

MILESTONE SCIENTIFIC INC.  
Form 10-Q  
November 09, 2016

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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

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**FORM 10-Q**

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**(Mark One)**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended September 30, 2016**

**Or**

**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: 001-14053**



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

Yes    No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer    (Do not check if a smaller reporting company)    Smaller reporting company

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

Yes    No

As November 9, 2016, the Issuer had a total of 28,054,670 shares of Common Stock, and \$.001 par value, outstanding.

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MILESTONE SCIENTIFIC INC

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## FORWARD-LOOKING STATEMENTS

*When used in this Quarterly Report on Form 10-Q, the words “may”, “will”, “should”, “expect”, “believe”, “anticipate”, “continue”, “estimate”, “project”, “intend” and similar expressions are intended to identify forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) regarding events, conditions and financial trends that may affect Milestone Scientific’s future plans of operations, business strategy, results of operations and financial condition. Milestone Scientific wishes to ensure that such statements are accompanied by meaningful cautionary statements pursuant to the safe harbor established in the Private Securities Litigation Reform Act of 1995. Prospective investors are cautioned that any forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties and the actual results may differ materially from those included within the forward-looking statements as a result of various factors. Such forward-looking statements should, therefore, be considered in light of various important factors, including those set forth herein and others set forth from time to time in Milestone Scientific’s reports and registration statements filed with the Securities and Exchange Commission (the “SEC”). Milestone Scientific disclaims any intent or obligation to update such forward-looking statements.*

Milestone Scientific has rights to the following trademarks: *CompuDent*<sup>®</sup>, *CompuMed*<sup>®</sup>, *CompuFlo*<sup>®</sup>, *The Wand*<sup>®</sup>, *The Wand Plus*<sup>®</sup>, *The SafetyWand*<sup>®</sup>, *Dynamic Pressure Sensing Technology*<sup>®</sup>, and *STA Single Tooth Anesthesia*<sup>™</sup>(STA Instrument, instruments and handpieces).

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**MILESTONE SCIENTIFIC INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS****NINE MONTHS ENDED SEPTEMBER 30, 2016****(Unaudited)**

	<b>September 30, 2016 (unaudited)</b>	<b>December 31, 2015 (audited)</b>
<b><u>ASSETS</u></b>		
Current Assets:		
Cash and cash equivalents	\$2,322,705	\$4,194,384
Accounts receivable, net of allowance for doubtful accounts of \$10,000 as of September 30, 2016 and \$5,000 as of December 31, 2015	2,553,186	1,863,582
Other receivable	-	58,140
Inventories	4,319,255	4,258,094
Advances on contracts	1,268,694	1,215,128
Prepaid expenses and other current assets	276,903	304,604
Total current assets	10,740,743	11,893,932
Investment in Milestone Education LLC	-	16,346
Furniture, fixtures & equipment net of accumulated depreciation of \$636,265 as of September 30, 2016 and \$566,477 as of December 31, 2015	181,906	235,935
Patents, net of accumulated amortization of \$699,405 as of September 30, 2016 and \$646,388 as of December 31, 2015	678,139	715,540
Other assets	17,355	17,355
Total assets	\$11,618,143	\$12,879,108
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
Current Liabilities:		
Accounts payable	\$2,273,585	\$2,088,268
Accrued expenses and other payables	1,741,806	1,555,567
Other liabilities	381,113	69,781
Total current liabilities	4,396,504	3,713,616
Commitments and Contingencies		
Stockholders' Equity		
Series A convertible preferred stock, par value \$.001, authorized 5,000,000 shares, 33,333 shares held in the treasury, and 7,000 shares issued and outstanding as of September 30, 2016 and December 31, 2015	7	7
Common stock, par value \$.001; authorized 50,000,000 shares; 28,066,666 shares issued, 1,145,481 shares to be issued and 28,033,333 shares outstanding as of September 30, 2016; 21,720,497 shares issued, 963,451 shares to be issued and 21,687,164 shares outstanding as of December 31, 2015	29,213	22,685
Additional paid-in capital	79,477,418	78,632,383
Accumulated deficit	(71,642,654)	(67,434,984)
Treasury stock, at cost, 33,333 shares	(911,516)	(911,516)

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Total Milestone Scientific Inc. stockholders' equity	6,952,468	10,308,575
Noncontrolling interest	269,171	(1,143,083 )
Total Equity	7,221,639	9,165,492
Total liabilities and stockholders' equity	\$11,618,143	\$12,879,108

See Notes to Unaudited Condensed Consolidated Financial Statements

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**MILESTONE SCIENTIFIC INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS****NINE MONTHS ENDED SEPTEMBER 30, 2016****(Unaudited)**

	<b>Three Months Ended September 30,</b>
	<b>2016</b>
Product sales, net	\$ 3,186,596
Cost of products sold	1,517,561
Gross profit	1,669,035
Selling, general and administrative expenses	2,933,950
Research and development expenses	303,268
Total operating expenses	3,237,218
Loss from operations	(1,568,183)
Interest expense	(846 )
Loss before provision for income tax and equity in net earnings of equity investments	(1,569,029)
Provision for income tax	(16,522 )
Loss before equity in net earnings of equity investments	(1,585,551)

**EXECUTIVE SESSIONS**

We schedule regular executive sessions in which non-management directors meet without management lead independent director until May 2014, after which the Board designated Ms. Klema to serve as regular executive sessions in which only independent directors meet.

## **COMMUNICATIONS WITH THE BOARD OF DIRECTORS**

Any interested party, including any shareholder, wishing to contact the Board of Directors, the pres meetings, or any other individual director may do so in writing by sending a letter to:

Chairman, Nominating and Corporate Governance Committee

c/o Corporate Secretary

Actavis plc

1 Grand Canal Square, Docklands

Dublin 2, Ireland

Our Corporate Secretary reviews all such written correspondence and regularly forwards to the Bo and copies of correspondence that, in the opinion of the Corporate Secretary, deal with the function the Corporate Secretary otherwise determines requires Board attention.

## **LEADERSHIP STRUCTURE**

Our Board currently has no policy as to whether the roles of Chairman of the Board and Chief Exec individuals.

Immediately following the closing of the Forest Transaction, on July 1, 2014, Paul M. Bisaro (form the Company) became the Executive Chairman, and Brenton L. Saunders (formerly the Chief Exec Executive Officer, President, and a member of the Board of Directors of the Company. Our Board appropriate for the Company at this time, as Mr. Bisaro possesses deep knowledge of the Company experience with integrating complex pharmaceutical enterprises. Separating the roles of Executive Board to aid in the oversight of management. Additionally, the separation of roles ensures that Mr. of the Company, strategic mergers and acquisitions and driving the integration of our business in li the Board believes having a lead independent director provides a well functioning and effective bal appropriate safeguards and oversight by independent directors.

## **DIRECTOR NOMINATION PROCESS**

The Nominating and Corporate Governance Committee considers director candidates from diverse backgrounds. From time to time, the Nominating and Corporate Governance Committee may engage a third party to identify potential candidates. The Nominating and Corporate Governance Committee looks for candidates who represent a variety of backgrounds that will enhance the quality of the board's deliberations and decisions. The backgrounds and qualifications of the candidates should provide a significant composite mix of experience, knowledge and abilities that will allow the board to effectively oversee the company's operations. This committee seeks candidates who (a) bring not only direct experience, but also a variety of expertise to the board personally, (b) will represent the best interests of the shareholders as a whole rather than special interests, (c) have a reputation for integrity and (d) satisfy the independence requirements of the NYSE, our Director Independence Policy. The Nominating and Corporate Governance Committee's goal is to have a diverse, balanced and engaged board with the background necessary to maximize shareholder value in a manner consistent with the company's long-term interests.

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with all legal requirements and the highest ethical standards. Our Corporate Governance Guidelines should be considered by the Nominating and Corporate Governance Committee in the director identification process. The Guidelines does not assign specific weights to particular criteria and no particular criterion is necessarily applied. The Nominating and Corporate Governance Committee's Charter and our Corporate Governance Guidelines, which are available on our website at <http://www.Actavis.com> under the Investors section, set forth in further detail the criteria that guide the Board of Directors.

In determining whether to recommend a director for re-election, the Nominating and Corporate Governance Committee evaluates each individual in the context of the Board as a whole. The Committee considers a candidate's contributions to the Board and the committees on which such person serves, participation in and attendance at Board meetings, employment status, health, community activity or other factors that may affect the director's continued service. The Nominating and Corporate Governance Committee evaluates each individual in the context of the Board as a whole to identify candidates that can best ensure the long-term success of the business and represent shareholder interests with its depth and diversity of experience.

The Nominating and Corporate Governance Committee initially evaluates a candidate for nomination by the party recommending the candidate and any additional public information that may be available. If the Nominating and Corporate Governance Committee gathers additional information on the candidate's qualifications, potential conflicts of interest. If the subsequent evaluation is also favorable, the Nominating and Corporate Governance Committee may contact the candidate directly to better determine each party's level of interest in pursuing the candidacy and clarify any questions. If the candidate and the Nominating and Corporate Governance Committee establish a process, the candidate and the Nominating and Corporate Governance Committee establish a process. The Nominating and Corporate Governance Committee will make a final recommendation to the Board to nominate the candidate for election to fill a vacancy, as applicable). The Nominating and Corporate Governance Committee employs the same process for those properly recommended by shareholders and will consider shareholder recommendations of candidates.

Shareholders wishing to recommend a director candidate for consideration by the Nominating and Corporate Governance Committee should send the candidate's name, biographical information and qualifications, together with a consent from the candidate that he or she is willing to be considered as a nominee and, if nominated and elected, he or she will serve on the Board. Recommendations should be sent to the Nominating and Corporate Governance Committee in care of the Corporate Secretary, Actavis plc, 1 Grand Canal Street West, Dublin 4, Ireland. The submission of a recommendation by a shareholder in compliance with these procedures does not guarantee the inclusion of the candidate in our Proxy Statement. However, the Nominating and Corporate Governance Committee will consider all recommendations in accordance with the procedures and guidelines as described above and as set forth in the Charter of the Nominating and Corporate Governance Committee and in our Corporate Governance Guidelines.

## **BOARD MEETINGS**

During the fiscal year ended December 31, 2014, the Board of Directors of Actavis plc held 17 meetings. The attendance of the Board members was 94 percent of the combined total of (i) all Board of Directors and (ii) all meetings of committees of the Board. The Board has adopted a policy with regard to board members' attendance at annual meetings. All members of the Board of Directors are required to attend. Shareholders.

## **COMMITTEES**

The Board of Directors has created four standing committees: the Audit and Compliance Committee and Corporate Governance Committee and the Operations and Innovation Committee. The Board of Directors also has created two ad hoc committees. The charters for each committee and other materials related to corporate governance are available on the company website at <http://www.Actavis.com>. A copy is also available to shareholders upon request sent to Investor Relations, Center III, 400 Interpace Parkway, Parsippany, NJ 07054.

### **THE AUDIT AND COMPLIANCE COMMITTEE**

We have an Audit and Compliance Committee currently composed of Catherine Klema, James H. ...

Mr. Weiss serves as the Chairman of the Audit and Compliance Committee. All of the members of the committee are determined by the Board of Directors to

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be “independent” and meet the audit committee independence requirements of the NYSE listing standards. The Compensation Committee has determined that three of the current members of the Audit and Compliance Committee qualify as “independent” in the meaning of the SEC rules, and are financially literate as required under the NYSE listing standards. The Compensation Committee and its activities during fiscal 2014 are described below under the heading “Report of the Audit and Compliance Committee.”

The Audit and Compliance Committee is directly responsible for the engagement, compensation and retention of PricewaterhouseCoopers LLP (including resolution of disagreements, if any, between management and PricewaterhouseCoopers LLP) for the purpose of preparing or issuing an audit report or related work. During the fiscal year ended December 31, 2014, the Audit and Compliance Committee of Actavis plc met 8 times.

## **THE COMPENSATION COMMITTEE**

We have a Compensation Committee currently composed of Christopher W. Bodine, Christopher J. Taylor and Tamar D. Howson served on the Compensation Committee throughout fiscal year 2014. Ms. Howson joined the Compensation Committee in July 2014. Effective March 17, 2015, Ms. Howson resigned from the Compensation Committee.

Mr. Taylor serves as the Chairman of the Compensation Committee. All of the members of the Compensation Committee are members of the Board of Directors to be “independent” and meet the independence requirements of the NYSE listing standards. The Compensation Committee members qualify as “non-employee directors” within the meaning of Section 303A of the NYSE listing standards and within the meaning of Section 162(m) of the Internal Revenue Code. The primary purpose of the Compensation Committee is to (1) review and determine the compensation of our chief executive officer and Executive Chairman; (2) review and determine the compensation payable to our executive officers; (3) oversee and administer our equity compensation and other incentive plans; (4) review and administer our senior executive employment agreements and severance plans; (5) review compensation programs for excessive risk taking, and determine the extent to which there may be a connection between compensation and excessive risk taking; and (6) determine the extent to which there may be a connection between compensation and excessive risk taking. The Compensation Discussion and Analysis to be included in the Proxy Statement for our annual meeting will include information regarding the Compensation Committee’s activities during fiscal 2014.

The Compensation Committee engaged Frederic W. Cook & Co., Inc. (“F.W. Cook”), an independent compensation consultant, as the Compensation Committee’s independent compensation consultant during 2014. F.W. Cook reported directly to the Compensation Committee and the Compensation Committee has the right to terminate or replace the consultant at any time. F.W. Cook provides no services to the Company other than those related to the Compensation Committee’s processes and procedures for consideration of executive compensation. The Compensation Committee’s activities during fiscal 2014 are addressed in the Compensation Discussion and Analysis beginning on page 20. The Compensation Committee’s activities during fiscal year ended December 31, 2014.

Each year the Compensation Committee reviews the independence of its compensation consultant and the Compensation Committee considers the factors set forth in SEC rules and NYSE listing standards. The Compensation Committee has determined that F.W. Cook is independent and there are no conflicts of interest currently nor were any conflicts of interest raised by the work performed during the year ended December 31, 2014.

## ASSESSMENT OF COMPENSATION RISK

The Compensation Committee, with the assistance of senior management and our independent consultants, reviews the design of our executive compensation programs to determine whether they encourage excessive risk taking.

- A significant portion of executives' compensation is tied to the achievement of longer-term operational goals, which is intended to encourage a long-term perspective and discourage short-term risk taking.

- Goals are appropriately set to be sufficiently challenging but also reasonably achievable with strong effort.

- The design of our short- and long-term incentives avoids steep payout cliffs at certain performance levels, and encourages decisions to meet payout thresholds.

To reduce the tendency of formulae and other objective financial performance measures to encourage short-term risk taking:

- compensation decisions are not based solely on the Company's financial performance, but also on non-financial performance and judgment.

- The Company has stock ownership guidelines to further align the interests of our executives with shareholders and requires the recoupment of incentive compensation paid based on inaccurate financial statements.

Based on the above, management has determined that risks arising from these policies and practices do not present a material adverse effect on the Company.

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## **THE NOMINATING AND CORPORATE GOVERNANCE COMMITTEE**

We have a Nominating and Corporate Governance Committee currently composed of Christopher J. Coughlin, Catherine M. Klema, Ronald R. Taylor and Fred G. Weiss. With the exception of Messrs. Coughlin, Klema, Taylor and Weiss, the Nominating and Corporate Governance Committee served as such throughout fiscal year 2014. Mr. Coughlin served as the Chairman of the Nominating and Corporate Governance Committee. All of the members of the Nominating and Corporate Governance Committee are independent members of the Board of Directors to be “independent” and meet the independence requirements of the NYSE listing rules. The members of the Nominating and Corporate Governance Committee are to identify and present qualified candidates to the Board of Directors, ensure that the size and composition of the Board of Directors and its committees best serve the interests of the Company, ensure that the size and composition of the Board of Directors and its committees best serve the interests of the Company, recommend to the Board of Directors a set of corporate governance guidelines and principles and periodically review and update such guidelines and principles as deemed appropriate, oversee the evaluation of the Board of Directors and the board of directors regarding the compensation payable to members of the Board of Directors and other corporate governance matters, including our Amended and Restated Memorandum and Articles of Association. The Nominating and Corporate Governance Committee of Actavis plc met 5 times during the fiscal year ended December 31, 2014.

## **THE OPERATIONS AND INNOVATION COMMITTEE**

We have an Operations and Innovation Committee currently composed of Nesli Basgoz, M.D. and Messrs. Michal, O’Sullivan and Turner served on the committee throughout fiscal year 2014. Dr. Basgoz served as the Chairman of the Operations and Innovation Committee in July 2014. As discussed above, effective March 17, 2015, Ms. Howson, I.D. joined our Board. The Operations and Innovation Committee assists the Board of Directors with the compliance with applicable legal and regulatory requirements related to product safety and quality. Michal served as the Chairman of the Operations and Innovation Committee during the fiscal year 2014. The Operations and Innovation Committee met 3 times during the fiscal year ended December 31, 2014.



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Compensation Discussion and Analysis

In this section, we discuss and analyze the material elements of compensation paid to each of our N

**Currently Employed Named Executive Officers**

Brenton L. Saunders	President and Chief Executive Officer
Paul M. Bisaro	Former Chief Executive Officer; Current Executive Chairman
Maria Teresa Hilado	Executive Vice President and Chief Financial Officer
Robert A. Stewart	Executive Vice President and Chief Operating Officer
David A. Buchen	Executive Vice President, North American Generics and International
William Meury	Executive Vice President, North American Brands

**Former Named Executive Officers**

R. Todd Joyce*	Former Chief Financial Officer
Sigurdur Olafsson**	Former President – Actavis Pharma

\* *Mr. Joyce retired from the Company on January 9, 2015. Details of his departure can be found on pg. 4*

\*\**Mr. Olafsson left the Company on June 30, 2014. Details of his departure can be found on pg. 4*

The Executive Summary that follows provides an overview of our performance and its relationship with the market. Following the Executive Summary, we will review each element of compensation. This Compensation Discussion and Analysis, together with the information in the Summary Compensation Table and other executive compensation tables, provides more detailed information regarding our compensation policies and practices.

**EXECUTIVE SUMMARY**

In 2014, we continued the dynamic transformation of our company, highlighted by our ability to drive growth and innovation across our businesses, while simultaneously executing business development initiatives throughout the industry – Growth Pharma.

**COMPANY PERFORMANCE HIGHLIGHTS FOR 2014**

**Top Line / Bottom Line Results:**

*\*Adjusted EBITDA is a metric used in our 162(m) plan, as discussed under “Annual Incentive Award”*

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**Commercial Segment Performance:**

•*North American Brands:*

Net revenue increased 336% compared to 2013 (driven primarily due to the results from the Foreign acquisitions, which did not account for any sales in 2013).

•*North American Generics & International*

-Net revenue for the segment increased 5% compared to 2013

-Further strengthened U.S. Generics market position -- \$4.0 billion in sales

•*Anda*

-Delivered most successful year in its history with net revenues increasing 41% versus 2013.

**Key Research & Development Achievements:**

•*Brands*

FDA approval of Namzaric<sup>™</sup>; positive Ad Comm for Avycaz<sup>™</sup>; submitted NDA filings for Cariprazin<sup>™</sup> for Saphris<sup>®</sup> and Teflaro<sup>®</sup>; received positive CHMP opinion for Xydalba<sup>™</sup>

•*Generics*

-Filed 44 ANDAs; 220+ ANDAs pending; industry-leading 65+ first to files; more than 1,200 MAAs

**Business Development:**

•Announced \$66 billion acquisition of Allergan, Inc., which closed on March 17, 2015.

•Closed \$28 billion acquisition of Forest Laboratories, which significantly expanded our branded portfolio

•Entered into other significant transactions including (1) the acquisitions of Silom Medical Company and (2) the exclusive option to acquire Rhythm Health, Inc.

**SHARE PERFORMANCE**

*The information in the graph below pertaining to our performance relative to the S&P 500 Index and the NYSE ARCA DRG Index is not filed with the SEC, and as such, the information is neither subject to Regulation 14A or 14C under the Securities Exchange Act of 1934.*

The following chart compares the five-year cumulative total returns of holders of Actavis' ordinary shares (Actavis Inc.) with the cumulative total returns of the S&P 500 index and the NYSE ARCA DRG Index. The chart is based on the performance of our ordinary shares and in each of the comparator groups (with reinvestment of all dividends, if any).

**COMPARISON OF 5-YEAR CUMULATIVE TOTAL RETURNS\***

Among Actavis plc, the S&P 500 Index and the NYSE ARCA DRG Index

*\*\$100 invested on 12/31/09 in stock or index, including reinvestment of dividends. Fiscal year end*

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## **OUR NEW EXECUTIVE COMPENSATION FRAMEWORK**

In connection with our transformational merger with Forest Laboratories, we adopted a new executive compensation framework with the following key objectives (the objectives of our broader executive compensation framework are described below):

- Creating unambiguous long-term shareholder alignment by linking a substantial portion of executive compensation to the achievement of our strategic objectives;
- Delivering sustainable top- and bottom-line growth;
- Over-achieving our merger commitments;
- Creating a unified management team aligned to a shared set of objectives; and
- Retaining key executive talent.

<b>Component</b>	<b>Key change</b>
Pay Mix (see page 24 for additional details)	Reduced base salaries for CEO (by 23%) and other senior executives (by 5%).
New Performance Share Unit (PSU) Program (see page 29 for additional details)	New performance share unit (PSU) program with payouts dependent solely upon the achievement of certain share price compound annual growth rate targets during the period from July 1, 2014 through September 1, 2017. Additional service-based vesting feature provides for final payouts in 2019.
Stock Options (see page 30 for additional details)	Stock option grants with a longer vesting horizon (20% per year over five years) replace time-vested restricted stock units.
Front-Loading of Equity Grants (see page 28 for additional details)	Front-loaded three years' of equity grants for our executives.  Special cash-based long-term incentive award with a performance period from July 1, 2014 through December 31, 2017.
Merger Success Awards (see page 30 for additional details)	<ul style="list-style-type: none"><li>• Fifty percent of the award is earned based on the achievement of synergy savings related to the Forest Merger.</li> <li>• Fifty percent of the award is earned based on the achievement of above median shareholder returns relative to our peers.</li></ul>

## **OBJECTIVES OF BROADER EXECUTIVE COMPENSATION FRAMEWORK**

Our compensation programs for our executives are designed to achieve the following objectives:

- Attract and retain top contributors to ensure that we have high caliber executives;
- Create and maintain a performance-driven organization by providing upside compensation opportunities and mitigating compensation risk in the event of performance below expectations;
- Align the interests of our executives and shareholders by motivating executives to increase shareholder value by achieving corporate goals and objectives and rewarding executives when shareholder value increases;
- Encourage teamwork and cooperation while recognizing individual contributions by linking variable compensation to individual performance based on position, responsibilities and ability to influence financial and organizational performance;
- Provide flexibility and allow for Compensation Committee judgment in applying our compensation programs to individual circumstances as well as changing business conditions and priorities;
- Motivate our executives to manage our business to meet and appropriately balance our short- and long-term goals and these objectives; and
- Reinforce our entrepreneurial culture.

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## **KEY GOVERNANCE FEATURES OF OUR EXECUTIVE COMPENSATION PROGRAM**

**At-risk compensation and pay for performance.** As illustrated by the charts on page 24, we link Officer's total compensation to the achievement of specific, rigorous performance goals. We consider compensation to be "at-risk."

**Appropriate choice and use of peer groups.** We have thoughtfully selected a peer group of companies in similar operations to us to review relevant market competitiveness data and to ensure our Named Executive Officer's total compensation is set at levels the Compensation Committee believes are appropriate relative to similarly situated executives of our peer companies, giving consideration to market and other factors as well.

**Equity compensation best practices.** Our equity plans prohibit option re-pricing or replacement of options that generally vest over a period of three to five years to ensure that our executives maintain a long-term focus and encourage retention.

**No supplemental retirement plans.** We do not maintain any supplemental retirement plans.

**Caps on incentive awards.** Our annual cash incentive awards and payouts under all of our equity-based compensation plans are capped.

**Limited gross-ups.** Mr. Joyce's employment agreement, which was entered into prior to 2010, was amended to provide for a gross-up of excise taxes in connection with a change in control.

**Limited perquisites and personal benefits.** We provide our NEOs with only limited perquisites and personal benefits offered to all employees. We believe that each of these perquisites has an important business purpose.

**No single-trigger change in control benefits.** Our change in control arrangements, which include employment agreements or our change in control severance pay plan, as applicable, and accelerated vesting of equity awards are "double-trigger" in that they are payable only if an NEO's employment is terminated following a change in control.

**Independent Compensation Committee consultant.** F.W. Cook, the Compensation Committee's independent consultant, is not a member of the Compensation Committee and provides no services to the Company or management.

**Risk mitigation.** As described in further detail above on page 18 of this Proxy Statement, the mix of risks we seek to mitigate operational, financial, legal and regulatory, and strategic and reputational risks. In addition, our policies help mitigate risk.

**Share ownership requirements and anti-hedging and anti-pledging policies.** Our executive officer share ownership requirements intended to reflect the Compensation Committee's philosophy that all officers should have interests aligned with those of our shareholders. In addition, our insider trading policy prohibits economic exposure to our shares or pledging our shares.

**Clawback policies.** Our 162(m) Plan, defined below, includes clawback policies requiring the recovery of certain event of a restatement of our financial statements.

#### **IMPACT OF 2014 SAY ON PAY VOTE**

At our 2014 shareholders meeting, we provided shareholders with the opportunity to cast an annual say-on-pay vote. 97% of the votes cast on this 2014 "say-on-pay" vote were in favor of the proposal. Although the Board has considered the results of the 2014 say-on-pay vote and we believe that overwhelming support for the proposal indicates that our shareholders are generally supportive of our approach to executive compensation, we will continue to consider the outcome of our say-on-pay votes and other shareholder feedback when making compensation decisions.

#### **DETERMINATION OF COMPENSATION**

#### **ROLE OF THE COMPENSATION COMMITTEE AND MANAGEMENT IN COMPENSATION**

The Compensation Committee makes all compensation decisions regarding senior management, and certain other senior officers of the Company. The Compensation Committee considers the Chief Executive Officer's compensation and the compensation of the other Named Executive Officers.

The Compensation Committee engaged F.W. Cook, an independent executive compensation consultant, to assist with matters related to Chief Executive Officer and other executive compensation with respect to 2014.



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For more information on the role of the Compensation Committee and the Committee's independence

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## **PRINCIPAL COMPONENTS OF 2014 EXECUTIVE COMPENSATION**

This section describes the components of our Named Executive Officers' 2014 compensation, which

- | <b>Direct Compensation</b>   | <b>Indirect Compensation</b>  |
|--|---|
| <ul style="list-style-type: none"><li>• Base Salary</li><li>• Annual Incentive Awards</li><li>• Long-Term Incentives</li></ul> | <ul style="list-style-type: none"><li>• Employee and other benefits</li></ul> |

The following chart illustrates the key compensation components for our Chief Executive Officer and other Named Executive Officers of their 2014 total target direct compensation opportunities:

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## **BASE SALARY**

Base salary provides our Named Executive Officers with a degree of financial certainty and stability. When determining merit-based increases for our Named Executive Officers, the Compensation Committee takes into account a variety of factors, including:

- level of responsibility;
- individual and team performance;
- internal review of the Named Executive Officer's total compensation, individually and relative to other Named Executive Officers' responsibilities within the Company; and
- general levels of salaries and salary changes relative to our other officers and executives with similar responsibilities.

Salary levels are typically reviewed annually as part of our performance review process as well as our compensation review process. Merit-based increases to the salaries of our Named Executive Officers are based on the Named Executive Officer's assessment (other than for himself) of the individual's performance and market conditions.

After taking into consideration the factors listed above, Messrs. Stewart, Buchen, Joyce and Olafsson received the following merit increases in base salary for 2014, effective March 24, 2014: Mr. Stewart received a merit increase of 5%; and Mr. Joyce received a merit increase of 3%. Messrs. Bisaro and Olafsson received no merit increases in their base salaries during 2014. Messrs. Saunders and Meury and Ms. Hilado were not employees of the Company during 2014.

In connection with the merger of Forest Laboratories with the Company on July 1, 2014 (the "Forest Merger"), Mr. Stewart commenced service as our Executive Chairman, and Mr. Saunders commenced service as our President. In connection with the Forest Merger, we entered into employment agreements with Messrs. Stewart and Saunders effective July 1, 2014. Mr. Saunders' 2014 base salary, which was set in arms' length negotiations in connection with the Forest Merger, was \$1,000,000. This represents a decrease of 23% from his base salary as Chief Executive Officer of Forest Laboratories. In connection with his performance orientation of our new executive compensation framework following the Forest Merger, we paid Mr. Saunders \$750,000 in connection with his cessation of service as our Chief Executive Officer.

Also in connection with the Forest Merger, the Compensation Committee determined to decrease the base salaries of Mr. Stewart and Joyce by 5% to reinforce the enhanced performance orientation of our new executive compensation framework. Ms. Hilado commenced her employment with the Company on December 8, 2014. Ms. Hilado's 2014 base salary, which was set in arms' length negotiations during the hiring process, was \$545,000.

The base salaries for our NEOs during 2014 (both before and after the Forest Merger) are set forth in the table below.

<b>Name</b>	<b>Base Salary Immediately Prior to Forest Merger</b>	<b>Base Salary After July 2014 Forest Merger</b>	<b>Change (%)</b>
Brenton L. Saunders	\$ 1,300,000	\$1,000,000	-23 %
Paul M. Bisaro	\$ 1,300,000	\$750,000	-42 %
Maria Teresa Hilado	—	\$545,000 *	N/A
Robert A. Stewart	\$ 750,000	\$715,000	-5 %
David A. Buchen	\$ 603,750	\$575,000	-5 %
William Meury	\$ 575,000	\$545,000	-5 %
R. Todd Joyce	\$ 577,179	\$550,000	-5 %
Sigurdur Olafsson	\$ 750,000	—	N/A

*\*Ms. Hilado commenced employment on December 8, 2014*

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## **ANNUAL INCENTIVE AWARDS**

Annual cash incentive awards are an important feature of our performance-based compensation program. Annual cash incentive awards for Executive Officers are made under our 162(m) Plan, which the Company adopted and our shareholders approved in 2011 to allow incentive compensation payable under such plan to qualify as performance-based compensation for the Company under Section 162(m) of the Internal Revenue Code. See “Tax Deductibility of Compensation” in our 2014 Form 10-K. 162(m).

For 2014, the maximum award for each participant under the 162(m) Plan continued to be based on the participant's base salary as defined in the 162(m) Plan (3.0% for Messrs. Saunders and Bisaro and 2.0% for each of our other Executive Officers (including Ms. Hilado)), with a cap of \$7,000,000 payable to any participant in any given year. Ms. Hilado's employment was terminated accordingly, she did not participate in the 162(m) Plan during 2014. Under the 162(m) Plan, the Company determines the bonus amounts payable to our Named Executive Officers based on factors determined to be appropriate, including performance goals applied under our Company-wide annual cash bonus program (the “Cash Bonus Program”), and whether they participate in our Cash Bonus Program.

The Compensation Committee's practice has been to exercise negative discretion from the calculation of the maximum award payable to a Named Executive Officer by applying the Cash Bonus Program performance goals in making its determination. This approach is not purely formulaic, however, as the Compensation Committee also considers the context of the performance period and other factors it deems appropriate. The Compensation Committee cannot increase the award payable and can only reduce it. Annual cash incentive awards are typically paid in March of the year following the performance period.

### **2014 Annual Incentive Awards**

For Messrs. Bisaro, Stewart, Buchen, Joyce and Olafsson (together, the “Legacy Actavis NEOs”), who were Named Executive Officers of the Company prior to the closing of the Forest Merger, in March 2014, the Compensation Committee determined the bonus levels and corporate financial and individual performance goals, which were based on performance goals for the second half of 2014 in order to tie awards for the second half of 2014 to the Forest Merger. In connection with the Forest Merger, the Compensation Committee determined that it was appropriate to measure performance goals for the second half of 2014 in order to tie awards for the second half of 2014 to the Forest Merger.

Accordingly, for purposes of determining annual incentive awards for the Legacy Actavis NEOs, the performance period from January 1, 2014 through June 30, 2014 was measured against the financial targets approved in March 2014, and the performance period from July 1, 2014 through December 31, 2014 was measured based on a new six-month financial performance period. Final annual incentive awards were determined using the average of these two results.

Messrs. Saunders and Meury were eligible to receive annual incentive awards only with respect to period from July 1, 2014 through December 31, 2014.

Mr. Olafsson ceased to be employed by the Company on June 30, 2014. Pursuant to the terms of the Mr. Olafsson and Actavis, Inc., Mr. Olafsson received a pro-rated annual incentive award for 2014.

## 2014 Performance Goals

For 2014, the performance goals under the Company-wide Cash Bonus Program, which were applied to the Company, and the Company's exercise of its negative discretion under the 162(m) Plan, consisted of a combination of corporate financial performance goals and individual performance goals.

**Corporate Financial Performance.** The Corporate Financial Performance metric for 2014 was Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization. For purposes of Corporate Financial Performance, "Adjusted EBITDA" means our earnings before interest, taxes, depreciation and amortization, compensation, acquisition or licensing related charges, restructuring charges, litigation gains or losses, non-cash charges, gains or losses on debt repurchase, gains or losses on sales of operating assets, and other non-recurring items determined at the discretion of our Board.

For 2014, the Compensation Committee believed that Adjusted EBITDA was an appropriate indicator of performance that facilitated analysis by management and investors in evaluating the Company's financial performance as a group.

*"Operating income" is defined as the Company's operating income determined in accordance with GAAP to the extent such amount represents a charge or expense determined in accordance with GAAP and reported in the Company's financial statements, regardless of classification within the Company's statement of income, the sum of (a) depreciation and amortization charges; (b) amortization of intangible assets; (c) charges associated with the revaluation of material contingent liabilities that are booked in the Company's financial statements; (d) business restructuring charges; (e) costs and charges associated with the acquisition of other businesses, including, but not limited to, milestone payments and integration charges; (f) litigation charges and settlements; (g) losses on the sale of assets, minus (h) gains or income of a nature similar to items (a) through (g) above. With respect to each of the items (a) through (h) above, the Company's financial statements, notes to the financial statements, or management's discussion and analysis of financial statements as filed with the U.S. Securities and Exchange Commission.*

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**2014 Adjusted EBITDA Results (\$ millions)<sup>(1)</sup>**

<b>Period</b>	<b>Threshold (\$)</b>	<b>Target (\$)</b>	<b>Stretch (\$)</b>	<b>Actual (\$)</b>	<b>Achievement (%)</b>
Jan 1 - June 30	\$ 1,374.6	\$ 1,617.7	\$ 1,779.5	\$ 1,722.1	133%
July 1 - Dec 31	2,166.0	2,549.1	2,804.1	2,734.6	137%
				<b>Full-Year</b>	<b>135%</b>

*Adjusted EBITDA, as calculated in the table above, equaled earnings before net interest expense (1) global supply chain initiative, acquisition and licensing and other charges, impairment/asset sale legal settlements, accretion on contingent liabilities and share based compensation.*

**Individual Performance.** The Compensation Committee also recognizes that individual performance is a key factor in determining the overall cash incentive award available to an executive. To this end, our Chief Executive Officer reviews the performance of Executive Officers (other than himself) on the basis of specific objectives and subjective factors and makes recommendations to the Compensation Committee on final award amounts. The Chief Executive Officer's and Executive Chairman's awards are based on their individual performance, respectively, which is determined by the Compensation Committee. Individual awards may range from 150% of a Named Executive Officer's award as otherwise determined based on the Corporate Financial Incentive Plan.

In 2014, the Compensation Committee approved the following strategic goals and objectives for Mr. Bisaro as the Chief Executive Officer of the Company, and, following the Forest Merger, the Compensation Committee extended these goals and objectives to Mr. Saunders as the new Chief Executive Officer of the Company:

- i. Ensuring the successful integration of acquired businesses into our Company and the Company's strategic investments, including synergies, and the continued creation of shareholder value;
- ii. Ensuring that the Company continues to invest and ultimately capture the value from such investments;
- iii. Effectively communicate with shareholders, particularly with respect to value in specialty pharmaceuticals;
- iv. Recruit and retain key executives and develop and maintain succession plans for senior leaders.

In addition, the following goals and objectives applied to Mr. Bisaro during the portion of 2014 in which he was the Chief Executive Officer of the Company:

- I. Continue to represent the Company's key stakeholders (government, customers, investors, etc.);
- Ii. Support the new Chief Executive Officer and ensure a smooth transition of responsibilities to the new Chief Executive Officer.

**Performance Goals of Other Named Executive Officers.** In consultation with the Compensation Committee, the Executive Chairman assigned specific individual performance goals for 2014 to our other Named Executive Officers based on the nature of their responsibilities.

Maximum performance under the Cash Bonus Program results in earning 225% of target payouts (with a 150% adjustment for NEO's individual performance). Threshold payouts are based on the minimum amount authorized and results in earning 50% of the Named Executive Officer's target award.

The amount payable to each of the Legacy Actavis NEOs under the 162(m) Plan was determined as follows:

(NEO's base salary) x (NEO's target bonus percentage) x (Adjustment factor for (i) weighted Corporate Adjusted EBITDA from January 1, 2014 through June 30, 2014 and (ii) weighted Corporate Adjusted EBITDA from July 1, 2014 through December 31, 2014)

**Named Executive Officer 2014 Annual Incentive Awards**

Name	Target		Actual		Individual Performance
	Annual Base Salary	Target Annual Incentive %	Target Annual Cash Incentive	Company Performance %	
Paul M. Bisaro*	\$ 1,300,000	125%	\$ 812,500	135%	150%
	750,000	140%	525,000		
Robert A. Stewart	715,000	100%	715,000	135%	140%
David A. Buchen	575,000	100%	575,000	135%	100%
R. Todd Joyce	577,179	**80%	461,743	135%	100%

\* Mr. Bisaro's base salary and target annual incentive for the first 6 months of 2014 as Chairman and His base salary and target annual incentive for the final 6 months of 2014 as Executive Chairman

\*\*Represents Mr. Joyce's base salary prior to the 5% reduction in connection with the Forest Merger



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The amounts payable to Messrs. Saunders and Meury under the 162(m) Plan were determined as fo

$$(\text{NEO's base salary}) \times (\text{NEO's target bonus percentage}) \times (\text{Adjustment factor for Corporate Adjusted EBITDA from July 1, 2014 through December 31, 2014}) \times (\text{Adjustment for NEO's indi}$$

**Named Executive Officer 2014 Annual Incentive Awards**

Name	Target	Target Annual Incentive %	Target Annual	Actual	Individual
	Annual Base Salary		Cash Incentive	Company Performance %	
Brenton L. Saunders	\$ 1,000,000	150%	\$ 1,500,000	137%	150%
William Meury	545,000	100%	545,000	137%	140%

Pursuant to the terms of her offer letter with the Company, Ms. Hilado is eligible to receive a sign- installments on each of March 15, 2015 and December 8, 2015 (subject to repayment under certain

**LONG-TERM EQUITY INCENTIVES**

The Compensation Committee believes that long-term equity-based incentive awards provide a val with our shareholders and focusing management’s attention on our long-term growth. In addition, t equity-based awards are essential to attract and retain the talented professionals and managers need

The Company currently maintains the Restated Plan (as defined below), which is described in Prop acquisition of Allergan, Inc., the Company also assumed and subsequently amended the Allergan, 1 Shares available for issuance under the Allergan Plan may also be used to settle awards granted un

**Front-Loading Awards**

It is important to note that the performance share unit (PSU) and stock option awards granted to the Olafsson) on July 1, 2014 (or December 8, 2014 with respect to Ms. Hilado) represent “front-loade worth of equity awards reflecting the applicable NEOs’ equity awards for 2015, 2016 and 2017. TH based on the growth in our share price following the grant date. We believe that front loading these shareholders:

- creates immediate shareholder alignment by emphasizing performance in the critical first years for
- encourages and rewards sustained performance over the performance period;
- focuses our new management team on one set of goals; and
- provides retention of executives in an environment where there is heightened competition for talent

Shareholders should note that these front-loaded equity grants cover multiple years of service and value reported in the Summary Compensation Table in the first year of grant. However, the value of these grants resulting in much less compensation reported in the Summary Compensation Table for those years. long-term incentive grants to each of our Named Executive Officers, and is intended to provide shareholders the annual compensation opportunity intended to be delivered.

**Named Executive Officer Target LTI Grant Values**

Name	Annual Target Value			3-year Front-Loaded Value (2015)		
	PSUs	Options	Total	PSUs	Options	Total
Brenton L. Saunders	\$ 8,550,000	\$ 2,850,000	\$ 11,400,000	\$ 25,650,000	\$ 8,550,000	\$ 34,200,000
Paul M. Bisaro	6,375,000	2,125,000	8,500,000	19,125,000	6,375,000	25,500,000
Maria Teresa Hilado	1,432,500	477,500	1,910,000	4,297,500	1,432,500	5,730,000
Robert A. Stewart	2,100,000	700,000	2,800,000	6,300,000	2,100,000	8,400,000
David A. Buchen	1,800,000	600,000	2,400,000	5,400,000	1,800,000	7,200,000
William Meury	1,575,000	525,000	2,100,000	4,725,000	1,575,000	6,300,000
R. Todd Joyce	1,387,500	462,500	1,850,000	4,162,500	1,387,500	5,550,000

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Additionally, shareholders should note that the front-loaded grants generally vest and are paid out under a traditional three-year performance plan. The front-loaded PSU awards have a thirty-nine month period for 100% vesting by Dec. 31, 2019 (i.e., at the same time that three years of annual grants would be fulfilled).

**Illustrative PSU Vesting Timeline for CEO**

<b>Annual Grant</b>	<b>Target Value Granted</b>	<b>Vesting Date</b>	<b>Target Value Vested</b>
2015	\$8,550,000	2017	\$8,550,000
2016	8,550,000	2018	8,550,000
2017	8,550,000	2019	8,550,000
<b>TOTAL</b>			<b>\$25,650,000</b>

  

<b>Front-Loaded Grant</b>	<b>Target Value Granted</b>	<b>Vesting Date</b>	<b>Target Value Vested</b>
2014	\$25,650,000	2017 (1/3)	\$8,550,000
		2018 (1/3)	8,550,000
		2019 (1/3)	8,550,000
<b>TOTAL</b>			<b>\$25,650,000</b>

**JULY 2014 AWARDS**

On July 1, 2014 (or December 8, 2014 with respect to Ms. Hilado), our NEOs (other than Mr. Olafson) received the following incentive awards:

<b>Form of Award</b>	<b>Percentage of Total Target Long-Term Incentive Award Value</b>	<b>Purpose</b>	<b>Performance Measured</b>	<b>Earnings Period</b>
Performance Share Unit (PSU) Award (restricted stock units)	75	<ul style="list-style-type: none"> <li>Creates unambiguous shareholder alignment</li> <li>Encourages retention</li> </ul>	Absolute TSR	Earnings period 2014 through December 31, 2016
Stock Option Award	25	<ul style="list-style-type: none"> <li>Rewards long-term sustained share price appreciation.</li> <li>Encourages retention</li> </ul>	Share price growth above the grant price	5 year period ending December 31, 2019

**2014 Performance Share Unit Awards**

Seventy-five percent of the aggregate dollar value of the Named Executive Officers' (other than M granted on July 1, 2014 (or December 8, 2014 with respect to Ms. Hilado) was in the form of PSU TSR compound annual growth rate ("CAGR") for the 39-month performance period from July 1, 2 performance period, earned awards vest based on continued service with the Company, with 1/3 of 2018 and 2019. The number of PSUs that may be earned ranges from 0% to 300% of the target number interpolation between performance levels) as follows:

<b>TSR CAGR</b>	<b>Percentage of Target Shares Earned</b>
Flat or drops below \$210 (threshold)	None
10% (target)	100%
30% or higher (maximum)	300%

As discussed above, the PSU Awards were front-loaded to include three years' worth of grants. The on July 1, 2014 (or December 8, 2014 with respect to Ms. Hilado).

While the performance period runs from July 1, 2014 through September 1, 2017, in order to protect events beyond the control of the Company, there is a special feature built into the awards that allow prior to September 1, 2017 if the Company's share price grows by at least 10% on an annual basis. performance period ends when a portion of the award may be banked:

**Bank Date 1:** If the Company's closing share price is at or above the target share price of \$280 during 2016, then 25% of the NEO's target award will be banked at the end of such four-quarter period.

**Bank Date 2:** If the Company's share price is at or above the target share price of \$280 on June 1, banked on such date.

Any banked PSU Awards will be paid in shares when the total award is settled at the end of the per

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## 2014 Stock Option Awards

Twenty-five percent of the aggregate dollar value of the Named Executive Officers' (other than Mr. Olafsson) granted on July 1, 2014 (or December 8, 2014 with respect to Ms. Hilado) was in the form of option awards ("Option Awards"). The Option Awards vest based solely on continued service with the Company, vesting on each of the first, second, third, fourth and fifth anniversaries of the grant date.

As discussed above, the Option Awards were front-loaded to include three years' worth of awards. The Option Awards were granted on July 1, 2014 (or December 8, 2014 with respect to Ms. Hilado).

## MERGER SUCCESS AWARDS

On July 1, 2014 (or December 8, 2014 with respect to Ms. Hilado), we granted certain "Merger Success Awards" (other than Mr. Olafsson) pursuant to the terms of our Restated Plan (as defined below). As described in the Restated Plan, if we approve the Restated Plan, which our Board adopted on July 1, 2014, subject to shareholder approval, and if our shareholders approve the Restated Plan, the Merger Success Awards will be canceled and become null and void. For additional information on the Restated Plan, please see Proposal 5 below.

The Merger Success Awards are special cash-based long-term performance awards that are intended to reward Named Executive Officers for achieving Merger commitments while maintaining industry leading shareholder returns (see the chart below). The Merger Success Awards were granted on July 1, 2014 through December 31, 2017. If earned, the Merger Success Awards will become 100% cash or ordinary shares.

Messrs. Saunders and Bisaro were granted Merger Success Awards with target award values of \$15 million. The other Named Executive Officers (other than Mr. Olafsson) were granted Merger Success Awards with target award values of \$10 million.

Payout of the Merger Success Awards depends on achievement of the following important objectives:

Goal	Description
Merger-Related Synergy Savings	<ul style="list-style-type: none"><li>• Delivery of cost savings related to the Forest Merger (e.g., eliminating overlapping functions, improving operating efficiencies and reducing costs).</li></ul>
Relative TSR	<ul style="list-style-type: none"><li>• Achievement of above-median share price growth compared to peers.</li><li>• Peer group is the component companies of the NYSE ARCA Pharmaceutical Index, which includes medium and large pharmaceutical and generics companies representing the pharmaceutical industry.</li></ul>

companies involved in various phases of the pharmaceutical industry.

Threshold, target and maximum performance levels of merger-related synergy savings and relative each performance level, are as follows:

<b>Performance Level</b>	<b>Merger-Related Synergy Savings</b>	<b>Percentage of Target Award Value</b>
Threshold	\$ 850 million	50%
Target	1.0 billion	100%
Maximum	1.2 billion	200%
<b>Performance Level</b>	<b>Relative TSR</b>	<b>Percentage of Target Award Value</b>
Threshold	30th percentile	50%
Target	60th percentile	100%
Maximum	90th percentile	200%

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**Special Incentives Related the Allergan Transaction**

In connection with the closing of the Allergan merger, members of our new senior management team, Mr. Meury and Ms. Hilado, were granted certain “Transformation Incentive Awards” pursuant to the plan described in Proposal 5 below, we are asking our shareholders to approve the Restated Plan, which requires shareholder approval. If the Restated Plan is not approved by our shareholders, the Transformation Incentive Awards will be null and void. For additional information regarding the approval of the Restated Plan, please see Proposal 5.

Similar to the Merger Success Awards described above, the Transformation Incentive Awards are intended to reward superior performance during the critical years immediately following our merger with Allergan, which is expected to be completed in the second half of 2014.

<b>Goal</b>	<b>Description of Target</b>
Non-GAAP Earnings per Share (EPS)	<ul style="list-style-type: none"> <li>• Achieve full-year non-GAAP EPS of <b>\$25.00</b> for 2017</li> </ul>
Relative TSR	<ul style="list-style-type: none"> <li>• Achieve <b>above-median</b> share price growth compared to peers over the period from January 1, 2014 to December 31, 2018</li> </ul>

If earned, the Transformation Incentive Awards will be paid in cash in two equal installments over the next two years to the executives’ continued employment. The Compensation Committee believes that the additional awards are necessary to attract and retain key personnel and to provide a longer-term perspective.

**MAY 2014 AWARDS**

On May 8, 2014, the Legacy Actavis NEOs (other than Mr. Olafsson) were granted annual long-term equity incentive program:

<b>Form of Award</b>	<b>Percentage of Total Target Long-Term Incentive Award Value</b>	<b>Purpose</b>	<b>Performance Measured</b>	<b>Earned Periods</b>
Restricted Stock Unit (RSU) Award	33.3%	<ul style="list-style-type: none"> <li>• Encourages retention</li> <li>• Fosters shareholder mentality among the executive team</li> </ul>	N/A	4 year vesting period

Adjusted EBITDA Performance Award	33.3%	<ul style="list-style-type: none"> <li>• Encourages retention</li> <li>• Ties executive compensation to our operational performance</li> </ul>	Adjusted EBITDA	Earned a Adjusted vesting: 2017 and
TSR Performance Award	33.3%	<ul style="list-style-type: none"> <li>• Encourages retention</li> <li>• Ties executive compensation to our long-term market performance</li> </ul>	TSR	Earned a on relative

The percentage mix described in the chart above is based on the dollar value of the awards granted, price performance (and dividends, if any) ranked relative to the performance of its peer company group. The use of both TSR and Adjusted EBITDA measures balances operational and market performance and aligns with the business goal of cash generation as well as the Company's performance compared to a broad index.

Awards were granted on May 8, 2014, rather than in March when our annual awards were granted in previous years. Chilcott.

### 2014 Restricted Stock Unit Awards

One-third of the aggregate dollar value of the Legacy Actavis NEOs' (other than Mr. Olafsson's) awards were granted in the form of restricted stock units ("RSU Awards"). The actual number of shares granted was determined based on the date of grant. Once granted, the RSU Awards vest based solely on continued service with the Company, with award vesting on March 5 of 2015, 2016, 2017 and 2018, respectively.



[Back to Contents](#)**2014 Adjusted EBITDA Performance Awards**

One-third of the aggregate dollar value of the Legacy Actavis NEOs' (other than Mr. Olafsson's) are earned in the form of one-year Company performance stock unit grants (each, an "Adjusted EBITDA Performance Award") initially established by the Compensation Committee for the entire 2014 fiscal year. However, in connection with the 2014 performance period, the Compensation Committee determined to measure the Company's Adjusted EBITDA for the period from January 1, 2014 through June 30, 2014, as initially established at the beginning of the year, and then established new six-month EBITDA targets for the period from July 1, 2014 through December 31, 2014. Therefore, the Adjusted EBITDA Performance Awards are earned based on Adjusted EBITDA for the full year 2014. The number of shares that can be earned may range from 0% to 150% of the target, depending on performance levels) as follows:

**2014 Adjusted EBITDA Performance**

<b>Period</b>	<b>Threshold (\$)</b>	<b>Target (\$)</b>	<b>Stretch (\$)</b>	<b>Actual (\$)</b>	<b>Achievement Percentage</b>
Jan 1 - June 30	\$ 1,374.6	\$ 1,617.7	\$ 1,779.5	\$ 1,722.1	133%
July 1 - Dec 31	2,166.0	2,549.1	2,804.1	2,734.6	137%
<b>Full Year</b>					<b>135%</b>

Based on the above, the Legacy Actavis NEOs earned the following number of Adjusted EBITDA Performance Awards:

<b>Name</b>	<b>Target # of Units</b>	<b>Achievement Percentage</b>	<b>Actual # of Units Earned</b>
Paul M. Bisaro	10,150	135%	13,702
Robert A. Stewart	3,384	135%	4,568
David A. Buchen	2,960	135%	3,996
R. Todd Joyce	2,537	135%	3,424

Once earned, Adjusted EBITDA Performance Awards will settle in the form of restricted shares and 1/4 of the shares subject to the award vesting on March 5 of 2015, 2016, 2017 and 2018, respectively.

**2014 TSR Performance Awards**

One-third of the aggregate dollar value of the Legacy Actavis NEOs' (other than Mr. Olafsson's) are earned in the form of performance stock unit awards to be earned based on the Company's TSR for the 3-year performance period ending on December 31, 2016 relative to the Company's peer group (each, a "TSR Performance Award"). Earned awards will be settled as soon as administratively feasible thereafter. The number of shares that can be earned may range from 0% to 150% of the target, depending on performance period and will be settled as soon as administratively feasible thereafter. The number of shares that can be earned may range from 0% to 150% of the target, depending on performance period and will be settled as soon as administratively feasible thereafter.

150% of the target, depending on performance (with linear interpolation between performance levels)

<b>TSR</b>	<b>Percentage of Target Shares Earned</b>
Below 25 <sup>th</sup> percentile of peer group	None
25 <sup>th</sup> percentile of peer group (Base Threshold)	25%
50 <sup>th</sup> percentile of peer group (Target)	100%
75 <sup>th</sup> percentile of peer group (Upper Threshold)	150%

In the event that the Company has a negative TSR on an absolute basis at the end of the three-year period, the maximum number of shares that could be earned, regardless of the Company's TSR relative to its peer company group, will be 150% of the target. For Performance Awards, we used our pre-Forest Merger peer group, which is described in more detail below.

#### **OTHER AWARDS**

Pursuant to the terms of Ms. Hilado's offer letter with the Company, Ms. Hilado received a sign-on bonus of \$1,000,000, payable in four equal annual installments, subject to Ms. Hilado's continued service through the applicable vesting period. Ms. Hilado forfeited equity awards that Ms. Hilado forfeited when she left her former employer.

Additionally, on July 1, 2014, Mr. Buchen received a grant of 7,846 RSUs as consideration for waived excise taxes. Mr. Buchen will be required to pay any excise taxes become payable with respect to payments and benefits received in connection with his employment with the Company as was specifically provided for in his employment agreement with the Company.

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## **EMPLOYEE AND OTHER BENEFITS**

The Named Executive Officers are eligible to participate in a variety of retirement, health and welfare plans on the same basis as, our other salaried, U.S.-based employees. Additionally, we provide our Named Executive Officers with a limited number of personal benefits that we believe have a business purpose and are reasonable and better enable us to attract and retain superior employees for key positions. The primary purpose of these benefits is to enable executives to focus greater attention to important Company endeavors by helping them work more effectively and their safety and security.

- Reimbursement of financial counseling and tax preparation up to a maximum of \$3,000 per year. We also provide professional assistance with managing their total compensation so that they can focus their full attention on Company business.

- Limited personal use of company aircraft and company cars. We believe that these benefits provide a business purpose and allow them to devote additional time to Company business. Messrs. Saunders and Bisaro are provided with company aircraft not to exceed \$110,000 per year. Messrs. Saunders and Meury and Ms. Hilado are provided with company cars. Named Executive Officers are provided with an annual car allowance.

All taxes payable on the value of the benefits described above are borne by the recipient of such benefits.

## **OTHER COMPENSATION PRACTICES**

### **Compensation Peer Group**

The Compensation Committee reviews the elements of our compensation program, including executive compensation, as compared to those provided to similarly situated executives among a peer group of companies.

In setting the compensation for our Named Executive Officers and other senior executives, the Compensation Committee reviews survey data from independent third party sources as well as publicly available information. While we do not set an Officer's target total direct compensation (base salary plus target annual cash incentive compensation plus restricted stock grants) within the levels paid to similarly situated executives in our peer group, such data is intended to assist the Compensation Committee in its discussions and deliberations.

The Compensation Committee reserves flexibility to vary from the median based on a variety of factors, including pay elements, prior year compensation targets, the Named Executive Officer's overall performance and other factors.

In connection with the Forest Merger, in July 2014, the Compensation Committee approved certain modifications were intended to balance the need to reflect our new size, scale and operational comp positioning against the peer group. Removed from the peer group were Forest Laboratories, Endo H group were Eli Lilly, Merck & Co. Inc. and Pfizer, Inc.

AbbVie Inc.	Gilead Sciences, Inc.
Allergan, Inc.	Merck & Co., Inc.*
Amgen	Mylan Laboratories Inc.
Biogen Idec Inc.	Perrigo Company
Bristol-Myers Squibb Company	Pfizer, Inc.*
Celgene Corporation	Valeant Pharmaceuticals Int
Eli Lilly*	

*\*New addition for 2014*

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*\*The chart above does not reflect our revenues, market cap or number of employees following our*

### **Share Ownership Guidelines**

In order to better align the interests of our Board and management with those of our shareholders in implement what we believe is a corporate governance “best practice,” we adopted share ownership

The following table sets for the stock ownership guidelines and current holdings for the CEO, Exec Officers as of March 20, 2015, assuming a stock price of \$317.06.

Shares counted toward the share ownership requirements include: (i) vested ordinary shares held of or his or her spouse; and (ii) unvested restricted shares. Outstanding stock options and performance shares to be awarded have not yet been determined do not count toward satisfaction of the ownership

### **Prohibitions on Hedging and Pledging of Our Shares**

Our insider trading policy prohibits any Named Executive Officer or any other officer or employee derivative transactions to hedge their economic exposure to our shares. In addition, these officers a shares as security for any loan.

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### **Clawback Policies; Recoupment of Incentive Compensation**

Pursuant to Messrs. Saunders' and Bisaro's employment agreements with the Company, all equity economic benefit actually or constructively received by Messrs. Saunders and Bisaro upon any receipt or resale of any shares of the Company underlying an equity award) will be subject to the policy of the Company, including, without limitation, any clawback policy adopted to comply with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder, any clawback policy and/or in the applicable equity award.

In addition to the clawback provision in Messrs. Saunders', Bisaro's and Meury's employment agreements, the Compensation Committee has the discretion to require a participant to repay the income, if any, derived from such award and a restatement of the Company's financial results within three years after payment of such award to the Compensation Committee to be the result of fraud or intentional misconduct.

These clawback policies help ensure that incentive compensation is payable only if the applicable award is consistent with our pay-for-performance philosophy.

### **Tax Deductibility of Compensation**

In establishing total compensation for the executive officers, the Compensation Committee considers the deductibility of compensation under Section 162(m) of the Internal Revenue Code ("Section 162(m)"). Section 162(m) generally disallows a tax deduction for compensation of the Chief Executive Officer and the three other highest paid executive officers other than the Chief Financial Officer if the compensation is performance-based. While the Compensation Committee generally seeks to preserve the deductibility of compensation, the primary objective of the compensation program is to support the Company's business strategy. The Compensation Committee has the discretion to award compensation that may not be fully deductible.

### **Compensation Committee Report**

The Compensation Committee of Actavis has reviewed and discussed the Compensation Discussion and Analysis with management and, based on such review and discussions, the Compensation Discussion and Analysis be included in this Proxy Statement and our Annual Report for the year ended December 31, 2014.

### **THE COMPENSATION COMMITTEE**

Ronald R. Taylor, *Chairman*  
Christopher W. Bodine  
Christopher J. Coughlin

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## Summary Compensation Table

The following table sets forth certain information regarding the annual and long-term compensation capacities with respect to the fiscal years ended December 31, 2012, December 31, 2013 and December 31, 2014.

Name and Principal Position	Year	Salary <sup>(7)</sup> (\$)	Bonus (\$)	Stock Awards <sup>(8)</sup> (\$)	Option Awards <sup>(9)</sup> (\$)	Non-Equity Incentive Plan Compensation <sup>(10)</sup> (\$)
<b>Brenton L. Saunders</b> <sup>(1)</sup> Chief Executive Officer & President	2014	500,000	—	25,931,824	8,585,568	1,541,250
<b>Paul M. Bisaro</b> <sup>(2)</sup> Executive Chairman	2014	1,025,000	—	25,641,217	6,401,499	2,699,813
	2013	1,276,923	1,318,750	6,011,652	—	2,681,250
	2012	1,200,000	1,200,840	4,394,209	—	1,779,160
<b>Maria Teresa Hilado</b> <sup>(3)</sup> Chief Financial Officer	2014	31,442	—	8,721,187	1,432,418	—
<b>Robert A. Stewart</b> Chief Operating Officer	2014	707,500	—	8,471,370	2,108,756	1,351,350
	2013	639,504	—	1,902,031	1,621,943	1,000,350
	2012	590,692	—	2,568,245	—	660,953
<b>David A. Buchen</b> EVP, NA Generics and International	2014	582,188	—	9,067,962	1,807,505	776,250
	2013	570,688	—	1,750,253	—	759,000
	2012	557,726	—	1,686,427	—	538,238
<b>William Meury</b> <sup>(4)</sup> EVP, North American Brands	2014	272,500	—	4,776,992	1,581,567	522,655
<b>R. Todd Joyce</b> <sup>(5)</sup> Former Chief Financial Officer	2014	580,645	—	5,784,797	1,393,285	623,160
	2013	557,289	—	1,750,254	—	641,061
	2012	502,498	—	1,686,427	—	488,886
<b>Sigurdur Olafsson</b> <sup>(6)</sup> Former President – Actavis Pharma	2014	444,231	—	—	—	—
	2013	735,641	—	1,999,677	3,243,885	1,002,375
	2012	681,674	—	2,568,245	—	726,717

(1) Mr. Saunders assumed the role of Chief Executive Officer on July 1, 2014 at the closing of the 2014 fiscal year and was not compensated for 2014. Compensation for 2014 is the amount paid by Actavis on and after that date.

(2) Mr. Bisaro served as Chief Executive Officer until June 30, 2014, at which time he assumed the role of Executive Chairman. The table includes all compensation received for 2014 in both roles.

(3) Ms. Hilado was hired as Chief Financial Officer on December 8, 2014.

(4) Mr. Meury assumed the role of EVP, North American Brands on July 1, 2014 at the closing of the 2014 fiscal year and was not compensated for 2014. Compensation for 2014 is the amount paid by Actavis following July 1, 2014.

(5) Mr. Joyce served as Chief Financial Officer until December 7, 2014, but remained employed by Actavis through the end of the 2014 fiscal year.

(6) Mr. Olafsson served as President - Actavis Pharma until June 30, 2014.

(7) Salary includes annual salary and cash paid in lieu of vacation and any salary earned but deferred under the company's long-term incentive compensation plan.

(8) The amounts shown in this column represent the aggregate grant date fair value of restricted stock awards, performance share awards, Adjusted EBITDA Performance Awards, TSR Performance Awards and Performance Share Units.



*computed in accordance with FASB ASC Topic 718. These amounts do not represent the actual value realized by the Named Individual during the respective year. The maximum possible value of the Adjusted EBITDA Performance Awards on the date they were granted at the highest performance level, was as follows: \$3,000,086 for Mr. Bisaro, \$1,000,000 for Mr. Joyce. The maximum possible value of the TSR Performance Awards on the date they were granted at the highest performance level, was as follows: \$3,459,084 for Mr. Bisaro, \$1,153,028 for Mr. Stewart, \$749,874 for Mr. Joyce. The maximum possible value of the Performance Share Units on the date they were granted at the highest performance level, was as follows: \$77,795,471 for Mr. Saunders, \$58,005,140 for Mr. Bisaro, \$16,378,065 for Mr. Buchen, \$14,330,976 for Mr. Meury and \$12,624,843 for Mr. Joyce. For more information on these valuations, see Share-Based Compensation in Note 8 to the audited consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2014.*

*The amounts shown in this column represent the aggregate grant date fair value of the stock options granted to the Named Individual during the year ended December 31, 2014, in accordance with FASB ASC Topic 718. These amounts do not represent the actual value realized by the Named Individual.*

*(9) The amounts shown in this column represent the aggregate grant date fair value of the stock options granted to the Named Individual during the year ended December 31, 2014, in accordance with FASB ASC Topic 718. These amounts do not represent the actual value realized by the Named Individual. The fair value of the stock options granted to the Named Individual during the year ended December 31, 2014, was calculated using the Black-Scholes option pricing model. For discussion of the assumptions used in the Black-Scholes option pricing model, see Share-Based Compensation in Note 8 to the audited consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2014.*

*(10) Non-equity incentive plan compensation represents payment under our annual incentive plan for the year ended December 31, 2014. For discussion on our annual incentive plan, see "Annual Incentive Awards" on page 26 of Compensation Discussion and Analysis in the Company's Annual Report on Form 10-K for the year ended December 31, 2014.*

*(11) All Other Compensation for 2014 consisted of car allowances, Company matches under our qualified pension plan, life insurance coverage, termination-related payments and other perquisites as follows:*

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Name	Company Aircraft <sup>(1)</sup> (\$)	Car and Driver/Car Allowance <sup>(2)</sup> (\$)	Savings Plan Company Matching Contributions (\$)	Group Term Life Insurance (\$)	Financial Planning Reimbursements (\$)
Brenton L. Saunders	51,034	83		570	3,500
Paul M. Bisaro	32,599	14,423	72,005	2,622	1,488
Maria Teresa Hilado			105	151	
Robert A. Stewart		11,077	34,324	1,710	612
David A. Buchen		11,539	32,163	2,875	
William Meury		891		855	
R. Todd Joyce		11,539	32,197	4,903	
Sigurdur Olafsson		6,000	31,995	1,020	

*Amounts represent the incremental costs to us associated with the executive's personal use of our landing and parking fees, per hour accruals for maintenance service plans, passenger catering (1) other trip-related variable costs (including fees for contract crew members and the use of our fleet primarily for business travel, incremental costs exclude fixed costs that do not change based on lease costs, fractional jet interest management fees, home-base hangar costs and certain maintenance. The incremental cost for the Company car driver for commutation and nonbusiness events is calculated on applicable miles driven. The variable rate includes a driver's overtime compensation (if any), per maintenance expense. Because Company car and drivers are used primarily for business travel, (2) change based on usage such as drivers' salaries and vehicle purchase or lease cost. For instance, to the company is the actual fees paid for such service. The incremental cost for car allowance, (3) the actual amounts paid by the Company to the Named Executive Officer during 2014. (4) These amounts were paid in connection with Mr. Olafsson's departure on June 30, 2014. For a (4) The amount represents the company's incremental cost for a physical under our executive physical.*

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## 2014 Grants of Plan-Based Awards

The following table provides information about equity and non-equity awards granted to our Name

Name	Award Type	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards		
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)
Brenton L. Saunders	Non-Equity Incentive Plan Award	7/1/14 (1)			7,000,000			
	Merger Success Award	7/1/14 (2)	7,500,000	15,000,000	30,000,000			
	Stock Options	7/1/14 (3)						
Paul M. Bisaro	Performance Share Units	7/1/14 (4)				11,499	114,997	344,997
	Non-Equity Incentive Plan Award	3/5/14 (1)			7,000,000			
	Merger Success Award	7/1/14 (2)	5,250,000	10,500,000	21,000,000			
	Time Awards	5/8/14 (5)						
	Adjusted EBITDA Performance Award	5/8/14 (6)				5,075	10,150	15,225
	TSR Performance Award	5/8/14 (7)				2,537	10,149	15,224
	Stock Options	7/1/14 (3)						
Maria Teresa Hilado	Performance Share Units	7/1/14 (4)				8,574	85,743	257,229
	Non-Equity Incentive Plan Award	— (8)						
		12/8/14 (2)	2,500,000	5,000,000	10,000,000			

	Merger						
	Success						
	Award						
	Time	12/8/14 <sup>(9)</sup>					
	Awards						
	Stock	12/8/14 <sup>(3)</sup>					
	Options						
	Performance	12/8/14 <sup>(4)</sup>			1,618	16,182	48,540
	Share Units						
Robert	Non-Equity						
A.	Incentive	3/5/14 <sup>(1)</sup>		7,000,000			
Stewart	Plan Award						
	Merger						
	Success	7/1/14 <sup>(2)</sup>	2,500,000	5,000,000	10,000,000		
	Award						
	Time	5/8/14 <sup>(5)</sup>					
	Awards						
	Adjusted						
	EBITDA	5/8/14 <sup>(6)</sup>			1,692	3,384	5,076
	Performance						
	Award						
	TSR						
	Performance	5/8/14 <sup>(7)</sup>			845	3,383	5,075
	Award						
	Stock	7/1/14 <sup>(3)</sup>					
	Options						
	Performance	7/1/14 <sup>(4)</sup>			2,824	28,245	84,730
	Share Units						

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Name	Award Type	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards		
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)
David A. Buchen	Non-Equity Incentive Plan Award	3/5/14 (1)			7,000,000			
	Merger Success Award	7/1/14 (2)	2,500,000	5,000,000	10,000,000			
	Time Awards	5/8/14 (5)						
	Adjusted EBITDA Performance Award	5/8/14 (6)				1,480	2,960	4,440
	TSR Performance Award	5/8/14 (7)				740	2,961	4,442
	Stock Options	7/1/14 (3)						
	Performance Share Units	7/1/14 (4)				2,421	24,210	72,630
William Meury	Non-Equity Incentive Plan Award	7/1/14 (1)			7,000,000			
	Merger Success Award	7/1/14 (2)	2,500,000	5,000,000	10,000,000			
	Stock Options	7/1/14 (3)						
	Performance Share Units	7/1/14 (4)				2,118	21,184	63,552
R. Todd Joyce	Non-Equity Incentive Plan Award	3/5/14 (1)			7,000,000			
	Merger Success Award	7/1/14 (2)	2,500,000	5,000,000	10,000,000			
	Time Awards	5/8/14 (5)						
	Adjusted EBITDA Performance Award	5/8/14 (6)				1,269	2,537	3,806

TSR				
Performance Award	5/8/14 <sup>(7)</sup>	634	2,538	3,807
Stock Options	7/1/14 <sup>(3)</sup>			
Performance Share Units	7/1/14 <sup>(4)</sup>	1,866	18,662	55,986

The “maximum” amounts shown in the table reflect the largest possible payouts to our Named Executive Officers for the 2014 performance period based on operating income, as defined under that plan. There are no limitations on the amount of the 162(m) Plan provides the Compensation Committee with the ability to use negative discretion to reduce the maximum. The Compensation Committee’s practice has been to exercise such discretion to reduce the maximum amount of the 162(m) Plan for 2014 are reported as “Non-Equity Incentive Plan Compensation” in the “Summary of Compensation” description of the 162(m) Plan and the performance goals under the Cash Bonus Program, including the use of the Cash Bonus Program goals in the discretion, see “Annual Incentive Awards” on page 26.

(1) each Named Executive Officer by applying the performance goals established under our Cash Bonus Program. The payout of the Merger Success Award can range from 50% of target at threshold to a maximum amount based on the achievement of the applicable performance goals. For more information on Merger Success Awards, see “Annual Incentive Awards” on page 26.

(2) achievement of the applicable performance goals. For more information on Merger Success Awards, see “Annual Incentive Awards” on page 26.

(3) Stock Options vest and become exercisable in five equal annual installments, beginning on the grant date.

The payout of 2014 Performance Share Units can range from 10% of target at threshold to a maximum amount based on the achievement of the applicable performance goals. Earned Performance Share Units vest 1/3 on the grant date. For more information on 2014 Performance Share Units, see page 29 of the Compensation Discussion & Analysis of this proxy statement.

(4) achievement of the applicable performance goals. 2014 Time Awards vest and become payable in Actavis ordinary shares in four equal annual installments, beginning on the grant date.

(5) 2014 Adjusted EBITDA Performance Awards can range from 50% of target at threshold to a maximum amount based on the level of achievement of the applicable performance goals. For more information on 2014 Adjusted EBITDA Performance Awards, see page 32 of the Compensation Discussion & Analysis of this proxy statement.

The payout of 2014 TSR Performance Awards can range from 25% of target at threshold to a maximum amount based on the achievement of the applicable performance goals. For more information on 2014 TSR Performance Awards, see page 32 of the Compensation Discussion & Analysis of this proxy statement.

(7) Under the terms of her offer letter, Ms. Hilado was not eligible for an annual incentive award for 2014.

(8) This grant vests and becomes payable in Actavis ordinary shares in four equal annual installments, beginning on the grant date.

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## 2014 Outstanding Equity Awards at Fiscal Year-End

The following sets forth the outstanding equity awards for our Named Executive Officers at December 31, 2014:

Name	Option Awards				Option Expiration Date	Stock Awards	
	Number of Securities Underlying Unexercised Options - Exercisable (#)	Number of Securities Underlying Exercised Options - Unexercisable (#)	Option Exercise Price (\$)			Number of Shares or Units That Have Not Vested (#)	Market Value of Shares That Have Vested (\$)
Brenton L. Saunders	104,651	(1)	224.00		6/30/24	31,370 <sup>(4)</sup>	8,074
	63,566	(2)	196.16		5/12/24	19,958 <sup>(5)</sup>	5,137
	73,576	(3)	91.13		9/30/23	29,263 <sup>(6)</sup>	7,532
	2,790		90.22		8/14/23	416 <sup>(7)</sup>	106,900
	3,691		73.14		8/22/22	256 <sup>(8)</sup>	66,000
	9,446		70.79		8/22/21		
Paul M. Bisaro	78,029	(1)	224.00		6/30/24	10,150 <sup>(10)</sup>	2,612
						13,702 <sup>(11)</sup>	3,520
Maria Teresa Hilado	14,890	(13)	265.57		12/7/24	11,296 <sup>(14)</sup>	2,900
Robert A. Stewart	25,704	(1)	224.00		6/30/24	3,383 <sup>(10)</sup>	870,000
David A. Buchen						4,568 <sup>(11)</sup>	1,175
	22,032	(1)	224.00		6/30/24	7,846 <sup>(15)</sup>	2,019
William Meury						2,960 <sup>(10)</sup>	761,900
						3,996 <sup>(11)</sup>	1,020
	19,278	(1)	224.00		6/30/24	4,024 <sup>(5)</sup>	1,035
	12,813	(2)	196.16		5/12/24	4,209 <sup>(20)</sup>	1,080
	5,717	(16)	80.20		5/20/23	6,286 <sup>(21)</sup>	1,610
	5,738	(17)	72.07		5/6/22	1,172 <sup>(22)</sup>	301,700
	10,721	(18)	63.51		12/4/21	3,448 <sup>(23)</sup>	887,400
	12,752	(19)	68.11		12/5/20	7,887 <sup>(24)</sup>	2,030
	18,891		66.20		12/6/19		
	4,722		51.07		12/7/18		
11,807		78.88		12/7/17			
11,807		109.12		12/7/16			
R. Todd Joyce	16,983	(1)	224.00		6/30/24	2,537 <sup>(10)</sup>	653,000
						3,424 <sup>(11)</sup>	881,300

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- (1) Represents options granted on July 1, 2014, which vest ratably 20% per year on each anniversary.
- (2) Represents options granted on May 13, 2014, which vest ratably 25% per year on each anniversary.
- (3) Represents options granted on October 1, 2013 which vest ratably 33% per year on each anniversary.
- (4) Represents restricted stock units granted on June 30, 2014, which vest 100% on June 30, 2016.
- (5) Represents restricted stock units granted on May 13, 2014, which vest ratably 33% per year on 2017.
- (6) Represents restricted stock units granted on October 1, 2013, which vest ratably 33% per year through 2016.
- (7) Represents restricted stock units granted on August 15, 2013, which vest ratably 33% per year through 2016.
- (8) Represents restricted stock units granted on August 23, 2012, which vest ratably 33% per year through 2015.  
Represents performance share units granted on July 1, 2014 (other than Ms. Hilado, whose grant of units eligible to vest based on our absolute total shareholder return (CAGR) between July 1 to time-vesting thereafter, and vest 33% per year on December 31 of 2017, 2018 and 2019. The units granted multiplied by our closing share price on December 31, 2014.
- (9) Represents restricted stock units granted on May 8, 2014, which vest ratably 25% per year on 2018.  
Represents performance share units granted on May 8, 2014, with the number of units eligible if we achieved 135% of our target goal. Units remain subject to time-vesting, and vest 25% per year. The value reported is the actual number of units earned multiplied by our closing share price on December 31, 2016.
- (10) Represents performance share units granted on May 8, 2014, with the number of units eligible if our absolute total shareholder return between January 1, 2014 and December 31, 2016. Units vest 100% on December 31, 2016. The number of units granted multiplied by our closing share price on December 31, 2014.
- (11) Represents options granted on December 8, 2014, which vest ratably 20% per year on each anniversary through 2018.
- (12) Represents restricted stock units granted on December 8, 2014, which vest ratably 25% per year through 2018.
- (13) Represents restricted stock units granted on July 1, 2014, which vest 100% on July 1, 2016.
- (14) Represents options granted on May 21, 2013, which vest ratably 25% per year on each anniversary.
- (15) Represents options granted on May 7, 2012, which vest ratably 25% per year on each anniversary.
- (16) Represents options granted on December 5, 2011, which vest ratably 25% per year on each anniversary.
- (17) Represents options granted on December 6, 2010, which vest 15% on each of the first four anniversaries and 40% on the fifth anniversary of the grant date.
- (18) Represents restricted stock units granted on May 31, 2013, which vest ratably 33% per year on 2016.
- (19) Represents restricted stock units granted on May 31, 2013, which vest 100% on April 1, 2016.
- (20) Represents restricted stock units granted on May 7, 2012, which vest ratably 33% per year on 2015.
- (21) Represents restricted stock units granted on May 7, 2012, which vest 100% on April 1, 2015.
- (22) Represents restricted stock units granted on December 5, 2011, which vest 100% on April 1, 2015.
- (23) Represents restricted stock units granted on December 5, 2011, which vest 100% on April 1, 2015.
- (24) Represents restricted stock units granted on December 5, 2011, which vest 100% on April 1, 2015.

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## 2014 Option Exercises and Stock Vested

The following table sets forth certain information with respect to the exercise of stock options and stock awards ended December 31, 2014 for certain of our Named Executive Officers:

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise <sup>(1)</sup> (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting <sup>(1)</sup> (#)	Value Realized on Vesting <sup>(2)</sup> (\$)
Brenton L. Saunders			15,096	3,592,357
William Meury	7,083	\$1,274,373	7,405	1,970,100

(1) Shares acquired on exercise or vesting are presented on a pre-tax basis.

(2) Represents the closing market price of our ordinary shares on the date of vesting multiplied by the number of shares vested.

## 2014 Nonqualified Deferred Compensation

The following table sets forth the executive contributions, employer matching contributions, earnings and distributions, where applicable, for certain of our Named Executive Officers in the Executive Deferred Compensation Plan, an unsecured deferred compensation plan.

Name	Executive Contributions in Last FY <sup>(1)</sup> (\$)	Registrant Contributions in Last FY <sup>(2)</sup> (\$)	Aggregate Earnings in Last FY <sup>(3)</sup> (\$)	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last FYE <sup>(4)</sup>
Paul M. Bisaro	119,931	49,983	37,864		1,321,532
Maria Teresa Hilado	8,385	105			8,489
Robert A. Stewart	67,296	16,824	7,369		277,209
David A. Buchen	334,774	13,308	39,122	(117,349)	1,427,077
R. Todd Joyce	782,179	11,797	40,301	(450,231)	1,165,817
Sigurdur Olafsson	78,027	14,495	5,862		220,023

Executive contributions include salary contributions for 2014, if any, and amounts related to salary contributions for 2013 but paid in 2014. Any contributions are also reported in the "Salary" column for 2014 or 2013 in the Summary Compensation Table on page 36. Included in the amounts above for 2013 but paid in 2014 was \$80,000 for Mr. Bisaro, \$40,014 for Mr. Stewart, \$151,800 for Mr. Joyce, and \$78,027 for Mr. Olafsson.

(2) This column represents company matching contributions to the Deferral Plan in 2014. All Registrant contributions are reported in the "Registrant Contributions" column of the Summary Compensation Table on page 36.

(3) This column represents deemed investment earnings at the guaranteed fixed interest rate for 2014. All amounts deferred or credited are offered under the Deferral Plan.

*(4) This column reflects balances as of December 31, 2014 and includes deferred compensation earned under the Company's "Salary" or "Non-Equity Incentive Plan Awards" in the Summary Compensation Table of prior periods.*

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Pursuant to the Deferral Plan, eligible employees may defer from 1% to 80% of their salary and from 1% to 80% of any bonus, if any. We match 50% of the first 2% an employee defers in accordance with this Plan. Vesting of the match is based on years of service with us. If an employee has been with us for less than one year, none of the matched amount is vested. If an employee has been with us for more than one year and less than 3 years, 50% of the match is vested. If an employee has been with us for more than 3 years, 100% of the match is vested. For each year of service, such that employees who have been with us for more than 3 years are 100% vested in the match.

All contributions to our Deferral Plan have a guaranteed fixed interest rate of return. This guaranteed interest rate is the interest rate published in the Wall Street Journal on the first business day of November. In 2014, the interest rate was 1.25%.

Assets in the Deferral Plan are distributed either (i) at separation of service as a result of retirement or (ii) on a designated date elected by the participant. The Deferral Plan requires participants to make an annual election as to whether their contributions may be deferred in the next calendar year. If a participant so elects, deferrals made in one year may be distributed in the next calendar year. If a participant does not elect to defer, deferrals made in one year may be distributed in the next calendar year. Participants may elect to receive a distribution as a lump-sum cash payment or in installments. If a participant elects to receive a distribution as a lump-sum cash payment, the distribution will be made in the year in which the participant elects. Bonus deferrals are credited to a participant's account the year following the year in which the bonus is earned. If bonus deferrals may not be distributed until the year following the year in which the bonus is paid to a participant. If a participant is subject to regulatory requirements, participants may not accelerate distributions from the Deferral Plan.

Potential Payments Upon Termination or Change in Control

## **EXECUTIVE SEVERANCE AND CHANGE IN CONTROL AGREEMENTS**

Each of Messrs. Saunders, Bisaro, Buchen, Meury and Joyce is a party to an employment agreement with Forest Laboratories, Inc. (or, in the case of Mr. Meury, with Forest Laboratories, Inc.) pursuant to which he is entitled to receive a severance payment in the event of an involuntary termination without cause or his resignation for good reason, which may differ depending on the reason for the termination. Each of Mr. Stewart and Ms. Hilado participate (and Mr. Olafsson participated) in our change in control severance pay plan, pursuant to which he or she is (or, in Mr. Olafsson's case, was) entitled to receive benefits in the event of an involuntary termination without cause or his or her resignation for good reason if the termination is in connection with a change in control. Our severance pay plan was amended effective January 1, 2015. For purposes of this disclosure, we have described the current terms of our severance pay plan. The following table is a summary of the termination and change in control provisions applicable to each Named Executive Officer. The table also includes estimates of the values of the applicable payments and benefits, as well as the definitions of "change in control" used in the table. The values are slightly different among the executives.

In addition to the payments and benefits described below, pursuant to the terms of our Restated Plan, the unvested restricted stock awards held by our Named Executive Officers will vest in full and, as applicable, become exercisable immediately upon the end of the period following a change in control (each as defined in our Restated Plan).

**Brenton L. Saunders**

Pursuant to the terms of his employment agreement, Mr. Saunders is entitled to the following payment without cause or by Mr. Saunders for good reason at any time between July 1, 2014 and July 1, 2015, less than the severance benefits Mr. Saunders would have received pursuant to his previous employment terminated on July 1, 2014:

- (1) any accrued compensation obligations to Mr. Saunders through the termination date, including a payment pursuant to the employment agreement between Forest Laboratories, Inc. and Mr. Saunders);
- (2) a lump-sum cash payment equal to three times the sum of (i) Mr. Saunders' then-current annual bonus;

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(3) continued group health benefits (medical, dental and vision) for Mr. Saunders and his dependents (so provided by the terms of the applicable plan, program, policy or practice); and

(4) reasonable outplacement benefits until no later than the Company's second taxable year following

Mr. Saunders will be entitled to the following payments and benefits in the event of a termination by the Company for good reason at any time after July 1, 2017 and until the end of the agreement term (December 31, 2019):

(1) a lump-sum cash payment equal to two times the sum of (i) Mr. Saunders' then-current annual base salary and

(2) continued group health benefits (medical, dental and vision) for Mr. Saunders and his dependents

In the event that Mr. Saunders' employment terminates without cause or he resigns for good reason during the agreement term (December 31, 2019), and if the termination occurs within 90 days prior to or 12 months after the end of the employment agreement, he will be entitled to the same payments and benefits as in the non-change in control context (as described above), that (i) the lump-sum cash payment will equal three times (instead of two times) the sum of Mr. Saunders' then-current annual base salary and bonus amount, and (ii) continued group health benefits will be provided for up to 36 months (instead of 24 months).

If the Company elects not to continue Mr. Saunders' employment with the Company at the conclusion of the agreement, the Company will be substantially the same terms in effect at the expiration of the employment agreement or on other terms that are more favorable to Mr. Saunders, he will be entitled to the same payments and benefits as in the non-change in control context (as described above), including obligations to Mr. Saunders through his termination date, including a pro-rated bonus for the year of termination.

If, at the expiration of Mr. Saunders' employment agreement, Mr. Saunders retires from the Company during the agreement or an amendment to the existing agreement extending his employment for a period of at least 12 months after the expiration of his existing agreement, Mr. Saunders will be entitled to any accrued compensation obligations through the end of the year of termination.

**Paul M. Bisaro**

On November 12, 2012, Mr. Bisaro entered into an amended and restated employment agreement with the Company (the "New Employment Agreement"). In connection with Mr. Bisaro's appointment as Executive Chairman, Mr. Bisaro entered into a new employment agreement with Actavis, Inc. (the "New Employment Agreement") which superseded his Prior Employment Agreement. The New Employment Agreement governed the terms and conditions of Mr. Bisaro's employment from January 1, 2014 through June 30, 2014. The New Employment Agreement governed the terms and conditions of Mr. Bisaro's employment from July 1, 2014 through December 31, 2014.

Under the terms of Mr. Bisaro's Prior Employment Agreement, Mr. Bisaro was entitled to the following termination by us without cause or by Mr. Bisaro for good reason:

- (1) a lump sum cash payment equal to two times the sum of (i) Mr. Bisaro's then-current annual base salary as of the year of termination; and
- (2) continued group health benefits (medical, dental and vision) for Mr. Bisaro and his dependents for the term of the agreement.

In addition, under his Prior Employment Agreement, in the event that Mr. Bisaro's employment terminated within 90 days prior to or 12 months following a change in control (as defined in the employment agreement), Mr. Bisaro was entitled to severance payments and benefits as in the non-change in control context (as described above), except that (i) the severance payment would be equal to (instead of two times) the sum of Mr. Bisaro's then-current annual base salary and target bonus amount as of Mr. Bisaro at the time of his termination would become immediately vested and exercisable.

Mr. Bisaro was entitled to the same severance benefits if the Company elected not to renew the agreement. If Mr. Bisaro was also entitled to a prorated bonus based on actual company performance at the end of his employment term, he retired from the Company or did not agree to enter into a new employment agreement, he was entitled to his employment for a period of at least three years on substantially the same terms as his existing agreement. Mr. Bisaro was also entitled to a bonus in the event of his death or disability.

In addition, Mr. Bisaro's Prior Employment Agreement provided that Mr. Bisaro would be entitled to accelerated vesting of equity awards in certain circumstances upon his separation from employment with the Company or if Mr. Bisaro retired from his employment at the end of the agreement term, or the Company did not renew the term, or Mr. Bisaro was terminated without cause or resigned for good reason at any time after the agreement term. If Mr. Bisaro was terminated for disability, he would be entitled to continued vesting of his unvested equity awards. If Mr. Bisaro was terminated as a result of his death, his estate would be entitled to accelerated vesting of all of his unvested equity awards.

Under the terms of Mr. Bisaro's New Employment Agreement, which became effective on July 1, 2015, Mr. Bisaro is entitled to severance payments and benefits in the event of a termination by us without cause or by Mr. Bisaro for good reason:

- (1) a lump-sum cash payment equal to two times the sum of (i) Mr. Bisaro's then-current annual base salary as of the year of termination; and

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(2) a prorated annual bonus for the year of termination; and

(3) continued group health benefits (medical, dental and vision) for Mr. Bisaro and his dependents

In addition, under his New Employment Agreement, in the event that Mr. Bisaro's employment terminates within 90 days prior to or 12 months following a change in control (as defined in the employment agreement) and benefits as in the non-change in control context (as described above), except that (i) the lump-sum payment shall be two times the sum of Mr. Bisaro's then-current annual base salary and target bonus amount, and (ii) the payment shall be for up to 36 months (instead of up to 24 months) following termination.

If the Company elects not to continue Mr. Bisaro's employment with the Company at the conclusion of the New Employment Agreement, he shall be entitled to the same payments and benefits as in the non-change of control context (as described above) through his termination date, including a pro-rated bonus for the year of termination.

If, at the expiration of the New Employment Agreement, Mr. Bisaro retires from the Company or dies, or if there is an agreement or amendment to the New Employment Agreement extending his employment for a period of time, then, on the terms as the New Employment Agreement, Mr. Bisaro will be entitled to any accrued compensation and a pro-rated bonus for the year of termination.

**Maria Teresa Hilado**

Ms. Hilado participates in our severance pay plan and in our change in control severance pay plan. Ms. Hilado is entitled to the following payments and benefits in the event of a termination by us without cause:

(1) continued payment of Ms. Hilado's then-current annual base salary for two years following termination; and

(2) continued group health benefits (medical, dental and vision) for Ms. Hilado and her dependents

(3) career transition assistance for up to 24 months following termination; and

(4) immediate payment of any unpaid portion of her cash sign-on bonus.

Under our change in control severance pay plan, in the event Ms. Hilado is terminated by us without cause following a change in control, she will be entitled to the payments and benefits described in (1), (2), and (3) above, plus two times Ms. Hilado's target bonus for the year of termination, or, if greater, for the year preceding the year of termination. The payment will be paid in a single lump sum (rather than in installments).



**Robert A. Stewart**

Mr. Stewart participates in our severance pay plan and in our change in control severance pay plan. Stewart is entitled to the following payments and benefits in the event of a termination by us without cause:

- (1) continued payment of Mr. Stewart's then-current annual base salary for two years following termination;
- (2) continued group health benefits (medical, dental and vision) for Mr. Stewart and his dependents for two years following termination;
- (3) career transition assistance for up to 24 months following termination; and
- (4) continued vesting and payment of Mr. Stewart's then-outstanding equity awards that were granted prior to termination.

Under our change in control severance pay plan, in the event Mr. Stewart is terminated by us without cause following a change in control, he will be entitled to the payments and benefits described in (1), (2) and (3) above. Mr. Stewart's target bonus for the year of termination, or, if greater, for the year preceding the change in control, will be paid in a single lump sum (rather than in installments).

**David A. Buchen**

On February 28, 2000, Mr. Buchen entered into a Key Employee Agreement with Watson Pharmaceuticals, Inc. (the "Buchen Employment Agreement"). On May 19, 2014, in connection with the change in control, Mr. Buchen entered into a retention letter with the Company (the "Buchen Retention Letter") which amended the Buchen Employment Agreement. Accordingly, the Buchen Employment Agreement governed the terms and conditions of Mr. Buchen's employment from February 28, 2000 to May 19, 2014, and the Buchen Retention Letter governed the terms and conditions of Mr. Buchen's employment from May 19, 2014 to the present.

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Pursuant to the terms of the Buchen Employment Agreement, Mr. Buchen was entitled to the following termination by us without cause or by Mr. Buchen for good reason:

- a lump sum cash payment payable within 30 days of termination equal to two times the sum of (1)(ii) the greater of Mr. Buchen's target annual bonus for the year of termination or the amount of his termination;
- (2) a prorated target annual bonus for the year of termination;
- (3) continued group health benefits (medical, dental and vision) for Mr. Buchen and his dependents;
- (4) outplacement services for one year with a nationally recognized service selected by us; and
- (5) if the termination occurred within 90 days prior to or two years following a change in control, a

Pursuant to the terms of the Buchen Retention Letter, Mr. Buchen would receive the following benefits if he was terminated (a) by the Company without "cause" (as defined in the Buchen Retention Letter) or (b) at the Company's General Counsel as of January 1, 2015:

- (1) a lump sum payment equal to two times the sum of (i) his then-current annual base salary, and (ii) the higher of the target bonus or the highest bonus Mr. Buchen received in the two years prior to termination;
- (2) a prorated target annual bonus for the year of termination;
- (3) payment of the retention bonus amounts granted to Mr. Buchen in November 2014, as if Mr. Buchen had been terminated under the terms of his November 2013 retention award agreement);
- (4) continued group health benefits (medical, dental and vision) for Mr. Buchen and his dependents;
- (5) outplacement services for one year with a nationally recognized service selected by us.

In late 2014, the Company announced that Mr. Buchen would not be continuing in his role as Executive Vice President, International, following the closing of the acquisition of Allergan, Inc., and would be departing the Company. Mr. Buchen will become entitled to the benefits and payments described in the Buchen Retention Agreement, including (i) pre-July 1, 2014 base salary (or \$1,207,500), (ii) two times the bonus paid to Mr. Buchen for the 2014 year or a pro-rated 2015 target bonus (or \$116,575).

In addition, the portion of Mr. Buchen's outstanding time-vested restricted stock units granted on May 8, 2014, during the 24-month period following Mr. Buchen's resignation will be paid and delivered in accordance with the applicable award agreement and equity award plan, without regard to Mr. Buchen's continued employment. Mr. Buchen's unvested performance-based restricted stock units granted on May 8, 2014, over the 24-month period will be based on actual Company performance during such extended vesting period and delivered in accordance with the applicable award agreement and equity award plan.

applicable award agreement and equity award plan). Lastly, Mr. Buchen will be entitled to receive Success Award, or \$2.5 million. The receipt of the foregoing severance benefits is subject to Mr. Buchen's claims in favor of the Company.

### **William Meury**

Pursuant to the terms of his employment agreement, Mr. Meury is entitled to the following payment without cause or by Mr. Meury for good reason (whether or not such termination occurs in connection with the termination of his employment):

- (1) any accrued compensation obligations to Mr. Meury through the termination date, including a pro-rata portion of the bonus provided for in the employment agreement between Forest Laboratories, Inc. and Mr. Meury);
- (2) a lump sum payment equal to three times the sum of (i) Mr. Meury's then-current annual base salary;
- (3) continued group health benefits (medical, dental and vision) for Mr. Meury and his dependents (as defined by the terms of the applicable plan, program, policy or practice); and
- (4) reasonable outplacement benefits until no later than the Company's second taxable year following the termination.

### **R. Todd Joyce**

Pursuant to the terms of his employment agreement, Mr. Joyce is entitled to the following payment without cause or by Mr. Joyce for good reason:

- (1) a lump-sum cash payment payable within 30 days of termination equal to two times the sum of (i) Mr. Joyce's then-current annual base salary; and (ii) the greater of Mr. Joyce's target annual bonus for the year of termination or the amount of the bonus actually received by Mr. Joyce in the year of termination;
- (2) a prorated annual bonus for the year of termination, in the Company's discretion;
- (3) continued group health benefits (medical, dental and vision) for Mr. Joyce and his dependents for the remainder of the term of the applicable plan, program, policy or practice; and
- (4) outplacement services for one year with a nationally recognized service selected by us; and
- (5) if the termination occurs within 90 days prior to or two years following a change in control, accrued vacation pay.

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On December 8, 2014, Mr. Joyce resigned as the Company's Chief Financial Officer, but remained in transition of his duties. In connection with his resignation, Mr. Joyce became entitled to the benefit agreement, consisting of (i) two times Mr. Joyce's then-current annual base salary (or \$1,154,358), (or \$1,282,122), and (iii) a pro-rated 2015 target bonus (or \$16,466).

In addition, the portion of Mr. Joyce's outstanding time-vested restricted stock units granted on May 8, 2014, over a 24-month period following Mr. Joyce's resignation will be paid and delivered in accordance with the benefit agreement and equity award plan, without regard to Mr. Joyce's continued employment. Mr. Joyce's unvested performance-based restricted stock units granted on May 8, 2014, over a similar 24-month period will be paid and delivered in accordance with the benefit agreement and equity award plan, without regard to Company performance during such extended vesting period and delivered in accordance with the benefit agreement and equity award plan). The receipt of the foregoing severance benefits was subject to Mr. Joyce's execution of a release of claims in favor of the Company.

### **Sigurdur Olafsson**

Prior to May 19, 2014, Mr. Olafsson participated in our severance pay plan and in our change in control severance pay plan. In connection with management changes following the Forest Merger, the Company entered into a retention agreement with Mr. Olafsson (the "Retention Letter"). Accordingly, our severance pay plan and change in control severance pay plan apply to Mr. Olafsson's employment from January 1, 2014 through May 18, 2014, and the Olafsson Retention Letter governs Mr. Olafsson's employment from May 19, 2014 through June 30, 2014.

Under the terms of our severance pay plan, Mr. Olafsson was entitled to the following payments and benefits payable to or for cause or by Mr. Olafsson for good reason:

- (1) continued payment of Mr. Olafsson's then-current annual base salary for two years following termination;
- (2) continued group health benefits (medical, dental and vision) for Mr. Olafsson and his dependent family members for two years following termination;
- (3) career transition assistance for up to 24 months following termination.

Under our change in control severance pay plan, in the event that Mr. Olafsson's employment was terminated due to a relocation of his principal place of employment by more than 50 miles or a material change of control (as defined in the change of control severance pay plan), he will be entitled to the same benefits as in the non-change in control context (as described above), except that the cash payment would be paid in three equal installments).

Pursuant to the terms of the Olafsson Retention Letter, Mr. Olafsson would receive the following benefits if the Company was terminated during calendar year 2014 (a) by the Company without “cause” (as defined in the Olafsson Retention Letter) or (b) by the Company after the earlier of the closing of the Forest Merger and July 1, 2014:

- (1) a lump sum payment equal to two times the sum of (i) his then-current annual base salary, and (ii) the higher of the target bonus or the highest bonus Mr. Olafsson received in the two years prior to his termination date;
- (2) the full amount of the retention bonus amounts granted to Mr. Olafsson in November 2013, as if the Company had not been terminated (as defined under the terms of his November 2013 retention award agreement); and
- (3) continued health and welfare benefits under the Company’s plans at the employee rate for Mr. Olafsson for 12 months following his termination date.

Any amounts payable to Mr. Olafsson pursuant to the Olafsson Retention Letter would be reduced, net of applicable taxes, by any amounts which Mr. Olafsson would otherwise be entitled pursuant to any severance plan of, or any offer letter from, the Company.

On June 30, 2014, Mr. Olafsson resigned as President – Actavis Pharma. Pursuant to the terms of a written retention award agreement between Mr. Olafsson and Actavis, Inc., in connection with his resignation, Mr. Olafsson became entitled to a pro-rated retention bonus (in the amount of \$334,726.03) and the benefits and payments described in the Olafsson Retention Letter, consisting of (i) two times the sum of his then-current base salary (or \$1,500,000), (ii) an accelerated retention award payout in the amount of \$4 million, and (iii) the higher of the target bonus or the highest bonus received in the two years prior to his termination (or \$2,004,752).

### **Excise Tax**

Pursuant to his employment agreement, which has not been amended since 2009, Mr. Joyce was entitled to be compensated for any excise taxes payable under Sections 280G of and 4999 of the Internal Revenue Code that would be received by the applicable executive in connection with a change in control.

Pursuant to their respective employment agreements (in the case of Messrs. Saunders, Bisaro, Buchholz, and Stewart), to the extent that any payment or benefit received by the applicable executive in connection with a change in control would be subject to an excise tax under Section 4999 of the Internal Revenue Code, the applicable executive would be eligible for a “best pay cap” reduction if such reduction would result in a greater net after-tax benefit to the applicable executive than the applicable executive would otherwise receive from the applicable executive’s payments.

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***Conditions to Payment***

In order to receive their severance benefits, the Named Executive Officers, other than Mr. Meury, a Company.

In addition, in order to receive their severance benefits, each of Messrs. Saunders and Bisaro are re included in their employment agreements, consisting of (i) limitations on soliciting or interfering w licensees, or other business associates for a one-year period following the executive's termination o Actavis for a one-year period following termination; and (iii) non-disparagement and cooperation o termination. In the event that Mr. Saunders or Mr. Bisaro incurs a termination of employment that e elect to pay the executive a lump sum cash amount equal to his then-current base salary and target t agreement to comply with the non-competition restrictions described above.

In order to receive their respective severance benefits, Mr. Joyce must comply with a one-year non any of our employees or independent contractors, and Mr. Meury must comply with a one-year non

The Named Executive Officers' incentive payments are subject to potential recoupment in the even described above under "Compensation Discussion and Analysis".

**ESTIMATED TERMINATION PAYMENTS**

In accordance with the requirements of the rules of the SEC, the table below indicates the amount o Executive Officer upon certain types of termination of employment. The amounts assume that such and thus include amounts earned through such date and are only estimates of the amounts that wou termination. The severance benefits that Mr. Olafsson became entitled to receive upon his resignati included in the table below).

The table does not include certain amounts that the Named Executive Officers are entitled to receiv discriminate in scope, terms or operation in favor of our Named Executive Officers and that are gen payment of accrued vacation. The table also does not include the accrued and vested accounts of th are generally distributed to our executives upon a termination of employment, regardless of the rea applicable plan. The accrued and vested amounts under the Deferral Plan are set forth in the table u page 42.

<b>Trigger</b>	<b>Cash Severance<sup>(1)</sup></b>	<b>Health &amp; Welfare Benefits<sup>(2)</sup></b>	<b>Outplacement<sup>(3)</sup></b>	<b>Restricted Stock<sup>(4)</sup></b>	<b>Performance Shares<sup>(5)</sup></b>	<b>Stock Options</b>
<b>Brenton L. Saunders</b>						
Good Reason or Without Cause	10,839,432	103,930	12,900	20,917,907	2,696,392	28,732,6
Qualifying Termination in Event of Change in Control	10,839,432	103,930	12,900	20,917,907	20,048,590	32,229,0
<b>Paul M. Bisaro</b>						
Good Reason or Without Cause	3,600,000	62,358	—	—	2,010,459	—
Qualifying Termination in Event of Change in Control	5,400,000	108,287	—	2,612,712	21,087,930	2,606,94
<b>Maria Teresa Hilado</b>						
Good Reason or Without Cause	1,090,000	62,358	12,900	—	51,814	—
Qualifying Termination in Event of Change in Control	2,180,000	62,358	12,900	2,907,703	2,821,172	—

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Trigger	Cash Severance <sup>(1)</sup>	Health & Welfare Benefits <sup>(2)</sup>	Outplacement <sup>(3)</sup>	Restricted Stock <sup>(4)</sup>	Performance Shares <sup>(5)</sup>	Stock Options
<b>Robert A. Stewart</b>						
Good Reason or Without Cause Qualifying Termination in Event of Change in Control	1,430,000	62,358	12,900	435,409	2,121,017	—
Termination in Event of Change in Control	3,430,700	62,358	12,900	870,818	6,970,903	858,7
<b>David A. Buchen</b>						
Good Reason or Without Cause Qualifying Termination in Event of Change in Control	2,668,000	42,352	6,450	—	1,329,855	—
Termination in Event of Change in Control	2,668,000	42,352	6,450	2,781,572	6,011,576	736,0
<b>William Meury</b>						
Good Reason or Without Cause Qualifying Termination in Event of Change in Control	3,303,498	\$103,930	12,900	6,956,750	496,712	7,535
Termination in Event of Change in Control	3,303,498	\$103,930	12,900	6,956,750	3,693,221	8,180
<b>R. Todd Joyce</b>						
Good Reason or Without Cause Qualifying Termination in Event of Change in Control	2,382,122	41,572	6,450	326,525	1,531,570	—
Termination in Event of Change in Control	2,382,122	41,572	6,450	653,049	4,788,214	567,4

(1) See the above narrative disclosure for a description of the cash severance benefits payable to the

(2) See the above narrative disclosure for a description of the health and welfare benefits payable to the

(3) See the above narrative disclosure for a description of the outplacement services provided to the

In the event of termination without a change in control, for Messrs. Stewart, Buchen and Joyce

(4) stock awards which may continue to vest following termination; for Messrs. Saunders and Meury

(4) Forest Merger, subject to full acceleration upon the termination date. For all Named Executive

termination in connection with a change in control.

In the event of termination without a change in control, for all Named Executive Officers, repre

Units granted in July 1, 2014 based on target performance (upon an actual termination without

performance at the conclusion of the performance period); for Messrs. Stewart, Buchen and Joy

(5) awards which may continue to vest following termination. For all Named Executive Officers, in

in control, represents the value of the Performance Share Units based on performance to date (

control, employees are entitled to the greater of (a) the pro-rated award at target or (b) award

Buchen and Joyce, also includes additional performance share awards at target.

In the event of termination without a change in control, for Messrs. Saunders and Meury, repre

(6) subject to full acceleration upon the termination date. For all Named Executive Officers, all sto

connection with a change in control.

(7) For all Named Executive Officers, represents the Merger Success Award value at an estimated p

(8)



*For Messrs. Bisaro, Stewart, Buchen and Joyce, represents the vesting of cash retention bonus and Chilcott acquisition in 2013. For Ms. Hilado, represents her outstanding cash sign-on award.*

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## CERTAIN DEFINITIONS

### **Change in Control**

Pursuant to the terms of Mr. Saunders' employment agreement and Mr. Bisaro's New Employment plan and change of control severance pay plan (in which Ms. Hilado and Mr. Stewart participate and a "change in control" generally means (i) the acquisition by an individual, entity or group of more than 50% of our ordinary shares or the combined voting power of our voting securities, or during any 12-month period, of 50% or more of the replacement of the majority of our incumbent directors by individuals not approved by a majority of our Board; (ii) the consummation of a reorganization, merger, consolidation or sale of all or substantially all of the assets of the Company; (iii) the consummation of a reorganization, merger, consolidation or sale of all or substantially all of the assets of the Company, ordinary shares and voting securities immediately prior to such transaction own more than 50% of the combined voting power of the resulting corporation, (b) no person owns more than 50% of the combined voting power of the Company, and (c) a majority of our Board members following the transaction were members of our Board prior to the transaction, and

Pursuant to the terms of Mr. Bisaro's Prior Employment Agreement, Mr. Joyce's employment agreement and Mr. Meury's employment agreement, a "change in control" generally means (i) a sale of assets representing 50% or more of our net book value; (ii) the dissolution; (iii) a merger, consolidation or other transaction involving us after the completion of which the Company would represent less than 50% of the voting power of our shareholders following the transaction; (iv) the replacement of the majority of our incumbent Board members; or (v) the replacement of the majority of our incumbent Board.

Pursuant to the terms of Mr. Meury's employment agreement, a "change in control" generally means (i) the acquisition of more than 50% of the total fair market value of our common stock or the combined voting power of our voting securities, or during any 12-month period, of 30% or more of our outstanding voting securities; (ii) the replacement of the majority of our Board members by a majority of our incumbent Board; or (iii) consummation of a reorganization, merger, consolidation or sale of all or substantially all of the assets of the Company, unless (a) owners of our ordinary shares and voting securities immediately prior to such transaction own more than 50% of the combined voting power of the resulting corporation, (b) no person owns more than 30% of the combined voting power of the Company, unless that ownership existed prior to the transaction, and (c) a majority of our Board members following the transaction were members of our incumbent Board.

### **Good Reason**

Pursuant to the terms of Mr. Saunders' employment agreement and Mr. Bisaro's New Employment plan and change of control severance pay plan, the executive has terminated his employment with us due to (i) a material diminution in his base salary; (ii) a material change in the geographic location of the Company's principal office that is materially inconsistent with his position, duties, or responsibilities; (iii) any change in the geographic location of the Company outside of a 75 mile radius of the city limits of Parsippany, New Jersey; or (iv) any other

Pursuant to the terms of Mr. Bisaro's Prior Employment Agreement, a termination for "good reason" means a termination of employment with us because (i) we failed to re-elect him to, or removed him from, the position of President and Chief Executive Officer of a corporation of the size and nature of ours; (ii) we failed to appoint or assign to him of duties that are materially inconsistent with, or materially impair his ability to perform the duties of, the position of President and Chief Executive Officer of a corporation of the size and nature of ours; (iii) we failed to appoint or assign to him of duties that are materially inconsistent with, or materially impair his ability to perform the duties of, the position of President and Chief Executive Officer of a corporation of the size and nature of ours; (iv) we changed someone other than the Board; (v) we materially breached our obligations under his employment agreement; (vi) we materially breached our obligations under his employment agreement by any successor or assignee; or (viii) we cause him to commit fraud or

Pursuant to the terms of our severance pay plan (in which Ms. Hilado and Mr. Stewart participate as of May 19, 2014), a termination for "good reason" means that the executive has terminated his employment with us and his or her principal work site such that his or her one-way commuting distance increases by more than 50 miles;

Pursuant to the terms of our change in control severance pay plan (in which Ms. Hilado and Mr. Stewart participate as of May 19, 2014), a termination for "good reason" means that the executive has terminated his employment with us and his or her principal work site such that his or her one-way commuting distance increases by more than 50 miles; (ii) the Company decided to relocate his or her principal work site such that his or her one-way commuting distance increases by more than 50 miles; or (iii) he or she was assigned duties inconsistent in any material way with his or her principal responsibilities as in effect immediately prior to the change in control.

Pursuant to the terms of the Buchen Employment Agreement, a termination for "good reason" generally means a termination of employment with us because of (i) a material reduction of his then existing annual base salary, except if a similar reduction of the annual base salary of executive officers at levels similar to Mr. Buchen is similarly reduced (provided such reduction does not result in a material reduction in his annual base salary); (ii) a material reduction in his package of benefits and

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incentives, taken as a whole or any action by the Company which would materially and adversely affect the benefits under any such plans, except to the extent that such benefits and incentives of all other executive officers; (iii) a diminution of Mr. Buchen's duties, responsibilities, authority, reporting structure; (iv) a requirement that he relocate such that his one-way commute is increased by more than 35 miles; (v) we materially breached our obligations under his employment agreement to obtain the assumption of his employment agreement by any successor or assign.

Pursuant to the terms of Mr. Meury's employment agreement, a termination for "good reason" means a termination by us due to (i) any action by the Company, including the assignment to Mr. Meury of any duties, responsibilities, authority (including status, offices, titles and reporting requirements), authority, duties or responsibilities, which would materially and adversely affect his authority, duties or responsibilities; (ii) any material failure by the Company to comply with certain obligations under his employment agreement; or (iii) any material change in the geographic location at which Mr. Meury must perform services to the extent that such change would materially and adversely affect his authority, duties or responsibilities.

Pursuant to the terms of Mr. Joyce's employment agreement, a termination for "good reason" means a termination by us because (i) after a change in control, there is (a) a material reduction of his then existing annual base salary, or (b) a material reduction in his package of benefits and incentives, taken as a whole, or (c) a material reduction in the benefits and incentives of all other executive officers at levels similar to Mr. Joyce are similarly reduced, (c) a material change in the geographic location at which Mr. Joyce must perform services to the extent that such change would materially and adversely affect his authority, duties or responsibilities, taken as a whole, or (d) a requirement that he relocate such that the distance of his one-way commute is increased by more than 35 miles; (ii) we materially breached our obligations under his employment agreement; or (iii) we failed to obtain the assumption of his employment agreement by any successor or assign.

**Cause**

Pursuant to the terms of Mr. Saunders' employment agreement and Mr. Bisaro's New Employment Agreement, a termination for "cause" means that we have terminated Mr. Saunders or Bisaro because of (i) his refusal to perform or substantially perform his duties for periods of illness, injury or incapacity, or to follow the lawful instructions of the Board; (ii) his willful and knowing breach of his obligations under the employment agreement; (iii) a conviction of, or entry of a plea of guilty or nolo contendere to, or a crime involving moral turpitude; (iv) a prohibition or restriction from performing any material part of his duties; or (v) a willful breach of the material policies of the Company to which he is subject and which have been reasonably adopted for the good and best interests of the Company.

Pursuant to the terms of Mr. Bisaro's Prior Employment Agreement, the Olafsson Retention Letter and the Buchen Retention Letter, a "cause" means that we have terminated Mr. Bisaro, Mr. Olafsson or Mr. Buchen because of (i) his material misconduct against us; (ii) his gross neglect, willful malfeasance or gross misconduct in connection with his duties; (iii) his conviction of, or plea of guilty or nolo contendere to a felony that negatively impacts us economically or our reputation; (iv) his willful and knowing violations of any rules or regulations of any governmental or regulatory body; (v) his failure to cooperate, if requested by the Board, with any internal or external investigation or inquiry into our operations; or (vi) his failure to render services in accordance with the terms of his employment agreement.

Pursuant to the terms of our severance pay plan and change in control severance pay plan (in which Olafsson participated through May 19, 2014), a termination for “cause” means that we have terminated an executive for (i) unsatisfactory performance or misconduct (including, but not limited to, conviction of any felony or the executive’s material breach of his or her duties to us, which he or she fails to correct within thirty (30) days after he or she is given written notice by his or her immediate supervisor, designated Company officer, or one of their designees.

Pursuant to the terms of Mr. Joyce’s employment agreement, a termination for “cause” means that we have terminated an executive for (i) conviction of any felony; (ii) his gross misconduct, material violation of Company policy, or material breach of his duties to us, which he fails to correct within thirty (30) days after he is given written notice by the CEO; or (iii) his failure to relocate from his residence in 2010 to a location in reasonable day-to-day proximity to the Company’s commercial headquarters in

Pursuant to the terms of Mr. Meury’s employment agreement, a termination for “cause” means that we have terminated an executive for (i) willful and continuous failure to performance substantially his duties with the Company (other than physical or mental illness), after a written demand for substantial performance is delivered to him by the Board or Chief Executive Officer, which specifically identifies the manner in which the Board or Chief Executive Officer believes that he has failed to perform his duties; or (ii) willful engaging in illegal misconduct or gross misconduct which is materially and demonstrably in

Pursuant to the terms of the Buchen Employment Agreement, a termination for “cause” means that we have terminated an executive for (i) conviction for any felony; or (ii) his gross misconduct, material violation of our policies, or material breach of his duties to us, which he fails to correct within thirty (30) days after he is given written notice by our Chief Executive Officer or another de

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## DIRECTOR COMPENSATION

Following the closing of our merger with Warner Chilcott, the Company assumed the Actavis, Inc. changes. Pursuant to this program, all members of the Board of Directors who were not full-time employees received an annual cash bonus equal to \$65,000 and a grant of restricted shares valued at \$225,031 (with the exception of Ms. Basgoz, whose bonus was \$25,000 below) on the date of such grant for 2014. In addition, in 2014, non-employee directors were paid \$1,500 for each Board meeting attended telephonically and \$1,000 for each meeting attended telephonically. Directors were also paid \$1,500 for each Committee meeting attended telephonically. Our lead independent director also received an additional annual fee of \$20,000. Our lead independent director until May 2014, after which Catherine M. Klema began serving as our lead independent director, received compensation for serving as committee chairmen, (i) the Chairman of the Audit and Compliance Committee received an additional annual fee of \$20,000, (ii) the Chairman of the Compensation Committee received an additional annual fee of \$15,000. The Chairman of the Nominating and Corporate Governance Committee and Quality and Operations Committee received an additional annual fee of \$10,000.

All directors were reimbursed for expenses incurred in connection with attending Board and Committee meetings. All reimbursements are subject to payment of Irish tax under an interpretation by the Irish Revenue authorities. In connection with expense reimbursements to the non-employee directors in order to avoid any adverse tax consequences, the Company has made tax equalization payments to the non-employee directors. In addition, non-employee directors were eligible to receive a tax equalization payment to avoid the adverse tax consequences of the Irish tax payments.

Messrs. Saunders, Bisaro and Olafsson, who were also employed by us during 2014, did not receive any compensation as non-employee directors during 2014.

As noted above, in order to better align the interests of our Board with those of our shareholders in 2012, we adopted share ownership guidelines. We believe that to implement what we believe is a corporate governance “best practice,” we adopted share ownership guidelines in 2012. Our ownership guidelines require our directors to hold shares in the Company in an amount at least equal to the director’s fee. Under our guidelines, restricted shares, as well as vested shares owned by a director, are currently in compliance with the Company’s share ownership guidelines.

The following table sets forth the annual compensation paid by the Company to each person who served as a non-employee director during 2014.

Name	Fees Earned or Paid in Cash (\$) <sup>(1)</sup>	Restricted Share Awards (\$) <sup>(2)</sup>	Equalization Payments and Tax Gross-up on Expense Reimbursement (\$) <sup>(3)</sup>	Total (\$)
Nesli Basgoz	26,750	168,788	15,545	211,083
James H. Bloem	106,392	225,031	71,288	402,711

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Christopher W. Bodine	73,446	225,031	48,267	346,744
Christopher J. Coughlin	28,250	168,788	14,290	211,328
Tamar D. Howson <sup>(4)</sup>	106,892	225,031	61,741	393,664
John A. King <sup>(4)</sup>	98,392	225,031	38,955	362,378
Catherine M. Klema	83,321	225,031	62,796	371,148
Jiri Michal <sup>(4)</sup>	110,303	362,375	43,396	516,074
Jack Michelson <sup>(5)</sup>	26,000	—	17,863	43,863
Patrick J. O'Sullivan	106,929	225,031	1,606	333,029
Ronald R. Taylor	77,929	225,031	68,041	371,001
Andrew L. Turner <sup>(4)</sup>	63,036	225,031	87,277	375,344
Fred G. Weiss	78,393	225,031	77,167	380,591

(1) Includes annual cash retainer fees, meeting fees and chairperson fees, if applicable.

Consists of the annual grant of restricted shares to non-employee directors, equal to 1,142 shares

\$197.05 granted on May 8, 2014, with the exception of (i) Ms. Basgoz and Mr. Coughlin, who e

(2) per share fair value of \$243.21 on October 30, 2014 in connection with their appointment to the

transaction and (ii) Mr. Jiri Michal, who received 1,839 shares of restricted stock with a per sh

included an additional prorated amount in connection with Mr. Michal's service on the Board f

which he did not receive an earlier grant.

Includes tax gross-ups on business expense reimbursements associated with non-employee direc

(3) subject to payment of Irish tax under an interpretation by the Irish Revenue authorities and a ta

taxation.

(4) Resigned effective March 17, 2015.

(5) Resigned effective May 9, 2014.

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Stock Ownership of Certain Beneficial Owners

The following table sets forth the name, address (where required) and beneficial ownership of each 13(d)(3) of the Exchange Act) known by us to be the beneficial owner of more than 5% of our ordinary shares of the Exchange Act as of April 10, 2015:

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership <sup>(1)</sup>	Percent of Class
FMR LLC 245 Summer Street Boston, MA 02210	19,562,845 <sup>(2)</sup>	5.0%

*Unless otherwise indicated in the footnotes to this table and pursuant to applicable community property laws, the beneficial owners listed in this table have sole voting and investment power with respect to all ordinary shares reflected in this table. All ordinary shares were issued and outstanding.*

*(1) According to a Schedule 13G/A filed with the SEC on February 13, 2015 by FMR LLC, FMR LLC has sole voting power with respect to 1,196,501 shares and sole dispositive power with respect to 1,196,501 shares.*



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## Stock Ownership of Directors and Executive Officers

The following table sets forth, as of March 20, 2015, based on 391,739,928 ordinary shares outstanding, the ownership of Actavis ordinary shares (including rights to acquire shares within 60 days of March 20, 2015) by (i) each Actavis Named Executive Officer and (iii) all current directors and executive officers (including those who have acted as security by any of the Actavis directors or executive officers named below. No individual director or executive officer owned more than 1% of Actavis' ordinary shares.

Unless otherwise indicated in the footnotes to this table and pursuant to applicable community property laws, the persons named in this table have sole voting and investment power with respect to all ordinary shares reflected in this table. The principal office of Actavis NEOs is 1 Grand Canal Square, Docklands, Dublin 2, Ireland.

Name	Amount and Nature of Beneficial Ownership	
	Ordinary Shares (#) <sup>(1)</sup>	Rights to Acquire Shares (Options) (#)
Directors (excludes executive officer directors)		
Nesli Basgoz, M.D.	3,120	19,726
James H. Bloem	8,942	—
Christopher W. Bodine	12,771	—
Christopher J. Coughlin	1,661	15,927
Michael R. Gallagher <sup>(2)</sup>	12,964	—
Catherine M. Klema	20,750	—
Peter J. McDonnell, M.D.	2,065	—
Patrick J. O'Sullivan	3,412	—
Ronald R. Taylor	23,084	—
Fred G. Weiss	25,417	—
Named Executive Officers		
Paul M. Bisaro	402,865	—
Brenton L. Saunders	39,415	105,394
Maria Teresa Hilado	—	—
Robert A. Stewart	42,236	—
David A. Buchen	60,988	—
William Meury	51,015	88,227
R. Todd Joyce <sup>(3)</sup>	40,000	—
Sigurdur Olafsson <sup>(4)</sup>	71,947	—
All current directors and executive officers as a group (24 individuals)	846,541	269,547

(1) Ordinary shares includes voting securities represented by shares held of record, shares held by nominee, and shares held through family trust arrangements, including any shares of restricted stock which are not yet vested.

(2)

*Includes 17,641 phantom share units representing an equal number of ordinary shares which, upon the approval of the Board of Directors, the director has the right to receive.*

*(3) Includes ordinary shares held by the Joyce Family Trust. Mr. Joyce is no longer an officer or director of the Company. Share ownership as of the date of his last Form 4 filing with the SEC. Mr. Joyce's last Form 4 was filed on June 30, 2014.*

*(4) Information is as of June 30, 2014, the last day of Mr. Olafsson's service to the Company.*

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**PROPOSAL NO. 2** NON-BINDING VOTE ON THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

**BACKGROUND**

Pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 we are providing an advisory (non-binding) vote on the compensation of our Named Executive Officers as determined by the Compensation Committee. The Compensation Committee has determined to hold such say-on-pay advisory vote every year and expects to hold its next say-on-pay advisory vote in 2015. We encourage our Shareholders to vote on this proposal.

**SUMMARY**

In accordance with Section 14A of the Securities and Exchange Act of 1934, as amended, we are providing this summary of the compensation of our Named Executive Officers (which consist of our Chief Executive Officer and our Chief Financial Officer, both of whom are paid executives), as such compensation is described in the Compensation Discussion and Analysis section of this Proxy Statement, beginning on page 55. Our compensation programs are designed to enable us to attract, motivate and retain executive talent, who are critical to the achievement of pre-established corporate financial performance objectives and other key objectives, and provide long-term incentive compensation that focuses our executives' efforts on building shareholder value and providing long-term value to our shareholders. The following is a summary of some of the key points of our executive compensation program as described in the "Compensation Discussion and Analysis" section of this Proxy Statement and executive-related compensation programs.

*Performance-Based Compensation.* Our executive compensation program includes (i) cash awards based on performance relative to business and strategic objectives and corporate financial goals; and (ii) performance-based equity awards that are designed to create long-term, sustainable shareholder value.

*Long-Term Compensation.* Grants of performance share units and stock options are intended to align executive compensation with long-term performance and focus executives' attention on long-term growth. In addition, even after performance awards are granted, we have vesting requirements to promote executive retention and a longer-term perspective.

*Independent Compensation Consultation.* The Compensation Committee has engaged an independent compensation consultant, Frederic W. Cook & Co., Inc., to advise the committee on matters related to executive compensation.

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## **RECOMMENDATION**

Our Board of Directors believes that the information provided above and within the “Compensation Statement demonstrates that our executive compensation program was designed appropriately and aligned with our shareholders’ interests to support long-term value creation.

The text of the resolution in respect of Proposal No. 2 is as follows:

“RESOLVED, that the compensation of Actavis’ Named Executive Officers, as disclosed in the Compensation tables and narrative discussion set forth in this Proxy Statement be and is hereby approved.”

The say-on-pay vote is advisory, and therefore not binding on the Company, the Compensation Committee will consider the outcome of the vote in deciding whether to take any compensation decisions for Named Executive Officers.

## **REQUIRED VOTE**

A simple majority of votes cast at the Annual Meeting is required to approve, on an advisory (non-binding) basis, the compensation of the Company’s Named Executive Officers. Abstentions and broker non-votes will not have any effect on the outcome of the vote. A broker non-vote represents a vote cast.

Our Board of Directors recommends that shareholders vote **FOR** adoption of the resolution approving the compensation of the Company’s Named Executive Officers, as described in the Compensation Discussion and Analysis set forth in this Proxy Statement.

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**PROPOSAL NO. 3** NON-BINDING RATIFICATION OF THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS AUDITORS AND BINDING AUTHORIZATION OF THE BOARD TO DETERMINE THE REMUNERATION OF THE COMPLIANCE COMMITTEE

The firm of PricewaterhouseCoopers LLP has audited our consolidated financial statements since 2012 and recommends that the shareholders ratify, in a non-binding vote, the appointment of PricewaterhouseCoopers LLP as auditors for the fiscal year ending December 31, 2015 and to authorize, in a binding vote, the Board of Directors, the Audit and Compliance Committee, to determine PricewaterhouseCoopers LLP's remuneration. Representatives of PricewaterhouseCoopers LLP will be present at the Annual Meeting with the opportunity to make a statement if they desire to do so and are expected to answer questions from shareholders.

We have been informed by PricewaterhouseCoopers LLP that neither the firm nor any of its members has any direct or material indirect financial interest in us or our affiliates.

Shareholder ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm is not required by our Articles of Association or otherwise. However, the Board of Directors is submitting the appointment of PricewaterhouseCoopers LLP to the shareholders entitled to vote at the Annual Meeting for ratification as a matter of good corporate practice. If the shareholders do not ratify the appointment, the Audit and Compliance Committee will reconsider whether or not to retain that firm. In its discretion, the Audit and Compliance Committee may direct the appointment of a different independent registered public accounting firm for the next year if it determines that such a change would be in our best interests and in the best interests of our shareholders.

## **RECOMMENDATION**

The text of the resolution in respect of Proposal No. 3 is as follows:

“To ratify, in a non-binding vote, the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm of the Company until the next annual general meeting of the Company in 2016 and to authorize, in a binding vote, the Board of Directors, the Audit and Compliance Committee, to determine its remuneration.”

## **REQUIRED VOTE**

A simple majority of votes cast at the Annual Meeting is required to ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year December 31, 2015 and authorize the Board of Directors, the Audit and Compliance Committee, to determine PricewaterhouseCoopers LLP's remuneration. Abstentions will not have any effect. An abstention does not represent a vote cast. The ratification of PricewaterhouseCoopers LLP is a matter of discretionary voting authority, and thus, we do not expect any broker non-votes with respect to this proposal.

The Board of Directors unanimously recommends a vote ***FOR*** the non-binding ratification of the a independent registered public accounting firm for 2015 and the binding authorization of the Board Compliance Committee, to determine PricewaterhouseCoopers LLP's remuneration.

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## Audit Fees

The aggregate fees billed or expected to be billed by PricewaterhouseCoopers LLP, our independent auditor, for the years ended December 31, 2014 and 2013 were as follows:

<b>Services</b>	<b>2014</b>	<b>2013</b>
Audit Fees	\$21,086,000	\$19,831,000
Audit-Related Fees	4,794,000	4,824,000
Total Audit and Audit-Related Fees	25,880,000	24,655,000
Tax Fees	7,060,000	4,190,000
All Other Fees	186,000	74,000
<b>TOTAL FEES</b>	<b>\$33,126,000</b>	<b>\$28,920,000</b>

**AUDIT FEES**

Audit Fees include professional services rendered in connection with the annual audits of our financial statements required by regulation, and internal control over financial reporting and the reviews of the financial statements for interim periods during the related year. Additionally, Audit Fees include other services that only an independent auditor can reasonably provide, such as services associated with SEC registration statements and security offerings registered with the SEC.

**AUDIT-RELATED FEES**

Audit-Related Fees include accounting consultations and review procedures related to accounting, tax and other matters, classified as "Audit Fees," due diligence fees associated with our acquisitions and business development activities, employee benefit plans and other attest services related to financial reporting matters in connection with our audits.

**TAX FEES**

Tax fees include tax compliance for our foreign subsidiaries, tax advice in connection with certain transactions and other services. Tax fees in 2014 include \$4,795,000 for tax consulting services mainly related to our integration of the Actavis and Warner Chilberg businesses, \$2,265,000 for services provided in connection with tax audits, transfer pricing and other tax compliance matters, and \$3,346,000 for tax consulting services mainly related to our integration of the Actavis and Warner Chilberg businesses, including providing services for tax audits, transfer pricing and other compliance matters.

## **ALL OTHER FEES**

All Other Fees in 2014 and 2013 consist of fees for miscellaneous services not characterized as audit

The Audit and Compliance Committee believes that the provision of all non-audit services rendered by PricewaterhouseCoopers LLP's independence.

The Audit and Compliance Committee approved all audit and non-audit services provided by PricewaterhouseCoopers LLP. The Audit and Compliance Committee has adopted a policy to pre-approve all audit and certain permissible non-audit services provided by PricewaterhouseCoopers LLP. Pre-approval is generally provided for up to one year, and any pre-approval is detailed as to the types of services provided by PricewaterhouseCoopers LLP and the estimated fees related to these services. During the approval process, the Audit and Compliance Committee considers the impact of the types of services and the related fees on the independence of PricewaterhouseCoopers LLP and management are required to periodically report to the full Audit and Compliance Committee regarding the services provided by PricewaterhouseCoopers LLP, in accordance with the pre-approval policy and the fees for the services provided. In instances where services arise when it may become necessary to engage PricewaterhouseCoopers LLP for additional services, the Audit and Compliance Committee requires specific pre-approval by the Audit and Compliance Committee chair, before engaging PricewaterhouseCoopers LLP for such services.

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Report of the Audit and Compliance Committee

The primary functions of the Audit and Compliance Committee are to assist the Board of Directors

- the integrity of Actavis' financial statements;
- Actavis' compliance with legal and regulatory requirements;
- the outside auditor's qualifications and independence; and
- the performance of Actavis' internal audit function and of its independent registered public accountants.

Additionally, the Audit and Compliance Committee serves as an independent and objective party that

- monitors Actavis' financial reporting process and internal control systems;
- retains, oversees and monitors the qualifications, independence, compensation and performance of the auditing firm; and
- provides an open avenue of communication among the independent registered public accounting firm, the auditing department and the Board of Directors.

The Audit and Compliance Committee Charter describes in greater detail the full responsibilities of the Committee, which are available under the Investors section of our website at <http://www.Actavis.com>. The Audit and Compliance Committee Charter is reviewed and approved by the Audit and Compliance Committee annually prior to Actavis' Annual Shareholders' Meeting and at such other times as the Audit and Compliance Committee deems appropriate.

The Audit and Compliance Committee schedules its meetings and implements procedures designed to ensure that it devotes appropriate attention to each of the matters assigned to it under the Audit and Compliance Committee Charter. The Audit and Compliance Committee met each quarter, and eight times in total, during 2014. In addition to the formal meetings, the Committee makes itself available to Actavis and its internal and external auditors during the course of the year to discuss any matter that may warrant the attention of the Audit and Compliance Committee.

In carrying out its responsibilities, the Audit and Compliance Committee acts in an oversight capacity over the financial reporting process, including the system of internal controls, and for preparation of consolidated financial statements in accordance with generally accepted accounting principles. Actavis' independent registered public accounting firm is responsible for auditing the consolidated financial statements and expressing an opinion as to their conformity with generally accepted accounting principles. In connection with Actavis' 2014 audit, the Audit and Compliance Committee has:

- reviewed and discussed Actavis' audited consolidated financial statements for fiscal 2014 with management and the independent registered public accounting firm, PricewaterhouseCoopers LLP;
- discussed with PricewaterhouseCoopers LLP the matters required to be discussed by Auditing Standards Board (ASB) Auditing Standards (ASAs) and Auditing Standards Committees), as adopted by the Public Company Accounting Oversight Board ("PCAOB") and current PCAOB rules and regulations; and
- received the written disclosures and the letter from PricewaterhouseCoopers LLP required by PCAOB Auditing Standards, PCAOB Auditing Standards Communications with Audit Committees Concerning Independence, and has discussed with PricewaterhouseCoopers LLP the findings of the audit of Actavis and its management.

Based on the review and discussions above, the Audit and Compliance Committee has recommended the consolidated financial statements in Actavis' Annual Report on Form 10-K for the year ended December 31, 2015.

Fred G. Weiss, *Chairman*  
Catherine M. Klema  
James H. Bloem  
Patrick J. O'Sullivan

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**PROPOSAL NO. 4** CHANGE OF COMPANY NAME

**BACKGROUND**

On November 15, 2014, our board of directors approved, subject to shareholder approval and the approval of the Registrar of Companies in Ireland, a change in name of the Company from Actavis plc to Allergan plc (the “*Name Change Amendment*”). The new name the Company believes is synonymous with high quality pharmaceutical products in the global market and the adoption of the new company name is in the best interests of our Company and our shareholders and is consistent with our anticipated future operations.

The Name Change Amendment will not effect any change in our business or management and will not affect our principal executive offices. Our common stock is traded on the NYSE and will continue to be quoted on the NYSE after the Name Change Amendment. Currently, our common stock is traded on the NYSE under the symbol “ACT.” As a result of the Name Change Amendment, we will have a new trading symbol and CUSIP number.

**RECOMMENDATION**

Our Board of Directors believes that the information provided above demonstrates that changing the name of the Company to Allergan plc is in the best interest of the Company and is designed to ensure the Company’s long-term success.

The text of the special resolution in respect of Proposal No. 4 is as follows:

“RESOLVED, that, subject to the approval of the Registrar of Companies in Ireland, the name of the Company be changed from Actavis plc to Allergan plc.”

**REQUIRED VOTE**

A qualified majority of 75% of the votes cast at the Annual Meeting is required to approve the Name Change Amendment. Abstentions and broker non-votes will not have any effect on the outcome of the vote. An abstention nor a broker non-vote represents a vote cast.

Our Board of Directors recommends that shareholders vote **FOR** adoption of the resolution approving the resolution changing the name of the Company to Allergan plc, as described in this Proxy Statement.

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**PROPOSAL NO. 5** APPROVAL OF AMENDMENT TO AMENDED AND RESTATED 2013

We are asking our shareholders to approve the Amended and Restated 2013 Incentive Award Plan Appendix A. Our Board adopted the Restated Plan on July 1, 2014, subject to shareholder approval of the Amended and Restated 2013 Incentive Award Plan of Actavis plc (the “Prior Plan”) in its entirety, which was approved by our shareholders. If the Restated Plan is not approved by our shareholders, all Merger Success Awards (which are cash-based long-term performance awards that were granted under the Restated Plan of Actavis Inc.) previously awarded under the Restated Plan shall be canceled and become null and void, and all cash-based awards shall cease to be effective with respect to such Merger Success Awards and Transformation Incentive Awards. In any event, any award other than a Merger Success Award or Transformation Incentive Award awarded under the Restated Plan and prior to such shareholder approval shall remain in full force and effect and the Restated Plan shall apply to all provisions other than those related to other cash-based awards.

The Restated Plan does not increase the number of shares authorized for issuance and the authorization of shares approved by our shareholders in September 2013, would continue to apply. As permitted by NYSE listing requirements, the number of shares which remained available for issuance under the Forest Plan (as defined below) a

The Restated Plan makes a number of changes to the Prior Plan, each of which we believe enhance compensation and governance best practices. The Restated Plan amends and restates the Prior Plan

- provides for the grant of other cash-based awards, with a maximum value of a cash payment made to any Section 162(m) participant of \$50,000,000;
- revises the definition of change in control to mirror the definition found in the Forest Laboratories, Inc. Amended and Restated 2013 Incentive Award Plan;
- revises the share reserve provisions to assume the number of shares which remained available for issuance under the Forest Merger (the “Forest Closing”);
- provides that, solely with respect to awards granted on or after the Forest Closing, such awards will terminate within two years following such change in control; and
- extends the term of the Restated Plan through the tenth anniversary of the date on which it was adopted.

In addition to the above, we are asking shareholders to approve the Restated Plan to satisfy the shareholder approval requirements of the Internal Revenue Code of 1986, as amended (“Section 162(m)”) and to approve the material terms of the awards granted under the Restated Plan as required under Section 162(m). In general, Section 162(m) places limitations on the purposes of the compensation paid to our Chief Executive Officer or any of our three other most highly compensated officers (including our Chief Financial Officer). Under Section 162(m), compensation paid to such persons in excess of \$1 million per year is not eligible for deductibility. However, compensation that qualifies as “performance-based” under Section 162(m) does not count against the requirements of “performance-based” compensation for purposes of Section 162(m) if the compensation may be paid be disclosed to and approved by our public shareholders. For purposes of Section 162(m), (a) a description of the business criteria on which the performance goals of compensation that can be paid to an employee under the performance goals. Each of these aspects of the Restated Plan, is discussed below, and shareholder approval of this Proposal No. 5 is in accordance with the Restated Plan for purposes of the shareholder approval requirements of Section 162(m).

Shareholder approval of the Restated Plan is only one of several requirements under Section 162(m) for the Restated Plan to qualify for the “performance-based” compensation exemption under Section 162(m). Restated Plan performance goals for shareholder approval should not be viewed as a guarantee that the Restated Plan will be approved. Nothing in this proposal precludes us or the plan administrator from making any determination regarding the tax deductibility under Section 162(m).

**We believe that long-term incentives are critical to attracting and retaining the most talented employees. The adoption of the Restated Plan will allow us to continue to provide such incentives.**

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## **Shareholder Approval Requirement**

Shareholder approval of the Restated Plan is necessary in order for us to (1) meet the shareholder approval requirements for certain compensation resulting from awards granted thereunder intended to qualify as "qualified" under Section 162(m), and (3) grant incentive stock options ("ISOs") thereunder.

Specifically, approval of the Restated Plan will constitute approval of the material terms of the Restated Plan and the requirements of Section 162(m), as discussed above, which will enable (but not require) us to award awards under the Restated Plan in the meaning of Section 162(m) through our 2020 annual meeting of shareholders, preserving the deductibility of such awards for tax purposes. In addition, approval of the Restated Plan will constitute approval pursuant to the shareholder approval requirements of the Internal Revenue Code relating to ISOs.

If shareholders do not approve this Proposal No. 5, all Merger Success Awards and Transformation Incentive Awards under the Restated Plan shall be canceled and become null and void, and all provisions of the Restated Plan shall be null and void, and shall not be effective with respect to such Merger Success Awards and Transformation Incentive Awards. For the purposes of this Proposal No. 5, any Merger Success Award or Transformation Incentive Award awarded on or after the date the Board of Directors obtains the required shareholder approval shall remain in full force and effect and the Restated Plan will continue in full force and effect with respect to awards other than those related to other cash-based awards.

## **SUMMARY OF THE RESTATED PLAN**

### ***General***

The Restated Plan allows the Company to offer to participants a variety of long-term incentives, including restricted stock, restricted stock units, stock payments, deferred stock, dividend equivalents and other cash-based awards, to reward and motivate directors, employees and consultants for the attainment of performance objectives. The purposes of these awards are to: (1) provide an additional incentive to directors, employees and consultants to further the growth, development and financial success of the Company by personally investing in the Company's shares and/or rights which recognize such growth, development and financial success; and (2) enable the Company to attract, retain and motivate directors, employees and consultants considered essential to the long-range success of the Company by offering awards to directors, employees and consultants in the form of shares and/or rights which will reflect the growth, development and financial success of the Company.

### ***Administration***

The Restated Plan is currently administered by the Compensation Committee, except with respect to awards that are administered by the Board. All members of the Compensation Committee are non-employee directors, (i) an independent director under the Company's Director Independence Standards, (ii) a "non-employee director" under the Securities Exchange Act of 1934, (iii) an "outside director" for purposes of Section 162(m) of the Code, and (iv) an "independent member" under the Restated Plan. The Compensation Committee has the power to designate employees, directors and consultants to receive awards, determine the terms and conditions of those awards, interpret the Restated Plan and to adopt such rules for the administration of the Restated Plan as are consistent with the Restated Plan. The Compensation Committee may also designate one or more members of the Compensation Committee or officers of the Company, except that no such designees shall be subject to the reporting rules under Section 16(a) of the Exchange Act, (b) participants who may be subject to the reporting rules imposed by Section 162(m) of the Code or (c) officers that are delegated such authority by the Compensation Committee. "Administrator" mean the Compensation Committee or the party to whom it delegates authority. The Compensation Committee or the party to whom it has delegated authority, except with respect to awards that are subject to the Code that are required to be determined by the Compensation Committee. Action by the Compensation Committee shall require the written consent of all of its members.

### *Authorized Shares; Award Limit*

The Restated Plan authorizes the issuance of up to (i) 8,241,885 shares of stock, representing the shares of stock that were added back under the Incentive Award Plan of Watson Pharmaceuticals, Inc. (the "Original Plan") as of December 31, 2010 were added back under the Original Plan, or may be added back to the Restated Plan in accordance with the terms of the Original Plan ("Original Shares"), plus (ii) 1,269,340 shares of stock, which were assumed under the Warner Chilcott Plan ("Warner Chilcott Shares"), plus (iii) 7,156,687 shares of stock, which were assumed under the Forest Plan, excluding the shares of stock that were assumed under the Forest Closing that were conditioned upon such closing (the "Forest Laboratory Shares"). On and after the date of the Restated Plan, the shares of stock available for awards granted to Legacy Actavis Participants and New Actavis Participants, (y) Warner Chilcott Shares granted to Legacy Warner Chilcott Participants and New Actavis Participants and (z) Forest Laboratory Shares granted to Legacy Forest Employees and New Actavis Participants (each as defined in the Restated Plan). The total number of shares of stock that may be issued under the Restated Plan is subject to the terms and conditions of the Restated Plan and the issuance of such shares of stock shall be subject to the terms and conditions of the Restated Plan.



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under the Restated Plan will be reduced by 2.45 shares for each Forest Laboratories Share subject to the Restated Plan that is not a Forest Laboratories Share other than Forest Laboratories Shares issuable upon the exercise of a stock option or the vesting of a stock appreciation right, and by one share for each share of our stock subject to all other awards granted under the Restated Plan.

Under the Original Plan or under the Restated Plan, any shares of stock that are potentially delivered but not received, forfeited, settled in cash or otherwise terminated without a delivery of such shares (including on payment of a stock appreciation right) will, to the extent of the expiration, cancellation, forfeiture, cash settlement or termination, and any shares of stock that have been issued in connection with any award (e.g., restricted stock) that are not delivered to the participant, those shares are returned to the Company, such shares, to the extent of the cancellation, forfeiture or termination, shall again be available for awards under the Restated Plan. Shares of our stock subject to awards that are not delivered to the participant or shares of stock of another corporation will again be available for awards under the Restated Plan.

For all shares that become available again for awards, the number of shares of stock available for issuance under the Restated Plan will be increased by 2.45 shares. To the extent that Original Shares underlying an award are again available for awards granted to Legacy Actavis Participants or New Actavis Participants. To the extent that Original Shares underlying an award are again available for awards under the Restated Plan, such shares shall be available for awards granted to Chilcott Participants or Legacy Forest Laboratories Participants, as applicable, or New Actavis Participants.

Shares of stock issued or issuable pursuant to substitute awards will not reduce the number of shares available for issuance under the Restated Plan. Additionally, in the event that a company acquired by the Company has shares available under the Restated Plan and not adopted in contemplation of such acquisition, the shares available for grant pursuant to such award shall be available for grant under the Restated Plan and will not reduce the number of shares available for issuance under the Restated Plan.

In the event of a dividend, recapitalization, reclassification, stock split, merger, consolidation, split-up, spin-off, reorganization, dissolution or other similar corporate transaction that affects our stock, other than a stock split, the Administrator will equitably adjust any or all of the following in order to prevent the dilution of the award intended to be made available under the Restated Plan:

- (i) the number and kind of shares of our stock that may be granted under the Restated Plan,
- (ii) the limitation on the maximum number and kind of shares that may be subject to one or more awards under the Restated Plan in any fiscal year of the Company,
- (iii) the number and kind of shares subject to outstanding awards, and
- (iv) the grant or exercise price with respect to any such award.

In the event of an Equity Restructuring, the number and type of securities subject to each outstanding award shall be equitably adjusted, and the Administrator will make such equitable adjustments.

may be issued under the Restated Plan as the Administrator deems appropriate.

The shares of our stock covered by the Restated Plan may be treasury shares or authorized but unissued shares. The fair market value of a share of our stock as of any given date is the closing sales price for a share of our stock on the system on which our stock is listed on such date or, if there is no closing sales price for our stock on such date, the closing sales price of a share of our stock on the last preceding date for which such quotation exists, as reported in The Wall Street Journal.

Subject to adjustment, the maximum number of shares of our stock that may be subject to awards granted under the Restated Plan may not exceed 500,000 shares and or options, and the maximum value of a cash payment made under the Restated Plan with respect to any fiscal year of the Company to any "Section 162(m) Participant" (as defined in the Restated Plan) for stock appreciation rights are granted with an exercise price equal to the fair market value at grant. With respect to restricted stock units, the maximum value an individual can receive is the fair market value of the shares of our stock at the time of grant.

### *Eligibility*

Participants in the Restated Plan are employees, consultants, or independent directors of the Company or its subsidiaries. Consultants and independent directors who are based in the United Kingdom and its subsidiaries are not eligible to receive awards under the Restated Plan.

### *Awards*

#### *Stock Options*

A stock option may be granted either alone or in addition to other awards granted under the Restated Plan. A stock option may be a non-qualified stock option. The Administrator determines (i) which employees, consultants, and independent directors are eligible to receive shares covered thereby; (ii) whether the options are intended to qualify as incentive stock options (i.e., whether the recipients are employees of the Company or any subsidiary corporation may be granted incentive stock options); and (iii) whether the options are consistent with the Restated Plan.

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In the case of incentive stock options, (i) the per share exercise price will not be less than 100% of the grant date, and (ii) for the persons owning (within the meaning of Section 424(d) of the Code) more than 10% of any class of capital stock of the Company or any subsidiary corporation (a "10% Person"), the per share exercise price will not be less than 100% of the market value of a share of our stock on the grant date.

In the case of non-qualified stock options, the per share price will not be less than 100% of the fair market value of the stock on the date the option is granted.

Each option, and its exercise price, term (not to exceed a maximum of ten years), vesting and other terms, will be set forth in the option agreement. Payment of the stock option exercise price will be made in cash. However, the Administrator may, at its discretion, permit the delivery of shares of our stock already held by the award recipient, shares then issuable upon exercise of the option, or the proceeds from a broker assisted market sale of the shares, or other consideration approved by the Administrator, or a combination thereof, on the exercise date equal to the total option exercise price.

In the event the term of a stock option would expire at a time when trading in shares of the stock by the Company is restricted under the Company's insider trading policy, the term of such Option will be automatically extended, subject to the terms of the stock option was granted and any requirements of Section 422 of the Code, to the 30<sup>th</sup> day following the expiration of the trading prohibition.

*Restricted Stock*

Restricted stock may be sold to participants at various prices or granted in connection with the performance of the participant, and may be forfeited or repurchased by the Company if the vesting conditions are not met and is subject to transfer restrictions based on duration of employment and performance criteria (or other specified criteria). The Administrator may, at its discretion, grant restricted stock awards to employees, directors or consultants are to be granted restricted stock awards, (ii) the purchase price of the restricted stock to be purchased, and (iii) the vesting conditions and restrictions on the shares of our stock awarded. Upon termination of employment or service for any reason, all restricted stock will be surrendered by the participant and redeemed or acquired by the Company for the fair market value of the stock at the time of termination.

*Dividend Equivalents, Deferred Stock, Stock Payments, Restricted Stock Units and Other Cash-Based Awards*

Participants awarded dividend equivalents will be entitled to receive payments, as determined by the Administrator, equal to the dividends payable with respect to a specified number of shares of our stock, to be credited as of the date of the dividend and converted to cash or additional shares of our stock by such formula and at such time and subject to the terms of the award agreement.

Dividend equivalents may be calculated with reference to the number of shares covered by a related award (including a restricted stock unit, restricted stock award, option or stock appreciation right) held by the participant. Dividend equivalents will be paid out to the Participant to the extent that the performance-based vesting conditions of such award shall only be paid out to the Participant to the extent that the performance-based vesting conditions of such award vests.

Deferred stock and stock payments will be issued as shares of our stock at the discretion of the Administrator and other terms as the Administrator deems appropriate, including vesting based on specific performance or purchase price.

Restricted stock units will be granted at the discretion of the Administrator and will be subject to such terms, including (i) the number of shares of our stock subject to the award, (ii) vesting schedule, (iii) purchase price, (iv) vesting dates, and (v) the maximum term of the award. Restricted stock units are subject to forfeiture if the participant is no longer an employee, consultant or independent director of the Company. Restricted stock units will be made as shares of our stock.

Other cash-based awards will be granted in amounts, and on terms and conditions, determined by the Administrator. Awards may be granted subject to the satisfaction of vesting conditions or may be awarded purely as a bonus and not subject to vesting conditions, the Committee may accelerate the vesting of such award at any time. The grant of awards is not a segregation of any of the Company's assets for satisfaction of the Company's payment obligation to the participant.

Unless otherwise determined by the Administrator, dividend equivalents, deferred stock, stock payments and stock appreciation rights are distributable only while the participant is an employee, consultant or independent director of the Company.

### *Stock Appreciation Rights*

Stock appreciation rights may be granted either alone or in tandem with stock options granted, or in tandem with a stock option. In the case of a stock appreciation right related to a stock option, the stock appreciation right or applicable award will be exercisable upon the termination or exercise of the related stock option. A stock option related to a stock appreciation right will be exercisable to the extent that the related stock appreciation right has been exercised. An independent director of the Company may have terms, including the number of shares of our stock covered and vesting terms, that are set by the Administrator and has such conditions or restrictions on the exercise of any stock appreciation right as it will deem appropriate. A stock appreciation right will have a term that is longer than ten years or an exercise price below the fair market value of the stock of the Company. If a stock appreciation right would expire at a time when trading in shares of the stock by the award recipient is restricted under the Company's trading policy, the term of such stock appreciation right will be automatically extended, subject to a determination by the Administrator, to the 30<sup>th</sup> day following the expiration of any applicable trading policy.



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Payment for stock appreciation rights will be made based on the fair market value of the shares of our stock at the time of exercise, and may be paid in cash, our stock or a combination of both, as determined by the Administrator. The Administrator may, at its discretion, substitute a stock appreciation right for such stock option at any time, the stock appreciation right being exercisable for the same number of shares of our stock and at the same price as the stock option.

*Performance Criteria*

The Restated Plan has been designed to permit the Committee to grant awards that will qualify as “qualified plans” under Section 162(m). The Committee may grant performance-based compensation awards to Covered Employees. The amount of such awards may be subject to the limit on deductible compensation imposed by Section 162(m), to preserve the deductibility of such awards for income tax purposes (see additional discussion of deductibility requirements under “Federal Income Taxes”). Compensation awards vest or become exercisable upon the attainment of specific performance targets related to one or more of the performance criteria (described below) set forth in the Restated Plan. The Committee may, at its discretion, reduce or eliminate a performance-based compensation award for any given performance period to the extent that such performance criteria are not satisfied.

The pre-established performance goals must be based on one or more of the following performance criteria: (i) revenue (including interest, taxes, depreciation and amortization); (ii) gross or net sales or revenue; (iii) gross or net profit; (iv) adjusted net income; (v) operating income, earnings or profit; (vi) cash flow (including, but not limited to, operating cash flow); (vii) return on assets; (viii) return on capital; (ix) return on shareholders’ equity; (x) total shareholder return; (xi) return on sales; (xii) gross or net profit or operating margin; (xiii) costs (including operating costs); (xiv) funds from operations; (xv) expenses; (xvi) working capital; (xvii) earnings per share; (xviii) adjusted earnings per share; (xix) regulatory body approval or commercialization of a product; (xx) implementation or completion of a project; (xxi) economic value.

The foregoing criteria may relate to the Company, one or more of its divisions, business units, plants, products, services, or projects, and may be applied on an absolute basis or as compared to any incremental increases or decreases in the performance of the Company, its divisions, business units, plants, products, services, or projects, or any combination thereof, all as the Committee may determine.

The Committee may provide that one or more objectively determinable adjustments will be made to the performance goals for any performance period. Such adjustments may include one or more of the following: (i) items of income or expense relating to financing activities; (ii) items of income or expense relating to restructuring or productivity initiatives; (iii) items of income or expense relating to acquisitions; (iv) items attributable to the business operations of any entity acquired by the Company; (v) items attributable to the disposal of a business or segment of a business; (vi) items related to discontinued operations; (vii) items related to applicable accounting standards; (viii) items attributable to any stock dividend, stock split, combination, or other corporate transaction; (ix) any other items of significant income or expense which are determined to be unusual or extraordinary corporate transactions, events or developments; (x) items related to amortization or depreciation that are outside the scope of the Company’s core, on-going business activities; (xi) items related to changes in tax laws; (xii) items relating to major licensing or partnership arrangements; (xiii) items relating to charges; (xiv) items relating to gains or losses for litigation, arbitration and contractual settlements.

nonrecurring events or changes in applicable laws, accounting principles or business conditions.

In determining the actual size of an individual performance-based award for a performance period, increase) the award. Generally, a participant will have to be employed on the date the performance-based award for any period.

### ***Change in Control***

Upon the occurrence of “Change in Control” (as defined in the Restated Plan), each outstanding award will be provided by the successor corporation. Solely for awards granted on or after the Forest Closing, or which become effective or be outstanding following the effective date of a Change in Control, then in the event of a “Qualified holder’s employment during the two year period following the “Change in Control,” the award will be subject to any provisions of the Restated Plan or the applicable award agreement to the contrary.

If the successor corporation refuses to assume or provide a Qualified Substitute Award for the award, the holder may immediately exercise the award for all shares of our stock under the award, including unvested shares. If an award becomes exercisable, the holder will receive a distribution, with respect to all of the shares subject to the award. If an award becomes exercisable and a Qualified Substitute Award, the Administrator will notify the holder that the award will become fully exercisable prior to the “Change in Control” transaction, and the award will terminate upon the expiration of such period. Following the “Change in Control” transaction, the award provides the holder the right to purchase the award prior to the “Change in Control” transaction, the consideration (whether in stock, cash or other property) for each share of our stock in the “Change in Control” transaction (and, if the holders of shares of our stock choose, the consideration chosen by the holders of a majority of the issued or outstanding shares of our stock).

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***Term of the Restated Plan***

No award will be granted pursuant to the Restated Plan after June 30, 2024.

***Plan Amendments***

The Board of the Company may amend, modify, suspend or terminate the Restated Plan at any time with the approval of the shareholders of the Company within 12 months before or after such action to: (a) increase the number of shares that may be issued under the Restated Plan (or the aggregate number of shares of our stock that may be issued under the Restated Plan), (b) increase the number of restricted stock unit awards, dividend equivalent awards, deferred stock awards and stock payment awards that may be granted under the Restated Plan, (c) reduce the exercise price per share of any outstanding awards granted under the Restated Plan or (d) cancel any stock option or stock appreciation right in exchange for cash.

***Transferability***

Participants cannot assign or transfer any award, except (i) by will or the laws of descent and distribution, (ii) to the Plan Administrator, pursuant to a qualified domestic relations order (e.g., a divorce decree). However, the Restated Plan may allow a non-qualified stock option to certain permitted transferees (which include certain family members). A non-qualified stock option transferred to a permitted transferee will not be assignable or transferable by the permitted transferee except on the terms and conditions set forth in the Restated Plan.

***Material U.S. Federal Income Tax Consequence***

The following is a general summary under current law of the material federal income tax consequences that may result from an award under the Restated Plan. This summary deals with the general federal income tax principles that apply only. Alternative minimum tax and other kinds of taxes, such as state, local and foreign income taxes, may also apply. Tax laws are complex and subject to change and may vary depending on individual circumstances.

***Incentive Stock Options***

No taxable income should be recognized by the optionee at the time of the grant of an incentive stock option. Taxable income should be recognized for regular federal income tax purposes at the time the option is exercised; however, the



over the option price is an “item of adjustment” for alternative minimum tax purposes. The option price of the purchased shares are sold or otherwise made the subject of a taxable disposition. For federal income tax purposes, there are two categories: qualifying and disqualifying. A qualifying disposition occurs if the sale or other disposition of the shares involved in such sale or disposition is granted and more than one year after the date of the sale or disposition occurs before these two periods are satisfied, then a disqualifying disposition generally occurs.

Upon a qualifying disposition, the optionee should recognize long-term capital gain in an amount equal to the excess of the fair market value of those shares on the exercise date over the exercise price paid for the shares. Any additional gain or loss recognized upon the disposition will be recognized as a capital gain or loss.

If the amount realized upon the sale or disposition of such shares is less than the fair market value of such shares at the time of the sale or disposition, the ordinary income recognized for regular tax purposes will be the amount realized upon the sale or disposition of such shares, less the exercise price paid.

We should not be entitled to any federal income tax deduction if the optionee makes a disqualifying disposition of the purchased shares, then generally we (or our subsidiary corporation) will be entitled to a deduction for the taxable year in which such disposition occurs, equal to the ordinary income recognized by the optionee.

#### *Non-Qualified Stock Options*

No taxable income should be recognized by the optionee at the time of the grant of a non-qualified stock option, a participant generally recognizes ordinary income equal to the difference between the fair market value of the shares and the exercise price. The Company generally will be entitled to a deduction for the same amount.

#### *Restricted Stock*

A participant receiving a restricted stock award generally recognizes ordinary income on the date the award vests or no longer remain subject to substantial risk of forfeiture, in an amount equal to the excess of the fair market value of the shares (if any) paid by the participant. A participant may be able to make an election under Section 83(b) to defer recognition of the transfer of the restricted stock. The Company generally will be entitled to a corresponding tax deduction for the amount recognized by the participant.

#### *Dividend Equivalents, Deferred Stock, Stock Payments, and Restricted Stock Units and Other Cash*

A participant who is awarded dividend equivalent awards, deferred stock awards, stock payment awards, or restricted stock awards, will not recognize taxable income, and the Company generally will not receive a tax deduction, until the award is paid or the participant is required to pay pursuant to the award. When a participant receives payment for these awards in shares or cash, the cash received generally will be ordinary income to the participant and the Company generally will

Tax consequences for other cash-based awards will vary depending on the terms of the award.

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*Stock Appreciation Rights*

A participant should not be taxed at the time a stock appreciation right is granted nor should the Company be taxed at the time a stock appreciation right is exercised. If a participant exercises a stock appreciation right, the participant should recognize ordinary income equal to the cash or the fair market value of the shares at the exercise date. The Company generally will be entitled to a corresponding tax deduction at the time of exercise.

*Section 162(m)*

Section 162(m) denies a deduction to any publicly held corporation for compensation paid to certain covered employees if that compensation to such covered employee exceeds \$1,000,000. It is possible that compensation received by a covered employee combined with all other types of compensation received by a covered employee from us, may cause the total compensation to exceed \$1,000,000 in any year.

Qualified Performance-Based Compensation (“QPBC”) is disregarded for purposes of the deduction under Section 162(m), compensation attributable to stock awards will generally qualify as QPBC if (1) the awards are granted by a compensation committee composed solely of two or more “outside directors,” (2) the awards are subject to performance goals of awards which may be granted during a specified period, (3) the material terms of the plan are disclosed in writing, (4) for stock options and stock appreciation rights, the amount of compensation an employee could receive is based on the value of stock after the date of the grant (which requires that the exercise price of the option is not less than the market price of the stock at the date of grant), and for awards other than options and stock appreciation rights, established performance criteria must be met before the award can vest or be paid, and (5) in the case of awards other than stock options and stock appreciation rights, the performance goals have been met prior to payment.

The Restated Plan is designed to permit the Administrator to grant awards which may qualify as QPBC. Awards other than options and stock appreciation rights granted under the Restated Plan will only be treated as QPBC if the procedures associated with them comply with all other requirements of Section 162(m). As one of the duties of the Administrator of the Restated Plan, the Administrator will consider the anticipated effect of Section 162(m) on the deductibility of awards of factors, including not only whether the grants qualify for the performance exception, but also the effect of the grants on previously granted equity awards and receipt of other compensation. Furthermore, interpretations of Section 162(m) beyond the Administrator’s control may also affect the deductibility of compensation. For these reasons, awards that do not qualify for the performance exception and our tax deductions for those grants may be limited by Section 162(m).

*Section 409A*

Certain types of awards under the Restated Plan may constitute, or provide for, a deferral of compensation. If certain requirements set forth in Section 409A of the Code are complied with, holders of such awards may be subject to certain penalties and additional state taxes). To the extent applicable, the Restated Plan and awards granted under the Restated Plan are structured and interpreted in a manner intended to either comply with or be exempt from Section 409A of the Code. To the extent applicable, the Restated Plan and applicable award agreements may be amended to further comply with the applicable awards from Section 409A of the Code.

### *New Plan Benefits*

Awards under the Restated Plan are subject to the discretion of the Administrator, and the Administrator may grant awards to any employees under the Restated Plan as of the date of this proxy statement. Therefore, awards may be received in the future by participants in the Restated Plan.

Certain tables above under the general heading “Executive Compensation,” including the Summary Compensation Table, Outstanding Equity Awards at Fiscal Year-End table, and Option Exercises and Stock Vested table, include awards granted to our individual named executive officers under the Prior Plan.

### **EQUITY AWARD GRANTS UNDER THE PRIOR PLAN**

The following table sets forth summary information concerning the number of ordinary shares subject to awards granted under the Prior Plan to our named executive officers, directors and employees since the Prior Plan’s inception. Other cash-based awards set forth below assumes that the applicable performance goals are achieved at target levels.

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As described above, it is not possible to determine the amount of awards that will be granted in the

**Name**

Brenton L. Saunders, President and Chief Executive Officer	1
Paul M. Bisaro, Former Chief Executive Officer	6
Maria Teresa Hilado, Chief Financial Officer	1
Robert A. Stewart, Chief Operating Officer	1
David A. Buchen, Executive Vice President	1
William Meury, EVP, North American Brands	1
R. Todd Joyce, Former Chief Financial Officer	7
Sigurdur Olafsson, Former President - Actavis Pharma	1
All current executive officers as a group (8 persons)	1
All current non-employee directors as a group (12 persons)	9
Nesli Basgoz,	—
James H. Bloem	—
Christopher W. Bodine	—
Christopher J. Coughlin	—
Tamar D. Howson	—
John A. King	—
Catherine M. Klema	2
Jiri Michal	—
Patrick J. O'Sullivan	—
Ronald R. Taylor	3
Andrew L. Turner	3
Fred G. Weiss	—
Each associate of any such directors, executive officers or nominees	—
Each other person who received or is to receive 5 percent of such options, warrants or rights	—
All employees, including all current officers who are not executive officers, as a group	1

*(1) Other Cash-Based Awards include the Merger Success Awards and the Transformation Incentive*

**RECOMMENDATION**

The Board believes that the Restated Plan, which amends and restates the Prior Plan in its entirety and participants' pay to shareholder returns, is a critical compensation component in our ability to attract and retain our interests with the interests of our shareholders.

## **REQUIRED VOTE**

A simple majority of votes cast at the Annual Meeting is required to approve the Restated Plan. An abstention or a broker non-vote has no effect on the outcome of this proposal because neither an abstention nor a broker non-vote represents a vote.

Our Board recommends that shareholders vote **FOR** adoption of the Restated Plan, as described in the proposal.

<sup>10</sup> *NTD: Voting threshold to be confirmed by LW Corporate.*

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**PROPOSAL NO. 6 SUSTAINABILITY REPORTING**

A shareholder has informed the Company he intends to present the non-binding proposal set forth by (or on behalf of (his qualified representative) is present at the Annual Meeting and properly submits the proposal for consideration and approval upon at the Annual Meeting.

In accordance with federal securities laws, the shareholder proposal and supporting statement are presented in this proxy statement as they are quoted verbatim. The Company disclaims all responsibility for the content of the proposal and the supporting statement referenced in the supporting statement.

The Company will promptly provide to any shareholder the name, address and number of the Company's shares of common stock in which this proposal upon receiving an oral or written request made to the Company's investor relations department by email at [investor.relations@actavis.com](mailto:investor.relations@actavis.com) or by writing to our administrative address: Investor Relations, Actavis Inc., Interpace Parkway, Parsippany, NJ 07054.

**RECOMMENDATION**

The Board of Directors recommends that shareholders vote "AGAINST" the adoption of this proposal.

**REQUIRED VOTE**

A simple majority of votes cast at the Annual Meeting is required to approve the shareholder proposal. Broker non-votes will not have any effect on the outcome of this proposal because neither an abstention nor a broker non-vote is considered a vote cast.

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## **PROPOSAL 6 - SUSTAINABILITY REPORTING**

We believe tracking and reporting on environmental, social and governance (ESG) business practices in our business environment which is characterized by finite natural resources, changing legislation, and high public accountability. Reporting also helps companies better integrate and gain strategic value from existing opportunities in products and processes, develop company-wide communications, publicize innova

Today, companies like Bloomberg provide information on ESG performance that investors utilize in their investment decisions. The Carbon Project (COP), representing 551 institutional investors globally with \$71 trillion in assets, has for years required companies to disclose climate change management programs. In contrast our company, Actavis, does not have a sustainab

In a recent report issued by the G&A Institute (Governance & Accountability Institute) 53% of the companies in the S&P 500 are reporting on their environmental, social and governance (ESG) impact. The G&A Institute is the U.S. version of the G&A Institute, a non-profit organization that works towards a sustainable global economy by providing sustainabi

Within the pharmaceutical sector, many peers have taken initiative and reported on sustainability metrics in their annual responsibility report. Pfizer has a corporate responsibility report. Abbott Laboratories has a Global Environmental Report. We do not report on its sustainability efforts nor does it publish a sustainability report. Companies that report on their sustainability programs and ESG performance appear to be more likely to be selected for key sustainability reputation raters and rankers, and selected for inclusion on leading sustainability investment indexes. Our peers' reduction targets and product related environmental impacts all have the potential to pose significant risks. On our website that its global environmental responsibility program ensures that our Company is doing well in the environment. However, investors do not have access to evaluative data on how the company is mee

*Resolved*, the shareholders request that our company issue a sustainability report describing the current status, goals, targets and goals. The report should be available by November 2015, prepared at reasonable cost, c

### **SUPPORTING STATEMENT**

We recommend the report include a company-wide review of policies, practices and metrics related to sustainability and continuous improvement in reporting. We encourage Actavis to consider the use of the GRI Guidelines as a framework.





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Board of Directors' Response to Shareholder Proposal 6

The Company recognizes the importance of environmental, social and governance (“ESG”) considerations in its environmental sustainability reporting, in particular through its submission of ESG performance reports (“CDP”), which is referenced in the shareholder proposal.

While the Company agrees with the principles on which this proposal is based, the Company already has in place the adoption of this proposal unnecessary, a poor use of the Company’s resources and potentially conflicting with the Company’s

**Therefore, the Board believes that implementation of the proposal is unnecessary and not in the best interests of the shareholders and recommends that the shareholders vote AGAINST it.**

*We are committed to being a good corporate citizen and responsible steward of the environment*

As described on our corporate website (at Actavis.com under the “Responsibility” tab), we are committed to environmental sustainability through our focus on educating and engaging employees and in employing innovative processes, equipment and technologies to make us an environmentally aware company. Our commitment to environmental sustainability has also been recognized by Newsweek magazine as one of the World’s Greenest Companies – an annual list compiled and published by Newsweek magazine that recognizes companies on their corporate sustainability and environmental impact initiatives. The World’s Greenest Companies list is a recognized indicator of company commitment to sustainability performance. In the 2014 list, Actavis was recognized as the 71<sup>st</sup> greenest company in the world.

Our Operations and Innovation Committee is specifically responsible for oversight of environmental sustainability. The committee regularly monitors our environmental responsibility programs to ensure we are meeting our targets. As part of its oversight, the committee, we apply a number of overall environmental objectives to our business, including the following:

- Environmental goals and objectives are established on an annual basis. These include enhancing sustainability performance to decrease greenhouse gas emissions and increase the amount of material recycled as a percentage of total waste.

Performance against targets is measured on a monthly basis and trends against the established targets are reported to the Health and Safety Steering Committee (chaired by Bob Stewart, our Chief Operating Officer in 2014) and the Environmental, Health and Safety Steering Committee (chaired by Bob Stewart, our Chief Operating Officer in 2014) at least semi-annually. We also participate in the following activities for further detail below.

Additionally, we seek to employ green technology in the construction or renovation of our global facilities, including our Administrative Headquarters; India Administrative Headquarters; and Olive Branch, MS, USA Division.

(Leadership in Energy and Environmental Design) Certifications. LEED is a green building certification system that recognizes and rewards green building strategies and practices using comprehensive and clearly defined metrics and criteria. Many of our manufacturing facilities and equipment with the latest technology to reduce energy consumption and our manufacturing sites have implemented energy conservation projects to reduce energy intensity (Kilowatt-hours per square foot) and the carbon footprint of each facility. Below are just a few examples:

–Actavis’ manufacturing plant in Iceland is powered completely by renewable geothermal energy.

Our site in Elizabeth, NJ implemented seven energy reduction projects including replacement of lighting and HVAC systems, resulting in reducing CO<sub>2</sub> by almost 10%. All manufacturing waste is either recycled or reused through fuel recovery and re-use of solvent coating solutions to recover alcohol.

Our Fajardo, Puerto Rico site implemented six energy reduction projects last year and decreased energy consumption by 15%. The site received the Puerto Rico Manufacturer’s Association award for Sustainable Project Implementation, increased efficiency from the Puerto Rico Aqueduct and Sewer Authority (PRASA) for improvements in their waste water treatment plant.

Many of our sites have instituted other water saving initiatives last year including, Actavis’ API manufacturing plant in Amherst, MA. The Amherst plant is a zero wastewater discharge facility. It is a state of the art plant designed to produce water by reverse osmosis followed by thermal treatment. Hence not a single drop of water is sent outside the facility, resulting in savings of over 2,000,000 liters of fresh water annually.

***We have a strong commitment to internal sustainability assessment and reporting.***

We currently employ a full team focused on our sustainability efforts. The team has focused its sustainability efforts on CDP and has submitted investor CDP reports on ESG performance to the CDP since 2009. In addition, we have focused on ESG performance relative to other companies in the pharmaceutical industry. Many of our peers do not have a GRI Initiative (“GRI”) referenced in the shareholder proposal.

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Both the CDP and the GRI are globally accepted reporting frameworks, with each representing the frameworks focus on similar governance, risks/opportunities and performance indicators through the frameworks also offer annual scores, graded by the CDP in the case of the CDP, or self-declared, in the case of the GRI. Due to the requirements and our history and familiarity with reporting to the CDP, the Board does not believe switching our reporting efforts to the GRI.

We have submitted reports to the CDP since 2009 and intend to again submit our 2014 investor CD. Our previously submitted reports are currently accessible by the CDP's 722 institutional investor signatories registered as signatories of the CDP at no cost. Our CDP scoring, which is published on the CDP's website.

Because of the tremendous growth we have experienced over the past several years, however, in part due to our and Allergan acquisitions, year-over-year comparisons between these reports are of very limited value. Only data less than 12 months are included in the CDP reports.

***Our acquisition of Allergan further enhances our sustainability efforts and capabilities.***

In addition to our legacy initiatives, our recent acquisition of Allergan only strengthens our commitment to sustainability. We acquired a company that had an impeccable record of and commitment to sustainability and corporate social responsibility. Allergan is the Energy Star Partner of the Year and Sustained Excellence from the USEPA for energy efficiency. Allergan has established short, medium and long term corporate social responsibility goals and committed resources to achieve these goals, including some very challenging goals in its 2020 Sustainability Vision. Through the acquisition, we have focused on sustainability efforts and have also further developed our reporting and tracking capabilities.

Nonetheless, only after we have had an opportunity to fully integrate and assess sustainability from Allergan will we be in a position to set out meaningful parameters and goals. We intend to continue to monitor and report on our and corporate governance performance, as well as continuing to invest our capital to improve performance.

***We constantly monitor and work to improve the efficiency of our global operations, including cost reduction, and assess according to a number of criteria.***

As the Company has expanded globally, it is engaged in continuous efforts to improve its efficiency. This involves modernizing existing facilities or, in some cases, divesting less efficient facilities, which can be more cost-effective to operate. We carefully evaluate each facility and make determinations on the basis of the needs of the facility and investment generated by a given project. Our efforts to streamline our supply chain result in making our operations more efficient. We evaluate facilities on an on-going basis, which we believe make year-over-year comparisons of our data less

Utilizing these criteria, our commitment to sustainability and continual improvement is demonstrated in our operations, manufacturing and R&D facilities, including the examples described above.

In summary, we believe Actavis' ongoing dedication to environmental considerations is demonstrated in our performance reports to the CDP as well as the numerous sustainability improvements and accomplishments. We already effectively achieve the objectives of the sustainability reporting proposal without the potential costs the shareholder's proposed approach would entail.

In light of our existing policies and our strong commitment to environmental and sustainability management, the current reporting format and system, as well as the incomplete and potentially confusing information that would be required for that implementation of the proposal is appropriate for Actavis.

Therefore, we believe the shareholder proposal should be rejected. The Board unanimously recommends the rejection of the proposal.

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**PROPOSAL NO. 7 EXECUTIVES TO RETAIN SIGNIFICANT STOCK**

A shareholder has informed the Company he intends to present the non-binding proposal set forth below (or his qualified representative) is present at the Annual Meeting and properly submits the proposal for consideration upon at the Annual Meeting.

In accordance with federal securities laws, the shareholder proposal and supporting statement are presented as they are quoted verbatim. The Company disclaims all responsibility for the content of the proposal and the supporting statement referenced in the supporting statement.

The Company will promptly provide to any shareholder the name, address and number of the Company's shares held by the shareholder upon receiving an oral or written request made to the Company's investor relations department at [investor.relations@actavis.com](mailto:investor.relations@actavis.com) or by writing to our administrative address: Investor Relations, Actavis Inc., Interpace Parkway, Parsippany, NJ 07054.

**BOARD OF DIRECTORS RECOMMENDATION**

The Board of Directors recommends that shareholders vote "AGAINST" the adoption of this proposal.

**REQUIRED VOTE**

A simple majority of votes cast at the Annual Meeting is required to approve the shareholder proposal. Broker non-votes will not have any effect on the outcome of this proposal because neither an abstention nor a broker non-vote is considered a vote cast.

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## **PROPOSAL 7 - EXECUTIVES TO RETAIN SIGNIFICANT STOCK**

### **Proposal 7 - Executives To Retain Significant Stock**

Resolved: Shareholders urge that our executive pay committee adopt a policy requiring senior executives to retain shares acquired through equity pay programs until reaching normal retirement age and to report to shareholders at our next annual meeting. For the purpose of this policy, normal retirement age would be an age of at least 65 years old. Shareholders recommend a share retention percentage requirement of 75% of net after-tax compensation.

This single unified policy shall prohibit hedging transactions for shares subject to this policy which would reduce the net worth of an executive. Otherwise our directors might be able to avoid the impact of this proposal. This policy shall be implemented without the requirements that have been established for senior executives, and should be implemented without the terms of any current pay or benefit plan.

Requiring senior executives to hold a significant portion of stock obtained through executive pay programs is a key element of long-term success. A Conference Board Task Force report stated that hold-to-retirement requirements are a key element of focus on long-term stock price performance.”

Our clearly improvable corporate governance (as reported in 2014) is an added incentive to vote for this proposal.

Paul M. Bisaro had 2013 Total Realized Pay of \$113 million according to GMI Ratings, an independent consulting firm, an inside director in addition to our CEO. Our Lead Director Andrew Turner had 17-year long tenure. A Lead Director, to be effective, should have outstanding director independence. Christopher Cougle (former CEO of GMI and a member of the committee) were potentially overextended with director responsibilities at 4 public companies each with significant general expertise in risk management, based on GMI’s standards.

Our 2014 annual meeting was not near our corporate offices in Parsippany, New Jersey – but in DuPont, Delaware. A company with more than \$50 billion in market capitalization has many of its shareholders residing within a 100-mile radius of our corporate offices.

Returning to the core topic of this proposal from the context of our clearly improvable corporate governance, we believe that this proposal is a key element of our long-term success.

### **Executives To Retain Significant Stock – Proposal 7**

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Board of Directors' Response to Shareholder Proposal 7

Our current stock ownership guidelines include meaningful holding requirements that provide our shareholders in a manner that promotes long-term value growth. Our guidelines, as well as our compensation program, align the long-term interests of shareholders and we believe they do so in a more comprehensive manner than the proposal.

**Therefore, the Board believes that implementation of the proposal is unnecessary and recommends that you vote against the proposal.**

***Our existing stock ownership requirements already strongly align the long-term interests of our executives with the interests of our shareholders.*** As described in detail in the “Compensation Discussion and Analysis” section of this Proxy Statement, Actavis has stock ownership requirements for all of its executive officers and maintains other policies that align the long-term interests of our executives with the interests of our shareholders. The proposal is limited to shares acquired through equity pay programs, our stock ownership guidelines require that shares may be acquired through a variety of means, including open market purchases, and set clear and reasonable requirements for shares owned by senior executives. In particular, under our stock ownership guidelines, each executive officer must own at least a specified multiple of his or her base salary. The applicable multiples range from four times (4x) for Executive Officers to 1x for all of our executives at the level of Senior Vice President. The 4x ownership requirement for Executive Officers is met by our CEO, who owns approximately 1.5 million in stock, which represents a substantial ongoing level of investment.

***We have a strong culture of share ownership that results in our executives holding significant equity.*** Our strong culture of share ownership satisfies our share ownership requirements — but that fact alone paints an incomplete picture of the strong corporate culture of share ownership and retention. For example, excluding in-the-money options, as of April 10, 2015, the record date for the 2015 Annual Meeting, our CEO is the beneficial owner of approximately 1.5 million shares of common stock (which represents an ongoing investment value of over \$[ • ] as of such date).

***Our existing compensation program and recent grants further align the interests of our CEO and other executive officers with the interests of our shareholders.*** As described in the Compensation Discussion and Analysis section of this Proxy Statement, our compensation program as a whole strongly links executive compensation with the Company's operating performance and long-term value creation, thereby aligning the interests of our executive officers with the interests of our shareholders. This program is regularly reviewed and adjusted to ensure the continued strong linkage with long-term performance and shareholder value and to ensure the program remains competitive.

We focus on implementing equity compensation best practices as one of the key governance features of our compensation program. In other things, a substantial portion of each of our named executive officer's compensation is paid in the form of equity-based incentives generally vest over a period of three to five years to ensure that our executives maintain their focus on long-term performance to encourage retention.

In particular, in connection with the closing of the Forest acquisition, “front-loaded” awards were granted to Mr. Olafsson) on July 1, 2014, as further described on page 28 of the “Compensation Discussion and Analysis” of equity awards reflecting the applicable NEOs’ equity awards for 2015, 2016 and 2017. We believe these awards and rewards sustained performance over the performance period and also created immediate shareholder value in the critical first years following the Forest merger, among other things.

Similarly, in connection with the closing of the Allergan acquisition, the Compensation Committee granted Transformation Incentive Awards (subject to shareholder approval). The Transformation Incentive Awards were granted to Mr. Bisaro, Meury and Stewart and Ms. Hilado, and provide for settlement in cash or Actavis Ordinary Shares at the discretion of the Compensation Committee, based on the achievement of pre-established non-GAAP financial goals (relative to a pre-established peer group) during performance period commencing on the closing of the Allergan acquisition (2015) and ending, for the non-GAAP earnings per share goal, on December 31, 2017, and for the total shareholder return goal. Like the “front-loaded” awards granted following the Forest acquisition, the Transformation Incentive Awards following the Allergan acquisition are intended to strongly incentivize our senior management to rapidly integrate the Allergan business and create shareholder value in the years immediately following the merger.

***A requirement to retain a significant percentage of shares acquired through equity pay programs would create an incentive for successful executives to terminate their employment with the company.*** executive officer’s compensation is paid in the form of equity awards (a majority of total compensation is paid in equity awards over the last three years). As a result, there is a legitimate need for executives to be able to diversify their investments. Requiring executives to retain a significant number of shares until reaching retirement age is not necessary to align the interests of executives and

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shareholders. Such a requirement would, in fact, create a strong incentive for executives to leave early in order to receive the full value of their equity compensation. Ironically, under this proposal the most successful executives — those who have contributed most to the increase in stock price during their tenure — would have the greatest financial incentive to leave. Our ability to attract and retain executive talent is an important factor in our long-term success, and this proposal would undermine that strength and harm our long-term success.

***A requirement to retain a significant percentage of shares acquired through equity pay programs and the Company's ability to recruit key executive talent.*** In addition to making it more difficult for Actavis to retain its executive officers, the proposal would harm the Company's ability to recruit new executive talent. Stock retention requirements are not required at most companies and are especially rare among our competitors. Adoption of this proposal would discourage employees from accepting promotions that resulted in them becoming subject to the proposed retention requirements. Attraction and retention of executive talent has been another important factor in our long-term success, and this proposal would undermine that strength and harm our long-term success.

Moreover, unless the stock retention requirement urged by this proposal is implemented by each of our competitors, the proposal with which we compete for executive officer talent, the implementation of such a requirement by Actavis alone would not attract, retain and incentivize executive officers in the highly competitive marketplace for executive officer talent. We believe that our long-term success is dependent on our ability to attract, retain and incentivize executive officers. As a matter of principle, we believe our executive officers, provided they are in compliance with our stock ownership guidelines, should have the flexibility to manage their personal financial affairs and sell or otherwise dispose of their shares in an appropriate -free of restrictions such as those urged by the proposal.

In summary, we believe Actavis' business track record and long-term stock price performance (which has exceeded the S&P 500 index for the period commencing in January 2010) demonstrate the focus our executive officers have on long-term success and the alignment of executive officers' interests with those of our shareholders. Moreover, we believe Actavis' stock ownership guidelines, awards to our financial and stock price performance and the long-term vesting provisions of such awards, together with our stock ownership guidelines, effectively achieve the objectives of the proposed stock retention requirement without the burden that such a policy would entail.

In light of our existing policies, the strong culture of share ownership that exists among our executive officers and the potential unintended negative consequences of this proposal that are discussed above, we do not believe that the proposal is appropriate for Actavis.

Therefore, we believe the shareholder proposal should be rejected. The Board unanimously recommends that you vote against the proposal.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), requires more than 10% of a registered class of our equity securities to file with the SEC reports of ownership and our other equity securities. Officers, directors and greater-than-10% shareholders are required by Section 16(a) forms they file.

Based solely on a review of the copies of such reports furnished to us or written representations that during and with respect to the 2014 fiscal year all filing requirements applicable to our officers, directors complied with and all filings were timely filed, except that, due to administrative oversight, two late filings by Saunders to report withholding of shares for tax purposes on August 15 and 23, 2014 and two late filings by Meury to report withholding of shares for tax purposes on December 5 and 6, 2014.

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Certain Relationships and Related Transactions

We review all relationships and transactions in which we and our directors and executive officers determine whether such persons have a direct or indirect material interest. Pursuant to our written Policy, our legal department is primarily responsible for the implementation of processes and controls to our officers with respect to related person transactions and for then determining, based on the facts and circumstances, whether a proposed transaction involves a direct or indirect material interest in the transaction. In determining whether a proposed transaction involves a direct or indirect material interest, our legal department assesses:

- (i) the related person's relationship to us;
- (ii) the related person's interest in the transaction;
- (iii) the material facts of the proposed transaction, including the proposed aggregate value of such transaction and the percentage of principal that would be involved;
- (iv) the benefits to us of the proposed transaction;
- (v) if applicable, the availability of other sources of comparable products or services; and
- (vi) whether the proposed transaction is on terms that are comparable to the terms available to an unaffiliated third party.

If our legal department determines that the proposed transaction is a related person transaction, the transaction will be referred to the Nominating and Corporate Governance Committee for consideration. The Nominating and Corporate Governance Committee will evaluate the proposed transaction and determine whether the transaction is in, or is not inconsistent with, our best interests and the best interests of our stockholders. The Nominating and Corporate Governance Committee determines in good faith.

As required under SEC rules, we disclose in our Proxy Statement any related person transactions during the period covered by the Proxy Statement or a related person. No reportable transactions occurred since January 1, 2014 or are currently proposed.

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Shareholders' Proposals for the 2016 Annual General Meeting

**Shareholder Proposals in the Proxy Statement for the 2016 Annual Meeting.** Under Rule 14a-8 included in the Proxy Statement for the 2016 Annual Meeting of Shareholders must be received by later than December 26, 2015 (120 calendar days before the anniversary of the date we expect to re Meeting) and must comply with the requirements of Rule 14a-8 of the Exchange Act.

**Other Shareholder Proposals and Nominations for Directors to Be Presented at the 2016 Annual Meeting.** If you wish to present an annual meeting outside the process of Rule 14a-8, you may do so by following the procedures set forth in accordance with our articles of association, in order to be properly brought before the 2016 Annual Meeting, must be delivered to 1 Grand Canal Square, Docklands, Dublin 2, Ireland, Attention: Company Secretary, not later than the anniversary date of the notice convening the Company's 2015 Annual Meeting and must comply with the requirements set forth in the rules and regulations of the SEC, including Rule 14a-8, in order for such matters to be brought before such meeting and concerning the shareholder proposing such matters. Any such matters must be presented at the Company's 2016 proxy statement. Therefore, to be presented at the Company's 2016 Annual Meeting, must be received by the Company on or after November 23, 2015, but no later than December 26, 2015.

Other Business

As of the date of this Proxy Statement, the Board of Directors knows of no other business that will be presented at the 2016 Annual Meeting. If other proper matters are presented at the Annual Meeting, however, it is the intention of the Board of Directors to proxy to vote the proxies held by them in accordance with their best judgment.

Parsippany, New Jersey

**April 24, 2015**

By Order of the Board of Directors

**A. Robert D. Bailey,**

*Chief Legal Officer and Secretary*

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1.6. “*Board*” shall mean the Board of Directors of the Company.

1.7. “*Change in Control*” shall mean the occurrence of any of the following:

The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 13(d)(4) of the Exchange Act) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of securities of the Company added to the common stock beneficially owned by such Person, represents more than fifty percent of the then outstanding stock of the Company (the “*Outstanding Company Shares*”) or (B) the combined ownership of securities of the Company entitled to vote generally in the election of directors (the “*Outstanding Company Voting Securities*”) during a 12-month period, of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) representing fifty percent (50%) or more of the Outstanding Company Voting Securities; provided that (a) the following acquisitions of securities of the Company shall not constitute a Change of Control: (V) any acquisition by the Company, (W) any acquisition by the Company, (X) any acquisition by any employee benefit plan of the Company or any corporation controlled by the Company, (Y) any acquisition made by a Person acting in good faith under the Exchange Act as in effect on the date hereof to report such acquisition on Schedule 13D, and (Z) any acquisition pursuant to a transaction which complies with clauses (i), (ii) and (iii) of Section 1.7(c) below;

(a) Individuals who, as of July 1, 2014, constitute the Board (the “*Incumbent Board*”) cease for any reason, provided, however, that any person becoming a director subsequent to such date whose election to the Board by the shareholders, was approved by a vote of at least a majority of the directors then comprising the Board, and (b) no individual were a member of the Incumbent Board, but excluding for this purpose, any such person whose resignation from the Board occurs as a result of an actual or threatened election contest with respect to the election to the Board or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(c) Consummation of a reorganization, merger or consolidation, or sale or other disposition of all or substantially all (as determined by total gross fair market value) of the assets of the Company (a “*Business Combination*”), in each case involving the Company and Persons who were the beneficial owners, respectively, of the Outstanding Company Ordinary Shares immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the outstanding shares of common stock and the combined voting power of the then outstanding voting securities of the corporation resulting from such Business Combination (including, without limitation, the beneficial owners of such corporation resulting from such Business Combination) (i) owns the Company or substantially all of the Company’s assets either directly or through one or more corporations (excluding any corporation resulting from such Business Combination or any employee benefit plan of the Company or any corporation resulting from such Business Combination) beneficially owns, directly or indirectly, more than 50% of the voting power of the then outstanding voting securities of such corporation except to the extent of such Person’s ownership in the Business Combination, and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or understanding relating to the Business Combination.

Notwithstanding the foregoing, if a Change in Control constitutes a payment event with respect to the Company’s executive officers, deferral of compensation and is subject to Section 409A of the Code, the transaction or event may be exempt from the definition of Change in Control defined in Treasury Regulation Section 1.409A-3(i)(5) to the extent required by Section 409A.

The Committee shall have full and final authority, which shall be exercised in its sole discretion, to determine whether a Change in Control of the Company has occurred pursuant to the above definition, and the date of the occurrence of such event and all matters relating thereto; *provided*, that any exercise of authority in conjunction with a determination of whether a Change in Control event” as defined in Treasury Regulation Section 1.409A-3(i)(5) shall be consistent with the above definition.

1.8. “*Closing*” shall mean the consummation of the Company’s merger with Forest Laboratories, Inc.

1.9. “*Closing Date*” shall mean July 1, 2014.

1.10. “*Code*” shall mean the U.S. Internal Revenue Code of 1986, as amended.

1.11. “*Committee*” shall mean the Compensation Committee of the Board, or another committee or Section 11.1.

1.12. “*Common Stock*” shall mean the ordinary shares of the Company, par value \$0.0001 per share.

1.13. “*Company*” shall mean Actavis plc, a public limited company organized under the laws of Ire

“*Consultant*” shall mean any consultant or adviser if: (a) the consultant or adviser renders bon  
1.14. the services rendered by the consultant or adviser are not in connection with the offer or sale o  
not directly or indirectly promote or maintain a market for

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the Company's securities; and (c) the consultant or adviser is a natural person who has contracted such services.

1.15. "*Deferred Stock*" shall mean rights to receive Common Stock awarded under Section 8.4 of the

1.16. "*Director*" shall mean a member of the Board.

1.17. "*Disability*" shall mean unless otherwise defined in an employment agreement between the H in accordance with the Company's long-term disability plan, as determined by the Committee

1.18. "*Dividend Equivalent*" shall mean a right to receive the equivalent value (in cash or Common under Section 8.2 of the Plan.

1.19. "*DRO*" shall mean a domestic relations order as defined by the Code or Title I of the Employee amended, or the rules thereunder.

1.20. "*Employee*" shall mean any officer or other employee (as defined in accordance with Section corporation which is a Subsidiary.

1.21. "*Equity Restructuring*" shall mean a nonreciprocal transaction between the Company and its spin-off, rights offering or recapitalization through a large, nonrecurring cash dividend, that securities of the Company) or the share price of Common Stock (or other securities) and cause Stock underlying outstanding Awards.

1.22. "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

1.23. "*Fair Market Value*" means, as of any date, the value of a share of Common Stock determined

If the Common Stock is listed on any established stock exchange (such as the New York Stock NASDAQ Global Select Market) or any national market system, including without limitation a  
(a) the value of a share of Common Stock shall be the closing sales price for a share of Common S date, or if there is no closing sales price for a share of Common Stock on the date in question, t on the last preceding date for which such quotation exists, as reported in The Wall Street Journal reliable;

If the Common Stock is regularly quoted by a recognized securities dealer but closing sales price  
(b) Stock shall be the mean of the high bid and low asked prices for such date or, if there are no hi Stock on the date in question, the high bid and low asked prices for a share of Common Stock c exists, as reported in The Wall Street Journal or such other source as the Administrator deems r

(c) If the Common Stock is neither listed on an established stock exchange or a national market sy dealer, the value of a share of Common Stock shall be established by the Administrator in good

1.24. "*Forest Laboratories Plan*" shall mean the Forest Laboratories, Inc. Equity Incentive Plan (as the shareholders of Forest Laboratories, Inc., a Delaware corporation.

1.25. "*Full Value Award*" shall mean any Award other than an Option or Stock Appreciation Right.

1.26. “*Holder*” shall mean a person who has been granted or awarded an Award.

1.27. “*Incentive Stock Option*” shall mean an option which conforms to the applicable provisions of Incentive Stock Option by the Administrator.

1.28. “*Independent Director*” shall mean a member of the Board who is not an Employee.

1.29. “*Legacy Actavis Participants*” shall mean an Employee, Consultant or Director who provided immediately prior to May 16, 2013.

1.30. “*Legacy Forest Laboratories Participants*” shall mean an Employee, Consultant or Director who and/or its subsidiaries immediately prior to the Closing Date.

1.31. “*Legacy Warner Chilcott Participants*” shall mean an Employee, Consultant or Director who subsidiaries immediately prior to October 1, 2013.

1.32. “*New Actavis Participants*” shall mean an Employee, Consultant or Director who commenced Subsidiaries on or following October 1, 2013, excluding any Legacy Actavis Participant, Legacy Warner Chilcott Participant.

1.33. “*Non-Qualified Stock Option*” shall mean an Option which is not designated as an Incentive S

1.34. “*Option*” shall mean a share option granted under Article IV of the Plan. An Option granted u Administrator, be either a Non-Qualified Stock Option or an Incentive Stock Option; *provided* Directors and Consultants shall be Non-Qualified Stock Options.

1.35. “*Other Cash-Based Award*” means an Award granted under Section 8.6 of the Plan.

1.36. “*Performance Criteria*” shall mean the criteria (and adjustments) that the Committee selects f

(a) The Performance Criteria that shall be used pursuant to this Plan are limited to any one or more (either before or after one or more of the following: (A) interest, (B) taxes, (C) depreciation and

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or revenue; (iii) net income (either before or after taxes); (iv) adjusted net income; (v) operating performance (including, but not limited to, operating cash flow and free cash flow); (vi) return on assets; (vii) return on equity; (viii) total shareholder return (either absolute or relative to a peer group of companies); (ix) operating margin; (x) costs (including, but not limited to, cost reductions or savings); (xi) free cash flow per share; (xii) earnings per share; (xiii) adjusted earnings per share; (xiv) price per share of Common Stock; (xv) commercialization of a product; (xvi) implementation or completion of critical projects; (xvii) other performance indicators which may be measured either in absolute terms or as compared to any incremental increase or decrease in the Company's stock price to market performance indicators or indices.

The Committee may, in its sole discretion, provide that one or more objectively determinable adjustments may be made to the Performance Criteria. Such adjustments may include one or more of the following: (i) items relating to financing activities; (ii) expenses for restructuring or productivity initiatives; (iii) other items relating to acquisitions; (iv) items attributable to the business operations of any entity acquired by the Company; (v) items related to the disposal of a business or segment of a business; (vi) items related to discontinued operations of a business under Applicable Accounting Standards; (vii) items attributable to any stock dividend or split occurring during an applicable performance period; (viii) any other items of significant income or expense; (ix) adjustments; (x) items relating to unusual or extraordinary corporate transactions, events or developments; (xi) items relating to acquired intangible assets; (xii) items that are outside the scope of the Company's core, on-going business operations, including in-process research and development; (xiii) items relating to changes in tax laws; (xiv) items relating to changes in applicable laws; (xv) items relating to asset impairment charges; (xvi) items relating to gains or losses for litigation; (xvii) items relating to any other unusual or nonrecurring events or changes in applicable laws, regulations or tax laws; (xviii) Awards intended to qualify as performance-based compensation as described in Section 162(m) of the Code; (xix) items made within the time prescribed by, and otherwise in compliance with, Section 162(m) of the Code.

1.37. "*Plan*" shall mean the 2013 Incentive Award Plan of Actavis plc, as amended from time to time.

"*Qualified Substitute Award*" shall mean an Award which has substantially the same value and terms and conditions, and is no less favorable to the Holder than the vesting and other terms and conditions for which such Award was originally granted.  
1.38. for immediate vesting upon a Qualified Termination of the Holder's employment by the Company or its subsidiaries following the date of grant of such Qualified Substitute Award.

"*Qualified Termination*" shall mean (i) a termination by the Company of a Holder's employment for any reason other than the Holder's death, Disability, willful misconduct or activity deemed detrimental to the Company, (ii) resignation by the Holder from employment with the Company or any of its subsidiaries with the approval of the Company, (iii) a change in the nature or status of the Holder's responsibilities, (iv) a reduction in the Holder's base salary, (v) a change in the Holder's position under any incentive plan or employee benefit program without the substitution or implementation of a program of equal value, or (vi) the Company requiring the Holder to relocate to a work location more than 50 miles from the Holder's home.  
1.39. Change in Control.

1.40. "*Restricted Stock*" shall mean Common Stock awarded under Article VII of the Plan.

1.41. "*Restricted Stock Units*" shall mean rights to receive Common Stock awarded under Section 8 of the Plan.

1.42. "*Rule 16b-3*" shall mean Rule 16b-3 promulgated under the Exchange Act, as such Rule may be amended from time to time.

"*Section 162(m) Participant*" shall mean any key Employee designated by the Administrator as a key Employee under Section 162(m) of the Code.  
1.43. year in which the key Employee is so designated or a future fiscal year may be subject to the limitations of Section 162(m) of the Code.

1.44. “*Securities Act*” shall mean the Securities Act of 1933, as amended.

1.45. “*Stock Appreciation Right*” shall mean a stock appreciation right granted under Article IX of t

1.46. “*Stock Payment*” shall mean: (a) a payment in the form of shares of Common Stock, or (b) an  
Stock, as part of a deferred compensation arrangement, made in lieu of all or any portion of th  
bonuses and commissions, that otherwise would become payable to a key Employee, Indepen  
Section 8.3 of the Plan.

1.47. “*Subsidiary*” shall mean any corporation in an unbroken chain of corporations beginning with  
last corporation in the unbroken chain then owns stock possessing fifty percent (50%) or more  
stock in one of the other corporations in such chain.

1.48. “*Substitute Award*” shall mean an Award granted under this Plan upon the assumption of, or i  
previously granted by a company or other entity in connection with a corporate transaction,

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such as a merger, combination, consolidation or acquisition of property or stock; *provided, however*, the term "Award" be construed to refer to an award made in connection with the cancellation and repricing of an Award.

1.49. "*Termination of Consultancy*" shall mean the time when the engagement of a Holder as a Consultant for any reason, with or without cause, including, but not by way of limitation, by resignation, termination or termination of employment with the Company, or the simultaneous commencement of employment with the Company as an Administrator, in its absolute discretion, shall determine the effect of all matters and questions relating to the Termination of Consultancy, but not by way of limitation, the question of whether a Termination of Consultancy resulted from a particular leave of absence constitutes a Termination of Consultancy. Notwithstanding the foregoing, any Subsidiary has an absolute and unrestricted right to terminate a Consultant's service at any time, with or without cause, except to the extent expressly provided otherwise in writing.

1.50. "*Termination of Directorship*" shall mean the time when a Holder who is an Independent Director is terminated for any reason, with or without cause, including, but not by way of limitation, a termination by resignation, removal, failure to be elected, death or the expiration of his or her term of office, in the absolute discretion of the Board of Directors, shall determine the effect of all matters and questions relating to Termination of Directorship.

1.51. "*Termination of Employment*" shall mean the time when the employee-employer relationship is terminated for any reason, with or without cause, including, but not by way of limitation, a termination by resignation, removal, disability or retirement; but excluding: (a) terminations where there is a simultaneous reemployment with the Company or any Subsidiary, or any parent thereof, (b) at the discretion of the Administrator, termination of the employee-employer relationship, and (c) at the discretion of the Administrator, termination of the employee-employer relationship upon the establishment of a consulting relationship by the Company or a Subsidiary, or any parent thereof. In its absolute discretion, shall determine the effect of all matters and questions relating to Termination of Employment, but not by way of limitation, the question of whether a Termination of Employment resulted from a discharge from employment, a particular leave of absence constitutes a Termination of Employment; *provided, however*, that a discharge from employment, other than otherwise determined by the Administrator in its discretion, a leave of absence, change in status or other change in the employee-employer relationship shall constitute a Termination of Employment. A change in status or other change interrupts employment for the purposes of Section 422(a)(2) of the Internal Revenue Code and any revenue rulings under said Section.

1.52. "*Warner Chilcott Plan*" shall mean the Warner Chilcott Equity Incentive Plan previously approved by the Board of Directors of Warner Chilcott, a public limited company organized under the laws of Ireland.



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## ARTICLE II.

### SHARES SUBJECT TO PLAN

#### 2.1. *Shares Subject to Plan.*

The shares of stock subject to Awards shall be Common Stock. Subject to adjustment as provided in Section 2.2, the shares of Common Stock which may be issued pursuant to Awards under the Plan after December 31, 2010, were added back under the Original Plan as of December 31, 2010, were added back under the Original Plan, or may be added back to the Plan pursuant to Section 2.2 below (collectively, the “*Original Shares*”), plus (ii) 1,269,340 shares, which were assumed under the Forest Laboratories Plan prior to the Closing Date which are conditioned upon the Closing (the “*Chilcott Shares*”), plus (iii) 7,157,687 shares, which were assumed under the Forest Laboratories Plan prior to the Closing Date, (x) Original Shares shall be available for Awards granted to Legacy Actavis Participants and (y) Chilcott Shares shall be available for Awards granted to Legacy Warner Chilcott Participants and (z) Forest Laboratories Shares shall be available for Awards granted to Legacy Forest Employees and Neopharm Participants. (a) Treasury shares of Common Stock issuable upon exercise of such Options or rights or upon any such Awards may be either treasury shares. For each Original Share or Warner Chilcott Share granted, the aggregate number of shares of Common Stock available for issuance under the Plan pursuant to this Section 2.1 shall be reduced by one share. For each Forest Laboratories Option or the vesting of a Stock Appreciation Right or Dividend Equivalent award granted under the Plan, the aggregate number of shares of Common Stock available for issuance under the Plan shall be decreased by one share. However, the aggregate number of shares of Common Stock available for issuance under the Plan shall be

The maximum number of shares which may be subject to Awards granted under the Plan to any Participant shall not exceed the Award Limit. To the extent required by Section 162(m) of the Code, shares subject to Awards shall be counted against the Award Limit. (b)

2.2. *Add-Backs.* In the event that under the Original Plan or under this Plan, (a) an Award expires or is terminated without delivery to the Holder of all or a portion of the shares of Common Stock subject to the Award (including shares of Common Stock issued upon exercise of a Stock Appreciation Right), such shares shall, to the extent of such cancellation or termination, will again be available for Awards; (b) shares of Common Stock that have been issued under the Plan (including Common Stock) that is canceled, forfeited, or settled in cash such that those shares are returned to the Company, or the cancellation, forfeiture, or cash settlement will again be available for Awards; and (c) shares of Common Stock that are tendered for payment of the exercise price or taxes relating to any Award, the shares tendered or withheld will again be available for Awards; *however*, that, no shares shall become available pursuant to this Section 2.2 to the extent that (x) such shares are not available for Awards occurs more than ten years after the date of the most recent shareholder approval of the Plan, or any amendment, modification, or revision” of the Plan subject to shareholder approval under then applicable rules of the New York Stock Exchange or quotation system). For all shares that become available again for Awards, the aggregate number of shares of Common Stock available for issuance under the Plan pursuant to Section 2.1 shall be increased by one share, with the exception of shares of Common Stock which were issuable upon the exercise of an Option or the vesting of a Stock Appreciation Right under the Original Plan, for which the aggregate number of shares of Common Stock available for issuance under the Plan shall be decreased by one share. Notwithstanding the provisions of this Section 2.2, no shares of Common Stock may again be available for Awards if the exercise of such shares cause an Incentive Stock Option to fail to qualify as an incentive stock option under Section 422(b)(7)(C) of the Code. (b) Notwithstanding the provisions of this Section 2.2, no shares of Common Stock may again be available for Awards if the exercise of such shares underlying an Award are again available for Awards pursuant to this Section 2.2, such Original Shares shall be

Actavis Participants or New Actavis Participants. To the extent that Warner Chilcott Shares are available pursuant to this Section 2.2, such Warner Chilcott Shares shall be used for Awards granted to Legacy Forest Participants. To the extent that Forest Laboratories Shares underlying an Award are again available, Forest Laboratories Shares shall be used for Awards granted to Legacy Forest Participants or New Actavis Participants of this Plan.

*As of October 1, 2013, after giving effect to the transaction on such date among Actavis, Inc., the (1) W.C. Holding LLC, Actavis W.C. Holding 2 LLC and Warner Chilcott there were 257,364 outstanding Units (based on target performance) and 8,110,986 shares available for issuance under the Plan.*

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Agreement. The Original Shares, Warner Chilcott Shares and Forest Laboratories Shares shall be subject to this Section 2.2 and the applicable listing standards and rules issued by the New York Stock Exchange (or any other applicable exchange or quotation system).

*Substitute Awards.* Shares of Common Stock issued or issuable pursuant to Substitute Awards shall be subject to the number of shares authorized for grant under the Plan. Additionally, in the event that a company is acquired or combined with which the Company or any Subsidiary combines has shares available under a pre-existing plan or arrangement in contemplation of such acquisition or combination, the shares available for grant pursuant to the Plan shall, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination, the consideration payable to the holders of common stock of the entities party to such acquisition or combination, shall be counted against, or reduce, the aggregate number of shares authorized for grant under the Plan and shall not be counted against, or reduce, the aggregate number of shares authorized for grant under the Plan. Such available shares shall not be made after the date awards or grants could have been made under the Plan in connection with such acquisition or combination, and shall only be made to individuals who were not employed by or for the Company or Subsidiaries immediately prior to such acquisition or combination. The Warner Chilcott Shares shall be subject to the purposes of the Plan in accordance with this Section 2.3 and the applicable listing standards and rules issued by the New York Stock Exchange (or any other applicable exchange or quotation system).

### ARTICLE III.

#### GRANTING OF AWARDS

*Award Agreement.* Each Award shall be evidenced by an Award Agreement. Award Agreements evidencing performance-based compensation as described in Section 162(m)(4)(C) of the Code shall contain terms and conditions that meet the applicable provisions of Section 162(m) of the Code. Award Agreements evidencing other types of Awards shall contain conditions as may be necessary to meet the applicable provisions of Section 422 of the Code.

#### 3.2. Provisions Applicable to Section 162(m) Participants.

(a) The Committee, in its discretion, may determine whether an Award is to qualify as performance-based compensation as described in Section 162(m)(4)(C) of the Code.

Notwithstanding anything in the Plan to the contrary, the Committee may grant any Award to a participant in the Plan, including a Stock award, a Restricted Stock Unit award, a Dividend Equivalent award, a Deferred Stock award, or any other type of Award, in respect to which lapse upon the attainment of performance goals which are related to one or more performance criteria described in Article VIII that vests or becomes exercisable or payable upon the attainment of performance goals, the Performance Criteria.

(c) To the extent necessary to comply with the performance-based compensation requirements of Section 162(m) of the Code, any Award granted under Articles VII and VIII which may be granted to one or more Section 162(m) Participants during the following the commencement of any fiscal year in question or any other designated fiscal period, shall be subject to the requirements required or permitted by Section 162(m) of the Code), the Committee shall, in writing, (i) designate the Performance Criteria, (ii) select the Performance Criteria applicable to the fiscal year or other designated fiscal period or other designated fiscal period or performance targets, in terms of an objective formula or standard, and amounts of such Awards to be granted during the fiscal year or other designated fiscal period or period of service, and (iv) specify the relationship between the Performance Criteria, performance targets and the amounts of such Awards, as applicable, to be earned by each Section 162(m) Participant.

fiscal period or period of service. Following the completion of each fiscal year or other designated period, the applicable performance targets have been achieved for such period of service. In determining the amount earned by a Section 162(m) Participant, the Company (and its subsidiaries) shall certify in writing whether the applicable performance targets have been achieved for such period of service. In determining the amount earned by a Section 162(m) Participant, the Company (and its subsidiaries) shall take into account additional factors (including, but not limited to, an assessment of individual or corporate performance for the fiscal year or other designated fiscal

- (d) The maximum value of a cash payment made under an Other Cash-Based Award which may be made to any Section 162(m) Participant in any fiscal year of the Company shall be \$50,000,000.

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Furthermore, notwithstanding any other provision of the Plan, any Award which is granted to a person shall not qualify as performance-based compensation as described in Section 162(m)(4)(C) of the Code or as an exemptive rule (e) in Section 162(m) of the Code (including any amendment to Section 162(m) of the Code) or as an exemptive rule for requirements for qualification as performance-based compensation as described in Section 162(m)(4)(C) of the Code, amended to the extent necessary to conform to such requirements.

*Limitations Applicable to Section 16 Persons.* Notwithstanding any other provision of the Plan, any Award granted to an individual who is then subject to Section 16 of the Exchange Act, shall be subject to any additional requirements of any 3.3. rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) or any exemptive rule of such exemptive rule. To the extent permitted by applicable law, the Plan and Awards granted to such individual shall be amended to the extent necessary to conform to such applicable exemptive rule.

*Consideration.* In consideration of the granting of an Award under the Plan, the Holder shall agree to remain in the employ of (or to consult for or to serve as an Independent Director of, as applicable) the Company or any Subsidiary (or such shorter period as may be fixed in the Award Agreement or by action of the Administrator) for the term of the Award granted (or, in the case of an Independent Director, until the next annual meeting of shareholders). 3.4.

*At-Will Employment.* Nothing in the Plan or in any Award Agreement hereunder shall confer upon the Holder the right to be employed by, or as a Consultant for, the Company or any Subsidiary, or as a Director of the Company, or as an officer of the Company and any Subsidiary, which are hereby expressly reserved, to discharge any Holder of the Plan or any Consultant 3.5. without cause, and with or without notice, or to terminate or change all other terms and conditions of employment, to the extent expressly provided otherwise in a written employment agreement between the Holder and the Company. Each Holder in the Plan shall be voluntary and nothing in the Plan shall be construed as mandating that any Consultant shall participate in the Plan.

*Foreign Holders.* Notwithstanding any provision of the Plan to the contrary, in order to comply with the requirements of the Company and any Subsidiary of the Company operate or have Employees, Independent Directors, or Consultants outside the United States, 3.6. requirements of any foreign stock exchange or applicable laws, the Administrator, in its sole discretion, shall: (a) determine which Subsidiaries shall be covered by the Plan; (b) determine which Employees, Independent Directors, or Consultants outside the United States are eligible to participate in the Plan; (c) modify the terms and conditions of any Award granted to any Employee or Consultant outside the United States to comply with applicable foreign laws or listing requirements; (d) establish subplans and modify exercise procedures and other terms and procedures, to the extent necessary to comply with such subplans and/or modifications shall be attached to the Plan as appendices); provided, however, that the Administrator shall increase the share limitations contained in Article II or expand the classes of persons to whom Awards may be granted, to take any action, before or after an Award is made, that it deems advisable to obtain approval or regulatory exemptions or approvals or listing requirements of any such foreign stock exchange or applicable law; (e) may not take any actions hereunder, and no Awards shall be granted, that would violate the Company's securities law or governing statute or any other applicable law.

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**ARTICLE IV.**

**GRANTING OF OPTIONS TO EMPLOYEES, CONSULTANTS AND INDEPENDENT DIRECTORS**

4.1. *Eligibility.* Any Employee or Consultant selected by the Administrator pursuant to Section 4.4(a) or an Independent Director of the Company shall be eligible to be granted Options at the times and in the amounts determined by the Administrator.

4.2. *Disqualification for Stock Ownership.* No person may be granted an Incentive Stock Option unless such person, at the time such Stock Option is granted, owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any then existing Subsidiary or parent corporation (within the meaning of Section 422 of the Code) and is not an individual to whom the applicable provisions of Section 422 of the Code apply.

4.3. *Qualification of Incentive Stock Options.* No Incentive Stock Option shall be granted to any person who is not an Employee or Consultant.

4.4. *Granting of Options to Employees and Consultants.*

(a) The Administrator shall from time to time, in its absolute discretion, and, subject to applicable law, determine:

(i) Determine which Employees are key Employees and select from among the key Employees and Consultants who have previously received Awards under the Plan) such of them as in its opinion should be granted Options;

(ii) Subject to the Award Limit, determine the number of shares to be subject to such Options granted to key Employees and Consultants;

(iii) Subject to Section 4.3, determine whether such Options are to be Incentive Stock Options or Non-qualified Stock Options and whether such Options are to qualify as performance-based compensation as described in Section 162(m)(4)(B) of the Code;

(iv) Determine the terms and conditions of such Options, consistent with the Plan; provided, however, that such Options are intended to qualify as performance-based compensation as described in Section 162(m)(4)(B) of the Code and such terms and conditions as may be necessary to meet the applicable provisions of Section 162(m)(4)(B) of the Code.

(b) Upon the selection of a key Employee or Consultant to be granted an Option, the Administrator may impose such conditions on the grant of the Option as it deems appropriate.

(c) Any Incentive Stock Option granted under the Plan may be modified by the Administrator, with the consent of the holder of such Option from treatment as an “incentive stock option” under Section 422 of the Code.

4.5. *Granting of Options to Independent Directors.* The Board shall from time to time, in its absolute discretion, and, subject to applicable law, determine:

(a) Select from among the Independent Directors (including Independent Directors who have previously been granted Options) such of them as in its opinion should be granted Options;

(b) Subject to the Award Limit, determine the number of shares to be subject to such Options granted to Independent Directors;

(c) Determine the terms and conditions of such Options, consistent with the Plan.

*Options in Lieu of Cash Compensation.* Options may be granted under the Plan to Employees and  
4.6. otherwise be payable to such Employees and Consultants, and to Independent Directors in lieu  
to such Independent Directors, pursuant to such policies which may be adopted by the Adminis

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## ARTICLE V.

### TERMS OF OPTIONS

5.1. *Option Price.* The price per share of the shares subject to each Option granted to Employees, Independent Directors or Consultants shall be determined by the Administrator; *provided, however,* that:

(a) In the case of Options intended to qualify as performance-based compensation as described in Section 5.1, the price shall not be less than 100% of the Fair Market Value of a share of Common Stock on the date the Option is granted;

(b) In the case of Incentive Stock Options such price shall not be less than 100% of the Fair Market Value of a share of Common Stock on the date the Option is granted (or the date the Option is modified, extended or renewed for purposes of Section 424(h));

(c) In the case of Incentive Stock Options granted to an individual then owning (within the meaning of Section 424(b)(1) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or any Subsidiary or parent corporation (within the meaning of Section 422 of the Code), such price shall not be less than 110% of the Fair Market Value of a share of Common Stock on the date the Option is granted (or the date the Option is modified, extended or renewed for purposes of Section 424(h));

(d) In the case of Non-Qualified Stock Options, such price shall not be less than 100% of the Fair Market Value of a share of Common Stock on the date the Option is granted.

5.2. *Option Term.* The term of an Option granted to an Employee, Independent Director or Consultant shall be determined by the Administrator; *provided, however,* that the term shall not be more than ten (10) years from the date the Option is granted if the Option is an Incentive Stock Option granted to an individual then owning (within the meaning of Section 424(b)(1) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or any Subsidiary or parent corporation (within the meaning of Section 422 of the Code). Except as limited by requirements of Section 422 of the Code applicable to Incentive Stock Options, the Administrator may extend the term of any outstanding Option in the event of Termination of Employment, Termination of Directorship or Termination of Consultancy of the Holder up to a maximum of ten (10) years from the date the Option is granted, or amend any other term or condition of such Option relating to such a Termination of Employment, Termination of Directorship or Termination of Consultancy. Notwithstanding any of the foregoing, in the event the term of an Option is extended, the trading of the Common Stock by Holder is prohibited by law or the Company's insider trading policy, the Option shall be extended, subject to a maximum of ten (10) years from the date the Option is granted and any trading prohibition shall be extended for the same period of time as the day following the expiration of any applicable trading prohibition.

5.3. *Option Vesting.*

The period during which the right to exercise, in whole or in part, an Option granted to an Employee, Independent Director or Consultant shall be set by the Administrator and the Administrator may determine that an Option shall vest during the specified period after it is granted. At any time after grant of an Option, the Administrator may, subject to the terms and conditions it selects, accelerate the period during which an Option granted to an Employee, Independent Director or Consultant vests.

No portion of an Option granted to an Employee, Independent Director or Consultant which is subject to Termination of Employment, Termination of Directorship or Termination of Consultancy, as applicable, shall thereafter become exercisable unless the Administrator provides otherwise as provided by the Administrator either in the Award Agreement or by action of the Administrator.



To the extent that the aggregate fair market value of stock with respect to which “incentive stock options” (as defined in Section 422(d) of the Code, but without regard to Section 422(d) of the Code) are exercisable for the first time by a holder of such Options under all other plans of the Company and any Subsidiary or parent corporation thereof, within the meaning of Section 422(d) of the Code, (c) the Options shall be treated as Non-Qualified Stock Options to the extent required by Section 422(d) of the Code. The provisions of this sentence shall be applied by taking Options and other “incentive stock options” into account in determining the aggregate fair market value of stock under this Section 5.3(c), the fair market value of stock shall be determined as of the time the Option is exercised or the stock is granted.

*Substitute Awards.* Notwithstanding the foregoing provisions of this Article V to the contrary, if the price per share of the shares subject to such Option may be less than the Fair Market Value of such shares at the time the price per share of the shares subject to such Option is determined, the price per share shall be the excess of: (a) the aggregate Fair Market Value (as of the date such Substitute Award is granted) over the aggregate exercise price thereof, does not exceed the excess of: (b) the aggregate fair market value of the shares at the time of the transaction giving rise to the Substitute Award, such fair market value to be determined by the Board of Directors, over the aggregate exercise price thereof, that were subject to the grant assumed.

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or substituted for by the Company, over (d) the aggregate exercise price of such shares.

*Substitution of Stock Appreciation Rights.* The Administrator may provide in the Award Agreement that the Administrator, in its sole discretion, shall have the right to substitute a Stock Appreciation Right for the exercise of such Option, subject to the provisions of Section 9.2; *provided*, that such Stock Appreciation Right shall be for the same number of shares of Common Stock for which such substituted Option would have been exercisable per share.

## ARTICLE VI.

### EXERCISE OF OPTIONS

6.1. *Partial Exercise.* An exercisable Option may be exercised in whole or in part. However, an Option may not be exercised in part unless the Administrator, in its discretion, shall require that, by the terms of the Option, a partial exercise must be for a whole number of shares and the Administrator may require that, by the terms of the Option, a partial exercise must be for a whole number of shares.

6.2. *Manner of Exercise.* All or a portion of an exercisable Option shall be deemed exercised upon the delivery of a notice to the Company, or such other person or entity designated by the Board, or his, her or its office, as applicable.

(a) A written (or electronic) notice complying with the applicable rules established by the Administrator shall be required to exercise the Option. The notice shall be signed by the Holder or other person then entitled to exercise the Option.

(b) Such representations and documents as the Administrator, in its absolute discretion, deems necessary to comply with the applicable provisions of the Securities Act and any other federal or state securities laws or regulations shall be required to exercise the Option. The Administrator, in its absolute discretion, also take whatever additional actions it deems appropriate to effect such exercise, including but not limited to legends on share certificates and issuing stop-transfer notices to agents and registrars;

(c) In the event that the Option shall be exercised pursuant to Section 12.1 by any person or persons, the Administrator shall have the right of such person or persons to exercise the Option; and

(d) Full cash payment to the Secretary of the Company for the shares with respect to which the Option is exercised. The Administrator may, in its discretion, (i) allow payment, in whole or in part, through the delivery of cash or a check duly endorsed for transfer to the Company with a Fair Market Value on the date of delivery equal to the aggregate exercise price of the exercised portion thereof; (ii) allow payment, in whole or in part, through the surrender of shares of Common Stock with the Option having a Fair Market Value on the date of Option exercise equal to the aggregate exercise price of the exercised portion thereof; (iii) allow payment, in whole or in part, through the delivery of property of any kind with a Fair Market Value on the date of Option exercise equal to the aggregate exercise price of the exercised portion thereof; (iv) allow payment, in whole or in part, through the delivery of a notice that the Holder has placed the shares of Common Stock then issuable upon exercise of the Option, and that the broker has been instructed to deliver the proceeds of the sale to the Company in satisfaction of the Option exercise price, *provided*, that the Administrator determines that the Company upon settlement of such sale; or (v) allow payment through any combination of the methods described in (i), (ii), (iii) and (iv); *provided, however*, that the payment in the manner prescribed in the preceding methods shall not constitute an extension of credit, or a renewal or an extension of credit in the form of a personal loan to or for the Holder, that is prohibited by Section 13(k) of the Exchange Act or other applicable law.

6.3.

*Conditions to Issuance of Stock Certificates.* The Company shall not be required to issue or deliver stock certificates for shares purchased upon the exercise of any Option or portion thereof prior to fulfillment of all of the following conditions:

- (a) The admission of such shares to listing on all stock exchanges on which such class of stock is traded;
- (b) The completion of any registration or other qualification of such shares under any state or federal securities laws, the Securities and Exchange Commission or any other governmental regulatory body which the Administrator, in its discretion, determine to be necessary or advisable;
- (c) The obtaining of any approval or other clearance from any state or federal governmental agency or other governmental body which the Administrator, in its discretion, determine to be necessary or advisable;
- (d) The lapse of such reasonable period of time following the exercise of the Option as the Administrator, in its discretion, determine to be necessary or advisable for administrative convenience; and

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- (e) The receipt by the Company of full payment for such shares, including payment of any applicable tax, may be in the form of consideration used by the Holder to pay for such shares under the Plan.

*Rights as Shareholders.* Holders shall not be, nor have any of the rights or privileges of, shareholders of the Company. 6.4. purchasable upon the exercise of any part of an Option unless and until certificates representing such shares are issued to such Holders.

*Ownership and Transfer Restrictions.* The Administrator, in its absolute discretion, may impose restrictions on the transferability of the shares purchasable upon the exercise of an Option as it deems appropriate in its respective Award Agreement and may be referred to on the certificates evidencing such shares. 6.5. of any disposition of shares of Common Stock acquired by exercise of an Incentive Stock Option (including the date the Option is modified, extended or renewed for purposes of Section 424(h)) shall be no later than one year after the transfer of such shares to such Holder.

6.6. *Additional Limitations on Exercise of Options.* Holders may be required to comply with any time restrictions on the settlement or exercise of an Option, including a window-period limitation, as may be imposed by the Administrator.

## **ARTICLE VII.**

### **AWARD OF RESTRICTED STOCK**

7.1. *Eligibility.* Subject to the Award Limit, Restricted Stock may be awarded to any Employee who is eligible to receive Restricted Stock or any Independent Director or any Consultant, whom the Administrator determines should receive Restricted Stock.

7.2. *Award of Restricted Stock.*

(a) The Administrator may from time to time, in its absolute discretion:

Determine which Employees are key Employees, and select from among the key Employees, Independent Directors or Consultants who should be awarded Restricted Stock; and

(i) Employees, Independent Directors or Consultants who have previously received other Awards of Restricted Stock; and

(ii) Determine the purchase price, if any, and other terms and conditions applicable to such Restricted Stock.

The Administrator shall establish the purchase price, if any, and form of payment for Restricted Stock. (b) shall be no less than the par value of the Common Stock to be purchased. In all cases, legal counsel shall be consulted regarding the purchase price of Restricted Stock.

Upon the selection of an Employee, Independent Director or Consultant to be awarded Restricted Stock, the Administrator shall cause the Secretary of the Company to issue such Restricted Stock and may impose such conditions on the issuance of Restricted Stock as are appropriate. (c) Secretary of the Company to issue such Restricted Stock and may impose such conditions on the issuance of Restricted Stock as are appropriate.

7.3. *Rights as Shareholders.* Subject to Section 7.4, upon delivery of the shares of Restricted Stock to the Holder, the Holder shall have, unless otherwise provided by the Administrator, all the rights of a shareholder of the Company, subject to the restrictions in his or her Award Agreement, including the right to receive all dividends and other distributions payable to shareholders of the Company.

shares; *provided, however*, that, in the discretion of the Administrator, any dividends or distributions subject to the restrictions set forth in Section 7.4. In addition, with respect to a share of Restricted Stock which are paid prior to vesting shall only be paid out to the Holder to the extent that the performance is satisfied and the share of Restricted Stock vests.

*Restriction.* All shares of Restricted Stock issued under the Plan (including any shares received as a result of Restricted Stock as a result of stock dividends, stock splits or any other form of recapitalization under the Plan Agreement, be subject to such restrictions as the Administrator shall provide, which restrictions may include, but are not limited to, restrictions concerning voting rights and transferability and restrictions based on duration of employment, duration of employment with any Subsidiary, or any parent thereof, Company performance and individual performance, or any other criteria set forth in the Plan Agreement. 7.4. specific performance criteria determined appropriate by the Administrator. By action taken after the termination of employment, the Administrator may, on such terms and conditions as it may determine to be appropriate, and except with respect to Section 409(a)(2)(B) and Section 162(m) Participants, remove any or all of the restrictions imposed by the terms of the Award Agreement. Restricted Stock encumbered until all restrictions are terminated or expire. If no consideration was paid by the Holder for the Restricted Stock shall lapse, and such Restricted Stock shall be surrendered to the Company without consideration (or, if required by the Company for no consideration), upon Termination of Employment, Termination

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Any key Employee, Independent Director or Consultant selected by the Administrator may be declared on the Common Stock, to be credited as of dividend payment dates, during the period such Award vests, is exercised, is distributed, terminates or expires, as determined by the Administrator.

(a) converted to cash or additional shares of Common Stock by such formula and at such time and the Administrator. In addition, Dividend Equivalents with respect to an Award with performance prior to the vesting of such Award shall only be paid out to the Holder to the extent that the performance is satisfied and the Award vests.

(b) Notwithstanding the foregoing, no Dividend Equivalents shall be payable with respect to Options.

8.3. *Stock Payments.* Any key Employee, Independent Director or Consultant selected by the Administrator shall be eligible to receive Stock Payments determined from time to time by the Administrator. The number of shares shall be determined by the Administrator.

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the Administrator and may be based upon the Performance Criteria or other specific performance goals as the Administrator, determined on the date such Stock Payment is made or on any date thereafter.

- Deferred Stock.* Any key Employee, Independent Director or Consultant selected by the Administrator in the manner determined from time to time by the Administrator. The number of shares of Deferred Stock awarded to the Administrator and may be based upon the Performance Criteria or other specific performance goals as the Administrator, in each case on a specified date or dates or over any period or periods determined by the Administrator.
- 8.4. a Deferred Stock award shall not be issued until the Deferred Stock award shall have vested, provided that, except as otherwise determined by the Administrator, set forth in any applicable award agreement, the distribution dates applicable to each award shall be no later than the vesting dates or events of the award and may be determined at the election of the Employee, Independent Director or Consultant, otherwise provided by the Administrator, a Holder of Deferred Stock shall have no rights as a holder of Common Stock until such time as the Award has vested and the Common Stock underlying the Award is distributed.

- Restricted Stock Units.* Any key Employee, Independent Director or Consultant selected by the Administrator shall be granted Restricted Stock Units in the manner determined from time to time by the Administrator. The number of Restricted Stock Units shall be determined by the Administrator in such amounts and subject to such terms and conditions as determined by the Administrator. The Administrator shall specify the date or dates on which the Restricted Stock Units shall become fully vested and no later than the vesting as it deems appropriate, and may specify that such Restricted Stock Units become fully vested upon the satisfaction of one or more Performance Criteria or other specific performance goals as the Administrator determines at the time of the grant of the Restricted Stock Units or thereafter, in each case on a specified date or dates or over any period or periods determined by the Administrator. The Administrator shall specify the distribution dates applicable to each award and may be determined at the election of the Employee, Independent Director or Consultant, otherwise provided by the Administrator.
- 8.5. provided that, except as otherwise determined by the Administrator, set forth in any applicable award agreement, the maturity date relating to each Restricted Stock Unit shall be the third month following the end of calendar year in which the Restricted Stock Unit vests; or the end of the Company's fiscal year in which the Restricted Stock Unit vests. On the distribution date, the Restricted Stock Unit shall be distributed as an unrestricted, fully transferable share of Common Stock for each Restricted Stock Unit scheduled to be distributed, or, in the sole discretion of the Administrator, an amount in cash equal to the Fair Market Value of the Restricted Stock Unit, or a combination of cash and Common Stock as determined by the Administrator. The Administrator shall have the right to substitute cash for the Restricted Stock Unit awarded by the Employee, Independent Director or Consultant to the Company for such shares of Common Stock. The Restricted Stock Unit award.

- Other Cash-Based Awards.* The Committee may from time to time grant Other Cash-Based Awards to key Employees, Independent Directors or Consultants on such terms and conditions, and for such consideration, including no consideration or such minimum consideration as the Committee may determine in its discretion.
- 8.6. Other Cash-Based Awards may be granted subject to the satisfaction of vesting conditions or other restrictions or conditions, and if subject to vesting conditions, the Committee may accelerate the vesting of such awards. An Other Cash-Based Award shall not require a segregation of any of the Company's assets for such award as provided thereunder.

- 8.7. *Term.* The term of a Dividend Equivalent award, Deferred Stock award, Stock Payment award and/or Cash-Based Award shall be set by the Administrator in its discretion.

- 8.8. *Exercise or Purchase Price.* The Administrator may establish the exercise or purchase price of a Dividend Equivalent award, Deferred Stock award, Stock Payment award or shares distributed pursuant to a Restricted Stock Unit award; *provided, however,* that the exercise or purchase price shall be the par value of a share of Common Stock.

- 8.9. *Exercise upon Termination of Employment, Termination of Consultancy or Termination of Directorship.* A Dividend Equivalent award, Deferred Stock award, Stock Payment award and/or Restricted Stock Unit award is distributable only to a key Employee, Independent Director, as applicable; *provided, however,* that the Administrator in its sole and absolute discretion may, at any time, terminate the vesting of a Dividend Equivalent award, Deferred Stock award, Stock Payment award and/or Restricted Stock Unit award.



Termination of Employment, Termination of Directorship or Termination of Consultancy following the meaning of Section 1.162-27(e)(2)(v) or any successor regulation thereto) of the Company.

*Form of Payment.* Payment of the amount determined under Section 8.2 above shall be in cash as determined by the Administrator. To the extent any payment under this Article VIII is effected, it shall be subject to the satisfaction of all provisions of Section 6.3.

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**ARTICLE IX.**

**STOCK APPRECIATION RIGHTS**

*Grant of Stock Appreciation Rights.* A Stock Appreciation Right may be granted to any key Employee by the Administrator. A Stock Appreciation Right may be granted: (a) in connection and simultaneously with the grant of an Option, (b) in connection with the exercise of an Option, or (c) independent of an Option. A Stock Appreciation Right shall not be inconsistent with the Plan as the Administrator shall impose and shall be evidenced by an Award Agreement.

9.1. A Stock Appreciation Right may be granted: (a) in connection and simultaneously with the grant of an Option, (b) in connection with the exercise of an Option, or (c) independent of an Option. A Stock Appreciation Right shall not be inconsistent with the Plan as the Administrator shall impose and shall be evidenced by an Award Agreement.

9.2. *Coupled Stock Appreciation Rights.*

(a) A Coupled Stock Appreciation Right (“CSAR”) shall be related to a particular Option and shall be exercisable only if the Option is exercisable.

(b) A CSAR may be granted to the Holder for no more than the number of shares subject to the Option to which the CSAR is coupled.

A CSAR shall entitle the Holder (or other person entitled to exercise the Option pursuant to the terms of the Option) to exercise a portion of the Option to which the CSAR relates (to the extent then exercisable pursuant to its terms) and to receive from the Company an amount (b) obtained by subtracting the exercise price per share of the CSAR from the Fair Market Value of the share of Common Stock on the date of exercise of the CSAR by the number of shares of Common Stock with respect to which the CSAR shall have been exercised, subject to any limitations the Administrator may impose.

(c) therefor an amount determined by multiplying the difference obtained by subtracting the Option exercise price per share of Common Stock on the date of exercise of the CSAR by the number of shares of Common Stock with respect to which the CSAR has been exercised, subject to any limitations the Administrator may impose.

9.3. *Independent Stock Appreciation Rights.*

An Independent Stock Appreciation Right (“ISAR”) shall be unrelated to any Option and shall be exercisable only if the Option is exercisable; however, that the term shall not be more than ten (10) years from the date the ISAR is granted. The term of an ISAR shall be determined by the Administrator. An ISAR shall cover such number of shares of Common Stock as the Administrator may determine. The exercise price per share of Common Stock subject to each ISAR shall be set by the Administrator; provided, that the exercise price shall be no less than 100% of the Fair Market Value of a share of Common Stock on the date the ISAR is granted.

(a) Holder is an Employee, Independent Director or Consultant; provided, that the Administrator may, in its discretion, terminate the term of an ISAR subsequent to Termination of Employment, Termination of Directorship or Termination of Consultantship, or because of the Holder’s retirement, death or Disability, or otherwise. If, pursuant to the Company’s trading policy, the term of an ISAR would expire at a time when trading in shares of the Common Stock by the Holder is prohibited, the term of such ISAR shall automatically be extended, subject to a maximum of 30 days, to the 30<sup>th</sup> day following the expiration of any applicable trading prohibition.

An ISAR shall entitle the Holder (or other person entitled to exercise the ISAR pursuant to the terms of the ISAR) to exercise the ISAR (to the extent then exercisable pursuant to its terms) and to receive from the Company an amount (b) obtained by subtracting the exercise price per share of the ISAR from the Fair Market Value of the share of Common Stock on the date of exercise of the ISAR by the number of shares of Common Stock with respect to which the ISAR shall have been exercised, subject to any limitations the Administrator may impose.

(b) obtained by subtracting the exercise price per share of the ISAR from the Fair Market Value of the share of Common Stock on the date of exercise of the ISAR by the number of shares of Common Stock with respect to which the ISAR shall have been exercised, subject to any limitations the Administrator may impose.

9.4. *Payment and Limitations on Exercise.*

(a)

Payment of the amounts determined under Section 9.2(c) and 9.3(b) above shall be in cash, in C  
the date the Stock Appreciation Right is exercised) or a combination of both, as determined by  
effected in Common Stock it shall be made subject to satisfaction of all provisions of Section 6

- (b) Holders of Stock Appreciation Rights may be required to comply with any timing or other restr  
Stock Appreciation Right, including a window-period limitation, as may be imposed in the disc

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**ARTICLE X.**

**COMPLIANCE WITH SECTION 409A OF THE CODE**

*Awards subject to Code Section 409A.* Any Award that constitutes, or provides for, a deferral of the distribution of property or amounts under a Section 409A Award (a “*Section 409A Award*”) shall satisfy the requirements of Section 409A of the Code and the Treasury Regulations thereunder. 10.1. An Award Agreement with respect to a Section 409A Award shall incorporate the terms and conditions of Article X.

10.2. *Distributions under a Section 409A Award.*

Subject to subsection (b), any shares of Common Stock, cash or other property or amounts to be distributed in connection with the vesting, exercise or payment of a Section 409A Award shall be distributed in accordance with the Award Agreement and shall not be distributed earlier than:

- (i) the Holder’s separation from service, as determined by the Secretary of the Treasury,
- (ii) the date the Holder becomes disabled,
- (iii) the Holder’s death,
- (iv) a specified time (or pursuant to a fixed schedule) specified under the Award Agreement at the time the Award is made,
- (v) to the extent provided by the Secretary of the Treasury, a change in the ownership or effective control of the Company or a substantial portion of the assets of the Company or a Subsidiary, or
- (vi) the occurrence of an unforeseeable emergency with respect to the Holder.

In the case of a Holder who is a specified employee, the requirement of paragraph (a)(i) shall be met only if the distribution of a Section 409A Award may not be made before the date which is six months after the Holder’s separation from service (b) Holder’s death). For purposes of this subsection (b), a Holder shall be a specified employee if s/he is a specified employee (as defined in Section 416(i) of the Code without regard to paragraph (5) thereof) of a corporation any stock of which is publicly traded in a market or otherwise, as determined under Section 409A(a)(2)(B)(i) of the Code and the Treasury Regulations thereunder.

The requirement of paragraph (a)(vi) shall be met only if, as determined under Treasury Regulations, the amounts distributed with respect to the unforeseeable emergency do not exceed the amount of the emergency plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution, after taking into account the unforeseeable emergency is or may be relieved through reimbursement or compensation by insurance or otherwise, or assets (to the extent the liquidation of such assets would not itself cause severe financial hardship) of the Holder or the Holder’s family.

(d) For purposes of this Section, the terms specified therein shall have the respective meanings assigned to them in the Treasury Regulations thereunder.

*Prohibition on Acceleration of Benefits.* The time or schedule of any distribution or payment of property or amounts under a Section 409A Award shall not be accelerated, except as otherwise provided in the Award Agreement and the Treasury Regulations thereunder.

10.4. *Elections under Section 409A Awards.*

Any deferral election provided under or with respect to an Award to any Employee, Independent Director or Consultant, or the Holder, shall satisfy the requirements of Section 409A(a)(4)(B) of the Code, to the extent permitted under paragraph (i) or (ii), any such deferral election with respect to compensation for services performed shall be made not later than the close of the preceding taxable year, or at such other time as provided in the Award agreement.

(a) In the case of the first year in which an Employee, Independent Director or Consultant, or the Holder, becomes eligible to participate in a Section 409A Award, any such deferral election may be made with respect to services to be performed subsequent to the date the Employee, Independent Director or Consultant, or the Holder, becomes eligible to participate in the Award, to the extent permitted under Section 409A(a)(4)(B)(ii) of the Code.

(i) In the case of any performance-based compensation based on services performed by an Employee, Independent Director or Consultant, or the Holder, over a period of at least twelve (12) months, any such deferral election may be made with respect to such compensation as provided under Section 409A(a)(4)(B)(iii) of the Code.

(ii) In the event that a Section 409A Award permits, under a subsequent election by the Holder of such Award, the payment of any shares of Common Stock, cash or other property or amounts under such Section 409A Award, such subsequent election shall satisfy the requirements of Section 409A(a)(4)(B)(i) of the Code.

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- (i) such subsequent election may not take effect until at least twelve (12) months after the date of the election, or, in the case such subsequent election relates to a distribution or payment not described in Section 409A of the Code, in the case of such subsequent election, in respect to such election may be deferred for a period of not less than five years from the date the distribution or payment is made, and
  - (ii) in the case such subsequent election relates to a distribution or payment described in Section 409A of the Code, twelve (12) months prior to the date of the first scheduled distribution or payment under Section 409A of the Code,
  - (iii) in the case such subsequent election relates to a distribution or payment described in Section 409A of the Code, twelve (12) months prior to the date of the first scheduled distribution or payment under Section 409A of the Code.
- 10.5. *Compliance in Form and Operation.* A Section 409A Award, and any election under or with respect to such Award, shall conform in form and operation with the requirements of Section 409A of the Code and the Treasury Regulations thereunder.

**ARTICLE XI.**

**ADMINISTRATION**

- 11.1. *Compensation Committee.* The Compensation Committee (or another committee or a subcommittee of the Board or a committee under the Plan) shall consist solely of two or more Independent Directors appointed by the Board, each of whom is both a “non-employee director” as defined by Rule 16b-3, an “outside director” as defined by Rule 16b-1, and an “independent director” under the rules of any securities exchange or automated quotation system. The Appointment of Committee members shall be effective upon acceptance of appointment. Committee members shall deliver written notice to the Board. Vacancies in the Committee may be filled by the Board.
- 11.2. *Duties and Powers of Committee.* It shall be the duty of the Committee to conduct the general administration of the Plan in accordance with the provisions. The Committee shall have the power to interpret the Plan and the Award Agreement and to make any amendments to the Plan and the Award Agreement as are consistent therewith, to interpret, amend or repeal the Plan and the Award Agreement provided that the rights or obligations of the Holder of the Award that is the subject of the amendment are not adversely affected by such amendment, unless the consent of the Holder is obtained or such amendment is approved by the Board. The Committee shall have the power to grant or award under the Plan in accordance with the provisions of Section 422 of the Code, Section 12.6 or Section 12.7. Any such grant or award under the Plan need not be the same with respect to Incentive Stock Options shall be consistent with the provisions of Section 422 of the Code. The Committee may at any time and from time to time exercise any and all rights and duties of the Committee under Rule 16b-3 or Section 162(m) of the Code, or any regulations or rules issued thereunder, and to make any amendments to the Plan and the Award Agreement as are consistent therewith, to interpret, amend or repeal the Plan and the Award Agreement provided that the rights or obligations of the Holder of the Award that is the subject of the amendment are not adversely affected by such amendment, unless the consent of the Holder is obtained or such amendment is approved by the Board. Notwithstanding the foregoing, the full Board, acting by a majority of its members, shall have the power to make any amendments to the Plan and the Award Agreement as are consistent therewith, to interpret, amend or repeal the Plan and the Award Agreement provided that the rights or obligations of the Holder of the Award that is the subject of the amendment are not adversely affected by such amendment, unless the consent of the Holder is obtained or such amendment is approved by the Board. The Committee shall have the power to grant or award under the Plan in accordance with the provisions of Section 422 of the Code, Section 12.6 or Section 12.7. Any such grant or award under the Plan need not be the same with respect to Incentive Stock Options shall be consistent with the provisions of Section 422 of the Code. The Committee may at any time and from time to time exercise any and all rights and duties of the Committee under Rule 16b-3 or Section 162(m) of the Code, or any regulations or rules issued thereunder, and to make any amendments to the Plan and the Award Agreement as are consistent therewith, to interpret, amend or repeal the Plan and the Award Agreement provided that the rights or obligations of the Holder of the Award that is the subject of the amendment are not adversely affected by such amendment, unless the consent of the Holder is obtained or such amendment is approved by the Board. Notwithstanding the foregoing, the full Board, acting by a majority of its members, shall have the power to make any amendments to the Plan and the Award Agreement as are consistent therewith, to interpret, amend or repeal the Plan and the Award Agreement provided that the rights or obligations of the Holder of the Award that is the subject of the amendment are not adversely affected by such amendment, unless the consent of the Holder is obtained or such amendment is approved by the Board.
- 11.3. *Majority Rule; Unanimous Written Consent.* The Committee shall act by a majority of its members present or by a memorandum or other written instrument signed by all members of the Committee.
- 11.4. *Compensation; Professional Assistance; Good Faith Actions.* Members of the Committee shall be entitled to the same services as members as may be determined by the Board. All expenses and liabilities which may be incurred in the administration of the Plan shall be borne by the Company. The Committee may, with the advice and consent of the Board, employ accountants, appraisers, brokers or other persons. The Committee, the Company and the Board shall be bound upon the advice, opinions or valuations of any such persons. All actions taken and all interpretations of the Plan and the Award Agreement by the Committee or the Board in good faith shall be final and binding upon all Holders, the Company and all other persons. The Committee or Board shall be personally liable for any action, determination or interpretation made in good faith.

Awards, and all members of the Committee and the Board shall be fully protected by the Com interpretation.

*Delegation of Authority to Grant Awards.* The Committee may, but need not, delegate from ti Awards under the Plan to a committee consisting of one or more members of the Committee o extent permitted by applicable law and rules of any securities exchange or automated quotatio 11.5. *however*, that the Committee may not delegate its authority to grant Awards to individuals: (a reporting rules under Section 16(a) of the Exchange Act, (b) who are Section 162(m) Participa delegated authority by the Committee hereunder. Any delegation hereunder shall be subject to specifies at the time of such

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delegation of authority and may be rescinded at any time by the Committee. At all times, any person who serves in such capacity at the pleasure of the Committee.

*Authority of Administrator.* Subject to the Company's memorandum and articles of association and the Plan and any delegation of authority permitted under the Plan or applicable law, the Committee (or its administrator, if applicable law) has the exclusive power, authority and sole discretion to:

- (a) Designate Employees, Directors and Consultants eligible to receive Awards;
- (b) Determine the type or types of Awards to be granted to each eligible Employee, Director and Consultant;
- (c) Determine the number of Awards to be granted and the number of shares to which an Award will be granted;
- (d) Determine the terms and conditions of any Award granted pursuant to the Plan, including, but not limited to, the purchase price, any Performance Criteria, any restrictions or limitations on the Award, any schedule of exercise, any restrictions on the exercisability of an Award, and accelerations or waivers thereof, and any provisions relating to the gain on an Award, based in each case on such considerations as the Committee in its sole discretion may deem appropriate;
- (e) Determine whether, to what extent, and pursuant to what circumstances an Award may be settled or paid in cash, shares, other Awards, or other property, or an Award may be canceled, forfeited, or surrendered;
- (f) Prescribe the form of each Award Agreement, which need not be identical for each Holder;
- (g) Decide all other matters that must be determined in connection with an Award;
- (h) Establish, adopt, or revise any rules and regulations as it may deem necessary or advisable to administer the Plan;
- (i) Interpret the terms of, and any matter arising pursuant to, the Plan or any Award Agreement;
- (j) Make all other decisions and determinations that may be required pursuant to the Plan or as the Committee may deem necessary to administer the Plan; and
- (k) Accelerate wholly or partially the vesting or lapse of restrictions of any Award or portion thereof, and select whatever terms and conditions it selects and Section 12.3.

**ARTICLE XII.**

**MISCELLANEOUS PROVISIONS**

*12.1. Transferability of Awards.*

- (a) Except as otherwise provided in Section 12.1(b):
  - (i) No Award under the Plan may be sold, pledged, assigned or transferred in any manner other than to the Administrator, or, subject to the consent of the Administrator, pursuant to a DRO, unless and until such Award is fully vested.





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any and all documents requested by the Administrator, including, without limitation documents to Permitted Transferee, (B) satisfy any requirements for an exemption for the transfer under applicable evidence the transfer. For purposes of this Section 12.1(b), "Permitted Transferee" shall mean, with respect to the Holder, the Holder's parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the Holder's household, any partner in which these persons (or the Holder) control the management of assets, and any other entity in which the Holder owns fifty percent of the voting interests, or any other transferee specifically approved by the Administrator in writing, or securities laws applicable to transferable Non-Qualified Stock Options.

*Amendment, Suspension or Termination of the Plan.* Except as otherwise provided in this Section 12.2, the Plan may be amended or otherwise modified, suspended or terminated at any time or from time to time by the Board of Directors of the Company's shareholders given within twelve (12) months before or after the action by the Board of Directors of the Company in Section 12.3, (i) increase the limits imposed in Section 2.1 on the maximum number of shares which may be granted or issued as Restricted Stock awards, Restricted Stock awards, Deferred Stock awards, or Stock Payment awards, (ii) expand the classes of persons to whom awards may be granted or issued, (iii) reduce the exercise price per share of any outstanding Option or Stock Appreciation Right under Section 12.6, or (iv) cancel any Option or Stock Appreciation Right in exchange for cash if the exercise price per share exceeds the Fair Market Value of the underlying shares. Except as provided in Section 12.7, no amendment, suspension or termination of the Plan shall, without the consent of the Board of Directors, affect the obligations under any Award theretofore granted or awarded, unless the Award itself otherwise provides, and no Award shall be granted or awarded during any period of suspension or after termination of the Plan, and in no event shall the Plan be amended or terminated first to occur of the following events:

- (a) The expiration of ten (10) years from the date this Plan is adopted by the Board; or
- (b) The expiration of ten (10) years from the date this Plan is approved by the Company's shareholders.

*12.3. Changes in Common Stock or Assets of the Company, Acquisition or Liquidation of the Company*

Subject to Section 12.3(f), in the event that the Administrator determines that any dividend or other distribution (including, but not limited to, Common Stock, other securities or other property), recapitalization, reclassification, stock split, consolidation, split-up, spin-off, combination, repurchase, liquidation, dissolution, or sale, transaction, or other event (a) substantially all of the assets of the Company, or exchange of Common Stock or other securities of the Company, or other similar corporate actions, in each case other than an Equity Restructuring, then the Administrator shall equitably adjust any Award then outstanding to the extent of the enlargement of the benefits or potential benefits intended to be made available under the Plan or

The number and kind of shares of Common Stock (or other securities or property) with respect to which the Award is exercisable (including, but not limited to, adjustments of the limitations in Section 2.1 on the maximum number of shares which may be granted or issued under the Plan, and the maximum number and kind of shares which may be granted or issued as Restricted Stock awards, Dividend Equivalent awards, Deferred Stock awards or Stock Payment awards, adjusted for any change in the manner in which shares subject to Full Value Awards will be counted);

- (ii) The number and kind of shares of Common Stock (or other securities or property) subject to which the Award is exercisable;
- (iii) The grant or exercise price with respect to any Award.

(b) Subject to Sections 12.3(c), 12.3(d) and 12.3(f), in the event of any transaction or event described in Section 12.3(a) or (b), or any other transactions or events affecting the Company, any affiliate of the Company, or the financial statements of the Company,

changes in applicable laws, regulations or accounting principles, the Administrator, in its sole and absolute discretion and on such terms and conditions as it deems appropriate, either by the terms of the Award or by action taken prior to the Award, either automatically or upon the Holder's request, is hereby authorized to take any one or more actions that the Administrator determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or advantages available under the Plan or with respect to any Award under the Plan, to facilitate such transactions in accordance with applicable laws, regulations or principles:

- (i) To provide for either the purchase of any such Award for an amount of cash equal to the amount of the Award



- (i) The number and type of securities subject to each outstanding Award and the exercise price or adjusted; and/or

- The Administrator shall make such equitable adjustments, if any, as the Administrator, in its s
- (ii) Equity Restructuring with respect to the aggregate number and kind of shares that may be issued adjustments

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of the limitations in Sections 3.1 and 3.3 on the maximum number and kind of shares which may be awarded under the Award Limit, and adjustments of the manner in which shares subject to Full Value Awards will be awarded. Section 12.3(d) shall be nondiscretionary and shall be final and binding on the affected Holder and the Company.

- (e) Subject to Sections 12.3(f), 3.2 and 3.3, the Administrator may, in its discretion, include such Full Value Award Agreement as it may deem equitable and in the best interests of the Company.

- (f) With respect to Awards which are granted to Section 162(m) Participants and are intended to qualify under Section 162(m)(4)(C), no adjustment or action described in this Section 12.3 or in any other provision of the Plan that such adjustment or action would cause such Award to fail to so qualify under Section 162(m)(4)(C) shall be authorized if the Administrator determines that the Award should not so qualify. No adjustment or action described in this Section 12.3 of the Plan shall be authorized to the extent that such adjustment or action would cause the Plan to fail to qualify under Section 162(m)(4)(C). Furthermore, no such adjustment or action shall be authorized to the extent such adjustment or action would cause the Plan to violate Section 16 or violate the exemptive conditions of Rule 16b-3 unless the Administrator determines that such adjustment or action is necessary to comply with the exemptive conditions. The number of shares of Common Stock subject to any Award shall always be determined as of the date of the Award.

- (g) The existence of the Plan, the Award Agreement and the Awards granted hereunder shall not be deemed to require the Company or the shareholders of the Company to make or authorize any adjustment, recapitalization, reorganization, merger, consolidation, purchase of stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to those of the Common Stock thereof or which are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of the Company or all or any part of its assets or business, or any other corporate act or proceeding, whether of a stockholder or otherwise.

- (h) No action shall be taken under this Section 12.3 which shall cause an Award to fail to comply with the applicable Regulations thereunder, to the extent applicable to such Award.

*Approval of Amended Plan by Shareholders.* The Amended Plan must be submitted for approval by the stockholders within twelve (12) months of July 1, 2014 (the date the Board adopted the Amended Plan in its current form). Other than such stockholder approval; provided that such Awards shall not be exercisable, shall not vest and no cash payments shall be made pursuant thereto prior to the time when the Amended Plan is approved by the stockholders. If the Amended Plan has not been obtained at the end of said twelve (12) month period, all Other Cash-Based Awards shall thereupon be canceled and become null and void and Section 8.6 and the Other Cash-Based Awards shall cease to be effective with respect to Other Cash-Based Awards awarded on or after the date the Board adopted the Amended Plan. All Other Cash-Based Awards awarded prior to the date the Board adopted the Amended Plan shall remain in full force and effect if stockholder approval of the Amended Plan has not been obtained.

*Tax Withholding.* The Company shall be entitled to require payment in cash or deduction from the Award of the sums required by federal, state or local tax law to be withheld with respect to the grant, issuance, vesting, exercise or payment of any Award. The Administrator may in its discretion and in satisfaction of the foregoing requirement allow such Award to be paid in shares of Common Stock otherwise issuable under such Award (or allow the return of shares of Common Stock) to the extent of the sums required to be withheld. Notwithstanding any other provision of the Plan, the number of shares of Common Stock to be withheld with respect to the issuance, vesting, exercise or payment of any Award (or which may be repurchased) shall be determined within six months after such shares of Common Stock were acquired by the Holder from the Company. The Company shall be entitled to require the Holder to make good on the state income and payroll tax liabilities with respect to the issuance, vesting, exercise or payment of any Award by repurchasing shares which have a Fair Market Value on the date of withholding or repurchase equal to the amount of the Award less the minimum statutory withholding rates for federal and state tax income and payroll tax purposes. The Company shall be entitled to require the Holder to make good on the state income and payroll tax liabilities with respect to the issuance, vesting, exercise or payment of any Award by repurchasing shares which have a Fair Market Value on the date of withholding or repurchase equal to the amount of the Award less the minimum statutory withholding rates for federal and state tax income and payroll tax purposes.

12.6. *Prohibition on Repricing.* Subject to Section 12.3, the Administrator shall not, without the approval of the Board, authorize the amendment of any outstanding Option or Stock Appreciation Right to reduce its exercise price.

Appreciation Right in exchange for cash or another Award when the Option or Stock Appreciation Value of the underlying shares. Subject to Section 12.3, the Administrator shall have the authority, on behalf of the Company, to amend any outstanding Award to increase the price per share or to cancel and reprice the Award at a price per share that is greater than or equal to the price per share of the original Award.

12.7. *Forfeiture and Clawback Provisions.* Pursuant to its general

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authority to determine the terms and conditions applicable to Awards and the Award Agreement, the right to provide, in the terms of Awards made under the Plan, or to require a Holder to agree to the receipt or resale of any Common Stock underlying the Award, must be paid to the Company. Any unexercised portion of the Award (whether or not vested) shall be forfeited, if (i) a Termination of Consultancy occurs prior to a specified date, or within a specified time period, the Holder at any time, or during a specified time period, engages in any activity in competition or harmful to the interests of the Company, as further defined by the Administrator or (iii) the Termination of Directorship or Termination of Consultancy for "cause" (as such term is defined by the Committee, or as set forth in a written agreement relating to such Award between the Company

12.8. *Effect of Plan upon Options and Compensation Plans.* The adoption of the Plan shall not affect the effect for the Company or any Subsidiary. Nothing in the Plan shall be construed to limit the forms of incentives or compensation for Employees, Directors or Consultants of the Company, or options or other rights or awards otherwise than under the Plan in connection with any proper business, stock or assets of any corporation, partnership, limited liability company, firm or a

12.9. *Compliance with Laws.* The Plan, the granting and vesting of Awards under the Plan and the and the payment of money under the Plan or under Awards granted or awarded hereunder are subject to and state laws, rules and regulations (including but not limited to state and federal securities laws) and approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel, be necessary in connection therewith. Any securities delivered under the Plan shall be subject to such restrictions, and if requested by the Company, provide such assurances and representations to the Company as may be necessary to assure compliance with all applicable legal requirements. To the extent permitted by applicable law, the Plan hereunder shall be deemed amended to the extent necessary to conform to such laws, rules and

12.10. *Titles.* Titles are provided herein for convenience only and are not to serve as a basis for interpretation.

12.11. *Governing Law.* The Plan and any agreements hereunder shall be administered, interpreted and governed by the laws of the State of New Jersey without regard to conflicts of laws thereof.

12.12. *Paperless Administration.* In the event that the Company establishes, for itself or using the services of a third party, a system for the electronic delivery of documentation, granting or exercise of Awards, such as a system using an internet website or other electronic means, documentation, granting or exercise of Awards by a Holder may be permitted through the use of such system.

12.13. *Unfunded Status of Awards.* The Plan is intended to be an "unfunded" plan for incentive compensation. In the event of the liquidation or reorganization of the Company, nothing contained in the Plan or any Award Agreement shall entitle a Holder to a claim against the Company or any Subsidiary, or to a claim against the assets of the Company or any Subsidiary, in preference to those of a general creditor of the Company or any Subsidiary.

12.14. *Indemnification.* To the extent allowable pursuant to applicable law, each member of the Company's Board of Directors or the Committee (or the Board as permitted under the Plan and applicable law) shall be indemnified and held harmless, to the extent of cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with any action, suit, or proceeding to which he or she may be a party or in which he or she may be involved, in connection with the Plan and against and from any and all amounts paid by him or her in satisfaction of any claim against him or her; provided he or she gives the Company an opportunity, at its own expense, to defend the claim and undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be construed to limit the right of indemnification to which such persons may be entitled pursuant to the Company's memorandum of association, articles of incorporation, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.



*Relationship to other Benefits.* No payment pursuant to the Plan shall be taken into account in 2012, 2013, 2014, 2015 retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company unless expressly provided in writing in such other plan or an agreement thereunder.

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## **ADDENDUM REGARDING**

### **NON-UNITED STATES PARTICIPANTS**

This Addendum (the “**Addendum**”) includes special rules applicable to the Holders in the countries

#### **UNITED KINGDOM**

##### **I. SUB-PLAN**

Pursuant to Section 3.6 of The 2013 Incentive Award Plan of Actavis plc (the “*Plan*”), Actavis plc sets out the terms on which any Award shall be granted to Employees residing in the United Kingdom. This Sub-Plan is a separate scheme applicable to the United Kingdom-based Employees of the Company and any Subsidiaries. Employees of the Company or any Subsidiaries who are based in the United Kingdom will be granted on similar terms.

Where there is any conflict between the terms of the Plan and the terms of this Sub-Plan, the terms of this Sub-Plan shall prevail over the terms of the Plan.

##### **II. DEFINITIONS**

In this Sub-Plan, capitalized terms not otherwise defined shall be as defined in the Plan.

##### **III. PARTICIPANTS**

This Sub-Plan incorporates the terms of the Plan in their entirety with the exception that in the United Kingdom, only Employees of the Company and any Subsidiaries are eligible to receive Awards. Other service providers, including Consultants and other service providers, are not eligible to receive Awards in the United Kingdom pursuant to this Sub-Plan.

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