant commitment to R&D expenditures. Our global growth strategy is focused on: (i) internal development of differentiated high-demand products; (ii) establishment of strategic alliances and collaborations that bring new products, technologies and markets to our existing portfolio; and (iii) acquisition of products and/or companies that complement our existing portfolio.

As of December 31, 2015, we marketed close to 100 branded pharmaceutical product families in the U.S. and a significant number of product families internationally. Branded pharmaceutical products are marketed under brand names through programs that are designed to generate physician and consumer loyalty. Through our Anda

Distribution segment, we distribute approximately 13,200 SKUs in the U.S. primarily to independent pharmacies, alternate care providers (hospitals, nursing homes and mail order pharmacies) and pharmacy chains.

On July 26, 2015, Allergan plc entered into the Teva Agreement, under which Teva agreed to acquire the Company's global generic pharmaceuticals business and certain other assets. Under the Teva Agreement, upon the closing of the Teva Transaction, we will receive $33.75 billion in cash and 100.3 million Teva ordinary shares (or American Depository Shares with respect thereto), which approximates $6.75 billion in Teva stock using the then-current stock price at the time the Teva Transaction was announced, in exchange for which Teva will acquire our global generics business, including the U.S. and international generic commercial units, our third-party supplier Medis, our global generic manufacturing operations, our global generic R&D unit, our international over-the-counter (OTC) commercial unit (excluding OTC eye care products) and some established international brands. We continue to work toward satisfying all conditions in order to close by the end of the first quarter of 2016; however, it is possible that closing could slip beyond the end of the first quarter.

On November 23, 2015, the Company announced that it entered into the Pfizer Agreement under which Pfizer, a global innovative biopharmaceutical company, and Allergan plc will merge in the Pfizer Transaction, which attributes a $160.0 billion enterprise valuation using the then-current stock price at the time the Pfizer Transaction was announced. Company shareholders will receive 11.3 shares of the combined company ordinary shares for each of their existing Allergan shares and Pfizer stockholders will receive in respect of each share of Pfizer common stock held by them, at their election and subject to certain proration procedures described in the Pfizer Agreement, either one share of the combined company or an amount in cash equal to the volume weighted average price per share of Pfizer common stock on the NYSE on the trading day immediately preceding the date of the consummation of the Pfizer Transaction. The Pfizer Transaction is anticipated to close in the second half of 2016.

2015 Significant Business Developments

The following are the material transactions that were completed in the year ended December 31, 2015.

Acquisitions

AqueSys

On October 16, 2015, the Company completed the AqueSys Acquisition. Under the terms of the agreement, the Company acquired XEN45, a soft shunt that is implanted in the sub conjunctival space in the eye through a minimally invasive procedure with a single use, pre-loaded proprietary injector. The AqueSys Acquisition had deminimis impact on the results of operations for the year ended December 31, 2015.

Northwood Medical Innovation

On October 1, 2015, the Company acquired earFold™ which is a medical device for the correction of prominent ears, with or without asymmetry, in patients aged 7 years and older. The Northwood Acquisition had deminimis impact on the results of operations for the year ended December 31, 2015.

Kythera

On October 1, 2015, the Company completed the Kythera Acquisition. Kythera was focused on the discovery, development and commercialization of novel prescription aesthetic products. Kythera’s lead product, Kybella® injection, is the first and only FDA approved, non-surgical treatment for moderate to severe submental fullness, commonly referred to as double chin. The Company included the results of Kythera in its Consolidated Statement of Operations beginning October 1, 2015, including $77.2 million in stock compensation expense.

Oculeve

On August 10, 2015, the Company completed the Oculeve Acquisition. The Company acquired Oculeve and its lead product candidate OD-01, an intranasal neurostimulation device, as well as other dry eye products in development. The Oculeve Acquisition had deminimis impact on the results of operations for the year ended December 31, 2015.

Auden Mckenzie

On May 29, 2015, the Company completed the Auden Acquisition. The assets and liabilities acquired, as well as the results of operations for the acquired Auden business are part of the assets being divested in the Teva Transaction and are included as a component of income from discontinued operations. In addition, the acquired financial position is

included in assets and liabilities held for sale.

Allergan

On March 17, 2015, the Company completed the Allergan Acquisition. The addition of Legacy Allergan's therapeutic franchises in ophthalmology, neurosciences and medical aesthetics/dermatology/plastic surgery complements the Company's existing central nervous system, gastroenterology, women's health and urology franchises. The combined company benefited from Legacy Allergan's global brand equity and consumer awareness of key products, including Botox® and Restasis®. The transaction also expanded our presence and market and product reach across many international markets, with strengthened commercial positions across Canada, Europe, Southeast Asia and other high-value growth markets, including China, India, the Middle East and Latin America.

The contribution from the acquisition of Legacy Allergan for the year ended December 31, 2015 is as follows ($ in millions):

	Year Ended December 31, 2015				
	US Brands	US Medical Aesthetics	International Brands	Corporate	Total
Net revenues	$2,709.2	$ 1,513.9	$ 1,941.5	$-	$6,164.6
Operating expenses:					
Cost of sales[1]	142.4	99.0	290.6	939.7	1,471.7
Selling and marketing	466.4	302.9	495.2	185.7	1,450.2
General and administrative	1.5	34.0	110.5	763.6	909.6
Contribution	$2,098.9	$ 1,078.0	$ 1,045.2	$(1,889.0)	$2,333.1

[1] Excludes amortization and impairment of acquired intangibles including product rights.

As a result of the acquisition, the Company incurred the following transaction and integration costs in the year ended December 31, 2015 ($ in millions):

	Year Ended December 31, 2015
Cost of sales	
Stock-based compensation acquired for Legacy Allergan employees	$ 22.5
Acquisition, integration and restructuring related charges	14.9
Research and development	
Stock-based compensation acquired for Legacy Allergan employees	124.8
Acquisition, integration and restructuring related charges	83.5
Selling and marketing	
Stock-based compensation acquired for Legacy Allergan employees	110.0
Acquisition, integration and restructuring related charges	75.7
General and administrative	
Stock-based compensation acquired for Legacy Allergan employees	258.9
Acquisition-related expenditures	65.5
Acquisition, integration and restructuring related charges	298.6
Other (expense) income	
Bridge loan facilities expense	(264.9)
Interest rate lock	30.9
Total transaction and integration costs	$ 1,288.4

Licenses and Asset Acquisitions

Mimetogen

On November 4, 2015, as a result of the Mimetogen Transaction, the Company incurred R&D expenditures of $50.0 million.

Almirall

On October 27, 2015, the Company and Ironwood Pharmaceuticals, Inc. announced that Allergan has acquired rights to Constella® (linaclotide) in the European Union, Switzerland, Turkey and the Commonwealth of Independent States from Almirall, S.A. and has also reacquired rights to Linzess® (linaclotide) in Mexico from Almirall for €60.0 million. The consideration was accounted for as an asset acquisition and included as a component of intangible assets.

Naurex

On August 28, 2015, the Company incurred $571.7 million of R&D expenses associated with the Naurex Transaction. The Naurex Transaction expands our pipeline with Naurex's two leading product candidates GLYX-13 and NRX-1074, two compounds that utilize NMDA modulation as a potential new approach to the treatment of MDD, a disease that can lead to suicidality among the most severe patients.

Migraine License

On August 6, 2015, the Company incurred $250.0 million of R&D expenses associated with the Merck Transaction.

Divestitures

Respiratory Business

As a result of the Respiratory Sale in the year ended December 31, 2015, the Company recognized an incremental charge in cost of sales (including the acquisition accounting fair value mark-up of inventory) relating to inventory that will not be sold to AstraZeneca of $35.3 million. The Company recognized a loss in other (expense) income, net for the sale of the business of $5.3 million in the year ended December 31, 2015.

Pharmatech

During the year ended December 31, 2014, the Company recognized an impairment on assets held for sale of $189.9 million relating to the Pharmatech Transaction which included a portion of goodwill allocated to this business unit. In the second quarter of 2015, the Company completed the divestiture of the Pharmatech business with an immaterial impact on our income from discontinued operations.

2014 Significant Business Developments

The following are the material transactions that were completed in the year ended December 31, 2014.

Acquisitions

Durata Therapeutics

On November 17, 2014, we completed the Durata Acquisition. On March 2, 2015, the Company announced that the European Commission has granted Allergan's subsidiary Durata Therapeutics International B.V., marketing authorization for Xydalba™ (dalbavancin) for the treatment of acute bacterial skin and skin structure infections (ABSSSI) in adults. The approval triggered the first CVR payment. The difference between the fair value of the CVR on the date of acquisition of $24.5 million and the payment made of $30.9 million, or $6.4 million, was recorded as an operating expense in the year ended December 31, 2015. In January 2016, the Company received approval from the FDA for an expanded label which will include a single dose of Dalvance®, which triggers a second CVR payment in the year ending December 31, 2016.

Furiex

On July 2, 2014, the Company completed the Furiex Acquisition. In the second quarter of 2015, the Company received approval from the FDA of the eluxadoline product, Viberzi®.

Viberzi® is a first-in-class, locally-acting mu opioid receptor agonist and delta opioid receptor antagonist for treating symptoms of diarrhea-predominant irritable bowel syndrome (IBS-d), a condition that affects approximately 28 million patients in the United States and Europe. In connection with the close of the Furiex Acquisition, the Company further announced that it closed the transaction related to the sale of Furiex's royalties on Alogliptin and Priligy® to Royalty Pharma for $408.6 million in cash consideration.

Contingent Consideration

In the year ended December 31, 2015, the Company received a schedule IV ("C-IV") designation from the DEA for Viberzi® and recognized an expense of $29.8 million as a component of R&D expense. This expense represents the difference between the final CVR payment amount of $118.5 million, or $10 for each CVR outstanding, versus the probability-weighted CVR fair value initially established in acquisition accounting adjusted for accretion. This amount was paid as of December 31, 2015.

Forest Laboratories

On July 1, 2014, the Company completed the Forest Acquisition. Forest was a leading, fully integrated, specialty pharmaceutical company largely focused on the United States market. Legacy Forest marketed a portfolio of branded drug products and developed new medicines to treat patients suffering from diseases principally in the following therapeutic areas: central nervous system, cardiovascular, gastrointestinal, respiratory, anti-infective, and cystic fibrosis.

The contribution from the acquisition of Forest for the year ended December 31, 2015 is as follows ($ in millions):

	Year Ended December 31, 2015			
	US Brands	International Brands	Corporate	Total
Net revenues	$4,187.2	$ 72.1	$ -	$4,259.3
Operating expenses:				
Cost of sales[1]	795.4	22.2	230.5	1,048.1
Selling and marketing	977.5	21.7	65.3	1,064.5
General and administrative	64.0	4.4	129.4	197.8
Contribution	$2,350.3	$ 23.8	$ (425.2)	$1,948.9

[1] Excludes amortization and impairment of acquired intangibles including product rights.

The contribution from the acquisition of Forest for the year ended December 31, 2014 is as follows ($ in millions):

	Year Ended December 31, 2014			
	US Brands	International Brands	Corporate	Total
Net revenues	$2,232.5	$ 72.4	$-	$2,304.9
Operating expenses:				
Cost of sales[1]	527.1	25.8	732.0	1,284.9
Selling and marketing	608.4	17.1	84.0	709.5
General and administrative	59.1	2.9	393.8	455.8
Contribution	$1,037.9	$ 26.6	$(1,209.8)	$(145.3)

[1] Excludes amortization and impairment of acquired intangibles including product rights.

As a result of the Forest Acquisition, the Company incurred the following transaction and integration costs in the years ended December 31, 2015 and 2014 ($ in millions):

	Years Ended December 31,	
	2015	2014
Cost of sales		
Stock-based compensation acquired for Forest employees	$4.7	$9.5
Severance-related charges	1.1	11.3
Research and development		
Stock-based compensation acquired for Forest employees	36.3	66.7
Severance-related charges	9.2	24.5
Selling and marketing		

Stock-based compensation acquired for Forest employees	47.9	58.7
Severance-related charges	17.4	45.3
Other integration costs	-	3.8
General and administrative		
Stock-based compensation acquired for Forest employees	53.9	152.6
Severance-related charges	17.1	71.5
Other integration costs	58.4	92.9
Financing related charges	-	9.3
Other income (expense)		
Bridge loan facilities	-	(25.8)
Total transaction and integration costs	$246.0	$571.9

Silom Medical Company

On April 1, 2014, the Company completed the Silom Acquisition. The Silom Acquisition expanded the Company's position in the Thai generic pharmaceutical market, with leading positions in the ophthalmic and respiratory therapeutic categories and a strong cardiovascular franchise. We accounted for the acquisition as a business combination requiring that the assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date. The assets and liabilities acquired, as well as the results of operations for the acquired Silom business are part of the assets being divested in the Teva Transaction and are included as a component of income from discontinued operations. In addition the acquired financial position is included in assets and liabilities held for sale.

Divestitures

Corona Facility

During the year ended December 31, 2014, we held for sale assets in our Corona, California manufacturing facility. As a result, the Company recognized an impairment charge as a component of discontinued operations of $20.0 million in the year ended December 31, 2014, including a write-off of property, plant and equipment, net, due to the integration of Warner Chilcott of $5.8 million.

2013 Significant Business Developments

The following are the material transactions that were completed in the year ended December 31, 2013.

Acquisitions

Warner Chilcott

On October 1, 2013, the Company completed the Warner Chilcott Acquisition. Warner Chilcott was a leading specialty pharmaceutical company focused on the women's healthcare, gastroenterology, urology and dermatology segments of the branded pharmaceuticals market, primarily in North America.

The contribution from the acquisition of Warner Chilcott for the year ended December 31, 2015 is as follows ($ in millions):

	Year Ended December 31, 2015			
	US Brands	International Brands	Corporate	Total
Net revenues	$1,723.4	$ 120.1	$ -	$1,843.5
Operating expenses:				
Cost of sales[1]	127.9	29.5	2.2	159.6
Selling and marketing	200.8	36.2	-	237.0
General and administrative	26.3	7.3	10.0	43.6
Contribution	$1,368.4	$ 47.1	$ (12.2)	$1,403.3

[1] Excludes amortization and impairment of acquired intangibles including product rights.

The contribution from the acquisition of Warner Chilcott for the year ended December 31, 2014 is as follows ($ in millions):

	Year Ended December 31, 2014			
	US Brands	International Brands	Corporate	Total
Net revenues	$1,711.0	$ 114.7	$ -	$1,825.7
Operating expenses:				
Cost of sales[1]	143.5	21.6	221.5	386.6
Selling and marketing	176.1	27.2		