

August 2, 2016

NET DEBT LEVERAGE RATIO (NON-GAAP FINANCIAL MEASURE)

Mallinckrodt plc and its subsidiaries (collectively, "the company") may from time to time reference net debt leverage ratio in its public communications, which is considered a "non-GAAP" financial measure under applicable SEC rules and regulations.

Net debt leverage ratio is a key financial measure that is used by management to assess the borrowing capacity of the company. The company has defined its net debt leverage ratio as net debt (total principal debt outstanding less unrestricted cash) divided by adjusted EBITDA for the trailing twelve-month period. Adjusted EBITDA represents net income, prepared in accordance with accounting principles generally accepted in the U.S. (GAAP), adjusted for interest, taxes, depreciation and amortization and certain items that management believes are not reflective of the operational performance of the business. These adjustments include, but are not limited to, restructuring and related charges, net; discontinued operations; acquisition-related expenses; changes in fair value of contingent consideration obligations; inventory step-up expense; significant legal and environmental charges; historical EBITDA of companies acquired during the period; and other items identified by the company.

This adjusted measure should be considered supplemental to and not a substitute for financial information prepared in accordance with GAAP. The company's definition of this adjusted measure may differ from similarly titled measures used by others or similar metrics used by the company for debt covenant compliance.

Because adjusted financial measures exclude the effect of items that will increase or decrease the company's reported results of operations, management strongly encourages investors to review the company's consolidated financial statements and publicly filed reports in their entirety. A reconciliation of the net debt leverage ratio to GAAP net income is included in the following table.

| | <i>Twelve months ended June 24, 2016</i> |
|---|--|
| Total debt | \$ 6,396.0 |
| Less: Unrestricted cash | 521.9 |
| Net debt | \$ 5,874.1 |
| GAAP Net Income: | |
| Nine months ended June 24, 2016 | \$ 528.7 |
| Plus: Fiscal year ended September 25, 2015 | 324.7 |
| Less: Nine months ended June 26, 2015 | 249.5 |
| Twelve months ended June 24, 2016 | 603.9 |
| Trailing twelve months adjustments: | |
| Interest expense, net | 366.4 |
| Income taxes | (222.3) |
| Depreciation | 130.6 |
| Intangible asset amortization | 677.8 |
| Restructuring and related charges, net | 36.1 |
| Non-restructuring impairment | 16.9 |
| Inventory step-up expense | 25.8 |
| Income from discontinued operations | (82.0) |
| Acquisition related expenses | 25.9 |
| Change in fair value of contingent consideration obligations | (10.6) |
| Significant legal and environmental charges | 31.0 |
| Non-cash stock compensation expense | 52.9 |
| Other income (expense) | (4.6) |
| Other credit facility addbacks | 32.1 |
| Acquired Adjusted EBITDA ⁽¹⁾ | 20.1 |
| Adjusted EBITDA | \$ 1,700.0 |
| Net Debt Leverage Ratio: | 3.5 |

(1) This amount represents the pre-acquisition portion of Adjusted EBITDA of Therakos for the twelve months ended June 24, 2016 that is not included in historical Mallinckrodt results.